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## **Finland: Mergers in the context of continuity**

### **1. Introduction**

This chapter focuses on three prominent university mergers in Finland which took place during the last decade. In order to understand the mergers and the developments that led to them, we highlight broader higher education policy change, most notably the making and implementation of the new Universities Act (558/2009). The changing discourse around the role of higher education (Nokkala 2016) and the changing of the Universities Act took place in parallel to the merger processes, thus forming the broader Livy context which the structural development took place. In our analysis, we take as our central perspective the roles of the national actors to introduce national translations and solutions and local interests into the forum of national policy making (Kauko 2014); while recognizing the roles of international discourses (Nokkala 2007, 2016) and policy influences (Piiroinen 2013; Kallo 2009; Kauko & Diogo 2011).

In 2009, there were 20 universities in Finland. In 2016 the number was 14.<sup>1</sup> This reduction is a significant reversal of the earlier trend of establishing ever more universities and polytechnics, stemming in the first phase – from the late 1950s to 1970s – from the Nordic welfare state ideology of expanding higher education to cater for the masses. Providing equal educational

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<sup>1</sup> These numbers refer to the universities under the auspices of the Universities Act. Additionally, the National Defence University is part of the Finnish Defence Forces and legislated by a separate Act.

opportunities for all citizens indifferent of their gender, socio-economic background or geographic location was one of the most important policy objectives. Simultaneously, this policy itself can be seen as an instrument to make Finnish welfare society more equal. In the next phase, the 1990s, the higher education system further expanded to universal access through establishing polytechnics, spurred by the belief that establishing higher education institutions around the country would increase the qualifications of the labour force and thus contribute to the economic development of the country and help keep the entire country populated (Välimala 2012; Saarivirta & Jaatinen 2016). This development was followed by the establishment of numerous university centres, i.e. satellite campuses of universities located in towns without a university of their own. However, these policy goals for higher education began to change from the 1990s onwards. First changes resulted from the economic depression in the early 1990s, then more reforms followed in the 2000s due to concerns about the competitiveness of Finland's numerous higher education institutions in the context of globalization (Kauko 2014). More attention was paid to global competition and legislators saw institutional autonomy as the main element in their response, which led to new Universities Act (in 2009) and mergers of universities and polytechnics in the 2010s. Larger higher education institutions would be strong and efficient, they would have the capacity to act more autonomously, and in consequence they would be more successful in the increasing global competition.

We analyse the structural reform and its implementation in the Finnish higher education context. Our analysis is based on a research literature review and on numerous reports generated during the process of planning and implementing the structural reforms taking place in the latter part of the 2000s. Additional information was collected through a number of interviews with actors in the reform process.

## **2. The dynamics of continuity and change in Finnish higher education**

Understanding the social dynamics of a given country's higher education system is necessary in order to understand any major policy change (Välimala & Nokkala 2014), because this points to significant elements of both continuity and change, which play out in the structural development of the Finnish higher education system as it has taken place in the last decade (Kauko 2014).

The Finnish policy making tradition, characterised by relatively slow evolvement rather than radical change (Kauko 2014), is a significant factor in understanding the large degree of continuity of Finnish higher education policies. Successive governments in the past twenty years have aimed for more or less the same policy objectives, indifferent of their divergent political ideologies. This tradition is supported by the value basis of a Nordic welfare state, rooted in equality of educational opportunities (Arnesen & Lundahl 2006), and which includes in regard to higher education respect for institutional autonomy in combination with valuing effectiveness and efficiency of the higher education system. Against this backdrop of continuity, the instruments for achieving these values have varied over time (Saarivirta & Jaatinen 2016).

The continuity of policy objectives is also supported by three pragmatic matters of fact. First, Finnish governments are always coalition governments, which constrains them to relatively moderate government agendas, even though more extreme political voices may be vocal in press and media. Second, the Ministry of Education (since 2011: Ministry of Education and Culture) represents continuity in the field of educational policy in Finland. Consequently, development plans for the education and research policies have been drawn up by each new government every four years, but the value-laden national objectives have not changed, despite different wordings of them.<sup>2</sup> In the years 2000–2015, five governments have been in power with all political parties having been in the government at least once. Third, and similarly contributing to the continuity of Finnish higher education policy making, is the tradition of decentralized power in which the government is used to either negotiating or at least interacting with many actors active in the field of Finnish higher education (see Välimaa, 2005b).

The sudden emergence of globalization, which might be called a globalization shock (Välimaa 2012), as a topic in public debate in Finland at the turn of the millennium, represented a significant change in the Finnish higher education policy. The sudden consciousness about increasing international competition and economic globalization prepared the way for Finnish higher education reforms in the early 2000s (Välimaa 2012). The emphasis was rooted in the economic recession of the 1990s and in the following success of Finnish IT companies in the global marketplace, which earned international acclaim for Finland's knowledge society model (Himanen and Castells 2002), and which contributed to Finland's longstanding survival narrative (e.g.

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<sup>2</sup> Current government has decided not to make such a development plan. It remains to be seen whether this is an exception to the rule or becomes a future rule of the game.

Nokkala 2008). The idea of stratification, imported with the globalisation discourse (Nokkala 2016), meant a reversal of the earlier policy axiom of all universities being equal, and it contributed to abandoning the former equality policy in access to higher education, as well as the rise of new elitism (Kivistö and Tirronen 2012; Tirronen & Nokkala 2009).

