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Working Group III: “Public Sector Reform”

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Change management in the implementation of university reforms

1. Introduction

Recent years have witnessed numerous structural changes in the Finnish public administration, both at the state and at the municipal level. The reforms have followed well-known and widely spread international trends of ‘New Public Management’: aiming to increase decentralization, to decrease steering by central state agencies and ministries, to streamline the administration and to privatize public organizations. The recent reforms in the universities are no great exception to this general trend. They have meant increased autonomy to the universities but also remarkable changes in the management systems inside the universities. (see: Higher Education Report 2003; Christensen 2011a).

The new Universities Act came into force on 1 January 2010. The act made the universities into independent units and increased their autonomy. Previously the status of the universities was that of organs accountable to the state. The new status is close to that of a state-owned corporation or by a private foundation under civil law. Two of the Finnish universities assumed the form of foundation. The acquisition of own capital was made possible to the universities and they gained economic autonomy. Both types of universities still receive grants from the state. The grant covers an essential part of the universities budget.

The clear difference between the foundation-owned universities and the others is that a greater share of their basic capital comes from private donors. However, the state universities can also receive private donations. The autonomy is seen in that now all universities can independently manage their funds, they own their buildings, they have their own capital and they are more independent in arranging their internal administration. However, at the same time there have been demands on the universities to raise external funding. When the universities were a part of the state administration, they were held responsible for public and social objectives. After the legal reform, the formation of their own objectives is increasingly left to the management (see Christensen 2011). In that respect, they are close to any private organization. On the whole, the universities with the form of a foundation are slightly more independent than the universities subject to public law, but such autonomy only manifests in individual situations.

The Ministry of Education and Culture defined the aims of the university reform. In the future the universities should be better able to respond flexibly to the changes in the national and international environment, they should have the right to widen their financial resources, compete for international research financing, cooperate with foreign universities and research institutions, focus resources on top-quality studies and to its strategic fields, strengthen the quality and effectiveness of their research and teaching and strengthen their role in the innovation system (www.minedu.fi).

From the point of view of the management and implementation of the reforms alone, universities are of special interest. They are institutions with a long and fairly stable history. They are highly professional organizations with first class researchers and scholars. The main task of the universities is to create new knowledge. How do the ideas of change management work inside the universities? The aim of the paper is to study what the special environment of the universities means in managing and implementing reforms. The first task is to explore the nature of the reforms and, secondly, the aim is to ascertain how the managers succeed in implementing the reforms:

- How does the special internal environment of the universities influence the management and implementation of reforms?
- How do the general ideas of change management work inside the universities? How easily or rationally are the reforms managed? Is there resistance to the reforms and if, of what kind? How do the managers succeed in carrying out the reforms?

The paper summarizes the findings of our recently completed research (Koschke et al. 2012). The research was conducted in two Finnish universities: Tampere University of Technology (TUT) and Aalto-University. We chose two foundation-owned universities as our sample because we assumed that the effects of the reform of the university institution would be most apparent in the foundation-owned universities. Aalto-University is a fairly large university. TUT is a relatively small unit (about 2000 personnel). TUT concentrates on the study and teaching of technology and architecture. Aalto-University is the outcome of merging technical and business sciences and industrial arts. There are over 4000 personnel in Aalto-University of whom about 500 are working in the School of Business, 400 in the School of Industrial Arts and Design and the rest, about 3100, are working in the Schools of Technologies.

The main reason for this kind of research is that there are only a few studies available on the implementation and management of changes in the universities (see Meister-Scheytt & Scheytt 2005). Many more studies have been conducted on the university reforms themselves, or on the effects of the reforms (see: Christensen 2011b; Kauko & Diogo 2011; Dollery & Murray & Crase 2006; Middlehurst 2004). The question of the role of managers in the university reforms is of special interest because most of the managers are academics and their managerial role used to be part-time. It is salient to explore, for example, if the managers feel that they are competent and ready enough to implement 'change management'.

In the paper the structural changes are viewed from the perspectives of the personnel, highlighting their experiences. The material was gathered in individual and group interviews. The interview material has been collected in two stages, August-September 2010 and August-September 2011. Both in the first round and at the follow-up stage about 30 individual interviews were carried out in both organizations. At the follow-up stage an attempt was made to re-interview about those who had participated in the first round, another half was collected from new participants. This selection made possible comparisons, monitoring the progress of the change processes and rendered the study more profound. The interviewees were from upper management, the deans of faculties and schools and the heads of departments. Furthermore, developing leaders, secretarial workers, teachers and researchers were interviewed. Shop stewards were interviewed as the representatives of the personnel. The groups interviewed were chosen so that all core personnel groups were drawn from the management, academic and administrative personnel. The formal stages and start-up stages of reforms and formal structural changes were analysed with the help of written materials.

In the following, some general frameworks of the changes and change management are first brought into the discussion. What actually are organizational changes and of what is the nature of resistance be when reforms are implemented? In the second part of the paper, the empirical material and a brief overview of the reforms are introduced. This part concentrates on the findings of the research and explores them in the light of the theoretical frameworks. In the final part, the context of the paper is summarized with some suggestions for future work.

