

Policy Brief

Higher education governance and policy instruments in four countries

Jeroen Huisman, Lars Lyby

This policy brief is a part of a study on the governance of Higher Education in Norway. The objective of the research project is to provide an overview of the various steering tools and actors that are at play within the Norwegian sector of Higher Education. However, the existing forms of governance in Norway now has not emerged in a vacuum. In addition to long historical developments, the current Norwegian practice must also be seen in relation to the changes that have occurred in other countries, most notably in Northern Europe. In order to provide such a European perspective, we have conducted a comparative case study.

The structure of this report is as follows. First, we present the conceptual framework and research design. Then we present the four country case studies (The Netherlands, Finland, Denmark and Sweden) and subsequently offer a brief comparative analysis.

Conceptual approach

It appears that the story of governance developments over the past decades in Western European higher education is easily told. That is, if we paint with broad strokes, we see a development from the use of the Weberian bureaucratic model in which a strong state is in control of the (primarily) public role that higher education institutions play, towards a model in which governments grant more autonomy to higher education institutions and/or governments make more use of market mechanisms. Analysts have used different qualifications and labels to depict this trend, e.g. from state control to state supervision (Neave and Van Vught, 1991), from rational planning and control to a model of self-regulation (Van Vught, 1989), from the sovereign rationality/bounded steering model to the supermarket steering model (Olsen, 1988; Gornitzka & Maassen, 2000), and from *ex ante* control to *ex post* evaluation (Neave, 1988).

The governance models all have in common that the key actors behind the model (primarily national governments) are all looking for the «best» approach towards their higher education sectors. Ultimately the chosen approach is built on convictions about «what works» and given the uncertainties and complexities surrounding governance, it may even be better to speak of opinions about what works. In this respect, Howlett and Ramesh (1995, 190) aptly define a policy paradigm as «a set of ideas held by relevant policy subsystem members which shapes the broad goals policy makers pursue, the way they perceive public problems and the kind of solution they consider for adoption». Meuleman (2008, 63–64) explicitly connects governance styles to national cultures, arguing for instance that countries characterized by low power distances, low insecurity reduction and feminine culture are candidate states for a governance style strongly based on network steering. Similar arguments are presented for higher education by Bleiklie and Michelsen (2013, on politico-administrative regimes) and Ferlie et al. (2008, 326) who define steering as «the externally derived instruments and institutional arrangements which seek to govern organizational and academic behaviours within HEIs».

It is therefore not too far-fetched to assume that there is a relation between the steering philosophies and the choice of policy instruments. Policy instruments can be considered the tools of government (Hood, 1983) to achieve policy objectives. Numerous analysts have tried to categorise policy instruments. We follow Van Vught and De Boer (2015) who offer an overview of studies that have classified these tools and agree that for the purpose of this project, it would be best to rely on a so-called institution-free approach, i.e. a perspective that sees policy instruments as items in the government's toolkit or catalogue. The emphasis of this approach is on what governments actually do. Hood's (1983) and Hood and Margetts' (2007) classification belongs to this approach and is suited for our analysis. The authors distinguish:

- **Nodality:** governments often have access to or possess relevant information which can be used to guide institutions, sectors or individuals.
- **Authority:** governments may instruct actors or forbid them. Basically, authority is about setting rules. This should not only be seen as restrictive, for rules can also permit and commend.
- **Treasure:** here governments guide through financial means. Here again treasure can have the purpose of limiting or preventing action (fines) or stimulating action (rewards, subsidies).
- **Organisation:** also the term 'architecture' is used to denote means governments have to use its resources (buildings, equipment) collectively.

Research design

We use Hood and Margetts' (2007) classification to describe the instruments used with respect to higher education by four governments over the past 10–15 years. For each country we take a «milestone» development as point of departure, so the starting time. We decided to focus on three key areas of policy making: institutional governance, performance agreements and mergers/collaboration between higher education institutions. This choice has been made to make the project manageable and to allow us to focus on governance/policy themes of considerable impact. The description and analysis is based on gathering information from the secondary literature that focuses on governance and policy making in the four countries. We relied on articles and books on this matter, but have also made use of reports. We were particularly interested in de-

scriptive and «factual» (instead of normative) analyses. We have chosen countries that are «interesting» in terms of comparability with Norway. In this, we have followed the idea of a comparison with fairly similar countries. This led us to select Scandinavian countries and the Netherlands, cases that generally followed the welfare model and that adhered – according to some analyses – to the 'Nordic script' (Christensen et al., 2014).

