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**Performance management and measurement in higher education institutions -  
Interpretations from a New Public Management/Governance perspective linked  
to the Balanced Scorecard**

**Master's thesis in accounting**

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Abstract for Master's thesis

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Title: Performance management and measurement in higher education institutions – Interpretations from a New Public Management/Governance perspective linked to the Balanced Scorecard	
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<p>The thesis examines the modern governance logics in higher education institutions (HEIs), and how modern performance management and measurement have, during the past decades, been transformed within these public organizations through the paradigms of New Public Management (NPM) and New Public Governance (NPG). In addition, the thesis investigates the potential advantages of balanced scorecard (BSC) implementation and suggests the tool as an alternative strategic framework for modern higher education to use. A relevant case institute, Åbo Akademi University (ÅAU), was chosen for the empirical part of the research.</p> <p>The results of this study have strengthened the notion that performance management and measurement within higher education as well as within public sector organizations in general have, since the 1980s, undergone major transformations. In practice this has meant a gradual shift from private sector management attitudes towards more intra-organizational and inter-organizational cooperation and collective interest for the greater good of the society as a whole. The case institute chosen for this study also demonstrates a strong shift towards the NPG approach, although such NPM elements as sufficient quantitative productivity and management-by-results (MBR) still play a vital role in university finance.</p> <p>In the empirical part of the research, the current strategic framework of ÅAU was compared to the BSC model with mixed results. Despite the simplicity and coherence of the BSC framework, implementing a BSC into a university setting ultimately requires modification of the basic model and the tool may still be more applicable to use within for-profit organizations. Yet the BSC is arguably more coherent in terms of performance management and measurement compared with the case institute's current strategy outline in monitoring the relevant key performance indicators (KPIs) of the case institute.</p>	
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# 1. INTRODUCTION

Higher education is more than ever enduring fundamental changes, as universities worldwide are forced to look for new sources of funding, and competition between these institutes is increasingly assuming the characteristics of the open market (Serdar, 2010). However, the question of appropriate performance evaluation methods in higher education is both complex and crucial. What in particular is at stake is the opposition of quantitative versus qualitative performance measurement, and their relative significance within different types of academic settings has been widely debated. Recognizing the state of the universities and disrupting their functions by performance evaluation helps them to adopt more appropriate educational, research based and institutional policies to conduct a university system (Nazari-Shirkouhi et al, 2020).

Higher education has a vital role for developing human resources in the economic and development growth of countries. Thus, in order to gain a better future, containing strategic planning is essential (Jalaliyoon&Taherdoost, 2012). The capability for higher education institutes to actively reinvent themselves and to respond to the changing needs of the students are preconditions for these institutes to remain competitive in the modern society. Hence strategic flexibility and ongoing cooperation with the stakeholders are vital both inside and outside of the institute. From this point of view, a characteristic university setting also offers a strong contrast to privately run enterprises marked by strict, predetermined hierarchies and labor effectivity.

Since the 1990s, 'free market' policies and practices have challenged the tenets of the welfare state and its approach to higher education. While a new performance-oriented approach to managing Finnish universities was first adopted in 1995 by the Finnish Ministry of Education, bringing with it a gradual shift towards a market-oriented model for higher education institutions (HEIs), a radical change occurred later in 2010 when a new University Act and funding scheme were first introduced (Kallio et al, 2015). In practice, this new University Act established by The Finnish Ministry of Education in 2010 has led to a strengthened autonomy for the institutions, greater latitude with finances, lighter performance agreement procedures and much more. One of the main objectives of this act has been to enhance the Finnish HE network in order to create more prominent institutions with higher standards compared with before. However, while the Act obviously does grant the Finnish HEIs with self-governance in actualizing their own vision and mission objectives, the old, tayloristic performance management and measurement models are still widely in use today, which in turn has led to a cause for concern and controversy within the academic community. This is

because many traditional private sector management practices are seen as outdated and unsuitable for measuring academic excellence and promoting academic freedom.

According to the new University Act established in 2010, the university mission is to promote free research and academic and artistic knowledge, give higher education based research and educate students to serve their country and humanity. In executing their duties, the universities shall promote lifelong learning, work in interaction with society and promote the social impact of research results and artistic activities (University Act, 558/2009). The universities have their own status as legal persons separate from the state, either as corporations under public law or foundations under the Foundations Act. The government will continue to be responsible for funding the public duties of the universities, even though the universities are no longer within the state budget economy. The Ministry of Education and Culture will ensure by means of steering that university activities conform to the higher education policy aims set by the parliament and the government.

It is hence of vital importance to understand the underlying governance logics of modern higher education, and how these institutions apply these in their own strategic management, as these two approaches have also been a cause for controversy during the past decades amongst scholars in particular. In addition, in order to carry out suitable governing strategies in fulfilling their own visions, universities also need to have access to effective and concise frameworks for performance measurement. In this thesis, I want to discuss the potential advantages of a widely recognized performance measurement tool, namely the *balanced scorecard*, and how this particular framework can support the governance logics in modern university settings. The empirical part of this study will be conducted with the help of a relevant case institute, Åbo Akademi university.

## **1.1. Problem area**

Recent academic research has highlighted several concerns about the intra-organizational focus and limitations of private sector management practices in higher education. The main issues with these principles have to do with measuring performance in these organizations quantitatively rather than on a qualitative basis, restricting academic freedom and placing too much emphasis on organizational hierarchy. The case organization chosen for this study in particular, ÅAU, is not only renowned for its high level of international research, but also strives to be the best university for researchers in Finland (*ÅAU Goals and Strategies, 2015-2020*).

Another point to note is that all of ÅAU's underlying core values presented in its current strategic outline, particularly *openness*, *courage* and *participation*, place heavy importance on the inter-organizational relations and collaboration between the students, alumni and the administrative staff. Hence, ÅAU functions as an excellent example of an organization where all actors, regardless of their status, are open to contribute to the organizational culture in some way through actualizing their own interests and ambitions. On the whole, it is evident that ÅAU uses itself of a fairly progressive and modern strategy in reinventing itself for its own stakeholders.

During the last two decades, European higher education institutions (HEIs) have also faced a number of challenges, such as for instance reduced public funding, increased competition from foreign and private universities, constant pressures and demands for their greater quality and constant changes in education laws and legal regulations. The only way for fast adjustment of HEIs to the new, competitive conditions is to explore all possibilities for effective implementation of some of the most popular modern management concepts, such as the balanced scorecard (Eftimov et al, 2016).

Moreover, since the 1990s, accountability has become a challenging issue for higher education. Increasingly, institutions for higher learning have been required to provide performance indicators - in other words, empirical evidence of their value - to the state, the alumni, prospective students, and other external stakeholders. State commissions of higher education and boards of regents have, in numerous states, developed "report cards" which grade colleges and universities according to their own level of performance in a variety of categories. Further, it has been shown that various surveys in the popular press, as well as on the internet, rank institutions according to their retention and graduation rates, resources, academic reputation and more (Stewart&Carpenter-Hubin, 2000).

Therefore, planning an effective performance measurement framework containing the selection of appropriate measures and approaches for analyzing results is critical to aligning an organization's operations with its strategic direction. It is imperative for the management to develop an effective way to conduct performance evaluations to measure the overall organizational performance and to link it to the corporate goals. In other words, a holistic evaluation model of university performance is the modern key to a university's survival (Zangoueinezhad&Moshabaki, 2011).

## **1.2 Purpose of the thesis**

The purpose of the thesis is to explore the current trends of strategic management and performance evaluation in modern higher education with the help of a relevant case institute chosen for the study. In doing this, the current strategy plan and strategic framework of Åbo Akademi university will be investigated in detail to see how it reflects the two modern paradigms and prevailing approaches of running public service institutions, namely New Public Management (NPM) and New Public Governance (NPG, respectively). Another purpose of the thesis is to explore the potential advantages of balanced scorecard implementation at the institute. Hence the two main research questions in the thesis are:

- How are ÅAU's current core values and strategy influenced by NPM and NPG?
- How could BSC implementation and application potentially enhance performance management and measurement at ÅAU?

## **1.3. Structure of the thesis**

The thesis is structured as follows. The first half of the theoretical framework will focus on discussing the background of NPM and NPG and how these two approaches are currently applied in higher education institutions as well as within public sector organizations in general. The second half of the theoretical framework will introduce the balanced scorecard in a university setting and discuss its benefits of its earlier implementation from a variety of perspectives. The third chapter of the thesis will explain the methodology for carrying out the empirical study. The fourth chapter will present the case organization's strategy outline and core values, and will also briefly discuss the organization's key performance indicators from a BSC viewpoint. The fifth chapter will discuss the advantages of BSC implementation in HEIs from the viewpoints of NPM and NPG, and the final chapter will present a concluding discussion on the study, with references to possible future studies within the same field of research.

#### **1.4. Limitations**

The case study part of the thesis will be based on one single university, and the aim of the empirical part is to explore and to exemplify, with the help of relevant documents, how Åbo Akademi university's current strategic framework is influenced by NPM and NPG. In conducting the empirical research, relevant documents relating ÅAU's current strategy outline will be inspected in detail, namely in order to gain an overview on the relevant key performance indicators (KPIs) of the institute. Although the structure of the institute's current strategic framework will also be discussed from a BSC viewpoint, an actual scorecard will, however, not be created for ÅAU, since it is unlikely that ÅAU would choose to implement it in its own strategy, and even doing so would call for major strategic reforms within the institute.

## 2. THEORETICAL FRAMEWORK

### 2.1 New Public Management

New Public Management (NPM) is an approach to running public service organizations that is used in government and public service institutions and agencies, at both national and sub-national levels. The term was first introduced by academics in the UK and Australia to describe the approaches that were developed during the 1980s as part of an effort to make the public service more “businesslike” and to improve its efficiency by using private sector management models. In NPM, citizens are essentially viewed as “customers” and public servants are viewed as public managers. Almquist et al (2014) argue that NPM is not a uniform theory in its own, but rather a pack of ideas and techniques originally developed for the steering of organizations which together work towards gaining more out of various procedural activities for the same amount or less resources, without simultaneously losing out on the final value of the organization’s output.

NPM has its roots and origins in the theory of scientific management, first developed in the United States in the late 19<sup>th</sup> century, and the theory is perhaps more commonly known within the academia as *taylorism*. Per definition, taylorism is a theory of management which analyzes and synthesizes workflows. Its main objective is improving economic efficiency, especially labor effectivity. The principles of taylorism were originally applied to manufacturing industries, and most of its themes and underlying doctrines are still very much applied today within the field of industrial engineering and management. Core principles of taylorism include logic, rationality, empiricism, elimination of waste and the standardization of best practices. Because of this approach, NPM has commonly been adapted as a suitable paradigm for running private sector organizations worldwide with the aim of economic efficiency and increased productivity.

Although the doctrines of taylorism and NPM are not in direct conflict with the modern principles of governance and performance measurement in higher education institutions, for decades it has been acknowledged that the private sector management models are, for the most part, unsuitable for running and steering public organizations towards the desirable direction. In the case of HEIs, the picture is inevitably a complex one, namely since the overall value which universities bring to society can only partly be justified through quantitative measures of efficiency, and the degree of organizational flexibility of HEIs is vastly different compared with some of the rigid steering practices and predetermined hierarchies of private enterprises.

NPM rests upon the positive idea that organizations can be functional and rationally managed. NPM is an attempt to reform public administration globally along rationalistic lines and on the basis of a general model of rational organization and management. This view holds that each organization should do what it does best in a competitive environment that forces all organizations to develop their efficiency. They should be objectively evaluated and managed, allowing the government to pursue the role of purchaser rather than producer or service provider (Almqvist&Wällstedt, 2015).

Within the NPM paradigm, governments are trying to provide service delivery and public policy through a wide range of private and non-profit actors. Using techniques of rational management, governments try to enhance productivity and effectiveness of service delivery and policy implementation. Further, NPM essentially tries to *ignore or reduce* complexity by abstaining from detailed governance, and instead focuses on governing by output criteria and by organizing the playing field through the market mechanism and privatization. In NPM, the manager tries to keep as far as possible from the complex interaction system itself. Within the NPM paradigm, in other words, the system is essentially treated as a 'black box' which reacts to its emerging characteristics by changing the output criteria or by organizing the service provision differently by choosing other providers (Klijn, 2012).

NPM advocates the claim that public sector organizations should change the core perspective in management control processes from stressing input to stressing output and outcome, i.e. shifting the management control processes towards the right side of the "input/output" model. In the hope of obtaining such management control, many public sector organizations have tried to apply the management-by-objectives (MBO) philosophy to bring complex objectives down to earth and make them measurable. Unfortunately, various studies have previously also revealed the difficulties of changing the management control perspective in public sector organizations, where applying MBO has not actually helped to shift the focus towards the output criteria, but instead and rather paradoxically, the focus on input has actually *increased*, or alternatively, the overall objectives have become less clear and measurable with time (Johanson et al, 2006).

Since the 1970s, public administration has been criticized for being inefficient at solving social problems, leading to over-bureaucratized management models, and for making decisions stuck in rigid hierarchies with excessive internal control. In part, the hierarchical organization itself has also been criticized. The NPM approach emerged as a response "to make government work better and cost less" and "to run government like a business" (Pederssen&Johannsen, 2016). NPM seeks to

empower departmental managers by freeing them from centralized control over the management of resources while at the same time asserting political control through explicit policy and program direction leaving concrete decisions to political experts. Thus, NPM rejects the notion that politics can be separated from administration, and questions the ideal of policy implementation based on impersonal rules (Pederssen&Johannsen, 2016).

In a modern university setting, as well as within the whole academia within HEIs (including Finland), NPM has come down with a considerable amount of criticism during the past two decades, namely for the reason that the underlying governing principles between NPM and NPG differ broadly when it comes to performance management and measurement in higher education institutions worldwide, and to some extent these principles also work to contradict each other. Scholars choosing to evaluate the effectiveness of NPM and NPG in HEIs seem to agree on the notion that NPM holds outdated views on how to run those kinds of public service organizations where academic freedom and research play a central role. Moreover, the new externally exposed quantitative targets and metrics are generally argued to be in conflict with traditional academic values such as freedom, autonomy and belonging to a community, and this in turn has been found to lead to insecurity among those who do academic work (Kallio et al, 2015).

The basic idea behind NPM is to strengthen public sector operations by applying those management doctrines which have previously proven to be effective in the private sector. The managerial doctrine behind measuring performance in organizations is commonly known as management-by-results (MBR). As with parallel concepts such as management-by objectives, performance management and results-based management, the basic idea behind the MBR doctrine is to implement the organizational strategy all the way down to the grass-roots level through measuring individual-level performance. Moreover, MBR is typically promoted through performance-related pay, which (ideally) gives employees the incentive to pursue the objectives set by the organization (Kallio et al, 2014).

The Finnish Ministry of Education has adopted MBR explicitly. It was first introduced in 1994, and has been used regularly in budgetary negotiations between the Ministry and each university since 1997. The negotiations determine the objectives and the consequential amounts of financing for each university, and the performance agreements work to set out detailed objectives covering the target number of degrees, for example. The universities submit their annual achievement of objectives in the form of statistical reporting. But although the execution of MBR on behalf of the

Finnish Ministry of Education has been highly structured, its further application in individual universities within their own internal management and strategies is still not controlled from outside. This is because The University Act ensures the autonomy of university organizations, and as a consequence, individual universities, as well as also individual faculties in many cases, have developed their own MBR variations (Kallio et al, 2014).

Further, in the case of non-profit expert work, such as scientific research, it is extremely difficult to evaluate the value, let alone the quality of production. For example, one top-level study could easily be more valuable than a hundred mediocre research papers. In the case of basic research in particular, when the value of the work may only be appreciated after several years, the construction of reasonable MBR evaluation systems is extremely challenging. If it proves impossible to develop a reasonable performance measurement system, then there is also an imminent danger that MBR will entail maximizing production regardless of the product (Kallio et al, 2014). It should be noted that evaluating high quality research realistically is of vital importance to ÅAU in particular, considering that the university specifically strives to offer the best research programs amongst universities in Finland (*ÅAU Goals and Strategies, 2015-2020*).

In other words, what lies at core of the issue, is that within NPM, close connections with business and industry are valued highly, and external accountability is exercised through sophisticated measures and metrics. In the discourse of marketization, higher education is presented as a service, and universities are seen as service providers that are measured in terms of the 'use value' they provide to their customers. Overall, in becoming marketized, universities have engaged in a balancing act where they are expected to comply to global standards of quality and its evaluation on the one hand, and to differentiate themselves from their competitors on key quality criteria on the other (Kallio et al, 2015).

It should, however be noted that, while choosing to measure university performance quantitatively may obviously threaten academic freedom while simultaneously running the risk of narrowing the focus on high quality research, developing and retaining a sense of academic identity in itself, "seems to be as ambivalent and confusing as ever", and particularly in countries such as Finland, idealized expectations of what it actually means to be a scholar "include originality and a passion for independent critical thinking" (Kallio et al, 2015). ÅAU in particular, in addition to profiling itself as a high quality research university, has also asserted *courage* as one of its five core values, which in practice stands for groundbreaking research as well as the philosophy that genuine

learning calls for both new thinking and courage to turn away from the old and habitual (*ÅAU Goals and Strategies, 2015-2020*).

Further still, in "Management-by-results and performance measurement in universities - implications for work motivation", Kallio et al (2014) argue that performance measurement in Finnish HEIs is still currently based *more* on quantitative than qualitative measures, and that the current management-by-results system has a negative effect on work motivation among experts. This is because, as the authors of the article point out, the motivation to engage in creative, knowledge-intensive work, such as the work carried out in universities, is typically intrinsic. What this specifically means is that, "a person is said to be intrinsically motivated when s/he performs an activity that offers no apparent reward except the activity itself" (Kallio et al, 2014). In the case of university employees, the drivers of intrinsic motivation typically include academic freedom and the desire to work as a scholar.