2. A brief overview of the theoretical aspects in ‘change management’

Modelling organizational changes

An organizational change as a term means that exploration of some organizational phenomenon reveals a different state of affairs in it in relation to time. The changed situation is often observed by a panel arrangement and comparison at two points. Organizational change is a neutral word with no connotations of progress or regression. Changes may be guided or unguided. Guided changes differ in scale and focus. The word of ‘reform’ refers to large-scale and comprehensive directed changes. (see Leamans 1976)

Guided changes may concern the structure of units, the tasks of individuals, of certain occupational groups or the whole organization. Their objective may be the management and structure of decision-making, the functions of the administration, the processes or the norms. In structural changes separate parts of the organization may be merged, in educational reforms the aim may be to change only the values and the culture of the organization. In small changes the effects reach only some individual workers or teams, in major reforms the whole branch of administration may be rearranged. It is also possible to differentiate changes according to whether they concern the whole institution,

its central administration or its local level. They may emphasise the developing of human resources, the improvement of customer quality, productivity, structures, processes or all these together, simultaneously. They may be characterized by innovativeness or the adaptation of existing strategies. Reforms have also been grouped by whether they are political or administrative. Strategic changes are typically political, whereas operative changes are mainly administrative.

Strategic changes refers to changes in the position of the organization in relation to its environment, adaptation to the changes in the environment. From the perspective of system theory organizations persistently attempt to respond to their environment and to accommodate to it. Strategic reform refers to the aim of the organization to change its position in relation to the environment, whereas operative changes inside the organization refers to better learning in relation to its own objectives.

Sometimes the implementation of guided changes is made without visible reflection by the organization of the disadvantages etc.. The change is initiated from outside. It gains support from influential external quarters, for example decision-makers, owners or the most important interest groups. The guided change can also fulfill formal claims of legitimacy. The decision-makers or the controllers are entitled to determine the operation settings of an organization or define its policy. In fact, a considerable part of the reforms inside the public administration start from changes in orders and acts. Government directs to a greater or lesser extent what kind of reform projects are carried out. The reform is characterized by a binding force. It reflects adapting to the policy definitions made by those who wield public power.

Some of the reforms aim at a quick and definite change, while others are carried out incrementally, proceeding from stage to stage. A division of reforms into reactive and proactive ones is also known. Reactive reforms are remedial and arise from the disadvantages of the present state, whereas proactive reforms anticipate and create preconditions to tackle the opportunities of the future. It is also known that the effects of bigger and strategic changes last longer than the operative changes.

In the table 1 various criteria of the character of reforms are finally determined. The criteria will be used later to shed light on the character of the university reforms.

The reform processes can be roughly described as a series of three stages in which the initial stage, the actual change and the new balance situation are distinguished. Regarding this point of view the reforms reflect the transition (through a change/the disturbance) from one equilibrium to another. The impulse which initiates the reform may come from inside or from outside. Most major reforms in public organizations come from the political decision-makers. (Bennis 1972; Leemans 1976)

Table 1. The nature of organizational reforms.

External (started from an external initiative or pressure, forced, defined from outside, directed by a law)	Internal (started at the instigation of management or staff and voluntary)
Many-sided: <ul style="list-style-type: none"> • Indicator: staff, occupational groups, units, the field of operations 	Narrow: <ul style="list-style-type: none"> • Indicator: staff, occupational groups, units, the field of operations
Strategic	Operative
Comprehensive, aiming to develop: <ul style="list-style-type: none"> • Performance, mission and effectiveness oriented • The position, basic tasks or operating idea of an organization as a target 	'One objective oriented', aiming to develop: <ul style="list-style-type: none"> • Productivity enhancement • Service quality • User innovativeness • Human resources
Political	Administrative
Existing strategy or vision as a starting point	Innovative or creative
Carried out at once and suddenly	Incremental, step by step reviewing
Reactive (repairing, updating)	Proactive (anticipating preconditions and opportunities)
Carried out uniformly and concentrated	Carried out in a decentralized manner
Long-lasting	Effects in short-lived

If a reform process touches the whole organization, the focus during the reform process often varies between the structures, cooperation questions and the changes at individual level. Different change actions feed each other and transitions from one stage to another are not easily discernible. This happens in spite of the objectives of rationality. Transitional stages will proceed with overlap in a quite irrational manner.

In the manner of the overlapping of different stages of the reform process different developing cultures can also be discerned. It has been said that the Japanese reform culture emphasizes the conscious overlapping of the separate stages of changes whereas in American reform culture the development process is more usually consecutive: implementation is started only after all the plans are ready. The stages are clearly distinguished from each other.

Resistance and formal barriers to change

It is generally known that changes in an organization very often take more time than originally planned. A typical reason for this is that the slowness of the changes in the

social structure is not taken fully into account. Obstacles appear and sometimes active resistance causing delays in the implementation of changes. The development of organizational structures is always faster than changes in culture. (Kaufman 1971; Kotter 1998; Strebel 1998)

When reforms are carried out gradually, it does not usually cause significant opposition. Possible resistance is weak. Small steps facilitate gradual adaptation. Individual change steps do not seem dramatic or threatening as such. Big and sudden changes often give rise to the greatest resistance. The reform is regarded as threatening because people have not had enough time to prepare for it. The 'melting' of the reform does not get time enough.

It is easy to accomplish changes and the opposition is also usually minor when the reform has internal starting points and experienced disadvantages. If management and personnel experience concrete problems and need for change or if the start-up of the reform has been an individual problematic situation, there will be favourable preconditions for the reform. These will be even more favourable when the reform has strong and influential spokesmen behind it at the workplace. The realization of the change may be demanding even then, but only in a technical sense. If the change is initiated from outside, without any experiences or manifestations of problems at the workplace, the implementation will probably encounter opposition. The real needs and reasons for the reform are not seen. Opposition increases and commitment to the reform remains weak. The reform is regarded as change forcibly imposed.

The power figures and those parties who find the reform threatening its dominance usually become the most difficult obstacles to the reforms. In that case the reform gives rise to an active and conscious opposition. It is often observed in the implementation of a change that the greatest opposition is from those whose power position is undermined. Instead, it is often more difficult for the managers to get the support of those who probably benefit from it. The support for the reform is weak. Opposition is also often created if the reform lacks the basic character of a democratic way of action or it is felt that the personnel, the public or political decision-making perspectives have been passed over.