Limitations

Various studies have shown that it is far from easy to empirically «assess» the level or amount of steering. One may analyse policy documents and strategic agendas of governments, but one could then easily fall into the trap of failing to distinguish the philosophy (on paper) and governance (in real-time terms). There are additional challenges, for instance how to «add up» different elements of governance. A certain government may grant universities considerable freedom to establish study programmes they see fit, whereas another requires *ex ante* accreditation. At the same time, the first government restricts the student numbers per programme, whereas the second government only sets limits (*numerus clausus*) for certain programmes. Overall, which government is more in control or more permissive than the other? A related challenge is that many policies are not easily described with the vocabulary of one type of tool. In practice, governments quite often use – as we will see below as well – combinations of instrument types. The challenge to aptly label governmental intentions applies to both the mix of policy instruments and to the mix of governance approaches (see Gornitzka and Maassen, 2000, on hybrid steering, also Ferlie et al., 2008). Third, related to the previous point, how a policy is designed may not be experienced in the same way by those that have to obey the policy rules. Handing over the control over and maintenance of university buildings may de facto be seen as an act of deregulation that increases the autonomy of institutions, in practice university boards may interpret and experience this as a challenge for they may not have developed the appropriate capacity or financial resources to take care of building infrastructure. Finally, much of the analysis boils down to the level of detail one seeks. Here we have chosen not to deal with the very detailed elements of the policies, but to highlight its main characteristics.

The Netherlands

Governance

The Netherlands is known for being one of the first Western European countries to propose a significant shift in its governance model. The 1985 policy document *Higher Education: Autonomy and Quality* (HOAK) proposes much more autonomy to the universities, deregulation and a government that steers from a distance and puts more emphasis on dialogue between the responsible ministry and the universities. The latter was operationalized through a cycle of bi-annual strategic plans from the ministry, followed by strategic plans of the universities. Many of these ideas were included in the new law on higher education (effective 1993). Before the turn of the millennium there have been visible moves towards more institutional autonomy, e.g. regarding human resource management, buildings and infrastructure maintenance. However, already from the beginning critical voices allude to areas where the government still relatively strongly regulates university affairs (Maassen and Van Vught, 1988). In the 1990s, analysts observe the gradual introduction of the market model, signified by governmental language labelling the student as a customer and performance-based funding, although the traditional corporatist-pluralistic steering model has not fully disappeared (Gornitzka and Maassen, 2000; De Boer et al., 2007). Very recently, an analysis (De Boer et al., 2019) confirmed that the Dutch government continues to intervene. This limits, according to the analysis, the institutional autonomy of the universities. Moreover, the dialogue function – following the HOAK philosophy – has gradually disappeared: the governmental strategy papers in the past decade or so are «stand-alone» policy documents and the cyclical nature of alternating governmental and institutional strategies has vanished.

Policy themes

a) Institutional governance (structures)

Following the 1997 Act Modernising University's Governance Structures (MUB), the governance structure of Dutch universities changed significantly. The main objectives were to grant universities more autonomy, to improve effectiveness and efficiency of decision-making and concentration of powers. The most important operational changes can best be highlighted by looking at the most important organizational decision-making bodies (De Boer and Huisman, 1999):

- A more powerful Executive Board (three members, including the Rector, based on the principles of distributed leadership), appointed (four year terms) and dismissed by and accountable to the Supervisory Board. They are responsible for the day-to-day management and administration of the organisation. The increase of power is notable in various governance changes inspired by the idea of «the right to manage», e.g. through the appointment of deans, previously elected by staff (and students) of the faculties.
- The Supervisory Board is a new body and consists of three to five members, appointed by and accountable to the Minister. The underlying idea was to involve a variety of constituencies (economic, social, professional) in constructive governance. It is responsible for longer-term strategic planning, ratifying Executive Board proposals and financial matters.
- The University and Faculty Councils – representative bodies – continue to exist, but they became more like advisory councils (vis-à-vis decision-making powers in the pre-MUB period), but still do have important powers. They still have a say in e.g. determining the profile of Executive Board members and have to approve the budget. Regarding the Councils, universities could opt of continuing the traditional model with staff and student having seats in the Council, or to opt for a new model with separate councils for staff (Works Council) and for students.

In terms of instruments, the governance arrangements are clearly and primarily related to *authority*: the act stipulates the (changing) responsibilities of various decision-making bodies. It is important to add that institutions have some choice in their internal arrangements. In that sense the MUB could be seen as a framework law. Whereas the change could be captured by «news rules in place» it is important to note that the government also abolished some of the regulations. For instance, the MUB abolished the requirement to organize education and training by *vakgroep* (department). This does not mean this organizational unit disappeared *de facto* across the system, but it implies more flexibility and freedom for universities to organize their activities as they see fit (institutes, centres, units, schools, etc.).