However, despite the plentiful criticism of NPM amongst academics in particular during the 2000s, its importance and relevance within public sector reforms and HEIs should not be undermined, and it is important above all to understand that NPG has essentially evolved from NPM by the shift of the century into gradually comprising its own ideology with collective public values and network theories in focus. Such core elements of NPM as quantitative performance measurement and result-based orientation within HEIs are still as relevant today as they were a few decades ago from the perspective of university finance, and it is clear that universities are forced to market themselves effectively in creating competitive advantage, much as private-sector organizations do.

To sum up, NPM comprises a set of assumptions and value statements about how public sector organizations should be designed, organized managed and how, in a quasi-business manner, they should function. The limitation of the NPM paradigm is that it is based on a particular view of the business environment and a corresponding vision. In the opinion of the proponents of NPM, public sector organizations face increased pressure and competition because of a much more challenging and changing business environment. This trend is portrayed as larger, epochal developments, namely globalization and neo-liberalism, which in practice means that public sector organizations adapting to the NPM paradigm must be changed to fit to the 'new spirit of capitalism' (Diefenbach, 2009).

The critique of NPM has, in other words, been plentiful. First, it has been argued that NPM tends to overlook or even disregard citizens' preferences in its hunt for efficient technical solutions. Secondly, it is argued that NPM has politicized public administration such that it explicitly runs counter to the public service tradition of impartiality. At the turn of the century, the critique of public administration in general as well as of NPM led to the development of the concept of network governance and the NPG approach. In this study, however, I do not wish to denigrate the ideology behind NPM or discredit its influence on productivity in higher education institutes more than is necessary. The initial purposes of the NPM introduction to public sector organizations in the late 1970s globally are both understandable and constructive from a variety of perspectives. Yet NPM seems to lack the mindset of independent, authoritarian thinking within public sector organizations and HEIs in particular, which partly explains why NPG is gaining more popularity with time. The following section attempts the outline this ongoing phenomenon in more detail.

## **2.2 New Public Governance**

In more recent years, New Public Governance (NPG) has emerged as a new regime trend which essentially focuses on the relationship with the external environment and inter-organizational relations between governments and, especially for service provision, between public- and private sector organizations. The concept of NPG has come to describe “the plural nature of the contemporary state, where multiple different actors contribute to the delivery of public services and the policy making system” (Dickinson, 2016). Generally speaking, NPG has gradually developed from NPM, which is marked by a shift from previously having too narrowly served the interests of public service professionals into focusing on the interests of the citizens instead. Over the past two decades, the emphasis on literature on public sector management reforms has gradually changed from focusing on the management of individual organizations to broader concerns with the governance of complex systems of service provision. This particular development has been described in terms of a shift from NPM to NPG, or similar acronyms signaling a rather fundamental change in reform ethos across a number of countries (Wiesel&Modell, 2014).

Klijn (2012) argues that *governance* per se “tries to address complexity by stepping into the complex system and designing mechanisms and strategies that are specifically targeted at the situation and characteristics of the process”. Further, according to Klijn, governance “acknowledges that the processes are very dynamic and that these systems show emerging properties which can be

addressed by being part of the interacting system through influencing the strategies and choices of the agents and coordinating the interactions of the agents”. Thus, where NPM is mainly *intra-organizational*, trying to improve the internal operation of governments, NPG is much more *inter-organizationally* oriented, trying to improve the coordination of governments with the other actors who are necessary to deliver services or implement new policies (Klijn, 2012).

The concept of co-production both as a discourse and practice dates back to the 1970s. Until the end of the 1970s, the dominant paradigm of public administration (PA) was essentially based on the separation between politics and administration, control was hierarchical and bureaucratic, based upon rules, formal procedures and norms that legitimized and regulated administrative action. Within this paradigm, the governments directly provided services to the public, while the active participation of regular citizens was assumed to be very limited. The reason as to why co-production has been proposed as an alternative solution to this model is the belief that, unlike the production of regular goods, the production of delivery and services is difficult without the actual participation of the recipients. Citizens are not the passive targets or beneficiaries of government activities, but become vital elements in their own success or failure. Further, the inputs of the citizens are deemed necessary in both the soft services (education, health, disaster management etc.) and in the hard services (police, waste management, national security etc.) Hence, co-production implies a mix of production efforts by regular producers and consumer producers (Sorrentino et al, 2018).

Generally speaking, NPG emphasizes the importance of taking a collaborative approach with partners within and across the public, non-profit and private sectors in providing public services. According to Dickinson (2016), governance can be understood as “the coordination of institutions and agency in a given policy area towards collective objectives”, and it therefore describes the division and control patterns of interaction among the key types of actors in that policy area. Over the past 30 years it has been argued that governance reform has been a necessary action - first, in response to the perceived failings of ‘big government’, and subsequently, in response to the unanticipated consequences of the market mechanisms that were intended corrections to unwieldy government arrangements. In more recent years, the concept of new NPG has come to the fore to describe the plural nature of the contemporary state, where multiple different actors contribute to the delivery of public services and the policymaking system (Dickinson, 2016).

NPG reflects an increasing societal complexity in which competing norms, values and preferences cannot be left to elected political leaders, appointed public administrators, or market mechanisms, but instead require deliberation and public dialogue. NPG opens up the state in its plurality, emphasizing public-private interaction, in which citizens, firms and organizations are included as co-producers and consumers in interdependent policy networks. Thus placing citizens at the centre of public administration, accountability and control is achieved through participation and trust. In addition to being a mechanism for control, trust as an informal institution is also expected to increase efficiency, because it reduces the transaction costs of formal control mechanisms. By using trust in this way, NPG addresses both the issue of accountability and efficiency in public administration (Pederssen&Johannsen, 2016).

In his master's thesis *New Public Governance and New Public Management in the funding and contractual steering of the Finnish higher education system*, Kanniainen (2017) argues that “the recent reforms in HE are assumed to be ideologically driven according to specific institutional logics and ideational background knowledge, specifically NPM”, and that “this assumption of ideational backgrounds affecting the governance leads to a critical tradition of research choices and a rather experimental research design”. However, NPM and NPG “are not understood as opposing theories”, but instead NPG is essentially understood as a “theory developed from the theoretical assumptions and empirical findings of NPM reforms” (Kanniainen, 2017).

In university settings in particular, modern performance management and measurement is strongly influenced by NPG, since universities can hardly be seen as representing strictly hierarchical organizations without ongoing collaboration with the students and the administrative staff in shaping their own culture and values. Kanniainen (2017), in his own discussion of the core concepts and elements of NPG, points out that the NPG model is originally “based on institutional and network theories”, and that “governance in NPG assumes the state being both plural and pluralist”. Moreover, according to the author's own views, organizations and institutions are essentially seen in their *environments* and the emphasis “is in negotiations of values, meaning and relationships”. Kanniainen further illustrates the differences between NPM and NPG governance logic with a practical example of how a student within an HEI setting could be seen in two very different ways: in NPM as a “customer” or a “consumer” of services; or in NPG, respectively, “as an actor taking part in the production of HE services (co-production) and continuously negotiating the underlying values of an HEI with other actors in the network of the HE system”. Instead of the intra-

organizational efficiency and input-output thinking of NPM, the focus of NPG “shifts into the system level, inter-organizational relationships and multiple processes” (Kanniainen, 2017).

In comparison with NPM, the NPG approach advocates a more flexible and participatory public administration as means to higher efficiency and increased legitimacy. Based on organizational sociology and network theory, NPG emphasizes that more efficient service and better outcomes may be reached through flexible administrative processes in which trust, inclusion of citizens, and enhanced public-private relational contacts work as the core governance mechanism. In this way, NPG aims at increasing the problem-solving capacity of public administration in complex societies (Pederssen&Johannsen, 2016).

The NPG movement emphasizes *three* different characteristics that are important for building trust and legitimacy, and which simultaneously are either ignored or undervalued by NPM. First, NPG is *value centered*. It argues that the goal of government is to promote the larger good, not just improved efficiency, effectiveness or responsiveness in the implementation of a given program. Second, NPG emphasizes the importance of creating government processes that facilitate the generation of implementable agreements among wide-ranging stakeholders who may disagree on what course of actions will the maximum public value. This is because NPG views politics as the politically mediated expression of collectively determined preferences. Third, the NPG movement views the creation of the public good as a coproduction process involving the public, the private market and the non-profit sectors. Under this model, the role of government is not simply to regulate, distribute or redistribute public benefits but to serve as a catalytic agent to invest private and non-profit stakeholders in shared ownership of the public good. All of these three NPG characteristics emanate from the assumption that government performance needs to be viewed from the perspective of the organic wholeness of a political system in which the public, the private and non-profit sectors work together to create the uniqueness of a given political community (Bao et al, 2012).

This view presented above emphasizes the synergistic influence of history, social institutions, and culture in creating a shared system of values, agreement on governance processes and structures, and the respective roles that the private and non-profit sectors play in the creation of the common good. One of the most important reasons for taking a value-centered approach to international public-service education, research and leadership development is the increasing importance that sensitivity to the contextual setting play in determining the performance of governments and their leaders. All governments from the local to the international level continue to experiment with

various models that will create better alignment between central policy goals and local values, whether it comes in the form of creating citizen/neighbourhood associations, decentralizing government decision making, or creating semiautonomous governing entities and regions. All of these strategies represent variations on a public value-centered approach to governance and leadership that takes into account the uniqueness of the contextual setting (Bao et al, 2012).

In comparison with NPG, NPM is a child of neo-classical economics and particularly of rational/public choice theory. It is concerned with a disaggregated state, where policy making and implementation are at least partially articulated and disengaged, and where implementation is through a collection of independent service units ideally in competition with each other. Further, its focus is almost wholly upon intra-organizational processes and management and it emphasizes the economy and the efficiency of its service units in producing public services. NPG in contrast, according to Osborne, is rooted firmly within organizational sociology and network theory and acknowledges the increasingly fragmented and uncertain nature of public management in the twenty-first century. Since NPG has the potential to derive insights from the relational marketing literature, it also has the potential to tap into a more contemporary stream of management theory, namely one concerned with the 'relational organization' than does NPM (Osborne, 2006).

The modern successful public sector organization needs to handle questions about how to induce competition and cooperation at the same time; be able to decentralize decision making to managers on the spot while maintaining the prerogative of defining objectives and calculating standard costs at the central level; and act as both purchaser and provider simultaneously. The central managerial question has hence changed from whether to implement either solution A or solution B to how to handle both solution A and solution B (Almqvist&Wällstedt, 2015). Together with other contradictory issues of competition, cooperation, legal demands, and professional specialization, this puts managers and other members of public sector organizations in a precarious position when it comes to coordinating value creation, and higher education is no exception to this phenomenon (Almqvist&Wällstedt, 2015).

One way for organizations to compromise between these contradictory issues is to adapt a *holistic* approach to governance. In public sector organizations, within a holistic governance system, organizations adapt management control systems which emphasize strategic and somewhat 'fuzzy' objectives. The basic idea is that every part of the organization, management as well as staff involved in operations, should primarily know why they work for the organization, so that they can further use their own professionalism to decide how to contribute to the greater good (Almqvist&Wällstedt, 2015).

To sum up, NPM and NPG, within HEI settings, advocate very different types of ways of measuring performance and strategic management, yet they can also be said to be interdependent on each other in creating value to the institute's stakeholders. Klijn (2012) suggests the possibility of both perspectives reflecting the ways in which order and complexity need each other in public administration. Further, according to Klijn, NPM offers the possibility of order and control, but has difficulties coping with the real life complexity of governing, while NPG, in turn, may help to deal with these questions of governance complexity but cannot, on the other hand, satisfy our longing for forms and control and our search for suitable mechanisms to evaluate in a clear cut way the overall performance of governments.

The question of how much academic autonomy (also referred to as academic freedom) universities actually have in actualizing their own visions and strategic goals is worth considering from the viewpoint of both NPM and NPG. Christensen and Aberbach (2017) define academic autonomy and academic freedom within these institutions as "core values in contemporary academic life". Particularly in an environment of changing management practices and scarce resource bases for many institutions, these two concepts are worthwhile exploring in more detail from a contemporary point of view, which is also one of the underlying reasons why I have chosen to include a relevant case study in my own thesis. Brennan (2012), in his discussion of the future role of HEIs in a knowledge society, notes that, on the subject of governance, "it is widely noted that higher education's traditions of autonomy are increasingly challenged by societal demands for greater responsiveness", and that from this perspective, higher education has, throughout time, become 'too important' to be left in the hands of academics. The counter-argument for this statement is that "a substantial measure of autonomy and independence is essential to the performance of higher education's central tasks" (Brennan, 2012).

One of the crucial questions to answer with this particular study is how the implementation of the balanced scorecard can be seen as *enhancing* modern governance principles in higher education institutions. As previously mentioned, ÅAU demonstrates a very progressive approach in adopting the principles of NPG, namely through functioning as a public service system with many service-dominant characteristics. Service-dominant logic per se refers to "having a wider perspective to the public-service system rather than conceptualizing the public services through concepts such as processes, products, customers and clients (Kanniainen, 2017). It emphasizes *service* as the dominant element of public administration and management. Further, higher education (HE) per se is "based on knowledge production with abstracts concepts such as societal influence, innovations, research, learning and teaching" (Kanniainen, 2017). Kanniainen's definition hence places plenty

of emphasis on the *learning and growth perspective* of the balanced scorecard which, in HEI settings, typically focuses on teaching and learning excellence and innovation, in addition to supporting to underlying mission statement of the institution and improving the research output and staff development. This type of qualitative measurement is in somewhat sharp contrast with the *financial perspective* of the BSC, where the key performance indicators (KPIs) tend to be strictly of quantitative nature.

Since a basic understanding of the core logics behind the BSC model and its four perspectives is necessary for understanding its application to a university setting, the following chapters of the theoretical framework will introduce this framework first in simple structural terms, and gradually I will move on to discussing how the BSC has previously been implemented (and can be implemented) into university settings. This of course includes introducing a variety of previous studies conducted within this particular research field from the 2000s onwards. It is interesting to note that almost every organization choosing to use itself of this particular framework, HEI or otherwise, adapts the BSC in different, unique ways.

It is, however, also important to note that ÅAU does *not* officially use itself of a BSC in its own strategic management. Hence the main emphasis in this study is not going to be in exploring the similarities between ÅAU's own strategic framework and a university BSC model, although this resemblance will also be discussed later on in the thesis. Instead, I have chosen to investigate ÅAU's own strategic management from the 2010s, namely in order to exemplify how NPM and NPG are applied in Finnish HEIs through including a relevant case study in my research. I find it both interesting and relevant to investigate how the BSC implementation and application could be seen as supporting these two prevailing governing approaches in a modern HEI setting. A more detailed elaboration on the strategic framework of ÅAU will be discussed in section 4.2.2 of the study.

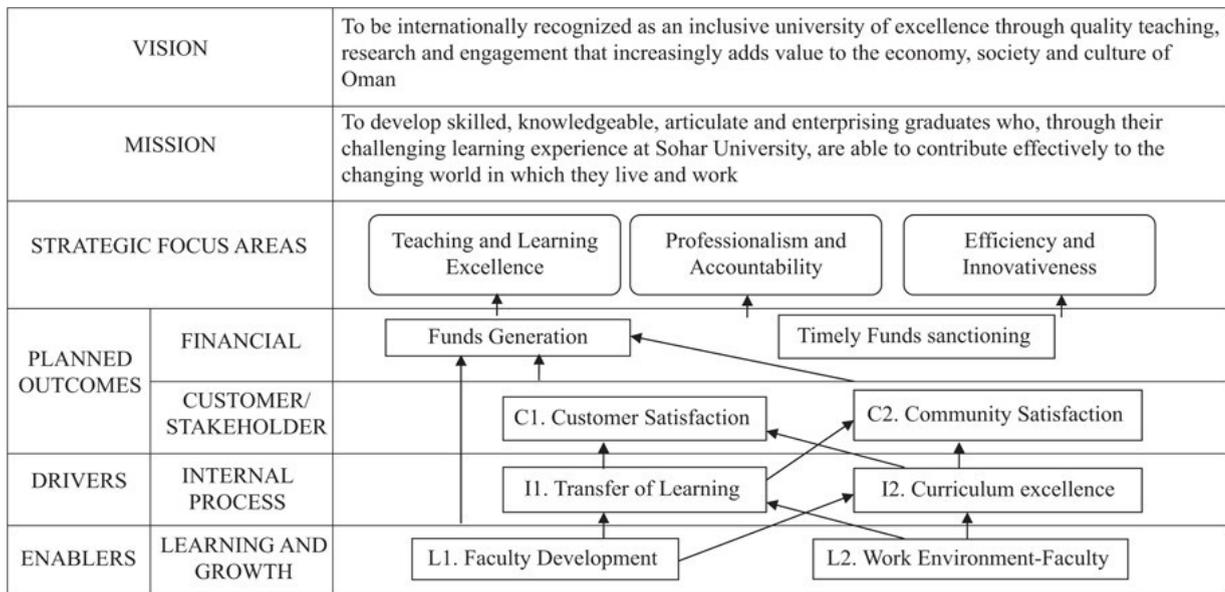
### 2.3 The balanced scorecard - a general overview

Over the years, the balanced scorecard (BSC) has developed into a strategic planning and management system that has become widely popular globally, and it is used extensively in business, industry, government and non-profit organizations worldwide with the underlying purpose to align business activities to the vision and strategy of the organization as well as to improve internal and external communications and minor organizational performances against strategic goals. Likewise, in this modern era of globalization, the BSC has also been implemented in universities around the globe, namely through adapting the basic model of the scorecard to best suit the strategic planning and performance measurement of these institutions, hence also making them more competitive in the process of doing so. In the recent years, researchers have found out that the application of the BSC in the education arena has little distinctions compared to that of a common business organization. With the original BSC developed from a business organization viewpoint, it is important to balance measures from the financial perspectives with measures from the non-financial perspectives. Since an education institution is not a profit-motive organization (but with costs still being in central focus), it would not be driven by the financial bottom line. Instead, it should be driven by the needs of stakeholders: students, parents, employers and the community (Alani&Khan, 2017).

