

# Strategic actor-hood and institutional transformation – the case of a Nordic University

Romulo Pinheiro,

Senior Researcher, PhD

Centre for Advanced Studies in Regional Innovation Strategies (RIS)

## 1. Background

The Nordic higher education (HE) landscape is going through a profound transformation. This process is, partly, a result of substantial changes in society such as declining birth rates, an ageing population, and the rise of a global knowledge economy, in addition to broad policy efforts aimed at the modernization of the public sector and, consequently, the future sustainability of the welfare state. Nordic higher education institutions are increasingly expected to respond more efficiently to the needs of surrounding society. Amongst other aspects, this implies taking on board a new set of functions, like economic development/innovation, and exercising their activities in a more efficient and socially accountable manner. Fiercer competition for students, staff and funding is leading HE institutions to search for the benefits associated with economies of scale. In other words, *size* does matter.

One of the strategic measures being undertaken is that of mergers or amalgamations between existing domestic providers. Denmark and Finland have, in recent years, taken the lead in this regard, but are now being followed closely by its Nordic neighbors, Norway and Sweden. Mergers are both time-consuming and complex, yet they provide an invaluable strategic opportunity for university actors, particularly leadership structures at the central and unit levels, when it comes to de-institutionalizing existing (formal and informal) arrangements and re-institutionalizing new ones (c.f. Kwiek 2012). This paper sheds light on one such institution, based in the Nordic region. Building upon the concept of ‘organizational actor-hood’ (Krücken and Meier 2006; Whitley 2008), the paper sheds empirical light on the efforts by leadership structures at the level of the central administration aimed at re-shaping the university’s institutional profile (nationally and internationally) by leveraging scientific excellence and market reputation (Hazelkorn 2009).

## 2. Conceptual backdrop

## 2.1. Universities as Strategic Actors

The idea that organizations (Oliver 1991), universities included (Clark 1998), go to great lengths to adequately respond to changes in their operational environments is not new per se. What is new however, is the impact of external dynamics in the internal fabric of universities, at least in Continental Europe (Maassen and Olsen 2007; Maassen and Stensaker 2011). The traditional 'social pact', initiated during the Humboldt revolutions (see Nybom 2003), between HE and the nation state meant, first and foremost, that universities were left to their own devices relatively oblivious to major macro-level events. This state-of-affairs started to change in the late 1970s/early 1980s as a result of two distinct but nonetheless inter-related processes, namely; the exponential growth in student enrollments (Trow 2007) and the first efforts aimed at structurally reforming the public sector across a number of European economies (Peters and Savoie 1998). In the realm of HE, these processes led to profound changes in existing governance arrangements substantiated around the notion of institutional autonomy or "self-regulation" (Maassen and Stensaker 2003). In addition, the swiping changes resulted in the "opening-up" of universities to a vast array of external constituencies and a diverse set of often conflicting interests and expectations (Neave 2002).

One way in which universities went about preparing themselves to the new operational environment was through strengthening their professional-administrative structures (Gornitzka and Larsen 2004), and by increasing the decision-making powers of leadership structures at both the central and unit levels (Clark 1998; Meek et al. 2010). Consequently, these processes have directly contributed to the *rationalization* of academic structures and activities (Ramirez 2006), thus making universities more similar to other types of organizations like firms. This latter process is known in the literature as 'organizational actor-hood' (Krücken and Meier 2006; Ramirez 2010) and is characterized by the importance attributed to strategic- planning and management processes (Rip 2004; Zechlin 2010), including but not limited to, the internal ability to efficiently respond to unforeseen external events and emerging (market) demands (Salerno 2007). In practice, this basically means that privileged internal attention is given to processes of *environmental screening* and *sense-making* (Hölttä and Karjalainen 1997) as a means of undertaking a series of structural adaptations that are likely to decrease the existing 'gap' between university activities and environmental demands (c.f. Lajunen et al. 1999).

## **2.2. Mergers as a strategic change opportunity**

Mergers involving HE institutions often address pending problems such as inefficiency, falling student demand, fiercer competition, etc. (Harman and Harman 2003). As a strategic process, the rationale for resorting to mergers is largely related to the establishment of larger organizations and individual academic units, hence resulting in academic and administrative *economies of scale* (Norgård and Skodvin 2002). In recent years and across a number of countries, there has been a shift from mergers initiated from the “top-down”, by governments, aimed at addressing policy goals like *equity* and *efficiency*, towards “bottom-up” institutional-driven initiatives in light of strategic objectives such as access to external funding (Goedegebuure and Meek 1994) and/or institutional aspirations (Zechlin 2011).

In this paper, mergers are used and linked to the Nordic case university in order to underpin the unique opportunity when it comes to providing adequate legitimization (Suchman 1995) to the strategic change efforts undertaken by the university’s central administration or *steering core* (Clark 1998).

## **3. Methodology**

The study adopts a single-case research design. There are two main reasons for this choice, as pointed out in the literature. First, and according to Yin (2003: 40), the single case allows researchers to test theoretical propositions (in this case, regarding the transformation of the university into strategic actors or “complete organizations”, section 2.1. above) on the basis of a *critical case*. Second, the university in question represents a *unique* – somewhat deviant - case of radical transformation, thus making it rather suitable for investigation (ibid. p, 41-2). As far as data sources are concerned, the study is based on a desk-top review of both policy documents (national level) and institutional strategies/operational plans, in addition to (qualitative and quantitative) secondary data emanating from previous evaluation assessments regarding the local (meso/micro level) effects of major reform processes in recent years.