b) Contracting, performance agreements

Performance agreements between individual higher education institutions and the Ministry were introduced in the Netherlands in 2012. In the preceding years,

there were sector agreements between the umbrella organisations of universities and universities of applied sciences and the Ministry. The 2010 Veerman Committee suggested to create more variety in the higher education landscape and to consider mission-based funding (De Boer et al., 2015). Under the label *Quality and Profiling*, the institutions were required to enter into contracts and to explain how they intended to improve quality and performance in education (against specific criteria, e.g. dropout rates; graduation rates; teaching intensity). In other words: the themes were decided by the government, the institutions were free to select from these themes and to formulate their ambitions. An independent Review Committee assessed the plans and the Ministry accordingly allocated funds to the higher education institutions. It should be noted that the budget set aside for the policy experiment 2013–2016 was in total 7% of educational funding (this amounts to 310 million Euros for the around 55 institutions). Actually, the performance-based part of the overall institutional budget ranges from one quarter to one third, because the «normal» allocation model is also based on performances in teaching and research (Jongbloed et al., 2019). The funding was conditional, in that in 2016 the Review Committee advised the Minister on goal achievement. Only a couple of universities of applied sciences were penalized for not achieving what they promised in the agreements. After the review, the (then) Minister decided to stop the experiment and to implement a new series of agreements under the label *Quality Agreements*, now under the auspices of the national accreditation organization (NVAO). An important feature of the new policy is that there are no financial repercussions, but the Minister will engage in a discussion with the institution, if that organisation does not live up to the promises.

In terms of instruments, the performance agreements focus on *treasure*, with the important qualification that the new round of performance agreements does not punish the institutions anymore if they do not meet the objectives. *Authority* clearly kicks in, because the government – more so in the first than in the second round – determined the rules of the game by defining the quality criteria. One should, however, not neglect *nodality*: the agreements contain important policy-relevant information that flows from the institutions to the government and vice versa. Moreover, the role of the Review Committee (and currently NVAO) is one of monitoring and interim assessment.

c) Mergers, institutional collaboration, system reform

Mergers in Dutch higher education date back quite a while, in fact to the end of the 1980s and beginning

of the 1990s (see e.g. Goedegebuure, 1992). Whereas the early mergers were more or less «imposed» because merged institutions should be of a certain size, voluntary mergers continued to take place until the mid-2000s, currently there are hardly mergers. Experiments to allow for more intensive cooperation between organisations on both sides of the binary line have taken place, but only a few alliances could be sustained. What remains in the higher education system are informal agreements between institutions and the more formal collaboration between the four Technical Universities (4.TU Federation). The binary system continues to be in place. Once in a while, it is contested in public debates, but the government sticks to the «equal but different» paradigm. That said, particularly the non-university sector has witnessed a significant change in its profile. This is largely due to the felt need to boost the research function of universities of applied sciences (De Boer, 2017). The government made funding available in the beginning of this millennium, amongst others to appointed so-called *lectors* and to develop *knowledge circles* to enhance knowledge transfer and circulation between professional fields and the institutions. These measures are in place to support practice-oriented research, for the higher education act stipulates that the universities of applied sciences can only carry out research in function of their educational/professional function. The Association of Universities of Applied Sciences established a foundation (SKO) to assess plans for *lectors* and *knowledge circles* and this foundation also organized the monitoring of the developments. In later years, the applied research policy was further supported by subsidies for cooperation with (regional) industry (2005), research quality assessment procedures (2009), the establishment of Centres of Expertise (2010) and the structural embedding of research funding for universities of applied sciences through the national research council.

In terms of instruments, we see a focus on *nodality* and we should stress the incremental nature of and «soft targets» in the policy process (see also De Boer, 2017, p. 89–90). The government supplied some funding (subsidies, *treasure*) in the initial years, which helped to set things in motion (but this would unlikely be sufficient to sustain initiatives). Particularly the *organisation* through SKO was an important instrument, which enable the institutions to develop their own plans. Arguably, they needed to speak to the indicators/benchmarks set up by SKO, but they otherwise were relatively free to propose ideas. *Nodality* was also important in terms of the dissemination of ideas and practices both through the Association of Universities of Applied Sciences and SKO.

Denmark

Governance

Denmark has generally been qualified as fitting the Nordic welfare model regarding higher education based on broad access to and public funding for higher education (Vabø and Aamodt, 2009; Christensen et al., 2014). The model is built on social-democratic egalitarian principles of a fair distribution of wealth. Important developments and accompanying deviations from that model took place from the 2000s on. The 2003 *University Autonomy Act* implied both increasing institutional autonomy – self-owning institutions – and strengthened leadership and management. Some of the ideas in the regulations go back to reforms in the 1990s (Degn, 2015). Christensen et al. (2014) argue that Denmark followed the global reform script that is characterized by, first, strengthening autonomy, including the internal decision-making procedures in favor of the executive and, second, a contract-based relationship between state and institutions, operationalized through funding arrangements. The 2006 *Globalisation Strategy* puts much emphasis on the universities' contribution – through relevant research and education – to the national and regional economy. In fact, the universities are conceived of as instruments of the government to solve societal problems (Degn, 2015). Through the introduction of competitive funding a shift from the welfare model to the market model inspired by New Public Management is noteworthy (Aagaard and De Boer, 2017).