Part of the opposition is connected to cultural, social and informal backgrounds. Familiar social structures are simultaneously significant communication networks. An organization may have a long stable history without significant changes. It has gained strength from its culture but at the same time is often self-sufficient, which means that changes from outside are easily perceived as threats. The possibility of familiar interaction chains being broken creates fear and uncertainty. There is uncertainty as to how well or poorly one can obtain information in a new organizational situation. Interaction no longer functions as well as in an old model. However, new chains will function equally well only after the structural changes have been completed. It takes time before the members of an organization comprehend the new interaction chains. A small organization unit whose members have known each other for a long time is usually a difficult plan to implement structural changes. Family-like ties are strong and dominate and the mental integrity is reflected in resistance to change. The people are typically very

conservative in their relation to work and changes in it. The people must first adapt themselves to the new situation before they are able to navigate the new channels of information and social networking.

Especially in organizational mergers social structures need to be created. Building a new social structure in particular is a factor which takes most time in the organizational changes. This is because one can relatively easily illustrate the processes, the structure and the chain of command. It also is possible to change them with the power of decisions. The changing and formation of the social structure require people's active and at least, to some extent voluntary actions. People should be willing to reform the social structure because it is impossible to make it function by force. From the point of view of management it is extremely challenging to support or even to require staff to give up all familiar social relations. At the same time the social structure is a kind of a threshold factor in organizational changes. If a social structure fails to strengthen, this is often seen in constant functional problems.

In change situations, the size of the threat is affected by the size of the cultural and power rearrangements caused by the change. The greater the change in the culture and the greater the perceived threat to the key positions, the stronger the resistance. Commitment to the organization and value congruity behavior affect the level of resistance. The workers who are well bound and committed to an organization do not easily rise to resist the actions of the organization even in change situations. Furthermore, informing in advance and organizing the arenas for participation tend to reduce resistance. If communication is impeded or the change plan is presented ready-made without personal consideration and influence, there is ample room for myths. Communication short falls, the lack of participation and poorly reasoned reforming also generate the beliefs and fear. If the personnel see a direct connection between the change and future success, this will reduce resistance. If the change is not deemed necessary to the success of the organization, the attitude to it often remains 'extrinsic'. Passive resistance delays the progress of a reform and sometimes actually makes it vitiated.

Table 2. Factors conducive to increased/decreased resistance to change.

Factors alleviating resistance

Factors exacerbating resistance

<ul style="list-style-type: none"> • 'Step by step' reforming 	<ul style="list-style-type: none"> • Sudden reform
<ul style="list-style-type: none"> • Personally experienced shortcomings and developing needs, the reasons for reforming are well known and accepted 	<ul style="list-style-type: none"> • Starting from outside, the staff do not know or accept the reasons for the reform
<ul style="list-style-type: none"> • The reform has a clear connection to the strategy and future success 	<ul style="list-style-type: none"> • The reform is not seen to enhance performance or its requirements
<ul style="list-style-type: none"> • Strong spokesmen behind the reform at the workplace 	<ul style="list-style-type: none"> • No factual reasons are seen for the changes

<ul style="list-style-type: none"> • Power positions are not changed 	<ul style="list-style-type: none"> • The tasks of the heads and line managers are redistributed
<ul style="list-style-type: none"> • The positions of the key groups remain stable 	<ul style="list-style-type: none"> • The key groups feel threatened by the reform
<ul style="list-style-type: none"> • The participation of the representatives of personnel, interaction and 'bottom up' implementation. 	<ul style="list-style-type: none"> • Planning in a small 'circle', external consultancy or 'top down' implementation.
<ul style="list-style-type: none"> • Good plans. 	<ul style="list-style-type: none"> • The planning is impeded.
<ul style="list-style-type: none"> • Extensive, precise and advance information. 	<ul style="list-style-type: none"> • Information on coming changes is scare and inaccurate.
<ul style="list-style-type: none"> • Getting used to changes: significant changes have been carried out in the recent history of the unit. 	<ul style="list-style-type: none"> • The unit has a long history without significant changes.
<ul style="list-style-type: none"> • Project work and matrix structure make flexibility in social networks. 	<ul style="list-style-type: none"> • Social roles and relations are very permanent, strong cultural bonds.
<ul style="list-style-type: none"> • No threat to the continuity of employment. 	<ul style="list-style-type: none"> • Threat to the continuity of employment.
<ul style="list-style-type: none"> • Enough time is reserved for the change. 	<ul style="list-style-type: none"> • The time reserved to implement the reform is deemed too short.
<ul style="list-style-type: none"> • No effects on existing social networking. 	<ul style="list-style-type: none"> • Significiant effects on existing social networks.

On the whole, the active or passive delay of the reform can be caused by the reform itself, the method of implementation or its connections to power, social, psychological or cultural threats. In addition to the conscious opposition of the personnel, many technical obstacles can delay progress. Shortage of resources, regulatory restrictions and bureaucracy may delay the reform or even halt it. More or less technical obstacles require a technical solution and one can often quickly bypass them whereas cultural obstacles, people's manners and habits persist in changes for a long time. The opposition gradually decreases, but takes time.

Managing change, governing resistance and paradoxes

The appearance of deliberate resistance calls for an active role of managers. Carrying out changes requires both technical and social skills. A manager has to know how to manage changes. The appearance of resistance and delays is more or less always present in major reforms. (Kotter 1996; 1998)

One of the most important tasks is to arrange development forums for the personnel. Opportunities to participate must be created and an attempt must be made to gain the approval of the personnel. Influence exerted should be genuine, not artificial. From the

point of view of the personnel it is clear that the implementation of self-planned reform is preferable to plans imposed from above. Likewise one must invest in reporting in advance. The reform process should be as open as possible.