Since change in companies' activities is inevitable throughout time, so is the reformulation, development and renewal of their business strategies as time goes by. The balanced scorecard will help a company to identify their own strategic objectives, which comprise continuous improvement of those activities which the companies must implement to improve their own strategy. Further, these more abstract concepts linked to a company strategy, such as mission and vision, become transformed into more practical, actionable steps, that is, how to implement the necessary changes in the company into practice. All this is possible to achieve with the implementation of the BSC to company strategy formulation (Kaplan&Norton, 1996).

One of the most powerful elements in the BSC methodology is the use of *strategy mapping* to visualize and communicate how value is created by the organization. A strategy map is a simple graphic that shows a logical, cause-and-effect connection between strategic objectives. Generally speaking, the strategy map can be seen as a graphic representation of the company strategy, which works to define the relation between cause and consequence for the company goals. Displaying the

strategy map in graphic form makes it easier for the company management to break down the underlying strategy of the company as well as to communicate it to the rest of the staff.



Example of a university strategy map (Alani&Khan, 2017)

For each objective on the strategy map, at least one measure or Key Performance Indicator (KPI) will be identified and tracked over time. KPIs are used to indicate progress towards a desirable outcome for the company. Strategic KPIs monitor the implementation and effectiveness of an organization's strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency. Good KPI's help to provide an objective way to see if the strategy is working, offer a comparison that measures the degree of performance over time, shift the employees' attention towards what matters most for the company in order to succeed, and so forth. In the empirical part of this study, I will be analyzing the current strategic framework of AAU in an attempt to break down the strategic goals into quantitative and qualitative performance measures, and a general overview of the institute's current strategic framework will also be included.

Good KPIs should have the following attributes for the company: first of all, they should provide the company with an objective way to see if the strategy is working. Second, KPIs should be offering a comparison that gauges the degree of company performance change over time. Third, KPIs should help to direct the company employees' attention towards what matters the most for company success over time. Fourth, KPIs should allow measurement of accomplishments, not just

of the work itself performed by the company staff. Fifth, KPIs should provide the company with a “common language” for communication between the management and the staff. Finally, KPIs should also help to reduce the intangible uncertainty amongst the company staff.

In *Understanding Organizational Change*, Mills, Dye and Mills (2009), in their discussion of the importance of change management in organizations, point out that “managers need to deal with issues of changing technologies and customer tastes, government regulation, industrial relations issues, competition, cash flow issues and accounting practices, data security, leadership change and a host of other issues that may either threaten or enhance the survival and the growth of the organization.” While the authors in this particular discussion do not make any direct references to the balanced scorecard itself, it is fairly clear from this statement that the BSC will help a company to position themselves on the market more efficiently while taking their own strengths, weaknesses, external threats and opportunities into account on an encompassing scale (hence one could argue that the BSC also comprises a SWOT-analysis of the company, only more broadly).

To sum up, the balanced scorecard provides the executives with a comprehensive framework that translates a company’s vision and strategy into a coherent set of performance measures. In answering the underlying question as to why a company needs a balanced scorecard, the measurement of company objectives and performance both play a key role. Kaplan and Norton (1996) point out that, “if you can’t measure it, you can’t manage it”. According to Kaplan and Norton, an organization’s measurement system strongly affects the behavior of people both inside and outside the organization. If companies are to survive and prosper in the information age competition, they must use measurement and management systems derived from their own strategies and capabilities.

## 2.4 The four perspectives of the balanced scorecard

In order to illustrate in simple terms how the balanced scorecard actually does work in practice, the four underlying perspectives of the scorecard will here be introduced, as well as the basic, underlying questions that each one of the four perspectives seeks to address. The four perspectives of the BSC are the following:

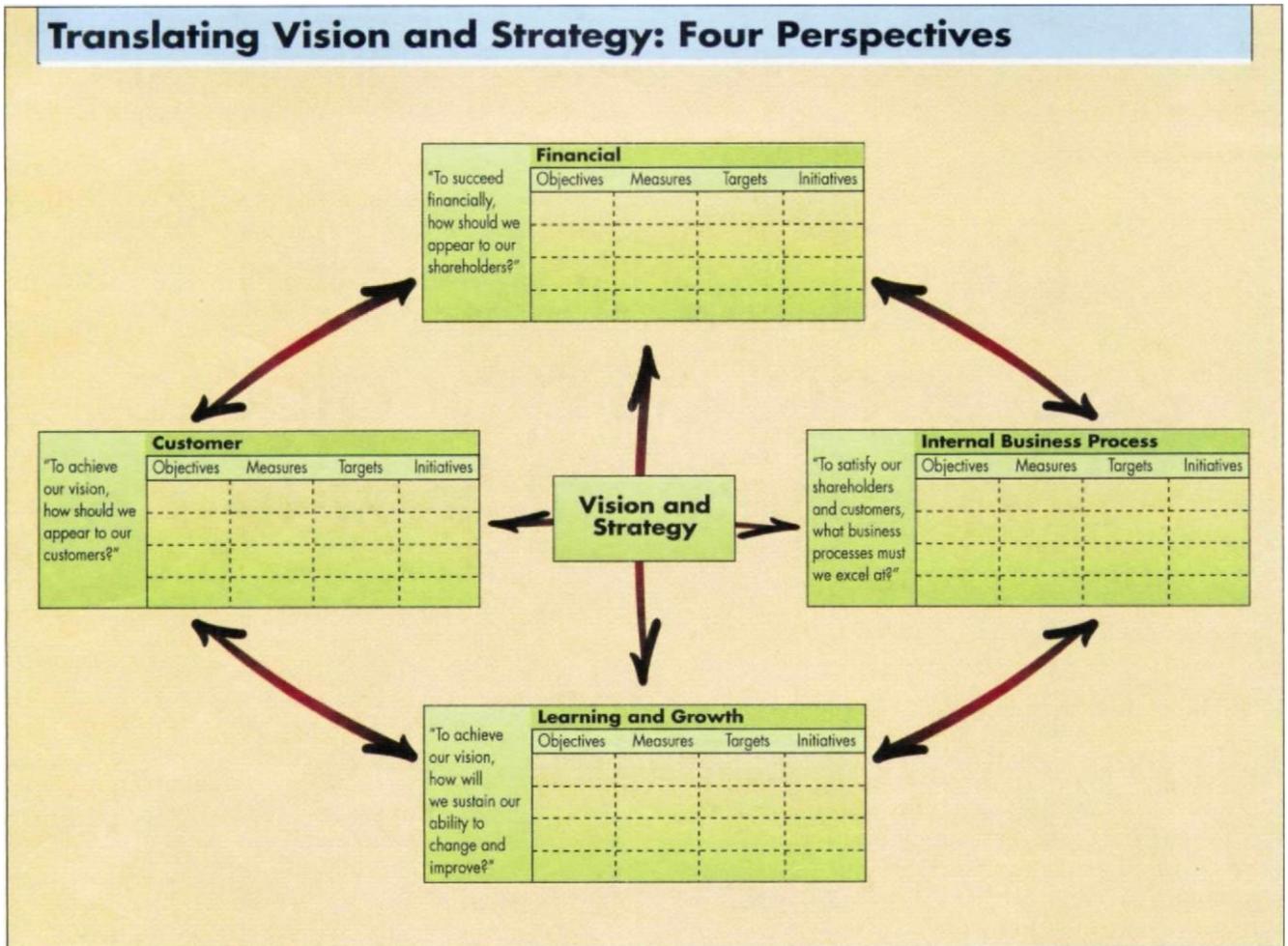
1. *The Financial Perspective.* The financial performance measures indicate to which extent a company's strategy, together with its implementation and execution are actually contributing to bottom-line improvement. Financial objectives typically relate to profitability that can be measured with numbers, such as operating income, sales growth or financial ratios.

2. *The Customer Perspective.* In the customer perspective of the BSC, managers aim to identify those customer and market segments in which the business unit will compete. In addition, this perspective also measures the business unit's strategic performance in these segments.

3. *The Internal-Business-Process Perspective.* In the internal-business-process perspective, executives of the company identify the critical internal processes in which the company must excel. These processes will enable the company to deliver the promised value to its customers and satisfy shareholder expectations of their financial returns.

4. *The Learning and Growth Perspective.* This fourth perspective of the BSC works to identify the infrastructure that the organization in question must build in order for it to create long-term growth and improvement. The customer and internal-business-process perspectives both aim together to identify the factors most critical for current and future success (Kaplan&Norton, 1996).

## Translating Vision and Strategy: Four Perspectives



The BSC illustrated in its original, basic form (Kaplan&Norton, 1996).

Although this model works to illustrate the basic structure of the scorecard with the company vision and strategy placed in the center of the BSC, in the end, each organization should be able to adapt and modify this structure in order to best suit their own vision and strategy, and develop the KPIs for each perspective according to what they wish to measure and accomplish through their own activities. Another point to note is that, although four perspectives in a scorecard is likely to indicate “balance” between different sectors of activity, it is not unlikely for public sector organizations to include an additional, fifth perspective in order to measure their own activities on a broader, more societal scale as well, e.g. for such strategic goals as regional development. For example, an additional perspective of a university BSC could be aimed at measuring the effectiveness of transferring knowledge to the local, national and international communities. Alternatively, a fifth perspective within a university BSC aimed at building community might for example include KPIs related to maintaining relations with the alumni.

It is also important to understand that these four, underlying perspectives of the BSC are linked to each other in the sense of complementing each other, namely based on the success of those key objectives which apply to each perspective. To put it in another way, the scorecard is “balanced” in the sense that the importance of each perspective is considered equally important with the rest of the perspectives; in other words, they are weighted in equal proportion to each other in implementing a successful company strategy.

A well-constructed BSC will have all strategies working together to accomplish a vision. Because profitability is assumed to exist in the vision statement for most organizations, the financial perspective includes strategies for achieving profitability, as well as strategies for analyzing, operating, measuring and monitoring the progress towards profitability. It is, however, important to remember that not all organizations have profitability as an immediate part of their own vision, and the developed strategies and different metrics used within the financial perspective will vary depending on to which degree an organization strives to be profitable in its own activity (Payne and Talbott, 2012).

From an NPM perspective, the BSC has the advantage of linking the quantitative performance metrics to the relevant KPIs of the organization. Within a university setting, this will be practical in terms of monitoring such productivity measures as graduate numbers, enrolments per year or annual research publications. From an NPG perspective respectively, the implementation and active use of the BSC can be seen as enhancing the flexibility of the organizational strategy, namely since it helps to update the underlying strategic goals of the organization and take the intellectual capital as a starting point for creating future value. It can also help to challenge the traditional organizational hierarchies and exhort open collaboration between the institute’s stakeholders. Hence with the help of a BSC, it is possible to monitor the organizational performance both qualitatively and quantitatively, and to do these in a balanced manner. The following sections of the theoretical framework will discuss the BSC implementation in a modern university setting, introduce a variety of previously conducted case studies within the field and finally, the practical steps necessary for scorecard implementation into an HEI strategy will also be introduced.

## **2.5. The balanced scorecard in a university setting**

It is clear from the start that universities, which in many cases are publicly funded non-profit organizations, adapt the traditional BSC model to best suit their own needs in their own strategic development. Most colleges and universities already have, prior to implementing a BSC, a mission (or vision) statement in place that works to set out the underlying goals of the institution in very broad terms. It is within the context of these goals that an institution must decide what it will benchmark and what performance it will measure (Stewart&Carpenter-Hubin, 2000).

In other words, one way in which the BSC can help a company to succeed and to outline strategic goals and visions is through helping the company management to adopt mission statements. Many companies worldwide have adopted mission statements to communicate fundamental values and beliefs to all employees. Examples of mission statements may include, “to be the most successful company in the airline business”, or “to be the best broad-based financial institution in our chosen markets”. Mission statements should be inspirational. They should supply energy and motivation to the organization (Kaplan&Norton, 1996). Moreover, following the approach of the BSC, it is necessary to identify the specific university mission and vision from which the relevant strategic themes should be derived and articulated. In general, it can be said that the mission of a university is to “implement a teaching provision that is adequate to the demands of students, and contribute to the development of knowledge both in terms of research and through application of the latter.” Therefore, the creation and transmission of knowledge are both aspects to be monitored (Sordo et al, 2017).

Universities around the globe are increasingly shifting from their traditional primary role as educational providers and scientific knowledge creators to a more complex “entrepreneurial” university model that incorporates the additional role of the commercialization of knowledge and active contribution to the development of private enterprises in the local and regional economy. As a result, universities become an increasingly important component of the national innovation system, and need to operate increasingly within a knowledge-based framework involving close interaction with government institutions and private industries. Accordingly, performance measurement systems for such organizations have to contain knowledge-based indexes (Zangouinez and Moshabaki, 2011).

Universities act in order to create and communicate knowledge, mainly via research and teaching. Therefore, they also require a comprehensive reporting system which supports these aims and tracks performance. The implementation of a BSC in universities, therefore, presents a useful element, namely due to the fact that, because it is not focused on traditional economic-financial measurements, it allows universities to capture those multidimensional aspects of measurement (such as relational and intellectual capital, the ability to produce and transmit knowledge, etc.) that have an even more fundamental importance in universities, being knowledge-intensive service firms. Further, the organs of institutional government (the academic senate and board of directors, as well as deans and department directors) need to be able to monitor the achievement status of priority institutional goals, while simultaneously having access to a concise, easy-to-read overview about the overall performance of the university and its strategic positioning within the academic context, hence making the organization more and more competitive while doing so (Sordo et al, 2017).

### **2.5.1. Previous research on BSC implementation into higher education institutes**

Both the BSC and intellectual capital have in recent years emerged as strategic management methods which help to identify and elevate intellectual resources in organizations within the knowledge economy. Kaplan and Norton themselves, the founding fathers of the BSC, claim that the model, “though requiring some modification, is an effective strategic management tool in the nonprofit context”. Some IC researchers, in turn, have suggested that the IC concept, which stresses qualitative, non-financial indicators for future strategic prospects, may also be applicable in the nonprofit environment. For instance, Philbin (2011) points out that “in regard to intellectual capital development within a university institute, the ability to develop a performance measurement system that can provide local management of the institute and the industrial stakeholders with regular and reliable information on key areas of intellectual capital can potentially contribute to a reduction in uncertainty in decision making.”

The reason why the BSC can be adapted into public sector organizations is because the role of the BSC has changed and evolved throughout the 1990s (namely from initially only having focused on KPIs) into a *strategy scorecard*, and gradually also into a stakeholder scorecard. Another way in which the BSC has evolved is that it has transformed itself from previously only having had a narrow focus on performance measurement into becoming a management tool for describing,

communicating and implementing strategy. Hence the very architecture of the BSC also tends to be amenable to adaptation, depending on the purpose and the context of its application. Moreover, the practical role and internal role of the BSC “cannot be determined a priori” (Bobe, 2017). Namely, the study revealed in the article has shown that, while the politico-ideological context facilitated the emergence of a relatively novel role for the BSC as a trans-organizational system of performance planning and monitoring, the practical role of the BSC, in the end, remains to be shaped by pragmatic considerations (Bobe, 2017).

Over the years since its inception, the BSC has proved itself as a practical model for nonprofit leaders, offering the tools needed to measure a nonprofit organization’s operational success. In short, it enables the user to mix financial and non-financial measures, comparing each to a target value established by the group, ultimately creating a report to assist in decision making regarding the organization’s key objectives. Nonprofit leaders can use the BSC to transform their organization’s strategy, set measurable goals and design a timetable for execution (Chelariu et al, 2017).

Traditional economic-financial measurements for universities “show strong limitations” in reflecting the organization’s ability to compete for two main reasons: first, they do not offer an overview on the overall “health” of the organization, mostly because they cannot evaluate the contribution of intangible assets (such as professional skills, effectiveness of operational processes, employee engagement, customer loyalty etc.) in the creation of value for the corporate structure. Second, they also neglect the long-term strategic direction. Namely, according to the authors, the traditional economic-financial metrics “refer to past management”, whereas, in order to drive business dynamics, past measures must be integrated in future performance drivers, in other words, *lead indicators* (Sordo et al, 2017).

There are many specific benefits arising from the operational use of the scorecard within a university institute. First, the BSC enables access to a central source of data and information that was previously located in dispersed areas across the institute. Second, scorecard reports provide specific information on the development of the institute research and teaching capability, and this further contributes to improved decision making, e.g. decisions on which training courses to be developed in the future. Third, identification of the monetary value of financial leverage is used by the institute's industrial sponsor to justify the value for money case for its investment. A fourth advantage is the ability to track and measure performance of the institute systemically, which

includes consideration of finance, people development, institute capability and research output. Together these advantages can contribute to the sustainability of the institute through identification of tangible outcomes and evidence to support the institute's business case (Philbin (2011)).

The competitiveness of universities also expresses itself in terms of raising more funds, which, since 1994, are linked to the performance achieved by universities. Therefore, it appears increasingly necessary to measure the research performance of universities, namely in terms of the number of papers published in major international journals, or in terms of scholarships/grants or funds obtained for the development of research projects, both at a national and international level. Within HEIs, the economic and financial outlook plays a major role, because resources are the driving force to implement research and teaching. Hence, the fundamental knowledge to be considered in the financial perspective of a university BSC is to be found in the accounting information system of the university. In addition, the latest techniques for obtaining financial resources from private and nonprofit entities are also particularly important (Sordo et al, 2017).