Analysts generally agree that the mid-2000s reforms implied a significant break with the previous governance model, although Degn's (2015) in-depth analysis – particularly of the internal governance structures – signals gradual changes, that ultimately build up to a quite radical departure. The present model slants towards a neo-liberal perspective on higher education with a discourse characterized by utility, competition and performance-based funding.

Policy themes

a) Institutional governance (structure)

The 2003 Act changed the governance model, based on democratic representation, into an executive model. A key role in the governance structure is played by the Board of the institution. That board has extensive authority regarding the strategic directions of the institution. The majority of its members must be from outside the university and the board should be chaired by an

external member. Additionally, the board comprises representatives elected among the students, the academic staff and the administrative staff (De Boer and File, 2009). The board appoints university leaders and managers on the basis of their scientific and managerial skills. University leaders subsequently appoint deans, who appoint heads of departments and are also responsible for setting up study boards and appoint its members. Important bodies like the Senate and Faculty Councils were abolished. Student and academic councils continue to play a role in decision-making, but are largely advisory bodies.

In instrument vocabulary, the government made mainly use of the instrument of *authority*: new rules were developed that organize the internal functioning of the institutions. A critical assessment of an expert committee (2009) noted that institutional autonomy has increased, but that the government still used many detailed regulations.

b) Contracting, performance agreements

An undercurrent of the changes in the institutional governance structure was that the (new) leaders could focus more on the conditions for high quality education and research performance. This especially was emphasized in the 2006 *Globalisation Strategy*: performance should be enhanced in light of the growing international competitiveness.

It is good to emphasise that funding was already strongly based on performances. For education, the so-called taximeter system (funding based on credits accumulated by the students) was already in place for some time. A specific element of funding and budgeting in Danish higher education is that funding is allocated at the beginning of the academic year on the basis of expected performances and the accounts are settled later on the basis of the actual performance.

Regarding performance agreements, initial plans were launched in 1999. At that time, the experimental agreements were non-binding, they were in fact statements of intent, they could be adjusted from year to year and were lacking budgetary consequences. As a consequence of the 2006 *Global Strategy*, the nature of the contracts changed into agreements with budgetary consequences. The second-generation contracts (labelled as such by De Boer et al., 2015) contained more specific indicators and targets both regarding teaching and research. The third-generation contracts (from 2008–2010) also contained budgetary consequences. The latest iterations are based on «smart goals» principles. There are at maximum ten goals per contract, five of these defined by the ministry. For each goal there

are one or two performance indicators. De Boer et al. (2015) summarise the developments over the years as follows: from lengthy strategic plans towards selective mission-based contracts; from many to fewer «smart» goals and indicators; and a tighter connection between performance and funding.

In terms of instruments, we see a combination of *treasure and authority*. The latter is visible in the detailed guidelines and setting of indicators by the government. *Treasure* is important for ultimately the performances have budgetary consequences, albeit that contracts are still not binding. Also, several analyses (e.g. Expert Committee, 2009) have pointed out that in places the government steers the same objective through different tools, i.e. through development contracts, regulation AND traditional funding mechanisms. One may think that *nodality* plays a role as well, but the change towards smart objectives has changed the communicative nature of the agreements. Neither are there tools in place for sector-wide dissemination and discussion of the agreements.

c) Mergers, institutional collaboration, system reform

The 2003 *University Autonomy Act* and 2006 *Globalisation Strategy* were also the driver of merger processes in the university sector from 2007 on. It entailed the voluntary mergers between governmental research institutes (GRIs) with universities as well as mergers between universities. The former type of mergers aimed at creating synergy between the two previously separated sectors and to stimulate universities to engage with practice-oriented research. University mergers were intended to broaden and the educational supply, support partnerships with the private sector to stimulate innovation. Put differently, the idea was to increase the efficiency of the system, by avoiding overlap and fragmentation (Pinheiro et al, 2016). Although voluntary, the government did enforce some mergers between GRIs (Aagaard et al., 2016) and whereas there was a period characterized by inventories, negotiations, information exchanges, the whole process needed to be finalized in a relatively short period of a year. Supplemented by merger initiatives in the college sector (Aagaard et al., 2016), the Danish higher education landscape is now much less densely populated: from 25 universities and GRIs to eleven institutions (eight universities and three GRIs). Alongside the merger process, the so-called UNIK initiative (*Investment Capital for University Research*) was implemented in 2009–2014. It was a research funding initiative aimed to strengthen the strategic steering capacity of the Danish universities (Aagaard and De Boer, 2017). Uni-

versities were invited to submit proposals for Centres of Excellence. The initiative must be seen against the background of competition for research funding that – until then – primarily took place between individual researchers and hence limiting the strategic capacity at the level of universities.