Furthermore, opinions and resistance to change must be surveyed in advance and at least the support of the key personnel (so-called critical mass or the spokesmen of the reform) must be secured. The change agents' active attendance is of crucial importance, not only the starting but also in the implementation of the reform. The internalization of the reform needs enough time. When organizations or units are merged, it is a challenging task for the managers to make the merged parts work together. The common history and new organizational culture evolve gradually.

The EU has launched the framework for a good change manager. This is a part of an organizational quality assessment framework, the so-called C(ommon) A(ssessment) F(ramework). It defines the criteria of an ideal change manager: Firstly, the superior (a general manager) identifies his/her own role and responsibility in planning and in execution. Secondly, the good change leader follows the internal need for change continuously and intervenes, for example, in an increase in the mistakes, a growing number of complaints and estimates an external need for change by comparing, for example, the foci of the present operation in relation to the expectations and claims of the environment. He/she analyses the risks of the environment and identifies the critical points of reforming. Thirdly, the good change leader estimates the development need with relevance to performance and effectiveness. Fourthly, the good change leader develops his/her organization continuously. Fifthly, the superior includes the workers, customers, the general public and other external partners in the planning and development of the main processes. He/she creates a balance between the 'top down' and 'bottom-up' approaches, discussing with the key partners (such as the interest groups and labour organisations). Sixthly, he/she leads changes effectively by enlisting the help of a steering group, comparisons, intermediate evaluations and reporting and by securing the resources required to implement the changes. For the success of the reform it also is often necessary to organize sufficient follow-up and the opportunity to make interim corrections.

Briefly simplifying the main qualifications for the good management of change, good change communication, the choice of right communication channels, the accomplishing of sufficient dialogue, participation and interaction are needed. The mental qualities of a change leader are largely the same as those associated with a good leadership: management by plans and objectives, ability to resolve conflicts, tolerance of uncertainty and a good situational awareness, control of the value environment, creativity, self-development, perseverance and commitment are needed.

In the new management thinking of universities management is seen as more professional and strategic than academic. The relations to the surrounding society are emphasized. Change leaders should have an ability to define vision, focus, critical success factors and to monitor their achievement with the help of performance information.

However, the demands of strategic thinking and congruity in policy meet with severe difficulties in expert organizations like universities. There are difficulties to define precise objectives for academic operations because the universities have emphasized traditionally freedom of thinking and academics search for the truth and new knowledge. Professors represent the top of their own discipline and their direction is to some extent at odds with academic freedom. The uniform strategy of a faculty that is externally controlled is somehow incompatible. This paradox is reflected in the management of research work and teaching. Teaching, study and social effectiveness have a different value in the strategy of the university. This causes complexity and difficulty in the prioritization of objectives. The incentives, remuneration and career development largely follow the traditional practices of the scientific world in which study achievements clearly carry most weight.

Meister-Scheytt and Scheytt (2005) see special difficulties in the management of change in universities. According to them, in the world inside the universities the changes are characterized by paradoxes and chaos, which makes the changes complex. One feature which causes complexity is the difference between research and teaching: in research freedom is highlighted, whereas teaching is controlled by the curricula. Research belongs to science, while teaching is a part of education. The change leader's normal aids are not enough in the universities. The change leader must accept the existence or necessity of paradoxes and must know how to cope with them. It is not necessary to reduce either the internal paradoxes or the complexity. The management of change is the control of paradoxes in the fast-changing environment. The main issue is to strike a balance between the paradoxes. Reform is a complex game in which there are no agreed rules but more organized anarchy.

When in Austria in the early 2000's the reform of the universities was started, team work and participation of the personnel were trusted in the reforming. The objective was at the same time to increase organizations' own learning. Nevertheless from the outset in Austria, too, the assumption was that it is difficult to carry the change process of universities through as a rational process. (Meister-Scheytt and Scheytt 2005).

Finally those points of view emphasized in research and deemed important in understanding change management can still be summarized. These points of view include at least:

- planning skills, developing capacity and change dynamics
- change communication
- participation arenas and forms
- handling of the change obstacles, paradoxes and workload
- embedding/domestication of changes.

The implementation of university reforms and especially the role of the managers as leaders of changes are estimated on the basis of these criteria in the following.

3. Findings of the study

Factual changes and the new system of governance

The new legislation occasioned numerous changes in the Universities' leadership and decision-making systems, though the law actually just created the framework for the new arrangements. In the case of Universities owned by a foundation, the University is led by a Board consisting of external representatives appointed by the Council of State. The role of the Board is strategic. It decides on the allocation of finance and the general frames for the functioning of the University. The role of the Board closely resembles that of the Board of a private company; the Board has remarkable autonomy in the implementation of changes. (See Christensen 2011). Otherwise, the structure of decision making slightly differs in these two universities owned by a foundation.

In the chain of command at Tampere University of Technology (TUT), the supreme power rests with the President, whose decisions are implemented by the Deans and Heads of Departments. The President is assisted by a management team comprising the Vice Presidents, the Head of Administration and the Deans. Head of Faculties and Heads of Development were appointed to assist the Deans and Heads of Departments in various administrative tasks. Under the Board of the TUT Foundation, an Academic Board was appointed under whom there are two preparatory and supervisory organs: the Education Council and the Science Council and under them the Faculty Councils. The functions of Deans and Heads of Department continue to be taken care of alongside these individuals' other duties. Thus, they are not full-time leaders.