Management methods in nonprofit organizations have changed since the 1980s. Nonprofit activities were traditionally conducted in the context of the traditional bureaucratic model of public administration. However, since the 1980s, the public sector, according to the author, has undergone “radical reforms that emphasize a for-profit sector style of management for organizational effectiveness and economic efficiency”, and since then the whole nonprofit world has been subject to a series of rapid and far-reaching changes. In practice, these changes include the extensive use of commercialization, competition and contracting out service delivery in non-profit organizations. Initially, the BSC was developed for business corporations because the organizations strive to deliver mission outcomes, not superior financial performance. This is also the reason as to why Kaplan and Norton admit that applying the BSC in nonprofit organizations is different to that in business companies. In other words, the success of nonprofit organizations cannot be measured by how closely they keep to budget spending (Kong, 2010).

### **2.5.2. Practical measures of implementing the BSC into higher education**

Overall, the benefits of scorecard implementation to a university organization are to a great degree the same as in other types of organizations. These benefits include the achievement of strategic objectives, providing quality with fewer resources, eliminating non-value added efforts, aligning customer priorities expectations, and so forth. Additional advantages include tracking progress, evaluating process changes, continual improvement, increasing accountability and managing by fact. As with any type of organizational setting, the BSC will provide its users with a comprehensive view of the organization's performance, namely through translating mission and strategy into specific objectives which will further guide departmental and individual planning efforts. Aligning performance measures with targets allows operational areas to evaluate performance, as it relates to the overall organizational performance. Overall, the performance measurement culture should emphasize that the achievement of strategy is a *continual process*.

In "Balanced scorecard application in universities and higher education institutes: implementation guide in an Iranian context", Farid et al (2008) point out that the development of a BSC "is a fundamental process that enables continuous improvement and enhancement, and that it is "better to start to improve than to wait for a perfect solution before the implementation of a strategy". Further, according to the authors' own experience, organizational change does not happen at one point in time, but is a continuous management process. The implementation of a strategy requires active contributions by everyone in the organization. Consequently, also when it comes to colleges and universities, each member of the college needs to understand this strategy and, beyond that, conduct day-to-day business in ways that contribute to the success of this strategy (Farid et al, 2008).

Translating the university mission, vision and strategies into specific objectives will guide departmental and individual planning efforts. The strategic planning model of a university should begin with scanning the environment of the organization and identifying its values. The organization should also conduct a SWOT-analysis, in other words, identify its strengths, weaknesses, opportunities and threats in relation to its own environment in which it operates. These measures will further help the organization to clarify its underlying vision and mission, which in turn will further translate into different strategic objectives.

The starting point of the organization in its own BSC implementation is to identify its vision. This phase presents the organization with the underlying question of *what it wants to become*. The strategic objectives, in turn, work to construe and clarify which practical steps the organization must take in order to get there. The third step of the process is to break down the critical success factors for each one of the strategic objectives. It should, however, be noted that whether a university chooses to use itself of a BSC or some other similar type of framework in its own strategic planning, what remains most important is that the university scorecard has the capacity to adequately reflect the priorities of the organization, and that it contains a common vocabulary that the internal stakeholders - namely the students, faculty and the staff - all can understand.

The introduction of the BSC in an educational institution requires the faculty staff to work together. It begins with senior the supervisors who are responsible for policy making and execution in a top-to-bottom hierarchy. In the ultimate, the introduction of the BSC will create a cause-and-effect linkage involving feedback from staff members and communication among corresponding functions. According to the authors, *five basic principles* are involved in the establishment of the BSC as part of the strategic core of an organization. The first principle is to translate the organization strategy into operational terms. The second one is aligning the organization to the strategy. The third one is making the strategy a part of all employees' jobs on a daily basis. The fourth principle is to ensure that the strategy is a continual development process, and the final principle is to mobilize organizational change through leadership (Farid et al, 2008).

Farid et al (2008) have implemented the BSC model to Yazd university, a public university in Iran. The implementation process in this case has started with identifying the underlying mission statement of the organization, in which the general purpose and goals of the Yazd university are set. For this particular organization the mission statement, according to the article, is "to prepare students to become managers and leaders who will add value to their organizations and communities and create sustainable development in society" (Farid et al, 2008). Creating SD in this case would include such skills as offering high quality graduate and undergraduate programs, training creative and innovative entrepreneurs and managers, and finally, supporting research. The university mission statement, in other words, although brief, can still include a set of specified skills which the university wishes to prepare its future graduates and undergraduates with. In many cases, however, the main emphasis with university mission statements (as with Harvard, for instance) is on character development and encouraging students to develop their communication skills, pursuing excellence in a spirit of productive cooperation, and so forth.

Mission statements are, of course, not completely synonymous to *vision statements*. While vision statements may refer to the ultimate goal of an organization on a slightly more abstract and general level, they often tend to refer to what the organization will (or hopes to) achieve in the future. The *mission statement* in turn works to describe what the organization strives for at the *current* time point while also clarifying the necessary strategic measures for reaching the vision of the organization. In a university setting, this particular distinction between the two concepts may easily be blurred, since many of the typical university mission statements cannot really be narrowed down to serving the organizational needs of the institution at a specified time period.

What is crucial to understand with a university BSC model (as with other types of scorecard models as well) is that, while the vision and mission perspectives work to clarify the overall goals of the organization, the perspective for *learning and growth* functions as the *starting point* for enabling the organization to reach the planned outcomes of the other three perspectives within the BSC framework. As the proposed model of Alani et al (2017) (p. 22) illustrates, the measures of the learning and growth perspective drive the critical internal processes, which in turn drive the university stakeholder satisfaction. Finally, the value propositions included in the stakeholder perspective of the BSC translate further into the acceptable financial outcomes outlined in the financial perspective. Some universities choosing to use themselves of the BSC choose to refer to the financial perspective as “financial sustainability”. In the case of Åbo Akademi, *sustainable economy* is listed under one of the four main strategic goals of the institution, namely under the goal of *sustainable structures*, which also includes the development of research and educational infrastructure, as well as the improvement in leadership and the well-being of students and staff through well-functioning support and communication processes (*ÅAU Goals and Strategies, 2015-2020*).

Of course, the *core values* of universities should by no means be overlooked when implementing the scorecard, either. Examples of university core values might for instance include such attributes as diversity, openness, audacity, participation and sustainability (as with ÅAU; these values will also be introduced and briefly explained in the third chapter of the thesis). The university core values help to create a culture where the students and the staff feel supported, valued, respected and inspired to be successful for themselves, as well as for each other. In other words, understanding the core values of the universities and being able to adapt to them is essential in terms of fulfilling the strategic ambitions of the university community, and through doing so, the institution will further be able to provide an environment that enables both the students and the staff to succeed.

In practice, universities only implement a *modified* (adapted) version of the traditional scorecard model, which starts by designing a relevant and coherent strategy map for the institution. In “Design and implementation of the Balanced Scorecard at a university institute” conducted by Simon P. Philbin (2011), the four perspectives are applied to a university institute as follows: the financial perspective retains its traditional form, the customer perspective has been modified into *People Development* (so as to emphasize the stakeholder interest in education and training), the internal process perspective has been changed to *institute capability* (so as to reflect the development of the internal resources available to the institute), and finally, the perspective for learning and growth has been modified into *research output* (to reflect the primary knowledge outputs of the institute).

<p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Programme funding</li> <li>• Leverage</li> </ul>	<p><b>People development</b></p> <ul style="list-style-type: none"> <li>• PhD Students</li> <li>• MSc Students</li> <li>• Interns</li> <li>• Training</li> </ul>
<p><b>Institute capability</b></p> <ul style="list-style-type: none"> <li>• Core staff</li> <li>• Visitors and affiliates</li> <li>• Performance milestones</li> <li>• Equipment</li> </ul>	<p><b>Research output</b></p> <ul style="list-style-type: none"> <li>• Journal papers</li> <li>• Conference presentations</li> <li>• Invited lectures</li> <li>• Books and book chapters</li> <li>• Posters</li> </ul>

A proposed university BSC model with a total of 15 report areas across the four perspectives (Philbin, 2011)

In Philbin’s study, the design of the scorecard was initiated through a strategy mapping process, and this was an instructive stage that helped to ensure that the scorecard measurement reports are fully aligned with the research and teaching strategy of the institute; and that they also crucially deliver value to the institute management team and the main industrial partner. The standard BSC perspectives, according to Philbin, “have not been applied without scrutiny”. Instead of the internal process perspective, an alternative view that is based on identifying major internal resources available to the institute (namely staff and equipment) has been adopted through the institute capability perspective (Philbin, 2011).

In this model, it is implied that the financial strategy is necessarily underpinned by delivery of the integrated research and teaching programme, but that there also needs to be adequate inclusion of factors to support the financial sustainability of the institute. Within the *people development*, the interest of the industrial sponsor are heavily geared towards the production of quality research outputs for the institute, but also crucially towards training at the graduate and postgraduate levels so that there are improved possibilities for the future recruitment of scientists in this area. Within *institute capability*, the internal factors that contribute to the delivery of stakeholder interests are manifested in the resources available to the institute, and this is primarily through the staff, including academic, research and visiting staff and also from access to experimental facilities. Therefore, instead of the internal processes being the focus of this perspective, it is the internal *resources* available that contribute to performance. Finally, *research output* focuses on the academic contributions of the institute, as these are tangible knowledge benefits that are encapsulated in research publications and presentations given at conferences (Philbin, 2011).

Collection of data and information in the database is largely a cumulative process that tracks the outputs of the institute, and so it is a straightforward task to monitor how the institute is performing by comparing reports from subsequent quarters (i.e. every three months). Care should be taken to ensure that the four adopted perspectives and the supporting reports provide useful information for both the management team of the institute and the primary sponsor of the institute. Consequently, the academic staff from the institute can learn to appreciate the advantages of the scorecard system through, for example, the rigorous and comprehensive collation of the research outputs; capturing references for published journals, conference presentations, invited lectures, book/book chapters and posters (Philbin, 2011).

Overall, the balanced scorecard does provide organizations with a holistic strategy management tool which can be used, implemented and adapted to different types of organizations regardless of their size, activity, or relation to profitability. It enables companies to update their own strategic goals and monitor relevant KPIs on a regular basis, although doing so also necessitates defining the strategic outline, mission and vision of the organization in advance. In addition, consideration should also be given to the possibility of all actors within the organization to contribute to the organizational culture, and all actors should understand the mission objective of the organization so that they can adapt to it. The adaptation and implementation of the BSC within university settings has plenty of room of flexibility in terms of what the university wants to achieve and what types of core values they represent in relation to their own societal contribution.

## 2.6. Criticism of the BSC and its implementation

Finally, I want to address some of the main issues with the BSC implementation in higher education, as well as in public sector organizations in general. Up to this point, this study has mainly focused on the *positive* aspects of the BSC implementation, namely through promoting the tool as a “balanced”, concise and transparent strategic framework which not only is easy to use but also is accessible to everyone within the organization in terms of contributing to its underlying mission and vision statement. There are, however, a number of complexities which need to be taken into account when considering the framework in a higher education setting.

First and foremost, the BSC is essentially a *management control tool*, and overall, the perceptions of management accounting and control tools and techniques have changed. This is to say, previously seen as instruments for supporting top management in making complex organizational activities and transactions more intelligible to managers in general, the tools are now regarded as separating the top management from the rest of the organization by being too abstract, short-sighted, money-oriented and simplified (Johanson et al, 2006). Although the BSC obviously has the potential to communicate the strategy to all participants within the organization, the actual degree to which the regular staff is able to affect the goals or structure of the BSC framework is rather limited and very much dependent on the level of organizational decentralization.

Second, it should be noted that, on the basis of previous findings of the BSC application within HEIs, the overall distinction between the four perspectives and their typical, characteristic strategic goals are often blurred. For example, something such as staff development could be included within the perspective of learning and growth, *or* it could be included within the internal perspective of the BSC, or even both. To take another example, the internal perspective might emphasize the cost efficiency of different types of processes, which in turn, although more indirectly, has to do with the financial objectives of the institute. From this viewpoint, the BSC might not, on further inspection, indicate such a level of consistency or transparency as its initial model implies it would, although each organization has the freedom to modify the basic BSC structure to best suit their own strategy outline and update the model throughout time.

Third, as regards the actual implementation of the BSC, it has previously been argued that one of the reasons for its failure is the very idea of implementation itself. The concept of BSC implementation suggests that there is one specific model that needs to be “sold” to people in the

organization. The concept, therefore, does not allow for an open invitation to participate in a learning and development process where different voices are treated with the same respect (Johanson et al, 2006). From this point of view, the implementation of the BSC as a strategy management and development tool for an HEI such as ÅAU could actually possess significant risks for the institute, if the voices of the regular students are not sufficiently taken into account in shaping and reinventing the organizational culture. Moreover, trying to force a particular mentality of one group on that of another is a risky project (Johanson et al, 2006).

Fourth, industrial logic and the traditional tools of management accounting do not lend themselves to visualization of crucial value-creating aspects, including intangible resources such as knowledge and customer relations. Yet these intangible resources have been cited as the only truly sustainable competitive advantages for the single firm. In higher education, the learning and growth perspective of the BSC may not help to determine the intellectual development of HEIs towards a desirable direction, namely since doing so might actually run counter to academic freedom and its spontaneity, if not applied correctly. In other words, the direction of intellectual growth of universities through its aspiring stakeholders and their versatile approaches in higher education and research should not be controlled, but rather emancipated. The BSC is supposed to leverage productivity through improved learning, but the wellspring of individual learning and competence creation is a human spirit that is free, motivated and creative. Simply put, intelligibility, empowerment and meaningfulness cannot be commanded through or forced through a top-down process (Johanson et al, 2006).

Finally, as regards the “one-size-fits-all” idea, Johanson et al (2006) discredit this idea as “highly questionable”, and rightly so. Although the basic structure of the BSC *tends* to remain the same in the majority of cases of implementation, some organizations may actually modify the BSC to the extent to which the model no longer remains fully recognizable. For example, in university contexts, including an additional perspective to account for additional strategic goals and measures is not really rare at all. On the other hand, there are no set guidelines determining the boundaries of BSC modification for organizations, and hence the framework inevitably leaves plenty of room for organizational creativity. The important thing with the adapted BSC structure is that the management of the organization is able to stay on track of what is being monitored and why. Yet for the sake of coherence, less is arguably more with the BSC, so from this point of view, avoiding unnecessary complexities with the BSC framework might still be advisable.

## **2.7 University key performance indicators**

Without doubt, the modern university is no longer a quiet place to teach and do scholarly work at a measured pace or to contemplate the universe, as in centuries past. Instead, it is a big, complex, demanding, competitive business, requiring large-scale, ongoing investment. Higher education today is challenged by global unrest, regulatory compliance, technology disruption, emphasis on admissions, societal demand for better education and the fact that students, together comprising a great deal of the university stakeholders, are “rewriting the rules”. Consequently, in order to respond to these challenges, HEIs need to adapt quickly and change what they have been doing in a mediocre way, capitalize on what they do excellently and make quality a necessary ingredient of their core competency: the curricula (Varouchas et al, 2018).

The quality of a university and its measurement have been on the agenda of university policy since the 1980s. In higher education, quality should not be rigidly defined, but instead seen as a flexible notion used in way that are appropriate for the particular circumstances. Additionally, quality policies should be tailor-made to the institution’s goals and objectives, mission and affected stakeholders. Moreover, within a university setting, quality is a concept which is difficult to define due to its multidimensional and relative nature. And since quality within HEI settings in particular means different things to different stakeholders, it inevitably becomes difficult to reconcile all of these views. Thus, delivering high quality by the HEI is a political process (Varouchas et al, 2018).

KPIs are the most comprehensive goals of the organizations which guide the managers’ activities for making them obtainable. They are hence very important and they are considered of significance in quality improvement and objective attainment. To enhance the quality of higher education institutions, key performance indicators must thus be explored and measured. KPIs deem as measurable values which work to explain the effectiveness of an institution and how it is achieving its key objectives. Institutions use KPIs for ensuring that they are proceeding in the right direction in terms of reaching their own strategic goals and vision (Abd-El Aziz et al, 2015).

In a university setting, performance indicators developed for external audiences are generally aimed at informing three types of stakeholders: consumers (i.e., students and parents), governing bodies (i.e., legislators and accrediting agencies), and potential revenue providers (i.e., alumni, donors, and funding agencies). The external audiences are often limited in their area of interest and have specific ideas of what might be acceptable institutional outcomes. These external audiences tend to

adopt incomplete and one-dimensional views of performance. A quick review of higher education report cards used to assess public colleges and universities in various states shows a principal focus on undergraduate education. This focus is consistent with the interest of many consumer groups and governing bodies associated with higher education. To present complex information in an easy-to-read and attractive format, external indicators are often presented in the form of rankings or report cards. Furthermore, it is common for external bodies to use a single set of indicators to measure many institutions across a wide range of missions. For colleges and universities affected by external assessment, the management task is to learn the art of image management. Since many external stakeholders have resources (financial, student, and accreditation) that are of interest to the institution, understanding the formulaic relationships between the performance numbers and how they influence perception of success or failure is of central importance (Stewart&Carpenter-Hubin, 2000).