Although mergers were voluntary and *nodality* was the key instrument, the analysis points out that the communication and information was far from unambiguous. Elements of *authority* are visible in the way the government nudged institutions. The setting up of Centres of Excellence as part of the UNIK strategy were guided by *treasure and authority*.

Sweden

Governance

An important change was brought about in the Swedish system in 1993. Following the 1992 *Higher Education Act*, universities were granted more autonomy, particularly in the area of educational matters. It implied more freedom regarding decision-making over courses and admission of students. In steering terms, it meant a shift from state-level regulation and input control, to governance through control of outcomes and through external forces acting upon the university and colleges (Kogan et al., 1999). A second wave of reform – not counting the Bologna reform that obviously had impact on the system, but not that much in terms of governance – can be detected around 2010 (Ahola et al., 2014). The 2010 *Autonomy Reform* was partly a follow-up to the 1993 reforms, in that also here institutional autonomy was a key target. The reforms were instigated by a 2008 report *Independent Universities*. It was decided that the decision-making of public universities would become more decentralised to promote quality and that the governmental control would be restricted to quality issues in research and education, accountability and justice (Ahola et al., 2014).

Policy themes

a) Institutional governance

The 1993 reform implied the decentralisation of decision-making, increasing the power of the Governing Board and the vice-chancellor. Also the functions of the deans and the head of departments were clarified and strengthened. On the other hand, the professors lost power, as government no longer appointed them. Academics and students are still involved in decision-ma-

king through their role in the (consultative) Senate, but the Governing Board has key decision-making powers in all institutional matters (Ahola et al., 2014).

b) Contracting, performance agreements

In Sweden, performances were already taken into account in the funding of institutions in the 1990s. Regarding education, not only the number of students enrolled played a role, but – since the 1993 reform – also the credits they earned. Around that time, the government also started to work with three-year *educational assignments* to the institutions. Annually, the government would set the maximum budget (for education) for each institution and the universities were supposed to stick to that budget. Various evaluations (see Ahola et al., 2014) signal problems with that arrangement, particularly the fact that funding does not take into account salary and price increases. Since 2013, the quantitatively based system has been complemented by a qualitatively-oriented part. Around 10% of the resources for Bachelor and Master programmes are allocated on the basis of the results of the national quality evaluations. Institutions that receive the highest rating are to receive additional funding (quality funding). For research, performance-based funding was introduced as part of the direct state funding in 2009. Since then, 10–20% of the allocation of funds has been based on the level of external funding and publications (Foss Hansen et al., 2019).

In terms of instruments, *treasure* is combined with strong undercurrents of *authority*, for the government decides on the indicators and also puts forward a maximum budget.

c) Mergers, institutional collaboration, system reform

In the 1990s, policy ideas were launched to «combat» the dominance of some of the oldest universities and to have all higher education institutions contribute to the knowledge society by upgrading university colleges to university status. These colleges were allowed to carry out research and offer PhD programmes (Benner and Geschwind, 2016), even if they were not upgraded to universities. Colleges could apply for university status. In 1999, about 20 proposals were submitted and the government decided to award university status to three university colleges. They were all formerly affiliated institutions, copying the structure and aim of traditional universities. Some years later, another university was established and in 2005 another «new» university emerged (Ahola et al., 2014). At the start of the new millennium, the higher education landscape continued to be a topic on the agenda. Various factors

contributed to the ongoing discussion: changes of government, unfulfilled wishes of university colleges and counterstrategies of the older universities. The government in charge moved towards policy experimentation and invited institutions to merge or form alliances. Policy guidance was not very explicit whether these alliances should be between the new universities or (also) between older and newer institutions. Benner and Geschwind (2016) suggest that the lack of an underlying logic at the system/government level left much to guess for the individual higher education institutions and only those that had a clear rationale for an alliance eventually embarked on further collaboration.

In terms of instruments, the longer-term perspective should be taken into account. The emphasis is on *nodality*, be it that the government did change its view on the urgency and nature of the mergers. The nature of the policy experiment suggests that *authority* is much more in the background.