Because of the remarkable fiscal autonomy of Departments, the position of the Faculties appears somewhat anomalous. There exist certain tensions between faculty and department. The departments function quite independently, thereby raising doubts as to be necessity for faculties. Does a small institution such as TUT really need an intermediate level between the President and the Departments? Abolishing the intermediate level would render the hierarchy lower, but might conceivably entail more mergers between departments.

In the case of Aalto-University the main structural change consisted of a merger of three previously independent universities. The Aalto-University was formed by six higher education institutions, four of them operating in technology, one in economics and one in industrial design. Before the fusion the University of Technology, Helsinki School of Economics and the University of Art and Design were independent higher education institutions (universities), all enjoying prestige in their respective fields with long histories behind them. In the new model, the former leaders of the Universities are the Deans, and work in their posts full-time, whereas the Heads of Department take care of their tasks over and above their regular duties in keeping with the traditional model of academic leadership. In Aalto-University academic issues are decided both at University level alongside the Board of the Foundation and at the Faculty level. Like in TUT, the Rector of Aalto-University also enjoys considerable decision-making power, the term of office being five years.

It was perhaps a somewhat surprising observation made in the interviews with management and personnel that the governing Boards of the Foundations have not, at least so far, emerged as strong influences and initiators of change. For the personnel of the Departments the governing body of the foundation has remained remote and decidedly invisible. Some considered the situation entirely understandable, while others might have wished the board members to be more in evidence and for them to get to know the units of the university they were running. External members of the governing Boards contribute their own particular tensions to the leadership system and possibly slightly more pressure for change. External board members introduce tension into the leadership system also because the Rector as leader of the university is responsible directly to the Board. In a way the Board wields its power through the Rector, when power manifests itself in the measures taken by the Rector. Leadership and administrative work in the units is also emphasized as the Board of the Foundation must be able to monitor and anticipate the outcomes of the university units and the sufficiency of funding. It is not difficult to foresee that in future the role of the Foundation-owned Universities' Boards will be emphasized specifically as safeguards of the efficiency of operations and economy and the Universities' "competitive ability". On the other hand, the internal autonomy occasioned by the foundation form has yet to find its place. Autonomy and the hope that state and external funding will continue are creating internal tension for the desired future image of the universities. (see Middlehurst 2004; Canibano & Sanchez 2009)

The changes have signified a shift to more individual leadership and to the professionalization of leadership work (See Meister-Scheytt and Scheytt 2005; Christensen 2011). Several of the interviewees reported specifically two aspects having changed in leadership: the emphasis for active leadership and implementation of the strategy. Official use of power has become individual and also to some extent attached to a specific person. Here risks are also discerned. A bad choice of leader could constitute an extensive threat to the functioning or atmosphere of the unit or the university. A person might rise to power and turn out not to be capable of co-operation. Thus the importance of negotiating leadership was stressed. On the other hand, the leader no longer has the support of collegial bodies as before and can no longer hide behind them. This leads to emphasis on the genuine leadership abilities and the capability to bear responsibility when the leader must seek a basis for decision taken and justify these in various forums. In the present system leaders are also subject to closer scrutiny and monitoring. Leadership practices, actions and productivity are assessed and controlled in different ways.

The collective manner of addressing issues is shifted to informal management teams and management forums. New forms, dialogues and arenas of collective action are adopted. The collective processing of issues contributes to management but has no more binding effect on decisions. In academic evaluation practices, such as in the filling of professorial posts and the evaluation of doctoral dissertations the collegial mode of action still mainly continues to be applied.

In the new selection practices for Heads of Faculties and Departments the strengthened role of the rector becomes apparent. Appointments are made top-down and no longer bottom-up. The direct power of the personnel to make choices has been replaced by a procedure making appointments and taking note of the personnel's views. The mode of selecting line managers would now appear to have an effect on the position of the Heads of Departments and the leadership atmosphere. The Heads feel that they are primarily responsible to the appointment making, superior management, whereas formerly they were responsible to the personnel who had appointed them. It is now possible to direct the actions of the Heads of Departments in a more centralized manner. It is also possible to harmonize the value base of university leadership more easily and leaders can be made to commit to the strategies of the entire University. (See Canibano & Sanchez 2009)

In Aalto-University especially more hierarchy has been introduced. As hierarchy increases there exists a danger that the Rector and central management will become remote from the everyday routine of the University. Management is no longer sufficiently well aware of the special needs and everyday routine of the departments and units. If the distance between field and top management increases, insecurity and uncertainty may increase in the field. Preventing the disadvantages of hierarchy entails deliberately increasing practices for dialogue.

The opportunities of the personnel to exert influence were not perceived to have particularly deteriorated compared to the previous model. Representation continues to be achieved in the organs of the academic community: the traditional tripartite thinking continues to be realized in the Academic Board, the Faculty Councils and the Science and Education Councils.

The change in the position of the universities also implied change in the position of the workers. Tenured state posts were transformed into employment relations, in which the employer is either a foundation-owned university or then an independent organization under public law. The shift from a University under public law to a Foundation under private law also occasioned numerous changes in the Universities' internal regulations. The practices of the University's book-keeping and financial administration came closer to entrepreneurial book-keeping. Once the universities operated as state agencies there was detailed information on where the money went. In the present model the most important thing is where the money comes from. A foundation must ensure that it remains solvent, which is seen most in the finance unit, but also affects the systematicity of the finances of the entire university and renders monitoring of finances more significant. (See Dollery & Murray & Crase 2006; Canibano & Sanchez 2009)

Increasing pressures on the internal financial monitoring of the universities appear to have strengthened the role of Departmental leaders. An entrepreneurial attitude to leadership work has dominated the field signifying not only emphasis on financial monitoring but also constant pressures for attracting funding. It emphasizes greater acuity in leadership and a professional attitude and shouldering of responsibility. Goal orientedness and genuine leadership have come to the fore and traditional

“administration” with little responsibility for the outcome has receded. (See Christensen 2011).