To be useful internally, performance indicators must be tied to the values and goals of the particular university and should emanate from the institution's performance objectives. These objectives translate the broad goals of the institution into specific research problems that can be studied and around which strategies for improvement can be developed. University decision makers (i.e., faculty, academic administrators, and nonacademic administrators) use performance indicators developed for internal audiences. These audiences represents a very broad spectrum of perspectives and interests with a wide range of opinions regarding what might be acceptable institutional outcomes. They tend to adopt multidimensional views of performance. Often, issues are studied in great depth with information presented in the form of long, complex faculty reports. At times, the focus on the higher goals and values precludes specific action due to a lack of a supporting political coalition and/or criteria by which to evaluate the plan. Though institutional effectiveness and enhanced academic reputation are common goals, there is often a lack of consensus about how institutional processes may actually have an impact on those goals (Stewart&Carpenter-Hubin, 2000).

For college and university decision makers engaged in internal assessment, the management task is to learn the art and science of institutional strategic assessment. Since consensus and buy-in are critical to many university initiatives, providing an acceptable mechanism or process for thinking about difficult strategic questions is central to any real institutional improvement. And because the training of many faculty and academic administrators creates respect for theory and data analysis, presentation of institutional information in a conceptual model with supporting data can often

facilitate both debate and decision making. Using data to support hypotheses about institutional strengths and weaknesses can also affect decision processes and increase the speed of both decision making and implementation of program changes. Making the appropriate linkage between the values and goals of the internal audience, the strategic tasks required, and the data collection and analysis necessary is important for useful internal performance assessment (Stewart&Carpenter-Hubin, 2000).

Performance indicators can be powerful tools, at both the university and the college/department levels, for internal evaluation and strategic assessment. Although similarities exist between the indicators used for external reporting and internal assessment - in fact, many of the same data can be used for both - the development of internal indicators requires more attention to the contextual characteristics and operational goals of the university. Under these circumstances, performance indicators can provide substantive information for strategic decision making. (Stewart&Carpenter-Hubin, 2000).

In the academic accounting literature, 'balanced measuring' often refers to a measurement which takes into account both financial and non-financial factors of cost accounting, while considering other general indicators. A danger with the current performance evaluation within HEIs is that the university PM shifts from an interpretative measurement system to a mechanical one (Kallio, 2017). The KPIs used in ÅAU's own performance management will be further accounted for section 4.3 of the empirical part of the study.

### 3. METHODOLOGY

In conducting the empirical research of this study, I will be analyzing a set of different publicly available documents published by ÅAU. These documents are the annual reports for the years 2014-2018 and the current five-year strategic framework *Åbo Akademi University – breaking boundaries. Strategy 2015-2020*. Since these documents already provide a comprehensive insight into the current strategic goals and values set by the organization, actual interviews taking place between the author and the key administrative staff of the institute will not be conducted. Another reason for this is that the KPIs used by the institute can be found in these documents.

Organizations as settings for research have a number of special features. They are bounded institutions to which one must seek, negotiate and seek access. Once admitted, the researcher must establish a workable and convincing role in which to gather data by various kinds of interview, observation and from documentary sources. The researcher is likely to be interested in different levels within the organization: the organization as a whole; divisions or sections within it, departments; individuals working within departments (Bryman, 2013). However, it is important also to note that different investigators may have different preferences, and lean in one direction or another, but on the whole, there are no general principles which can be adduced in favor of one or another style of research (Bryman, 2013).

Relevant key performance indicators of the institute will be introduced across four different focal areas of the institute's activity in total, namely according to the four perspectives of the original BSC framework. This also follows that the KPI categorization presented in the empirical part of the study is *deductively generated*, since I will be using myself of previously conducted studies of practical BSC implementation in HEIs, and classify the KPIs according to this logic. This measure will be used to demonstrate how well performance management and measurement at ÅAU could in theory function through a BSC framework.

The annual reports published by the case organization will provide a good overview on how NPM and NPG have been influencing ÅAU's own strategic activity throughout the second half of the 2010s. While the annual reports provide a good insight into how ÅAU's inter-organizational relationships and academic freedom have been influenced by NPG, the document for the five-year strategic framework will be used to compare ÅAU's current strategic framework with the BSC model. As for analyzing these documents, it is the hypothesis of this study that ÅAU is, in fact,

strongly influenced by NPG, although the quantitative metrics set by the MBR evaluation systems obviously play an important role as well.

Since the conducted research in this thesis is based on a case study of one single, chosen organization, and since the data which will be collected for the research part of the thesis is primarily non-numerical, it is clear that the research method chosen for this study is *qualitative*. In addition, the thesis is also based on “contributing insights from existing or new concepts that may help to explain social behavior and thinking”, as well as “acknowledging the potential relevance of multiple sources of evidence rather than relying on one single source alone” (Yin, 2016). These two distinguishing features of the case study presented in this thesis count amongst two of the five most characteristic and defining features of qualitative research.

### **3.1 Conducting a case research**

Yin (2016) lists a case study amongst one of the 12 most frequently recognized variants of qualitative research. According to Yin, one of the defining characteristics of qualitative research is that it “explicitly embraces the contextual conditions - that is, the social, institutional, cultural and environmental conditions - within which peoples’ lives take place.” Yin also points out that a qualitative research is “driven by a desire to explain social behavior and thinking, through existing or emerging concepts”. Qualitative research also acknowledges the value of collecting, integrating and presenting data from a variety of sources of evidence as part of any given study. The data collected for the research will likely follow from having to study a real-world setting and its participants which, as previously mentioned, will not be conducted in the study. The complexity of the setting and the diversity of its participants are likely to warrant the use of interviews and direct field observations as well as the inspection of documents and artifacts (Yin, 2016). Generally speaking, most of this theory presented above fits very well together with the type of qualitative case study carried out in this thesis.

The theoretical framework of the thesis will support the empirical part of the study, particularly in conducting a research on how ÅAU’s own strategy and governing principles are influenced by NPM and NPG. In the empirical part of the study, I will be using deductive reasoning to test my own hypothesis on ÅAU, namely that the current strategy of the institute is predominantly influenced by those NPG doctrines which are currently applied to higher education, and that the

implementation of the balanced scorecard can help to reach the degree of strategic flexibility and consistency required of modern HEIs in Finland and in other countries.

### **3.2 Reliability and validity**

In this context, something also needs to be said about the reliability and validity of the case study conducted in this thesis. *Reliability* can be defined as “the degree to which the measure of a construct is consistent or dependable” (Bhattacharjee, 2012). In other words, a study is reliable if a construct is studied multiple times and the results do not vary significantly, but instead provide more or less the same research results every time. Reliability, however, does imply consistency but not accuracy. In this particular case study, one of the weaknesses is that the strategic framework of the case institute is only valid for a specified time period, after which the strategy outline will change. On the other hand, many of the relevant KPIs used to measure the institute’s productivity are likely to remain constant throughout time, and in this sense, the reliability of the study can be justified quite well.

*Validity*, or *construct validity*, “refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure” (Bhattacharjee, 2012). Validity can be assessed using theoretical or empirical approaches, and should ideally be measured using both of these approaches. Theoretical assessment of validity focuses on how well the idea of a theoretical construct is translated into or represented in an operational measure. In this particular study, the degree of validity can be said to be dependent on how well the NPM and NPG doctrines are captured in observing the case institute’s current strategy outline and core values. The validity of this study can also be justified through referring to previous research on BSC implementation in HEIs and how BSC implementation can help to enhance organizational flexibility and PM in higher education institutes.

### **3.3. Ontological and epistemological positioning in the research**

The decision to approach a research study from a quantitative or qualitative stance depends on the nature of the research questions which drive the study, any previous work undertaken, the structure of the research design and the ultimate output and contributions that the researchers are aiming for. In essence, the development of the research questions is driven by the individual’s *ontological and*

*epistemological view* (Johnston, 2014). First, as regards ontological positioning, I am approaching my research question through the viewpoint of *social constructionism*, which basically consists of the view that social phenomena and their meanings are continuously being changed and revised through social interaction. A practical example of social construction is an organization where regular stakeholders construct culture of the organization (as in HEIs) instead of the organization itself dominating the culture, behaviors and attitudes of the stakeholders.

Second, regarding my own epistemological positioning, I am approaching my own research question essentially through the *interpretivist approach*, which basically rejects absolute facts and suggests that facts are based on *perception* rather than objective truth. The interpretivist approach is absolutely necessary for this study, namely because of deductive reasoning in observing the NPM and NPG paradigms affecting modern governance logics in HEIs and further in weighing the pros and cons of BSC implementation into higher education through looking into previously conducted research within the same field. Despite a great deal of consensus amongst the academia, no absolute truths can be said to exist when observing the governance logics of NPM and NPG in public organizations, or the absolute advantages of BSC implementation in higher education.

The upcoming section of the thesis will consist of the empirical study of the case institute. It will start off briefly by introducing the organization as a Finnish bilingual HEI, and how it came to be established in the early 20<sup>th</sup> century Finland. I will then move on to discuss the core values of ÅAU, after which the strategic reformations from the 2010s will be discussed with the help of annual reports and the current strategy outline. In the final part of the empirical study, the relevant KPIs of ÅAU will be introduced and classified according to the BSC framework, so as to test the validity of applying this type of alternative framework to ÅAU's own strategy outline.

#### 4. EMPIRICAL RESEARCH ON ÅAU

Åbo Akademi university is the only exclusively Swedish-language multi-faculty university in Finland (or anywhere outside Sweden). It is located mainly in Turku, but also has activities in Vaasa. ÅAU was originally founded by private donations in 1918 as the third university in Finland, mainly motivated by two reasons: first, to let Turku again become a university town, and second, because it was felt at the time that the Swedish language was threatened at the university of Helsinki. The Finnish University of Turku was founded shortly after, in 1920, also by private donations and for similar reasons. ÅAU was a private institution until 1981, after which it turned into a public institution.

The commission of ÅAU, in short, is to constitute an open, Swedish-speaking university environment which includes high quality teaching and research programs with a Nordic and international consensus. In addition, ÅAU also has a special objective of educating Swedish-speaking experts from different branches for future needs in Finland. In other words, as a Swedish-speaking university, ÅAU has a special role not only when it comes to preparing the Swedish-speaking population with higher education in Finland, but also, equally importantly, regarding the promotion and preservation of bilingualism in Finland (*ÅAU Goals and Strategies, 2015-2020*).

It was during the year 2015 when a new five-year strategy plan for the years 2015-2020 became officially accepted by the former rector of ÅAU, Mikko Hupa. The official title of the strategy plan is “the boundary-breaking university”, and it defines the organization’s core values as *diversity, openness, boldness* and *sustainability*. Further, the vision of ÅAU, according to this strategy plan, is that the institution strives to be “the boundary-breaking university with the highest possible prestige within its own profile areas, as well as a Swedish-speaking environment for international and competitive research and education” (ÅAU annual report, 2015). This section of the thesis will hopefully give a comprehensive insight into the current strategy outline and core values of ÅAU. In this section, I will start off by introducing the core values of ÅAU, then move on to the strategy itself and finally discuss the relevant financial and non-financial KPIs from a BSC viewpoint as well.

#### 4.1 Åbo Akademi and its core values

As is made clear in the document, the well-functioning activity of Åbo Akademi, as well as its well-defined identity has its foundation in its values, which are jointly agreed upon. The core values of ÅAU are divided into five different entities. These are *diversity*, *openness*, *courage*, *participation* and *sustainability*. First, as regards diversity, the fundamental goal of the institution is to work towards Finland being a country where the Swedish language and the Swedish culture are blooming in enriching interaction with other languages and cultures. The Nordic community is important for ÅAU, as it forms a wider framework for diversity and cultural exchange. In all its activities, ÅAU values diversity as a source of creativity and well-being. ÅAU respects difference and works actively towards advancing equal opportunities and gender equality.

Second, valuing *openness* for ÅAU signifies first of all freedom of research and free access to information. Internal and external openness are both fundamental values for the university. In terms of research and education, ÅAU pursues and values dialogue and co-operation with organizations and stakeholders outside of its own organization. Within the organization, ÅAU places a great value on open and honest communication which encourages dialogue between different groups and units.

Third, when it comes to valuing *courage*, ÅAU values groundbreaking research as well as the philosophy that genuine learning calls for both new thinking and courage to turn away from the old and habitual. At ÅAU, people are allowed to take risks and dare to succeed. Thus, ÅAU both values and fosters the courage required when aiming at supreme quality in all activities. Overall, valuing courage and exhorting students develop their own character and communication skills is a very common core value amongst universities worldwide.

Fourth, ÅAU values *participation* as a basic condition for motivation, quality and efficiency in teaching and working for its own organization. Participation is present in all aspects of activity, from inclusive pedagogics to the right to be heard and contribute to decision-making processes that affect one's own work. Conversely, participation also calls for respect, commitment and responsibility from all those studying or working at ÅAU.

Finally, when it comes to valuing *sustainability*, research and education, ÅAU will pursue social, ethical, economic and ecological sustainability and a better future for both people and the environment. Persistent endeavor towards these goals means that the organization will actively

work in a result-oriented manner, while also continually improving the quality of the staff's working methods and jointly assume responsibility to ensure that the activities of ÅAU are economically sustainable (*ÅAU Goals and Strategies, 2015-2020*).

On the whole, these five underlying core values of ÅAU demonstrate an impressive mixture of organizational flexibility, and can hence be seen as supporting to NPG approach within the academia to a remarkable extent. From an intra-organizational viewpoint, the ongoing collaboration between the students, teachers, alumni and the administrative staff is evident within all sectors of ÅAU's strategic activity, and is seen as a vital part in sustaining the well-being of all the institute's stakeholders. From an inter-organizational viewpoint, ÅAU invests in open co-operation across its boundaries, international visibility, mobility and strategic partnerships. It might even be said that some of ÅAU's core values are in more or less direct contrast to the NPM paradigm due to the institute's willingness to actively reinvent itself in collaboration with its stakeholders and in exhorting people to actualize themselves within their own, personal field of interest to the point of breaking free from the old and habitual.

Of course, this type of exhortation of personal passions together with character development through education is by no means unique to universities with high international prestige, who acknowledge the potential of all students in reinventing not only the organizational culture itself but also the knowledge society of tomorrow for the common good of humankind. Whereas this might sound like stating the obvious, it seems today more relevant than ever to understand from the viewpoint of governing HEIs and measuring their performance in terms of their societal contributions. Yet the seemingly outdated and out-of-place NPM paradigm seems to have the advantage of measuring performance effectivity in a much more straightforward way for the layman to understand, and it is clear that quantitative metrics can also be used to measure the overall satisfaction of the institute's stakeholders, e.g. through conducting relevant surveys with the aim of improving the university services on regular intervals.

## 4.2 Åbo Akademi and its strategy

The strategy of Åbo Akademi, as is made clear in the strategy outline for the years 2015-2020, has been developed through ongoing cooperation with the students and the administrative staff. The strategy itself is an “animate” document which is intended to be used, adapted and developed further. An active and open type of communication taking place between all different activity sectors and units of the organization is a precondition for everyone within the university (whether working or studying) to become a part of actualizing the strategy of the organization.

In *ÅAU Goals and Strategies 2015-2020*, the board of directors for the university have established a set of strategic guidelines which work to determine how the university is going to be developed under a six-year time period. In the document, this strategy is defined as a “road map” which works to define the underlying goals of the organization, as well as those comprehensive inputs of the administrative staff which eventually will help ÅAU to achieve its goals under this time period. It is with the help of this document that the board of directors, faculties and different units of the organization are able to develop and formulate the necessary strategic programs into practice and actualize them within different sectors of activity of the organization. In other words, ÅAU does use itself of a strategy map, although not a BSC per se.

ÅAU’s own management initiates, encourages and monitors the implementation of the strategy. The practical implementation of the strategy is led by the rector’s executive group, faculty boards, committees and executive groups. The strategy “is only successful when each individual within the ÅAU community takes part in its implementation”. The strategy is implemented partly through active and open communication, and partly through the faculties’ proposals for operational strategies, leading to annual plans for activities and finances, which are systematically monitored. The strategy follow-up takes place on an annual basis both as a part of the board’s annual report and through continuous reporting. The quality of the strategy implementation is assured through ÅAU’s policy for leadership and quality management with the following objectives: first, to guarantee well-functioning and continual development of activities; second, to guarantee the revision and quality development at all stages of activities; and third, to support the development of a shared quality culture (*ÅAU Goals and Strategies, 2015-2020*).

The executive management of ÅAU will draw up an action program with defined responsibilities and indicators, and the program will be updated as needed on the basis of the results of the strategy follow-up. The program will also serve as an intermediate strategy for ÅAU to facilitate a smooth response to any essential need for change as caused by external factors. The action program will be implemented through operations at faculty level and within the university services in compliance with ÅAU's annual plans for activities and finances (*ÅAU Goals and Strategies, 2015-2020*).

One of the underlying mission statements of Åbo Akademi is to run scientific research programs of high international quality which, in the long term, serves the welfare of humanity. As an institution, Åbo Akademi strives to provide its stakeholders with an academic environment which works to acquire and mediate new competence from around the globe, while simultaneously contributing with its own research programs to the international science federation. In addition, Åbo Akademi also actively strives towards competence exchange and cooperation with the society, both locally and internationally (*ÅAU Goals and Strategies, 2015-2020*).

Since June 2017, ÅAU has profiled itself in four different research areas. These are *minority research, molecular process and material technology, drug development and diagnostics* and finally, *the sea*. The sea has been one of ÅAU's focal areas in research since June 2017. The profile area is a collaborative effort with the University of Turku. It has a particular focus on marine biology, regulation and other steering mechanisms as well as maritime logistics and trade, with the Baltic Sea serving as a global model. Research at ÅAU, as is made clear from the ÅAU annual report 2014, is both innovative and focused on the most actual societal topics which require academic expertise within the fields. Cancer research, alcohol research and research within sustainable industrial ecosystems are a few good examples of these focal areas. Generally speaking, the research at ÅAU is both diverse and actual. It consists, among other things, of cell biology that is financed on the highest European level, sociology which focuses on the current societal question in modern working life and history which aims to explore to origins of the nation (ÅAU annual report, 2017).