Finland

Governance

Gornitzka and Maassen (2000) argue that Finland made a distinct move from the sovereign model towards a supermarket model in the beginning of the 1990s. As in other countries, the Finnish government envisaged a system with stronger, more autonomous institutions and stepped away from strong and detailed governmental regulation. In the early 1990s, funding arrangements were changed into lump-sum budgeting (Christensen et al., 2014). More autonomy went hand in hand with greater accountability, but it is important to note that in the area of evaluation and quality assurance, the role of the academic professions gained importance. Besides this, it is salient to mention that the reform of the universities took place against the background of a serious economic crisis and the emergence of the universities of applied sciences sector (AMK) which turned the Finnish higher education system into a binary system. This also implied that governance reforms primarily affected the universities and the AMKs much later. Finland was among the first European countries to introduce performance agreements between the government and the higher education institutions.

Policy themes

a) Institutional governance

Whereas in the older arrangements the rector (elected) was the *primus inter pares*, new legislation changed the position of the rector and other actors. In 1997, out-

side members were admitted to the University Board. In 2009, further changes took place with the change in legal status of the higher education institutions and increasing autonomy regarding personnel matters, ownership of buildings, etc. (Christensen et al., 2014). The two most important governance bodies are the Board and the new Collegiate Body. The former consists of groups representing (and elected by) staff and students. Furthermore, the new Collegiate Body appoints members from outside the university to the Board, including the chair of the Board. It also dismisses these persons and also confirms the financial statements and the annual report, and discharges board members and the rector from liability (Ahola et al., 2014). The Board appoints the rector.

The change in governance structures offers a fairly clear case of an emphasis on *authority*: the government changed the rules of the game regarding the internal governance structure.

b) Contracting, performance agreements

As indicated, Finland introduced (performance) agreements quite early, in 1994. The nature evolved from primarily a planning purpose towards performance-related contracts. Currently, the cyclical nature of the process (four years) is as follows: objective setting for the whole system; profile, mission and focus areas for all HEIs; key development measures; funding (De Boer et al., 2015). The communicative nature of the process is noteworthy: ideas are communicated in an iterative process between the institutions and the responsible ministry. De Boer et al. (2015) report that a performance agreement on average amounts to eight pages. Indicators are used in the agreements, but do not necessarily count towards funding. Funding in the performance agreements is primarily connected to projects awarded in the process. Agreements are legally binding. The ministry evaluates and monitors progress on the basis of indicators and also qualitative information.

In terms of instruments, we see a combination of *treasure* and *nodality*. The latter is visible in the strong communicative nature of the policy process. *Treasure* is important for ultimately the performances have budgetary consequences and contracts are legally binding. *Authority* is certainly not disappearing from the radar, but because of the largely consensual nature of the process, it appears to be less prominent.

c) Mergers, institutional collaboration, system reform

An important antecedent of mergers in the 2000s in Finland is the relatively recent emergence of a binary system in that country (1992). Around 2007–08, plans were announced to make the two sectors (and hence the system) more effective and efficient. In more concrete terms, Välimaa et al. (2014) summarize the formal objectives of the structural reforms as: diversifying the funding base of universities, providing better opportunities to compete for international research funding, increasing cooperation with foreign world-class universities, and ensuring the quality and effectiveness of universities' research and teaching. The governmental announcement was preceded by advisory reports from committees that focused on specific regions: Eastern Finland and Helsinki. Nokkala and Välimaa (2017) note that the government gave a clear directive to the university sector by expecting that the number of universities would reduce from 20 to 15 (by 2020). Aarrevaarre and Dobson (2016) distinguish two waves of intra-sectoral mergers, the first set taking place in 2008–10. A second wave (2011–2014) took place, with one important difference: from 2010 on, universities were turned into autonomous legal entities and as such there was more leeway for leadership to engage in mergers. That said, the early mergers – e.g. Aalto – already implied changes in the governance structure of that merged university. In all, the landscape changed from 20 universities and 32 polytechnics in 2009 to 14 universities and 26 polytechnics in 2015. Apart from mergers, some institutions also engaged in closer partnerships and alliances.

In terms of instruments, a quote from Aarrevaarre and Dobson (2016, p. 70) nicely summarises the tools in place: «Ministerial 'persuasion' has led Finland to having fewer universities and polytechnics than in the past, in part by the use of the 'carrot and stick' method of inducing cooperation». *Authority* therefore played a major role, but *treasure* as well: additional funding (including tax reductions) was available for merged institutions.

Comparison

Comparing the four cases, we can formulate the following conclusions. First, through deeming eyes we see – with respect to general governance arrangements – more or less the same patterns across the countries: a move from towards more institutional autonomy and market-type mechanisms (competition, performance budgeting). Second, in all countries we see considerable changes in all three areas we investigated: institutional governance, mergers and collaborations, and contractual arrangements. Third, some of the reforms come in waves, i.e. some countries witnessed rounds of mergers, several iterations of performance arrangements and/or autonomy reforms. Fourth, almost all reforms are characterised by mixes of policy instruments. In a few cases, it could be argued that one of the (type of) tools dominated (*authority* for institutional governance reforms, *treasure* for contractual arrangements), but in the majority of cases mixes dominate.