## **4. Implications of the Study**

The chosen case represents a radical example of institutional response to changes in the environment (operational and regulative) in which Nordic universities operate. It provides valuable insights to both researchers and practitioners alike regarding the transformation of universities into strategic actors, in addition to shedding light on potential tensions and

shortcomings associated with processes of change and transformation when initiated from the top-down by the central steering core.

## REFERENCES

- Aagaard, K. (2011). "Danish University Mergers: The case of Aarhus University". Paper presented at the Hedda 10th anniversary conference. Oslo, 4th November.
- Clark, B. R. (1998). *Creating entrepreneurial universities : organizational pathways of transformation*, New York: Pergamon.
- Goedegebuure, L., and Meek, L. (1994). "A Resource Dependence Perspective on Mergers Comparing institutional amalgamations in Australia and the Netherlands", in L. Goedegebuure and F. van Vught, (eds.), *Comparative policy studies in higher education*. Enschede: Lemma.
- Gornitzka, Å., and Larsen, I. M. (2004). "Towards professionalisation? Restructuring of administrative work force in universities." *Higher Education*, 47(4), 455-471.
- Harman, G., and Harman, K. (2003). "Institutional Mergers in Higher Education: Lessons from International Experience." *Tertiary Education and Management*, 9(1), 29-44.
- Hazelkorn, H. (2009). "Rankings and the Battle for World-Class Excellence: Institutional Strategies and Policy Choice." *Higher Education Management and Policy*, 21(1), 1-22.
- Hölttä, S., and Karjalainen, K. (1997). "Cybernetic Institutional Management Theory and Practice." *Tertiary Education and Management*, 3(3), 229-236.
- Krücken, G., and Meier, F. (2006). "Turning the university into an organizational actor", in G. S. Drori, J. W. Meyer, and H. Hwang, (eds.), *Globalization and organization: world society and organizational change*. Oxford: Oxford University Press, pp. 241-257.
- Kwiek, M. (2012). "Changing higher education policies: From the deinstitutionalization to the reinstitutionalization of the research mission in Polish universities." *Science and Public Policy*.
- Lajunen, L., Aaltonen, M., and Koivunnen, S. (1999). "How a regional university can both survive and develop in a rapidly changing operational and economic environment: the case of the university of oulu." *Higher Education in Europe*, 24(1), 81-89.
- Maassen, P., and Olsen, J. P. (2007). *University dynamics and European integration*, Dordrecht: Springer.
- Maassen, P., and Stensaker, B. (2003). "Interpretations of Self-Regulation: The Changing State-Higher Education Relationship in Europe: The Dialogue between Higher Education Research and Practice", in R. Begg, (ed.). Springer Netherlands, pp. 85-95.
- Maassen, P., and Stensaker, B. (2011). "The knowledge triangle, European higher education policy logics and policy implications." *Higher Education*, 61(6), 757-769.
- Meek, V. L., Goedegebuure, L., Santiago, R., and Carvalho, T. (2010). *The Changing Dynamics of Higher Education Middle Management*: Springer.
- Neave, G. (2002). "The Stakeholder Perspective Historically Explored", in J. Enders and O. Fulton, (eds.), *Higher education in a globalising world: international trends and mutual observations : a festschrift in honour of Ulrich Teichler*. Springer, pp. 17-37.
- Norgård, J. D., and Skodvin, O.-J. (2002). "The importance of geography and culture in mergers: A Norwegian institutional case study." *Higher Education*, 44(1), 73-90.
- Nybom, T. (2003). "The Humboldt Legacy: Reflections on the Past, Present, and Future of the European University." *Higher Education Policy*, 16(2), 141-159.
- Oliver, C. (1991). "Strategic responses to institutional processes." *Academy of management review*, 16(1), 145-179.
- Peters, G., and Savoie, D. J. (1998). *Taking Stock: Assessing Public Sector Reforms*, Quebec: McGill-Queen's University Press.
- Ramirez, F. O. (2006). "The rationalization of universities", in M.-L. Djelic and K. Sahlin-Andersson, (eds.), *Transnational governance: institutional dynamics of regulation*. Cambridge: Cambridge University Press, pp. 225-244.
- Ramirez, F. O. (2010). "Accounting for excellence: Transforming universities into organizational actors", in V. Rust, L. Portnoi, and S. Bagely, (eds.), *Higher education, policy, and the global competition phenomenon*. Basingstoke: Palgrave, pp. 43-58.
- Rip, A. (2004). "Strategic Research, Post-modern Universities and Research Training." *Higher Education Policy*, 17(2), 153-166.

- Salerno, C. (2007). "A Service Enterprise: The Market Vision", in P. Maassen and J. P. Olsen, (eds.), *University Dynamics and European Integration*. Springer Netherlands, pp. 119-132.
- Suchman, M. C. (1995). "Managing Legitimacy - Strategic and Institutional Approaches." *Academy of Management Review*, 20(3), 571-610.
- Trow, M. (2007). "Reflections on the transition from elite to mass to universal access: Forms and phases of higher education in modern societies since WWII", in J. Forest and P. Altbach, (eds.), *International handbook of higher education*. Dordrecht: Springer, pp. 243-280.
- Whitley, R. (2008). "Constructing universities as strategic actors: limitations and variations", in L. Engwall and D. Weaire, (eds.), *The University in the Market*. London: Portland Press Ltd.
- Yin, R. K. (2003). *Case study research: design and methods*: Sage Publications.
- Zechlin, L. (2010). "Strategic planning in higher education", in E. Baker, B. McGaw, and P. Peterson, (eds.), *International Encyclopedia of Education*. Amsterdam: Elsevier, pp. 256-263.
- Zechlin, L. (2011). "Merger as a strategic project: the case of the University of Duisburg-Essen" *HEDDA 10th anniversary conference*. City: Oslo.