In departments operating markedly on company finance especially, it is seen challenging to reconcile the expectations of funders and the aims of scientific publishing. In those departments which traditionally accomplished a great deal of practical research and co-operation with industry the criteria of scientific publishing for funding were perceived as a real treat. In their attitudes to autonomy the leaders of the units evinced two kinds of opinions: on the one hand autonomy, chances to decide their own affairs, were desired and on the other more precise and consistent guidelines were sought from university level.

University reform would appear to have brought with it new paradoxes into the universities. In the idea of well-functioning leadership the point of departure is that responsibility and power should be in a state of equilibrium with each other. Now such equilibrium appears to cause problems, especially at departmental level, as the power to distribute funding is considered much to be centered on the Rector. On the other hand, the Deans were seen to lack real influence over faculty matters without the power to allocate funding. Some of the Deans described their position for the departments as diplomats, supporting the Departmental Heads in problem situations. One of the Deans condensed his opportunities to exert influence into the notion of “a warm hand”. On the other hand, in the Deans’ own experiences transforming the divisions into bigger faculties had not of itself affected the amount of their daily work as leaders: haste has persisted. Haste was reported for all those serving as Vice Rectors, Deans and Heads of Department part-time, over and above their own jobs. They reported to constantly have more work than they could accomplish.

Changes as reforms?

By structural changes here we mean those changes in TUT and Aalto-University implemented according to the new Universities Act. Closer scrutiny of the situation of the universities reveals that the changes occasioned solely by the Act are hard to distinguish from other similar changes. This was also noted by the interviewees. In the study the interviewees found it difficult to differentiate what part of the changes were connected to being a foundation and what were connected to other influences (especially the changed demands of the ministry). According to the interviewees it is difficult to distinguish what is due to what, what is a consequence of the structural reform, of the university reform, of the transfer to operating as a foundation – or what is attributable to the agenda of the new Rector. It would appear to be a matter of a trend for changes. In both universities pre-emptive changes has been made already before the law came into force. For example, in TUT departments had been merged. Helsinki University of Technology had abandoned small units and embraces bigger departments and faculties. On the other hand in Aalto-University changes had still been implemented in 2011. Hence the reform is restricted here to refer to the group of structural and leadership changes implemented in the period 2008-2011. Instead of a single reform one can rather

speak of a series of reforms. The changes nevertheless in many ways take shape with the reform of the legislation.

The background of the universities' reform were ministerial surveys and policies at the political level. The change was imported from outside and the need for change did not arise from the spontaneous attempts or pressure on the part of the university people.

The changes reflected the trends propagated by the administration and the ministry. The change of leadership structures occurring in the Finnish universities would appear to adhere to the general international trends for change in universities' leadership practices. The change would appear to have been very similar in all OECD countries (Higher Education Report 2003; Kauko & Diago 2011; Christensen 2011). For example, in 2004 in Austria a comparable move towards independence from state governance was taken (Meister-Scheytt & Scheytt 2005). The management systems of the universities were constructed to resemble the management structures of enterprises. Representatives of the interest groups were appointed to the universities' boards, power was concentrated on Rectors, the operations of the universities began to be developed on the basis of strategies and new incentives were introduced.

The structural changes implemented in the universities can be taken to be extensive, as they concern the entire fabric of the university, decision-making and leadership. The reforms were formally structural but simultaneously entailed considerable cultural adaptation. For example, the new culture has been built in the training of new managers. This has aimed not only at the acquisition of new modes of action but also at the adoption of a more entrepreneurial operating culture. Many of the changes in structures have been so far-reaching as to inevitably have repercussions in the social structures. It is noteworthy, however, that the reform has not been produced as a cultural but specifically as a structural reform.

The reform has above all been concerned with change in the position of the universities and in the funding basis. This and the endeavour noted as the ministerial intention to improve productivity and effectiveness can beyond question be seen as strategic and holistic. The reforms have for their part implemented the ministerial strategy to overhaul the entire university institution and general objectives. On the other hand inside universities the Universities Act also meant reforming their strategies.

Effort was made to implement the reform speedily as one change carried through. After the Universities Act came into force the year 2010 in TUT was clearly designated as a transition period when all administrative organs and leaders (Faculty Councils, the Academic Board, the Deans and Heads of Departments) were appointed for one year only. In the university management there was subsequently general satisfaction with the transitional period and it was considered to have enabled the necessary corrective measures in a natural way. The complexity of the reform in Aalto-University especially entailed stepwise reform over several years. Since the reform was based on the legislation the structural changes achieved can be considered to have extended effects.

The structural changes can be characterized as proactive rather than reactive. They represent a conscious effort to promote the universities' internationalization, profiling, improved research quality etc. Reactivity is evidenced, for example, in the change in decision-making structures. Very many of the interviewees referred to the slowness of the previous decision-making structure. The early practice involved extensive participation but also meant slowness in decision-making. In an effort, as it were, to remedy this anomaly in the new law, decision-making has been transferred to the individual leaders. It is nevertheless difficult to imagine that the anomalies of the university alone sufficed to create a need to pass a new law. In this sense, too the reforms have been rather finalistic, derived from objectives. On the other hand, the changes have to a great extent been the same type of structural reforms as in many other countries so they cannot be deemed particularly new or emergent.

In each of the universities there was an attempt to implement a consistent and centralized model. This applies equally to the leadership system of the departments and to the system for administrative services. Many of the interviewees perceived as problematic the attempt to carry through reforms regarding content and function using the same format in departments of differing types, on the other hand this was also understood as a means of progressing connected to the early stages. It was hoped that this could soon be discarded in favour of a direction more independent for the departments.