Second, there are also noteworthy differences. We first discuss the *timing of the reforms*. This plays out in when exactly the countries embarked on changes in the three domains. There is no pattern of one country being the first (or last) mover in all cases. Moreover, the analysis shows that in some countries the larger reforms were preceded by smaller changes, suggesting a gradual change, making it actually difficult to pinpoint the reform in time. But there are two other elements of

timing. The order of domains addressed through time differs, with e.g. some countries already using performance-related agreements before granting institutions substantially more autonomy and some countries introducing autonomy before contractual arrangements. And, finally, the density of the reforms differ: some countries allow for time between different reforms, others propose a fair number of significant reforms in a relatively short time.

Third, differences also play out at the *contents of the policies*. A proper analysis would require a closer reading of the policies (beyond secondary literature), but our analysis has shown some examples. These mirror the main messages of Christensen et al. (2014) on the 'Nordic model': there appears to be a kind of script across the (Scandinavian) cases (see also Ahola et al., 2014), but when one looks at the details, there are nuances. For instance, regarding institutional governance some countries seem to regulate the new governance arrangements in quite some detail, whereas others offer more choice for their institutions. The same applies to the contractual arrangements, which sometimes are more qualitatively-oriented and without financial consequences, sometimes more strongly based on performance indicators with considerable impact on resource allocation.

References

- Aagaard, K., & De Boer, H. (2017). The Danish UNIK initiative: An NPM-inspired mechanism to steer higher education. In: H. de Boer, J. File, J. Huisman, M. Seeber, M. Vukasovic & D. Westerheijden (eds.). *Policy analysis of structural reforms in higher education: Processes and outcomes*. Cham: Springer, pp. 141-159.
- Aagaard, K., Hansen, H.F., Rasmussen, J.G. (2016), Mergers in Danish higher education: An overview over the changing landscape. In: R. Pinheiro, L. Geschwind & T. Aarrevaara (eds.). *Mergers in higher education. The experience from northern Europe*. Cham: Springer, pp. 73-88.
- Aarrevaara, T., & Dobson, I.R. (2016). Merger mania? The Finnish higher education experience. In: R. Pinheiro, L. Geschwind & T. Aarrevaara (eds.). *Mergers in higher education. The experience from northern Europe*. Cham: Springer, pp. 59-72.
- Ahola, S., Hedmo, T., Thomsen, J.-P., & Vabø, A. (2014). *Organisational features of higher education: Denmark, Finland, Norway & Sweden*. Oslo: NIFU.
- Benner, M., & Geschwind, L. (2016). Conflicting rationalities: Mergers and consolidations in Swedish higher education policy. In: Pinheiro, R., Geschwind, L., & Aarrevaara, T. (eds.) (2016). *Mergers in higher education. The experience from northern Europe*. Cham: Springer, pp. 43-58.
- Bleiklie, I., and Michelsen, S. (2013). Comparing HE policies in Europe. Structures and reform outputs in eight countries. *Higher Education*, 65, 113-133.
- Christensen, T., Gornitzka, Å., & Maassen, P. (2014). Global pressures and national cultures: A Nordic university template? In: P. Mattei (ed.). *University adaptation at difficult economic times*. Oxford: Oxford University Press, pp. 30-52.
- De Boer, H. (2017). Strengthening research at the Dutch 'hogescholen': From ideas to institutionalization. In: H. de Boer, J. File, J. Huisman, M. Seeber, M. Vukasovic & D. Westerheijden (eds.). *Policy analysis of structural reforms in higher education: Processes and outcomes*. Cham: Springer, pp. 75-94.
- De Boer, H. F. de, & Huisman, J. (1999). The New Public Management in Dutch universities. In: Braun, D. & Merrien, F.-X.