Significant reforms have taken place at ÅAU during the previous decade, affecting and transforming the organizational structure as a whole. While the basic funding sources from the state have remained the same since the establishment of the 2010 University Act, numerous reforms concerning the facilities, exam structure, student feedback questionnaires and inter-organizational collaboration in actual research programs with other Finnish universities have all contributed to

ÅAU having actively renewed its own profile and focal activities for all of its stakeholders. The student response from the year 2014 indicates that ÅAU is a university which actively caters for its students and where the interaction between students and the staff is vivid and natural (ÅAU annual report, 2014). From the viewpoint of long-term economic viability, the well-being of university stakeholders is of utmost importance also when considering the annual donations to support the institute's activities, as these donations can easily amount to millions of euros per year, and can thus make a significant difference between a budget deficit and budget surplus for the institute. Hence from the perspective of NPG, actively striving towards strategic reforms and organizational flexibility is not only important but can actually be regarded as a precondition in terms of sufficient university finance, and ÅAU itself is a case in point.

The last half of the 2010s in particular has been characterized by a tightened economy in Finnish HEIs due to the Finnish government's decision in 2015 to cut the budget for education finance. This in turn has led to joint negotiations between the ÅAU administrative staff which has concerned the entire organization. In the spring of 2016, ÅAU prepared for incoming result negotiations to be held with the Ministry of Education and culture. In these proceedings, the anticipated result goals and respective finance granted by the state were established for the upcoming years 2017-2020. These proceedings resulted in a new contract in which the key words for ÅAU came to be *collaboration, internationalization, digitalization and an increased focus on teacher education* (ÅAU annual report, 2016). Generally speaking, during the year 2015, from a financial perspective at least, the general atmosphere amongst the Finnish HEIs has hardened, but despite this, ÅAU took many steps towards a positive direction. These include major structural reforms, such as surpassing a completely new organizational model consisting of four different faculties, plus introducing a new administrative organization, university service.

In order to offer high quality education programs and internationally competitive research programs, ÅAU has listed the development of research and educational infrastructure as one of its main approaches under the strategic goal of *Sustainable Structures*. It is stated in the strategy outline that one condition for successful and productive education and research is the provision of appropriate premises and infrastructure for personnel and students. Further, local co-operation and shared investments in expensive infrastructure jointly with, for example the university of Turku, have many advantages, including reduced acquisition costs and increased utilization rates (*ÅAU Goals and Strategies, 2015-2020*). It is obvious that digitalization plays a huge role in the development of modern HEIs in both research and education, and ÅAU has successfully proven

that it can respond to these challenges through ongoing collaboration with the other Finnish HEIs. One notable example of digital improvement in the institute's services was the participation in the Peppi consortium in 2016, which included the renewal of study registers, planning of education and new tools for students for building up study plans for the upcoming academic years (ÅAU annual report, 2016). The NPG paradigm of governing HEIs should thus be highlighted in improving the overall infrastructure through active collaboration on an inter-organizational level between different institutes.

The ÅAU campus areas in Turku and Vaasa create inspiring environments for studies and research. The facilities of ÅAU are continuously developed in order to respond to the needs of the stakeholders and the actual activities. The joint cooperation for ensuring the healthy and pleasant working environments within ÅAU continued during the year 2017, during which renovation of some of the facilities such as ventilation systems and public offices also took place (ÅAU annual report, 2017). During this year, many of the central management documents were also updated: the maintenance instructions, staff instructions, the exam bylaw and the instructions for research education. The overall goal of these reforms was to enhance the education processes.

Finally, each year, ÅAU carries out a study climate-based survey aimed at the first, third and fifth year students of the institute. In the year 2017, students at ÅAU had the opportunity to express their own views on why they had chosen to study at ÅAU. The three most common motivating reasons received for the academic year 2016-2017 were "an interesting education", "education in Swedish" and "an attractive city for students" (ÅAU annual report, 2017). On the whole, active collaboration with all students of ÅAU in shaping and reinventing the organizational culture demonstrates considerable devotion towards strategic flexibility and the NPG approach.

#### **4.2.2 The strategic framework and structure of ÅAU**

In this section, for the sake of clarity and consistency, I will briefly discuss the actual structure of ÅAU's current strategy outline and draw parallels between it and the BSC model. As displayed in the graph below, the current, underlying strategic goals of ÅAU for the years 2015-2020 can be defined into four separate entities: *research*, *education*, *co-operation/interaction* and *sustainable structures*. On the surface, the framework is surprisingly reminiscent of a BSC, yet in practice, there are many structural differences as well between the two models.

<p><b>Research</b></p> <ul style="list-style-type: none"> <li>•ÅAU will be the best university for researchers in Finland</li> <li>•ÅAU research will be the most highly acknowledged within its profile areas</li> </ul>	<p><b>Education</b></p> <ul style="list-style-type: none"> <li>•ÅAU study programs will be challenging, participatory and based on top pedagogical and scientific competence</li> <li>•Knowledge and skills acquired by the ÅAU graduates during their studies will be the most desired assets on the labor market</li> </ul>
<p><b>Co-operation and interaction</b></p> <ul style="list-style-type: none"> <li>•ÅAU assumes responsibility for the Swedish and Nordic in Finland</li> <li>•ÅAU will be distinguished by boundary-breaking co-operation, courage and openness</li> </ul>	<p><b>Sustainable Structures</b></p> <ul style="list-style-type: none"> <li>•Sustainable economy is accomplished through efficient and smooth operations</li> <li>•The well-being of personnel and students contributes to the attractiveness and success of ÅAU</li> </ul>

(ÅAU goals and strategies, 2015-2020).

First, when it comes to *research*, ÅAU has divided the strategic goal into identifying and supporting the focal areas and development areas, providing time for research, and developing an internationally attractive environment for researchers. Based on this distribution, it is clear that out of the four perspectives of the BSC, the learning and growth perspective resembles this goal the most. This strategic goal is also reminiscent of one of Philbin’s suggested BSC perspectives (as illustrated in section 2.5.2 of the thesis).

Second, when it comes to education, this goal is divided into developing study programs and views on learning, graduating students with competencies that are relevant for society, and developing competitive and pedagogically elaborated researcher education. Although this second main goal of ÅAU has certain performance indicators related to the development of education and research (such as performing continuous evaluation of teaching methods and views on learning), the main emphasis is still on engaging students in scientific practices and new ways of thinking, providing students with support to find the right path for studies, encouraging internationalization of students, and so forth. Hence, the elements of the stakeholder perspective (customer perspective) play a strong role within this goal, since many of the KPIs here are directed towards improving the students’ own experience of ÅAU.

Third, as regards co-operation and interaction, ÅAU strives to create an authentic campus experience, invests in an open co-operation across the boundaries within the organization, and interacts with the primary stakeholders of ÅAU. This goal places heavy emphasis on such areas as building strategic partnerships with other research institutes and educational organizations, investing in highly visible recruiting of researchers and students, increasing interaction with alumni and other internal stakeholders, as well as profiling and marketing ÅAU to upper secondary school students. Given these types of performance indicators, it can be concluded that goal for education bears many resemblances to the customer/stakeholder perspective of the BSC.

Finally, as for the sustainable structures and the well-being of the ÅAU personnel, the underlying goals are divided into achieving and maintaining a sustainable economy, developing the research and educational infrastructure, and improving leadership and well-being. Although this fourth main goal *does* cover the financial sustainability of the organization, it also has elements of both the learning/growth perspective and the internal process perspective, which makes it multifaceted in terms of strategy development. Having said this, it is clear that this fourth strategic goal of ÅAU cannot directly be linked to any of the four BSC perspectives, despite the fact that it does substitute the financial perspective in maintaining a sustainable economy. Rather, the goal for sustainable structures appears to offer a mixture between the financial perspective and developing the skills of the staff through actively investing in high quality infrastructure, professional leadership within research, education and administration (*ÅAU Goals and Strategies, 2015-2020*).

This particular subsection of the empirical study has been an attempt to discuss the case institute's strategy from a more structural point of view, albeit still on a very general level. Overall, the current four-dimensional strategic framework of ÅAU does not really resemble a typical university BSC model, namely since the four strategic goals of ÅAU each include strategic objectives which can be identified with more than just one of the four traditional BSC perspectives. This of course in itself does not suggest that the current strategic framework of the case organization would somehow present an incoherent entity in terms of fulfilling ÅAU's own commission or when it comes to translating the strategic goals into practical measures. It is not the purpose of this study to offer criticism towards the current strategic framework of ÅAU, but rather to explore the similarities between the frameworks and to discuss the BSC implementation hypothetically. In the following section of the thesis, the KPIs of ÅAU will be categorized according to the BSC logic.

### 4.3 Åbo Akademi and its key performance indicators

As previously mentioned, Åbo Akademi does not officially use itself of a balanced scorecard, although its strategic outline for the years 2015-2020 is divided into four separate entities, which makes its strategic framework resemble a BSC to an extent when inspecting the structure of the framework. The resemblance is both noteworthy and blurring at the same time, since each of the four strategic goals discusses in the previous sections include strategic objectives which can be associated with more than just one single BSC perspective. However, for the sake of clarity and consistency, in this section, I will try outline the relevant KPIs for ÅAU from a more traditional BSC perspective and distinguish between them according to what is being measured and how.

It should be noted at this point that, despite the fact that the BSC implementation between universities worldwide does show a great and impressive amount of variation and flexibility (as illustrated in chapter 2.5), for each of the four BSC perspectives there are obviously several KPIs in common for all higher education institutions, including both *leading indicators* (expected quantitative measures for future performance) and *lagging indicators* (quantitative measures indicating past performance). Concrete examples of the most common KPIs amongst HEIs include for instance annual student numbers, amount of yearly research publications, employment rates, graduation rates and so forth. KPIs such as these are some of the most vital and central indicators of the university performance and also of great interest to the external stakeholders of the institute.

The publishing of research results, for example, is essential for a university. Publishing constitutes the foundation for scientific dialogue and sustainable knowledge, but it also serves as a way of giving back to the society that provides financial support for science and research. For universities, the annual number of publications is used as a measure of activity; a fact that is taken into account by the state for the determination of its funding. For ÅAU, the expected number of research publications per year is currently 1400. Whereas this number undoubtedly demonstrates high prestige, some controversy inevitably arises from the recent academic discussions of (understandably) favouring quality over quantity in university research.

Despite this, and despite the NPM paradigm having received a vast amount of criticism (even before the 2000s) due to its tayloristic doctrines in focusing on productivity almost exclusively through quantitative measures, it is true that the majority of university KPIs are, for the time being, quantitative. It has even been argued in the past that *all* KPIs should be quantitative, but to apply

this type of thinking to university settings is still far too simplistic. KPIs are often associated with the balanced scorecard in defining performance measurement, but clearly KPIs apply to other types of strategic frameworks as well. In the case of a BSC framework, however, it is commonly agreed upon that each of the four perspectives should ideally include 5-10 KPIs, which of course accounts for 20-40 KPIs in total. In defining the relevant KPIs for ÅAU, I will be limiting myself to these default numbers in inspecting them through the lens of the BSC framework. Moreover, on the basis of previous BSC implementations in HEIs, I will be using myself of deductive reasoning in narrowing down the most relevant KPIs for each perspective.

#### **4.3.1 Financial key performance indicators of ÅAU**

- Annual budget
- Total annual income
- Percentage of state funding in relation to total income
- Percentage of external funding and donations in relation to total income
- Total annual cost of university services
- Staff cost percentage of total costs
- Annual return on investment
- Annual budget surplus/budget deficit
- Liquidity ratio

In 2019, ÅAU's total revenues amounted to 104 million euros, of which approximately 53% represented state funding and the remaining part was raised as external financing. 2018 was a year of celebration for ÅAU, during which the ÅAU foundation granted the institute with an annual 1,5 million euros for the years 2019-2028 for financing top quality research. In addition, during this same year, the Academy of Finland raised a total of 1,9 million euros for ÅAU to support the four focal areas of the institute's research (ÅAU annual report, 2018).

### **4.3.2 KPIs related to the stakeholder perspective**

- Annual student number
- Annual participation rate
- Annual number of graduates
- Annual retention rate of students
- Graduation rate
- Employment rate of graduates
- International mobility of ÅAU students
- Annual number of exchange students attending ÅAU

ÅAU has approximately 5500 undergraduate students in its campus towns of Turku and Vaasa. The number of postgraduate students amounts to 780. Each year, ÅAU awards around 500 master's degrees and 75 doctor's degrees. These numbers are displayed on ÅAU's webpage, and can be interpreted as quantitative lead indicators.

### **4.3.3. KPIs related to internal processes of the institute**

- Evaluation of administrative services
- Revision of administrative regulations
- Evaluation of education programmes
- Overall student satisfaction rate with university services
- Course evaluation
- Evaluation of service units

The facilities of ÅAU are continuously being developed in order to respond to the changing needs of the institute's activities. The year 2014 in particular was marked by major structural reforms with the introduction of an upcoming organizational model consisting of four main faculties. As a consequence, a comprehensive service evaluation was conducted, so as to investigate the total need for administrative resources within the four faculties.

#### 4.3.4 KPIs related to the learning and growth perspective

- Annual number of research publications
- Total number of employees
- Annual number of postgraduate students
- Total annual number of work years
- Overall employee satisfaction rate with the university services

Understandably, ÅAU's KPIs relating to the perspective of learning and growth mainly consist of employment rates and research output. The first three KPIs listed under this category are lead indicators, whereas the last two are lag indicators. ÅAU has approximately 1100 employees, of which 650 work in research and teaching. As previously mentioned, ÅAU strives to publicize approximately 1400 research publications per year.

These key performance indicators were gathered from the ÅAU annual reports 2014-2018 and were carefully categorized according to the BSC logic into different sections according to their underlying purpose. A number of general conclusions can be made on the basis of these findings. First, theoretically and hypothetically speaking, these strategic objectives appear to be very much translatable into a BSC framework, namely since there have proven to be numerous KPIs relating to each of the four perspectives in the case of ÅAU. Second, this part of the case research effectively demonstrates and proves that the vast majority of performance measurement within the case institute is still of quantitative nature, although on closer inspection it is evident that qualitative PM continues to be in focus for example in such areas as evaluation courses, administrative services and research publications. Third, the lead indicators show a strong focus on the expected annual results set by the Ministry of Education, and are understandably some of the most general indicators of HEI performance.

Due to a great deal of previous similar case studies conducted in the past, (some of which have also been presented in this particular study), none of these general observations were particularly surprising. Yet there remains controversy regarding BSC implementation in higher education, perhaps for the very reason that the value-creating logic of the BSC might still prove too "simplistic" for modern, holistically governed HEIs such as ÅAU. Although some general criticism on BSC implementation has already been presented in section 2.6, the remaining sections of the study will elaborate on these issues more specifically from an NPG viewpoint.

#### **4.4 Reflections on ÅAU's current and upcoming strategy outline**

The empirical study of this thesis has been a retrospective view on the actualization of ÅAU's own strategy for the years 2015-2020 and how this strategy plan has contributed to successive higher education and research within the institute during this particular time period. Generally speaking, these bygone years have been characterized by major structural changes within the organization, tightened state economy, boundary-breaking research with high international prestige and increased digitalization within all sectors of the institute's own activity. As stated by the former rector of the institute, Mikko Hupa, during this time period, "the atmosphere has hardened for the Finnish universities, but it is with the help of increased determination that we together continue our work of making ÅAU stronger for the future" (ÅAU annual report, 2015).

On the whole, it appears that the execution of ÅAU's own strategy outline for the years 2015-2020 has been fairly successive. The annual reports for the years 2014-2018 demonstrate considerable increase in such key areas as scientific breakthroughs, collaboration between other Finnish HEIs, digitalization and international mobility (to mention but a few). In terms of finance and sustainability, ÅAU has successfully overcome the challenges of reduced external financing from the state. During this particular time phase, a great deal of financial stability for the institute has been reached through the launch of an open fund raising campaign which commenced in 2015 and ended in June 2017, raising a total of 12,7 million euros for ÅAU (ÅAU annual report, 2017). Also, in 2018 and as part of the 100-year of celebration, the ÅAU foundation granted the institute an annual grant of 1,5 million euros for top research finance for the upcoming years 2021-2028, plus an annual grant of 20000 euros to finance the international mobility of ÅAU's teaching staff within the Nordic countries (ÅAU annual report, 2018).

In terms of competitiveness, ÅAU has the advantage of differentiating itself as the only Swedish-speaking university in Finland, and the majority of the organization stakeholders are, in fact, bilingual. The different study programs also attract many of those who aspire to improve their own Swedish regardless of their own linguistic background. Hence in addition to marketing itself as a boundary-breaking university with high international prestige within the field of academic freedom, it is clear that the official language in which the majority of the study programs and research programs are carried out also contribute positively to the annual number of graduates within ÅAU. Based on the annual reports chosen for inspection, the annual graduate numbers have also significantly increased, namely from approximately 950 graduates in 2013 to well over 1100

graduates in 2018 (ÅAU annual report, 2018). This particular increase can also be regarded as a sign of successful strategy implementation at ÅAU.

It also needs to be acknowledged in this context that ÅAU is currently implementing an entirely new strategy outline for the upcoming years 2021-2030 within the institute. As with the previous strategy discussed in this study, the new, recently established document (with the title *Åbo Akademi University: The Swedish-speaking university, Strategy 2021-2030*) has been formulated in active collaboration with the students and staff, and it is a “living” roadmap to be used, adapted and further developed. As such, the strategy ultimately guides the university in its development. The strategy is also a key tool to be used in the allocation of resources. The new, updated strategy outline of ÅAU is structurally similar to the previous one; particularly in defining altogether four specific focus areas: *Gateway to Finland for the Nordic countries*, *Academic quality*, *Open, inspiring campuses* and *Working place for the Future* (for further references to these four upcoming focus areas, see appendix).