How were the changes converted into practice? The managers as change managers?

How did the implementation of the changes occurred and how did the managers succeed in their task as change managers? In the implementation of the reform the dovetailed nature of planning and implementation becomes apparent. While the Act only stipulated the rough outlines, the universities were left with opportunities for variation. The changes were implemented advancing in stages and it was necessary to give up the way of implementation at one time in order to get the reform into practice. For example, in TUT some of the changes began even a little before the Act entered into force. For example, the line organization was already reformed in 2008 and the relations between line manager and subordinates were defined anew.

In some of the interviews references were made to the lack of reform planning. Some of the interviewees expressed dissatisfaction with the lack of clarity surrounding issues they deemed important. Such issues included for example the criteria for internal allocation of funding or focal areas for the future. Both universities reported breaks in communication. These observations are indicative of a certain organized anarchy which Meister-Scheytt and Scheytt (2005) perceive to be typical in university reforms. On the other hand a certain lack of systematicity is likely to be associated with any organizational reform when not all the effects of the change can be foreseen. For example, in the Aalto-University the changes in the structures, decision-making and leadership were implemented simultaneously. The partly flawed plans came in for criticism. For example there was a demand for decision-making to be made clearer so that it was clear to whom the Departments, for example, were answerable, the Dean or

the Rector. However, the rationality of the reform does not seem to have been put to the test nor did the interviewees stress irrationality as a reform feature. In this sense the reform accomplished in Finland would not appear to have come in for such severe criticism as what was indicated in the Austrian university reform. Indubitably there were latent paradoxes, for example in the disparate position of teaching and research, but these were already known prior to the university reform.

The experiences of change among the personnel of Aalto-University evinced wide disparities. These can likely be explained by the fact that the merged institutions had earlier been very different so that the changes were experienced differently, too. The differing histories of the universities also account for these differences. Each of them had its own particular organizational culture which, in a situation of fusion, affects how the changes are received in the respective institutions. In the change of the Aalto-University organizations which had existed for a long time were merged. However, the clash of cultures was not much discussed. They were probably recognized but many people surely appreciated that it takes time to combine cultures. On the other hand, the former universities, even as part of the new Aalto-University, still operated as their own independent institutions so that in the daily work the cultural differences may not have been obvious. In those units where different departments were combined into larger entities there were reports of cultural disparities and even conflicts. The change in the social structures and networks would appear to have produced criticism and to some extent resistance to the reform in these same units.

The magnitude of the changes was such that it was reported to have caused distress which has not been completely overcome. Autumn 2009 in particular was seen to have been a difficult time, when efforts were made to rapidly carry through guidelines and decisions pertaining to administration. The loading was seen to be due not only to the hasty schedule but also to the fact that at the level of central administration there were insufficient resources or expertise to keep control over the new situation and some of the changes were considered to have been poorly planned. It emerged from the second interview round that the effects has been seen to even out. The changes appeared the greater 1) the higher in the hierarchy the interviewee was employed, 2) the more the interviewee's work had to do, for example, with budgeting and financial management for the new information systems (e.g. secretaries and development managers). The shift to operating as a foundation did not affect the teachers' and researchers' daily work at all. The status of a foundation was felt for individual workers through the altered employer status.

Cultural differences generally emerge most clearly in fusions of units. What affects the differences is the functional difference and history of the units. The more units there are to be fused the more likely it is that there will be a cultural clash. In this sense the observation that it was found easier to arrive at a common profile in the small faculties of TUT was to be expected. In large faculties there are more departments differing from each other and the initial stage of co-operation is more problematic. Departmental mergers would not appear to have created social change. The faculties were seen to have operated surprisingly well in spite of radical combinations and transcending of traditional

boundaries, which occurred for example in the biggest faculty including automation, machine construction and materials technology. The social problems noted were located in those departments in which it was necessary to blend units with markedly different cultures and operating principles. On the other hand, some of the merged departments are still trying hard to create functioning co-operation or structure and total integration has not yet taken place. The reason for this was seen to be the differing research traditions and unfortunate allocations of space.

The most obvious resistance to change came from that part of the management where power positions were undermined. There was criticism of the changes, resistance to change, frustration and disappointment. The changes occurring in the managerial atmosphere and culture manifested in very different ways in different universities and reactions varied according to the direction in which the change affected in power positions. With the Aalto-University merger previously independent universities lost their independence. The present four faculties of technology were already faculties and part of the Helsinki University of Technology. The independence of the faculties of technology has rather increased in comparison to their earlier faculty role. The change brought more autonomy to some middle managers while removing it from others to central administration. In the latter group there were also those in whose opinion transferring the real power to the central level of the university paralyzes operations. Central management was perceived as a direct obstacle to development. In the Aalto-University there was a desire to restore autonomy to the Faculty level, when the Dean, together with the Heads of Department, could, as a working partner with sufficient executive power, direct the university towards top quality. Slight frustration among Heads of Department was due to posts falling vacant due to retirement could not be automatically declared open for applications. All vacant posts go into the same "slot line" from which the Rector decides which shall be filled.

Opportunities for participation were reported to be offered to interested parties, especially in the planning phase, but many members of the personnel felt that they did not have the real chance to exert influence. Nevertheless the significance of participation could clearly be seen as a means of alleviating resistance to change in this study, too. The more the respondent had been involved in development measures, the greater understanding s/he evinced for the challenging nature of the situation. People had begun to understand changes as part of the inevitable development of the higher education sector and top management felt that the spread of this realization facilitated their work. Getting past the most hectic stage of change has also been reflected positively in the leadership atmosphere. Representatives of both top management and middle management reported that the situation was developing in a direction in which there was time and space for constructive discussion.