- (eds.), *Towards a new model of governance for universities? A comparative view*. Jessica Kingsley, London, pp. 100-118.
- De Boer, H., Enders, J., & Schimank, U. (2007) On the way towards New Public Management? The governance of university systems in England, the Netherlands, Austria, and Germany. In: D. Jansen (ed.). *New forms of governance in research organizations: Disciplinary approaches, interfaces and integration*. Dordrecht: Springer, pp. 137-154.
- de Boer, H., & File, J. (2009) *Higher education governance reforms across Europe*. Brussels: ESMU.
- De Boer, H., Jongbloed, B., Bennenworth, P., Cremonini, L., Kolster, R., Kottmann, A., Lemmens-Krug, K., & Vossensteyn, H. (2015). *Performance-based funding and performance agreements in fourteen higher education systems*. Enschede: CHEPS.
- De Boer, H., Kolster, R., & Westerheijden, D. (2019). *Beleidsdo-orlichting hoger onderwijs 2015-2018. Sturing en beleidsinstrumentanalyse*. Enschede: CHEPS.
- Degn, L. (2015). Translating governance Ideas in Danish higher education. *Higher Education Policy*, 28, 295-313.
- Expert Committee (2009). *The university evaluation. 2009 evaluation report*. Copenhagen: Ministry of Science, Technology and Innovation.
- Ferlie, E., Musselin, C., & Andresani, G. (2008). The steering of higher education systems: A public management perspective. *Higher Education*, 56(3), 325-348.
- Goedegebuure, L. (1992). *Mergers in higher education: A comparative perspective*. Utrecht: Lemma.
- Gornitzka, Å., and Maassen, P. (2000). Hybrid steering approaches with respect to European higher education. *Higher Education Policy*, 13(3), 267-268.
- Hansen, H.F., Geschwind, L., Kivistö, J., Pekkola, E., Pinheiro, R., Pulkkinen, K. (2019). Balancing accountability and trust: University reforms in the Nordic countries. *Higher Education*, 78(3), 557-573.
- Hood, C. (1983). *The tools of government*. London: Macmillan.
- Hood, C., & Margetts, H. (2007). *The tools of government in the digital age*. London: Palgrave Macmillan.
- Howlett M. & Ramesh M. (1995). *Studying public policy. Policy cycles and policy subsystems*. Oxford: Oxford University Press.
- Jongbloed, B., Kaiser, F., Westerheijden, D.F. (2019 online). Improving study success and diversity in Dutch higher education using performance agreements. *Tertiary Education and Management*.
- Kogan, M., Bauer, M., Bleiklie, I., & Henkel M. (2000). *Transforming higher education: A comparative study*. London: Jessica Kingsley.
- Maassen, P.A., and van Vught, F.A. (1988) An intriguing Janus-head: The two faces of the new governmental strategy for higher education in the Netherlands. *European Journal of Education*, 23(1-2), 65-76.
- Meuleman, L. (2008). *Public management and the metagovernance of hierarchies, networks and markets. The feasibility of designing and managing governance style combinations*. Heidelberg: Physica Verlag.
- Neave, G. (1988). On the cultivation of quality, efficiency and enterprise: An overview of recent trends in higher education in Western Europe 1986-1988. *European Journal of Education*, 23, 7-23.
- Neave, G., & Vught, F. A. van (1991). *Prometheus Bound: the changing relationship between government and higher education in Western Europe*. Oxford: Pergamon.
- Nokkala, T., & Välimaa, J. (2017). Finnish mergers: Change in the context of continuity. In: H. de Boer, J. File, J. Huisman, M. Seeber, M. Vukasovic & D. Westerheijden (eds.). *Policy analysis of structural reforms in higher education: Processes and outcomes*. Cham: Springer, pp. 225-244.
- Olsen, J.P. (1988). Administrative reform and theories of organization. In: C. Campbell and B.G. Peters (eds.). *Organizing governance, governing organizations*. Pittsburgh: University of Pittsburgh Press, pp. 233-254.
- Pinheiro, R., Geschwind, L., & Aarrevaara, T. (eds.) (2016). *Mergers in higher education. The experience from northern Europe*. Cham: Springer.
- Vabø, A., & Aamodt, P. O. (2009). Nordic higher education in transition. In: D. Palfreyman & T. Tapper (eds.). *Structuring mass higher education. The role of elite institutions*. Abingdon: Routledge, pp. 57-72.
- Välimaa, J., Aittola, H., & Ursin, J. (2014). University mergers in Finland: Mediating global competition. *New Directions for Higher Education*, 168, 1-53.
- Van Vught, F. (ed.) (1989) *Governmental strategies and innovation in higher education*. London: Jessica Kingsley.
- van Vught, F., & Boer, H. de (2015). Governance models and policy instruments. In: J. Huisman, H. de Boer, D.D. Dill & M. Souto-Otero (eds.). *Handbook of higher education policy and governance*. London: Palgrave Macmillan, 38-56.

NIFU

Nordisk institutt for studier av innovasjon, forskning og utdanning

Nordic Institute for Studies in Innovation, Research and Education

NIFU is an independent social science research institute, organized as a non-profit foundation. The institute aims to be a leading European research organization for studies of innovation, research and education at all levels. NIFU collect, analyze and disseminate national statistics and indicators for R&D and innovation, and are active participants in statistical cooperation at European and international levels.

NIFU

PB 2815 Tøyen, NO-0608 Oslo
www.nifu.no | post@nifu.no