In terms of my own research, the highly successful strategy implementation at ÅAU for the years 2015-2020 begs the question of whether an alternative, predetermined strategic framework such as the BSC *could* even be considered superior to the current, existing strategy outline, or to the upcoming strategy for the years 2021-2030, for that matter. The answer to this underlying question may depend on from which critical standpoint the institute’s existing strategies are observed. In the empirical part of this study, I have previously argued that one of the ultimate advantages of the BSC is its *structural coherence and consistency* in differentiating the relevant KPIs according to the four BSC perspectives. Yet the BSC implementation to a university setting has to date shown a great deal of both variety and creativity in modifying its basic structure. In general, I find it reasonable to point out that although the BSC theoretically could be implemented to any higher education institute, it may still not prove as the optimal solution in maximizing the potential of a given HEI. At the very least, the notion of optimizing strategy execution with the help of a BSC in higher education should be taken with a grain of salt.

## 5. RESULTS AND ANALYSIS

Because higher education institutions worldwide (particularly during the last three decades and economic turbulent times) have faced numerous challenges, uncertainties and controversies in how strategic management and performance measurement should be carried out in practice, there needs to be access to concise and effective steering mechanisms which can help the board to monitor both qualitative and quantitative performance measures and align these with the overall mission and vision of the HEI in question. Recent academic research focusing on the BSC implementation in HEIs has proven that these institutions can gain a certain competitive edge through alleviating the complexity of their own performance measurement while simultaneously keeping up to date with their own strategic goals and core values. Although meeting the expected quantitative metrics and results do provide financial sustainability from the state, HEIs should continuously focus on innovation, staff development and co-production with the relevant stakeholders in making themselves more appealing to the public. This also includes the capability for HEIs to differentiate themselves from their competitors and to profile themselves according to their own strategic visions and core values.

From the perspective of NPM and NPG steering and affecting the performance management and measurement in HEIs, it is clear that the BSC includes both quantitative and qualitative metrics, although these metrics are obviously not by any means equally distributed between the four perspectives. While the financial perspective typically includes the relevant numbers for indicating the economic sustainability and profitability of the organization e.g. through the relevant financial ratios, the perspectives for learning and growth and internal processes are more likely to include much more qualitative measurement in comparison with the financial perspective or even the customer (stakeholder) perspective. On the other hand, since an HEI choosing to implement a BSC in its own strategy may choose to alter the initial BSC structure significantly, generalizations on this particular distribution are obviously hard to make.

Since the BSC takes the perspective for learning and growth as a starting point for creating future value to the organization, it can also be said to offer a useful strategy management tool for an HEI which' strategic goals and performance measurement are increasingly determined by NPG doctrines and values. While there is a lot of emphasis on qualitative measurement of strategic goals, the BSC does also provide a consistent overview of the economic viability and sustainability of the organization and how these in practice can be achieved. Further, while a BSC implementation

obviously does not directly solve the underlying issues of NPM or NPG governance in higher education institutions, it can nevertheless be used to monitor the relevant indicators of how the overall infrastructure of the institution either improves or deteriorates over time, and this can easily be done in a balanced and concise fashion. The BSC essentially helps to differentiate between the needs of the stakeholders such as students, internal processes related e.g. to digitalization, research output e.g. through staff development and of course long-term economic viability. Conversely, a BSC also prevents these goals from becoming too fragmented or mixed up with each other, which in turn alleviates the overall complexity of PM.

Kanniainen (2017) argues that the logics of NPM “seem to be partly inapplicable in negotiating the logic of measuring research and other publications, evaluating the societal influence of HEIs and in the creation of strategic distinct profiles of the HEIs in the regional innovation systems.” According to the contractual steering of HEIs in Finland, the institutions are provided with extensive agency to create their own strategies and values, but they are still, on the other hand, required to present these strategies to the Ministry in advance, namely to negotiate these goals and measures, as well as to report on their past activities (Kanniainen, 2017). From this point of view, the BSC framework also works well for HEIs, namely since the relevant KPIs can easily be monitored and updated on a regular basis, while it also does provide a retrospective overview on the past performance of the HEI in question.

As previously mentioned, the customer perspective of the BSC is typically referred to as the *stakeholder perspective* within university settings. Typical strategic objectives for this perspective within HEIs include increasing student satisfaction, maintaining undergraduate numbers, improving the international profile and developing partnerships with overseas colleges and universities. Since this perspective places plenty of emphasis on the community satisfaction on the whole, it can be argued that it ultimately works to strengthen the NPG approach of performance measurement in improving network relations, co-production, inter-organizational relationships and so forth.

The internal perspective of the scorecard seems to lean more towards the NPM approach of steering PM within HEIs. As with other types of organizations, the internal perspective is essentially focused on improving the efficiency and productivity of the institute’s internal processes. Conversely, it places relatively little emphasis on co-production with the stakeholders of the institute and focuses mostly on such metrics as improved digitalization, revision of administrative support, equipment maintenance and cost-efficiency. In the case of ÅAU, the development of research and educational

infrastructure is listed as one of the main approaches under the goal of *sustainable structures*. It is specifically noted in the current strategy outline that ÅAU “will exploit modern information and communication technologies and introduce the best working methods, especially as concerns teaching” (*ÅAU Goals and Strategies, 2015-2020*).

ÅAU’s own strategic framework does, in fact, resemble a university BSC model to a certain extent, but for the most part, the strategic main goals and relevant performance measures are a lot more fragmented and mixed up compared with a BSC as we know it. However, the ÅAU management does acknowledge that “a thriving personnel and organization is able to deliver high-standard research results and to motivate themselves, each other and students to achieve the set objectives”, and “in a thriving organization, individuals spur each other and share their knowledge and experience for the benefit of the entire organization” (*ÅAU Goals and Strategies, 2015-2020*).

This particular statement, specifically listed under *Sustainable Structures* in the current strategy document, has a few different implications. First of all, ÅAU acknowledges such NPG approaches as co-production and service-dominant logic not only as important but in fact, *vital* for the whole organization to deliver the highest possible quality. Another point to observe is that many of the underlying NPG approaches are, in fact, closely associated with the perspective of learning and growth of the BSC. This is because the learning and growth perspective per se is the foundation of any strategy, and it focuses specifically on the intangible assets of the organization, such as the internal skills and capabilities that are required to support the value-creating internal processes.

Kanniainen (2017), in his own discussion of the NPG framework within Finnish HEIs, presents NPG “as the most suitable model to explain the plurality and complexity of the HE system as a complex public service system”. In terms of my own research, this statement begs the question of whether or not the BSC application can be seen as enhancing the NPG approach of performance management and measurement of Finnish HEIs. The very word “complexity” in this context can easily be associated with the problematic opposition of “quantitative versus qualitative” PM within HEIs which, as I have previously noted, could potentially reach a more balanced state *if* a BSC was implemented to the strategic framework of an HEI. For the time being, the quantitative performance measures are still in bigger focus, but as previous research from the last decade (e.g. by Kallio) has shown, the opposite might very well turn out to be the case during the following decades. But even if qualitative PM would eventually come to overshadow quantitative PM in HEI settings, this does not have to make the strategy of the institute any less consistent. On the contrary, with the help of

the BSC, it will be easier to monitor these two different types of performance measures, differentiate between them and update them on a regular basis.

ÅAU acknowledges the well-being of students and staff as an inextricable part of its own sustainable structures as a Finnish HEI. According to the strategy outline, a sustainable economy in ÅAU is achieved when all units and individuals at the university deliver the result that has been defined and agreed upon in terms of education, research and interaction. Further, it is noted that a sustainable economy provides those in charge with a solid foundation for the annual planning and implementation of activities concerning education, research and any other obligations as agreed. A proactive and goal-oriented approach is necessary, especially in terms of applying for and receiving external funding (*ÅAU Goals and Strategies, 2015-2020*). These statements reinforce the notion that ÅAU as an institute is very much decentralized and focuses heavily on learning and growth from all of its stakeholders' perspectives. The ability for all stakeholders to actualize their own ambitions and develop their own expertise is a precondition for ÅAU's success as an HEI, and the institute clearly takes its own intellectual capital as a starting point for creating future value.

Kanniainen (2017), in a concluding discussion of his study on NPM and NPG steering governance and performance measurement in Finnish HEIs, specifically presents the question of what the societal influence of these institutes in practice are. According to the reasoning of steering through funding, Kanniainen argues that the societal influence "is complex, plural and pluralist, and HEIs are given full agency and autonomy to define what is important and how the goals are achieved. The concepts of networks of actors, co-production and multifaceted accountability, among other concepts or NPG, are seen in some of the measures and goals of the practical reasoning in the funding and contractual steering of HEIs." Moreover, while the actual institutional governance logics do follow the logical elements of NPM, some of the explicitly stated goals and measures "would refer to increased agency and autonomy and the elements of NPG" (Kanniainen, 2017). This is certainly true in the case of ÅAU and very much applicable to the current strategy outline of the institute, as the empirical part of the study has also hopefully shown.

The logical conclusion that can be drawn from the findings above is that, while the governance principles of NPM clearly dictate the external requirements of HEIs set by the Ministry of Education, NPG, conversely, places the main emphasis on the autonomy, core values and the vision and mission statement of the HEI and allows the institute to actualize them throughout time. Despite ÅAU's successful approach in differentiating themselves as a boundary-breaking university with

high international prestige in research and strong decentralization, however, it is questionable whether a stronger shift towards NPG within Finnish universities on the whole can with certainty be predicted. Yet from the viewpoint of change management theory, the BSC application in higher education institutes appears to offer a useful strategy management tool which offers plenty of room of flexibility to balance not only between quantitative versus qualitative PM, but also between NPM and NPG as a whole.

The underlying framework of the BSC model is not necessarily easily translated into a university setting. In other words, it is hardly a straightforward thing to do and can be very time-consuming as well. However, in practice, the balanced scorecard does offer enough flexibility in order for technically any HEI to implement it in its own strategy, should the leading board choose to do so. Due to the basic logic of the BSC value-creating chain, the objectives set for each of the four perspectives help to contribute a sustainable future of the institute, and to do this in a balanced and concise fashion. As the basic model of the BSC illustrates, the four perspectives “circulate” in a continuous loop where the learning and growth perspective contributes to bottom-line improvement of the institute, but it is the financial perspective which ensures that the external requirements of the HEI set by the Ministry of Education and Culture are met in the first place. In practice this means that such qualitative performance measures as high quality research, innovation and staff development are enabled through sufficient quantitative performance, which in turn has aroused plenty of controversy within the academia, particularly during the 2010s. It is interesting to note that whereas NPM displays a fairly prescriptive role in PM within HE settings, NPG, conversely, emphasizes *descriptiveness* in displaying the actual outcome of the strategic planning of the institutes and how the strategic goals reflect and respond to the needs and expectations of the stakeholders.

From the perspective of the stakeholders as well as from the perspective of learning and growth, universities should be regarded as decentralized institutions in maximizing their own potential. This statement can at least partly be reasoned through the variety of different education and research programs that a university has to offer, and partly through open communication between the students and the administrative staff in improving co-production, network relations as well as education and research programs. Despite the fact that quantitative performance metrics still, for the time being, are in bigger focus when it comes to university finance, the significance of qualitative PM within HEIs focusing on high quality research and innovation cannot be emphasized enough. This of course is one of the main reasons as to why a strong shift towards NPG within universities

has gradually starting to take place since the 2000s, as it is also the reason why so many scholars focusing on PM in academic settings have started to become critical towards the NPM doctrines and management-by-results (MBR) throughout time.

The tenets of NPM have gradually “paved the way for the adoption of MBR in Finnish public-sector organizations” (Kallio, 2014), while MBR in turn, as previously mentioned, lays heavy emphasis on measuring university performance quantitatively. The adoption of MBR and performance-related pay in Finnish universities “seems to have provoked heavy criticism among scholars, often manifested in fervent writings in newspapers and other expressions of indignation” (Kallio, 2014). On the other hand, in higher education, as in business, there are, of course, acceptable conventions of measuring excellence. Rather than emphasizing financial performance, higher education has emphasized academic measures. As in the case of business the demands of external accountability and comparability, measurement in higher education has generally emphasized those academic variables that are most easily quantifiable (Farid et al, 2008). This of course supports the NPM approach of governing HEIs.

Also, while academic research obviously should favor quality over quantity, there are still numerous relevant quantitative metrics within HEIs to provide realistic indicators of how well the study programmes are carried out and how the students are able to respond to the level of competence that is required of them. And since the finance of Finnish HEIs obviously is dependent on both its graduate numbers as well as annual research publications, it is clear that the MBR doctrine, regardless of its academic reputation, still remains relevant in terms of university finance. Another point to consider is that study programmes, on the whole, are very much linear, including relatively little freedom of choice compared with academic research itself. In practice this means that the overall performance of the two should be measured in very different ways. A sufficient number of annual graduates, alongside with the annual research publications, contribute to a sound financial basis of the university, which in turn, ensures the future of the institution.

This being said, there is a growing need to embrace paradoxes, dilemmas, and contradictions and thoroughly investigate how they can be used simultaneously, instead of endorsing one logic or practice at the expense of another. It is often displacement in time and space, and sometimes modification, rather than total rejection, which is needed for things to work. With respect to both NPM and NPG, we cannot afford to discard good ideas, logics, and practices just because they seem contradictory to one another. Moreover, the issue of dealing with paradoxes, dilemmas, and

contradictions “is far from new in the literatures of sociology, public administration, and organization” (Almqvist&Wällstedt, 2015). But this is also where the holistic governance system comes through: cooperation rests on the idea that professionals are there to perform work that can be holistically evaluated, instead of performing the work according to specific performance measures (Almqvist&Wällstedt, 2015). The success of their work is not evaluated based on contradicting targets. Instead, stories of the stakeholders working and studying within an institute and using the organization’s resources will be combined with measures to show whether the work is a success or a failure.

One of the paradoxes with the NPM approach of increasing the effectiveness of public organizations (and HEIs in particular) is that, while NPM obviously does provide access to “straightforward” PM through quantitative metrics and cost effectivity, it actually runs the risk of making public organizations *less* competitive with time, since it does not take into account strategic reformation or the degree of organizational flexibility required from HEIs in the way that NPG does. It hence needs to be acknowledged that the public sector is vastly different from the private sector and as a result, the adoption of private sector attitudes, as well as theories, are inappropriate and inapplicable to academic institutions in the modern day. Applied to this particular study, ÅAU functions as an example of an institute where all stakeholders are able to create value to the institute through actualizing their own, personal field of interest and develop their own expertise. It is the enormous amount of diversity of these educational and academic approaches which on the one hand will help to sustain the institute credibility and appeal for its stakeholders, but will on the other hand also lead to complex questions of performance measurement when considering the academic contributions of the students and staff, and how these inputs will benefit the rest of society in the long run.

The underlying question of what the societal contribution of higher education institutes in the modern day is hence needs to be addressed, and consideration should be given to in which ways these institutes are united in their approach to serve the welfare of society. The case organization chosen for this study, ÅAU, seems to demonstrate a twofold approach in preparing its students with high quality education: according to the strategy outline, the study programs “will support the students’ personal growth in becoming educated and critically thinking individuals, while also providing them with the competencies required in society and on the labor market” (*ÅAU Goals and Strategies, 2015-2020*). Since ÅAU profiles itself as a groundbreaking research university with high international prestige and strong decentralization where literally all of its stakeholders are taken into account in shaping the organizational culture, it is more than clear that such NPG approaches as

qualitative PM and improving network relations with the stakeholders should be in focus in fulfilling the mission and vision of this particular institute. Of course, the positions available for long-term academic research requiring specialization are relatively scarce, and for the regular study programs and their annual completion rates, quantitative PM understandably continues to be in focus in meeting the expected outcomes of the institute.

The advantages of the BSC application to an HEI institute have not, up to this point anyway, been widely debated from the viewpoints of NPM and NPG steering the governing mechanisms in these institutes. This is somewhat surprising, considering the fact that both the BSC and the two paradigms have been widely discussed within the academia during the past two decades in particular. This being said, I hope that this particular study has succeeded in contributing to new insights into how the BSC implementation could potentially reduce the amount of complexity of performance measurement and strategic management in HEI settings, namely through providing a concise value-creating chain where both the qualitative and quantitative metrics can be effectively monitored and updated on the basis of relevant strategic decisions.

## **6. CONCLUSION**

The purpose of this qualitative study has been to investigate the current performance management and measurement logics in higher education institutes, and how these logics have become shaped through the paradigms of New Public Management and New Public Governance in public organizations throughout the past decades. In order to exemplify and clarify these PM logics in practice, a relevant case institute, Åbo Akademi university was chosen for the empirical part of the study. The empirical part of the study concentrated on investigating the current strategy outline of the institute, the annual reports for the years 2014-2018 and the relevant key performance indicators within different sectors of activity.

This study was partly motivated by the assumption that the implementation and application of the balanced scorecard could help to enhance modern performance management and measurement in higher education institutes. In the study, the positive outcomes of this hypothesis were widely supported, partly through numerous similar case studies conducted in the past, but also through the underlying belief that, due to the ongoing controversy of strategic steering and performance measurement in HEIs worldwide, there appears to be a growing need for a concise and coherent framework for the leading board to use. Previous case studies of similar kind have successfully

proven that the BSC framework ultimately helps to reduce the overall complexity of performance management and measurement, while conveniently taking the intellectual capital and staff resources of the institute as a starting point for creating future value. In the theoretical framework part of the study, the practical measures of BSC implementation to higher education were discussed through the logics of strategy map designation, a concept which also works to clarify the underlying mission and vision statements of a higher education institute.