In both universities management confirmed that it had taken on board the significance of communications and information transfer in change processes. The goal was considered to be the creation of an atmosphere of trust within the university. In the comments of the personnel there was still a desire for accuracy and precision in communication and for consistent guidelines.

It was considered that slow, after-the-event communications from central administration felt to some extent to be imprecise cramped the activities of the departments and their opportunities to exert influence. Information sessions had proven a disappointment for many as sufficient or concretely applicable information had not been forthcoming.

The reform of administrative services implemented in connection with structural changes came in for criticism. In quality thinking emphasis is placed particularly on the fact that the fluency of the core processes requires smooth additional support services. An organization is a cultural entity in which all parts interact. According to the interviewees in this reform things has gone as had been feared. The processing of administrative matters had become problematic because with the reorganization of tasks there have been a move from multi-skilling to specialization. Previously, for example, there had been one person in a department with overall responsibility for the administrative business of the department. Now the departments have their own people for taking care of study administration and human resources and a controller who is responsible for money matters. The reform of the administrative services was not yet felt to have improved the administrative services received by the teaching and research personnel. On the other hand, this structural change is still partly ongoing, so it is not yet appropriate to speak of a “new equilibrium”.

Some of the interviewees perceived development to be a permanent part of the university. The relatively long and steady development of the universities is likely reflected in these views, and the new situation has meant radical changes as the autonomy of the universities is increased and the management system reformed in a decidedly radical way. The universities enter a state in which the dynamics of the structures and functions and the consideration for the changes in the operating environment inevitably became a part of the everyday routine of leadership.

Yet a wish was articulated in the interviews that the flow or changes would abate and that there would be an opportunity to concentrate in peace on the substance work proper: research and teaching (and administrating), for their long-term development and for the evaluation of the effects of the changes. There was a wish that there might be periods of equilibrium in developing universities, too. The situation is also loading for the leaders if there is a constant state of change. Constant change in an organization with its various development projects ties down a considerable amount of the resources of the Heads of just those units. Time goes for learning new and processing uncertainty.

Since more and more expectations of professional leadership are focused on the leaders, internal training has been tailored to the needs of the leaders. However the recruitment of leaders continues to be from experienced senior scientists and management is taken care of over and above one's own expert function. One might ask if there are sufficient preconditions for professional leadership when it is conducted over and above one's main occupation. The leaders have scientific authority, but not necessarily an appropriate leadership style. This question surfaced in the contemplations of the personnel. Scientific merit is not at least automatically considered to produce a functioning leader

personality. In TUT the response to the needs for professional management has been to engage in the departments full-time Development Managers. They provide continuity and situated close to the field they can integrate academic activity and administration. They also serve to improve information transfer between central management and the departments. Moreover, in central management, cooperation between the Rector and the Head of Administration is emphasized. These changes, too, contributed to increasing the leadership capacity and quality. (See also Jackson 1999)

4. Summary

The study considered the nature of the universities' structural changes and their effects, especially in the Finnish university world. The objectives for empirical study were two universities which have changed to become owned by foundations. It can be noted of the structural changes made that as reforms they have been extensive, holistic and with long-term effects. The changes can be said to have been proactive and strategic. They have circumscribed frames and also produced new opportunities which will only later assume a concrete form. Efforts were made to implement the changes consistently and in a centralized manner. Here the reform policy is reminiscent of the traditional reform policy of the state administration. The changes have been political in nature as they determined anew the relation between the state and the university and introduced external parties to direct the internal administration of the universities. The reforms were processed in the universities several years prior to the new legislation. Nevertheless it is difficult to consider them to be internally originated, innovative or unique because the reforms largely adhere to the same features already implemented in other OECD countries in earlier years.

By Finnish standards the reforms have all in all been significant. Nevertheless, adaptation to them seems to have been surprisingly rational and controlled. Resistance to change was rather slight and soon receded where it did occur. The redistribution of leadership responsibilities gave rise to a certain amount of resistance. Resistance likewise occurred in the fusions of Universities and Departments which can be explained by the differing cultures and histories of the units concerned. This is not in itself surprising. If the situation is compared to that prevailing in Austria in 2004 during a similar reform (Meister-Scheytt & Scheytt 2005) the management of the Finnish foundation-owned universities would appear to have emerged in a controlled manner. No marked friction or resistance would appear to have occurred. Social problems and problems with personal chemistry did occur but many of these do not seem to have been directly connected to the structural changes or how they were managed. The "paradoxes" between teaching and research could be discerned but these were there long before the recent changes.

The observations of the study would suggest that the line managers in both universities were mostly successful in implementing the change. The personnel felt that they were included in the planning of the change and that their voices were heard at the time of the change. In the leadership line in particular the atmosphere including dialogue and

openness was stressed. Of course there were some discordant notes regarding the success of managers as change managers.

The change work of the managers was probably facilitated by the fact that among the interviewees the attitudes was predominantly positive towards the reform of the management system and the reduction of the old collegial mode of operation. It was felt to be a progressive move, for example, that the new model enabled better strategic leadership and accelerated decision-making. A negative basic stance towards this element of the reform would most likely have given rise to greater resistance to change.

The management's and personnel's experiences of the reform described in the study are largely concerned with the phase of change and immediate aftermath. In the interviews quite a lot of people were of the opinion that the new structure had already found its place in the everyday routines which need not be constantly contemplated and questioned. The reform was considered to have rendered the structure of decision making and management much clearer. On the other hand, there were mentions of problems and treats associated with the structure in the future: too big units, problems in academic leadership, non-functioning departmental mergers and the role of Faculties in the administrative structure. It is still too early to establish which of the problems will continue to impair the new "equilibrium". Only the years to come will reveal this.

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