The strategic framework of ÅAU for the years 2015-2020 was inspected in detail, and compared to the original BSC structure. Interestingly, both structures demonstrate fourfold models with relevant strategic goals within different sectors of intra-organizational and inter-organizational activity. The similarities of the frameworks seem to suggest that, although ÅAU has *not* chosen to use itself of a BSC model in actualizing its own strategy to this date, it is fairly possible from my own point of view that ÅAU might have been influenced by the BSC framework logic in shaping their latest strategy outline. This, however, could still be purely coincidental, especially considering the fact that the framework of ÅAU for the years 2015-2020 effectively mixes up the four BSC perspectives within each part of its own fourfold strategic model. Theoretically speaking, this seems to suggest that the BSC implementation to the case institute's own strategy *could* help to reduce several complexities related to strategic decision making and performance measurement in the future. In practice, however, even considering the actual implementation of the BSC framework to ÅAU's strategy outline is not yet a current topic nor even an alternative, since a new strategy outline for the years 2021-2030 is already being implemented for ÅAU.

The findings of the empirical part of the study suggest a strong shift towards the NPG approach in affecting strategic management and performance measurement in the case institute chosen for the study, ÅAU. Inductive reasoning in this context would suggest that many other HEIs around the globe are also increasingly leaning towards the NPG paradigm in actualizing their own visions, especially due to the fact that the University Act established in 2010 grants HEIs in Finland with autonomy as legal persons separate from the state. Above all, NPG advocates both intra-organizational and inter-organizational collaboration between the organization's stakeholders. It is this type of open collaboration with the public interest in focus in shaping organizational values which not only distinguishes NPG from NPM but also enables modern higher education institutes to continuously reinvent themselves in order to remain competitive on the market.

Another relevant finding with the empirical research part was that, having inspected the relevant key performance indicators of ÅAU, it is apparent that quantitative performance measurement continues to overshadow qualitative PM in higher education. This is understandable from the viewpoint of simplicity and also of course from the viewpoints of the current University Act and the expected annual results asserted by the Ministry of Education and Culture. The problem arises from the fact that the productivity of modern universities cannot strictly be measured quantitatively, and due to the NPG approach gradually taking over in HEI strategic management, the emphasis is starting to shift more towards responding to the general public interest, rather than focusing on sheer quantitative productivity in such key areas as annual graduate numbers or the amount of research publications per year.

Despite the practicalities of providing a balanced and concise strategic framework for higher education to use, the BSC obviously has its own pros and cons. One of the absolute advantages of implementing a university BSC is the structural coherence of the framework, as the strategic goals and KPIs become easy to monitor due to a logical division of different strategic objectives. One of the underlying risks, however, stems from the challenge of being able to communicate the vision and mission further to all university stakeholders effectively. Concise and coherent as the BSC may be in displaying what the university really wants to achieve, it may still fall short in expressing the organization's core values or enabling the leading board to communicate with the rest of the university stakeholders in an inspiring fashion. In this sense, ÅAU's own strategic framework is arguably superior because of its more collaborative and open approach.

In other words, the BSC implementation to a non-profit organization marked by open boundaries and academic freedom runs the risk of deviating from what Robert Kaplan and David P. Norton originally designed the BSC to stand for in an organization in the early 1990s: a strategic management performance metric used to identify and improve various internal business functions and their resulting external outcomes. From a more tayloristic perspective, the BSC undoubtedly comes in handy in terms of measuring organizational effectivity quantitatively (in higher education or otherwise), yet the initially businesslike idea of the model might not, from an NPG viewpoint, enable HEIs to reinvent themselves in the desirable direction. From this viewpoint, BSC implementation to higher education still remains debatable to date.

Yet for modern HEIs there has to remain a healthy balance between being sufficiently productive for the sake of sufficient finance, responding to the changing needs of the stakeholders, providing good service within the facilities and reinventing the organizational strategy and strategic thinking. If the key word here is indeed *balance*, then the balanced scorecard might just provide the solution for modern higher education institutes in measuring their own performance realistically while remain competitive and innovative at the same time on the markets. The empirical research conducted in this study has strengthened the notion that the BSC implementation is applicable to virtually any type of higher education institute.

### **6.1 Suggestions for potential future studies within the field**

Potential future studies following up to this particular field of research could for example include conducting similar types of case studies with other Finnish universities, as the current university act applies to all Finnish HEIs, and consequently the mission statements of these institutions follow the same underlying approach stated in the act. In other words, for future references, it might be interesting to investigate the potential advantages of the BSC implementation to other Finnish universities as well, as one of the weaknesses of this particular study has been the exclusion of these institutes and how their own strategic frameworks compare to that of ÅAU. Alternatively, similar case studies relating to the question of how the modern management and governing logics in Finnish HEIs are gradually shifting from the intra-organizational NPM paradigm towards the more inter-organizational NPG approach could also be conducted.

## Swedish summary – svensk sammanfattning

Avsikten med denna avhandling har varit att forska i de rådande administrativa modellerna som framkommer i de moderna högskolornas förvaltning i form av prestationsstyrning- och uppföljning. Avhandlingen bygger på en kvalitativ caseundersökning, där det finlandssvenska universitetet, Åbo Akademi, har valts för att utföra den empiriska delen av undersökningen. I dagens läge undergår högre utbildning runtomkring världen fundamentala förändringar, på grund av att högskolor har blivit tvungna att leta efter nya inkomstkällor, och samtidigt råder det alltmer öppna marknader och tävling bland universitet i olika länder.

En av de mest centrala frågorna gällande prestationsstyrning- och mätning inom den moderna universitetskontexten är hur man borde evaluera effektiviteten av dessa institutioner inom olika verksamhetsområden, såsom vid forskning och utbildning. Många vetenskapliga forskningar inom dessa områden har motsatt sig kraftigt tanken på att de moderna högskolornas effektivitet huvudsakligen borde mätas kvantitativt. Enligt den nya universitetslagen som etablerades i Finland 2010 är ett universitets viktigaste uppgift promotera öppen forskning, akademisk vetenskap och livslångt lärande, medan de samtidigt är tilltänkta att erbjuda relevanta kunskaper inom högutbildning och att aktivt samarbeta med samhället och att gynna dess välfärd. Trots detta måste universiteten ändå uppvisa effektiva kvantitativa resultat på årsbasis för att kunna nå basfinansiering av staten. För många forskningsbetonande universitet såsom Åbo Akademi innebär dessa motsättningar mellan kvantitativ och kvalitativ prestationsmätning en hög grad av kontroversi, då det inte rakt går att mäta vissa framgångsfaktorer enbart i siffror, och då det till och med kan vara farligt att uppvisa effektivitet enbart baserat på kvantitativa resultat.

Det teoretiska ramverket för avhandlingen börjar med att introducera och diskutera de två huvudsakliga och rådande paradigmer enligt vilka moderna publika organisationer har styrts under de gångna decennierna börjande från 1980-talet framåt. Dessa två paradigmer kallas för New Public Management (NPM) och New Public Governance (NPG). Den förstnämnda av dessa två paradigmer baserar sig på tanken att publika organisationer huvudsakligen ska styras genom sådana strategimodeller som tidigare har avsetts vara lämpliga för privata organisationer, och som inte tilltänks påverkas av det publika intresset. NPM kan främst betraktas som en tayloristisk administrativ strategimodell med framför allt effektivitet och kvantitativ produktivitet i fokus. Trots att NPM ursprungligen har etablerats med fokus på att göra publika organisationer mer effektiva, har denna paradigmen under 2000-talet ändå utsatts för allt hårdare kritik inom akademiska kretsar,

nämligen med det rådande huvudargumentet att NPM är en alltför gammalmodig ideologi för att kunna användas inom moderna, publika organisationer med det kollektiva intresset för samhället i fokus.

New Public Governance däremot kan betraktas som en mer modern och progressiv administrativ ideologi som betonar den externa publikens intresse och samarbete mellan olika publika organisationer för att skapa och förnya strategiska ledningssätt och strategiska värden för dessa organisationer. NPG kan betraktas att ha vidareutvecklats från det tidigare NPM-paradigmet, i och med att NPG betonar interorganisationellt samarbete och samhällets kollektiva intresse bland vanliga medborgare för att vidare kunna erbjuda bästa möjliga service och värde för sina tjänster.

Den andra halvan av avhandlingens teoretiska ramverk introducerar konceptet av det *balanserade styrkortet*, vilket sedan början av 90-talet har använts som ett fyrdimensionellt verktyg för strategisk ledning, resultatuppföljning samt organisationell värdeskapande för olika typer av organisationer runtomkring i världen. I avhandlingens teoridel introduceras först verktyget och dess huvusakliga avsikt, varefter de fyra olika perspektiven för styrkortet sammanfattas kort och koncist. Därefter riktar sig diskussionen på hur det balanserade styrkortet tidigare har tillämpats i universitetskontexter, och vilka de viktigaste och mest avgörande fördelarna med denna typ av strategiskt ramverk kan sägas vara gällande administration och resultatuppföljning av moderna högskolor.

Inlärningsperspektivet av det balanserade styrkortet kan betraktas som utgångspunkten för en organisation att utveckla sitt eget intellektuella kapital, vilket i universitetssammanhang kan hjälpa dessa organisationer att utveckla sina personalkunskaper och att stöda akademisk forskning. Perspektivet gällande interna processer fokuserar främst på administrativ effektivitet och digitalisering. Kundperspektivet däremot kan hjälpa universitet att utveckla och uprätthålla sina relationer till olika intressenter, och det finansiella perspektivet kan användas för att följa upp finansiella målsättningar och att förtrygga framtida finansiell stabilitet. I praktiken inkluderar ett universitetsstyrkort både finansiella och icke-finansiella mått, vilket vidare tyder på att detta ramverk kunde passa in i en publik organisation som fortfarande påverkas av både NPM och NPG som administrativa modeller. I avhandlingen framkommer det att styrkortsimplementering kan hjälpa publika organisationer att utveckla och öka sin egen strategisk flexibilitet, vilket i sig uppstår som nödvändigt på grund av den alltmer rådande NPG-ideologin enligt vilken alla delaktiga i en

organisation har en viss makt att påverka kulturen och de gemensamma värderingarna inom organisationen.

Många tidigare forskningar från 2000-talet framåt gällande styrkortsimplementering vid moderna högskolor har bevisat betydande fördelar med denna typ av strategiskt och balanserat ramverk, som i första hand baserar organisationellt värdeskapande på organisationens eget intellektuella kapital, och sedan vidare hjälper organisationer att utveckla sina interna resurser, skapa värde för kunder samt naturligtvis också uppnå sina förväntade finansiella resultat. Men trots att styrkortet effektivt kan hjälpa organisationer att följa upp alla relevanta resultat gällande dessa olika verksamhetsområden, uppstår fortfarande den grundläggande frågan ifall denna typ av strategiskt verktyg i själva verket kan hjälpa ett modernt universitet att maximera sitt eget värde och sin attraktionskraft inom kontinuerligt förändrande omständigheter med komplexa strukturer och kontroversiella bedömningskriterier.

I den empiriska delen av avhandlingen har Åbo Akademis strategiplan för åren 2015-2020 undersökts i detalj, både i form av sin grundläggande struktur samt också i form av sin aktualisering. Strukturen av denna strategiplan har diskuterats på basis av dokumentet *Åbo Akademi University – breaking boundaries. Goals and Strategies 2015-2020*, och vidare har Åbo Akademis årsrapporter för åren 2014-2018 granskats och hänvisats till i empirin för att redogöra hur väl denna strategiplan kan sägas ha fungerat i praktiken. I största allmänhet visar de empiriska resultaten av forskningen att aktualiseringen av denna strategiplan har varit mycket framgångsrik, trots många organisationella utmaningar såsom minskad basfinansiering av staten, betydande förändringar inom hela organisationens struktur samt förhandlingar mellan universitetet och undervisnings- och kulturministeriet under denna tidsperiod.

Den empiriska forskningen i avhandlingen uppvisar flera intressanta samband mellan Åbo Akademis rådande strategiska ramverk och det balanserade styrkortet i sin basform. De båda strategiska ramverken är de facto fyrdimensionella modeller med relevanta fokusområden och prestationsindikatorer. Den största skillnaden är ändå att Åbo Akademis egna ramverk inte direkt skiljer mellan sådana fokusområden som finansiell hållbarhet, utveckling av interna processer, värdeskapande för kunder eller utveckling av intellektuell kapital. Detta leder vidare till en någonlunda kritisk inställning som presenteras i denna forskning; nämligen att Åbo Akademis eget strategiska ramverk inte i själva verket är lika entydigt eller koncist som det balanserade styrkortet

tidigare har visat sig vara, då detta alternativa verktyg för strategisk ledning har tagits i bruk i olika högskolor runtomkring världen.

Dessa empiriska resultat tyder dock ändå inte direkt på att någontida av de två strategiska ramverken skulle kunna bevisas vara bättre eller sämre än det andra. I en universitetskontext har det balanserade styrkortet ofta utsatts för betydliga strukturella modifieringar för att verktyget effektivt skulle kunna användas till att vidare aktualisera en bestämd universitetsstrategi. En betydlig nackdel men styrkortsimplementering vid universitet är att denna strategiska modell inte rakt går att påverkas av de andra deltagarna vid ett universitetet förutom ledningen. Däremot är Åbo Akademiens nuvarande strategi, såsom också den nyligen utvecklade strategiplanen för åren 2021-2030 en plan som i princip alla deltagare, från vanliga studerande till lärare och administrativ personal har möjlighet att till en viss grad påverka genom öppen och aktiv diskussion och samarbete med varandra. En annan väsentlig fråga är ifall styrkortsimplementering kan sägas ha mer positiva (uppmuntrande) eller negativa (begränsande) effekter då det gäller organisationens intellektuella kapital t.ex i form av akademisk forskning.

I avhandlingens empiriska del har även Åbo Akademiens prestationsindikatorer på olika verksamhetsorter undersökts, och vidare klassificerats enligt den fyrdimensionella styrkortsmodellen med avsikt att kunna demonstrera hur bra dessa indikatorer i praktiken kunde överföras till denna typ av alternativa strategisk ramverk. Detta utfördes framgångsrikt i forskningen, och klassificeringen av prestationsindikatorerna baserade sig på tidigare utförda forskningar angående styrkortsimplementering vid högskolor. Denna typ av undersökning baserade sig alltså delvis på deduktivt resonemang, dvs. klassificeringen av prestationsindikatorerna skedde enligt tidigare etablerade styrkortsmodeller vid olika högskolor.

Överlag har denna akademiska forskning inom modern högskoleförvaltning bevisat att det i dagens läge råder en stor andel kontroversi inom prestationsstyrning- och mätning vid moderna universitet runtomkring i världen. Den dominerande formen av prestationsmätning sker fortfarande i kvantitativ form, men det finns också mycket relevant vetenskapligt arbete inom universitetsmiljöer vars samhällliga värde och relevans inte går att mäta i siffror. I och med att prestationsstyrning- och mätning inom moderna högskolor följer komplexa modeller och logik, kunde implementeringen av ett enkelt och koncist strategiskt verktyg såsom det balanserade styrkortet underlätta många aspekter av dessa administrativa processer. Frågan är emellertid ifall appliceringen av denna typ av ramverk effektivt kan stöda ledningen att skapa det bästa möjliga värdet inom en omfattande och

ständigt föränderlig publik organisation med det kollektiva och samhällliga intresset i fokus. Eftersom det inte finns några entydiga svar på denna fråga, uppstår det ofrånkomligen behov av vidare vetenskaplig diskussion inom ämnet.

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*Åbo Akademi University: The Swedish-speaking university, Strategy 2021-2030.*

## APPENDIX

### *Åbo Akademi University: The Swedish-speaking university, Strategy 2021–2030*

#### Focus area 1: Gateway to Finland for the Nordic countries

Åbo Akademi University will be the gateway to Finland for the other Nordic countries and the entire Baltic Sea region. Åbo Akademi University will collaborate with other players and engage in multifaceted and agile co-operation with the universities and institutions of higher education within the region. Åbo Akademi University will enhance its visibility in the Nordic countries and profile itself as an active and responsible university that particularly cares for the positive and sustainable development of the entire Baltic Sea region.

#### Focus area 2: Academic quality

Åbo Akademi University will be characterized by dynamic and innovative synergies between research and education. Research will be consistently linked with education in order to ensure that each study program is based on versatile scientific knowledge. Correspondingly, education will be linked with research so as to provide the research with an educational and societal context. This involves strategic investments in research within the established and well-functioning fields of education and related applications. This may also involve investments in education-based research in subject areas with relevant educational needs. The education will provide broad general learning and scientific literacy, create a foundation for lifelong learning and contribute to the implementation of the UN sustainable development goals.

#### Focus area 3: Open, inspiring campuses

Within Åbo Akademi University, the campuses and learning environments will be attractive, accessible, boundary-breaking and open meeting points to facilitate scientific discourse, creativity and collaboration. The campuses will contribute to developing the unique pedagogical form of the university while attracting students, teachers and researchers with different backgrounds and experiences from far and near.

#### Focus area 4: Working place of the future

Åbo Akademi University will be an international workplace that recognizes and utilizes the knowledge and competences of the staff and students; an open environment where everyone can feel proud of the high standard of pedagogical and scientific discourse. Åbo Akademi University will be characterized by global responsibility and good leadership, smooth processes and well-functioning support systems for the activities of the university and the well-being of all individuals. Within Åbo Akademi University, equality, non-discrimination, inclusion, health, career paths, flexibility and responsibility are self-evident aspects of the dynamic environment for studies and work.