The structural reform that we treat in this chapter was part of a wider reform, which aimed at increasing the performance, efficiency and competitiveness of the Finnish higher education system and to create world-class universities (Piironen 2013, Tirronen & Nokkala 2009; Cremonini et al. 2014). In the Finnish context, the concept 'world-class university' acted as a policy mechanism to promote the need for change of the higher education system. Mergers were seen as an important tactic, because they aimed to make larger units which would be more efficient and would reach higher quality. This would benefit students, academics, universities and in the end the Finnish society. Universities becoming known as world class would improve their chances to attract better professors and students and more international funding. In this way the strategy of internationalization was related to, and supported, the mergers and the Universities Act (Välilä 2012; Tirronen & Nokkala 2009).

### **3. The instrumental and strategic goals of the structural reform**

More than a decade of policy discussion had preceded the 'structural development' embodied in the Universities Act and the mergers. At the turn of the millennium, a series of reports sponsored by the National Fund for Research and Development (Väyrynen 1999), the Finnish Government (VNK 2004), the Ministry of Education (Minedu 2004) and the National Fund for Research and Development (Kankaala et al. 2004) had challenged the purpose of the Finnish higher education and the tradition of a large and geographically dispersed higher education system. Common to all these papers and reports was that the high quality of universities and polytechnics was depicted as crucial to improving the economic competitiveness of Finland and Finnish enterprises. The same line of reasoning was continued in the reports preparing the university mergers and the new Universities Act (Välilä 2012).

The previous habit of having smaller higher education institutions around the country was most influentially criticized in the Brunila report (VNK 2004), which focused on the challenges globalization presented to Finland and its competitiveness. The report argued strongly that there

were too many small and regionally-spread units, that this was a waste of resources, and that instead spearhead institutions were needed, moreover that Finland lacked a world class university. The same argumentation was continued by Rantanen in the report commissioned by Ministry of Education. This report proposed that there should be both regional, teaching-oriented universities and global, research-oriented universities (OPM 2004; Välimaa 2012).

Around the same time, the Finnish press started to follow the positioning of the Finnish universities on the Shanghai Jiao Tong ranking of leading research universities in the world as part of the globalization of education. This introduced a new perspective on Finnish higher education policy by starting to compare the Finnish system of higher education with the best single universities in the world (Välimaa 2007). Most often the University of Harvard was used a yardstick for every Finnish university. Many academics thought that this was an unfair competitive setting because it did not take into account the differences of resources. The budget of the University of Harvard equalled the budget of all twenty Finnish universities in the 1990s (Välimaa 2005a).

In 2005, the Finnish government called for a large-scale reform of the Finnish innovation system, outlined in the government decision for structural development of the public research system in 2005, which sparked a move towards structural development. The decision also contained provisions to create a university system that, in selected areas of expertise, would be able to compete globally with the best units, thus contributing to the increased competitiveness of the national economy (Tirronen and Nokkala 2009). Based on a structural development decision for the public research system, in March 2006 the Ministry of Education published a discussion paper on the structural development of higher education, stating as aim to enhance quality, competitiveness and effectiveness of higher education and research. The ministry wanted to achieve this through creating stronger units by concentrating resources in larger and fewer units. Higher education institutions were to offer education and conduct research in multiple fields, and the overlaps between institutions' educational and scientific offer were to be reduced, creating institutions with stronger, more differentiating profiles. The development of higher education system should continue to be based on a dual model of universities and polytechnics, but closer collaboration between the two sectors was to be encouraged, also with a view to the regional needs. Especially the capital region and larger cities were to be developed as internationally competitive centres for science and technology. (OPM 2006a, Tirronen & Nokkala 2009).

Both *strategic* and *instrumental* goals can be identified for the structural development. The main strategic goal of increasing the competitiveness of the Finnish university system was outlined in the government programme of the Second cabinet of Prime Minister Matti Vanhanen (2007–2011), as follows:

Universities and polytechnics will be developed on the basis of a dual model based on discrete degrees, degree titles and functions. The division of responsibility between and missions of universities and polytechnics will be clarified. The goal is to increase world-class expertise and create higher education entities that are regionally stronger and more effective in terms of knowledge. (Prime Minister's Office, 2007, 27.)

Another strategic goal, differentiation and stratification of universities, was implied, if not directly stated in the government's Development Plan for Education and Research 2007–2012:

The profiles of universities and polytechnics will be sharpened in target and performance negotiations, in order to bring strategic priorities into clear relief, which will facilitate the targeting of research funding and competition for international research funding. Universities' research prerequisites will be strengthened in the selected strategic priority areas and especially in research-intensive universities. (Minedu 2008, 34).

These two documents do not explicitly state the aim of improving the ranking position of Finnish universities. This is, however, implied by the reference to world-class universities, which in policy discussions were often framed through international league tables such as the Shanghai Jiao Tong ranking. This was evident already in the expert report (OPM 2004) commissioned by the Ministry of Education on the structural conditions of research in universities and polytechnics; and in the report (VNK 2004) by a group evaluating Finland's position in global economy, commissioned by the Prime minister's office.

The strategic goals of the structural development were related to increasing the competitiveness of institutions by creating larger units and pool more resources to them, and creating stronger centres in different disciplinary areas by concentrating more of the human and financial resources to them, thus helping to profile each institution. The structural changes were considered crucial for Finland's economic competitiveness (Kauko 2014). According to the Ministry of Education's guidelines, the universities and departments were also expected to achieve minimum unit sizes. In

2008, the Ministry of Education outlined that the number of universities was to be cut from 20 universities to 15 by the year 2020 and each university was expected to have at least 3000 full-time students (OPM 2008). At the time, six universities did not reach the target: Turku School of Economic and Business Administration (as we shall see below, this one was merged with University of Turku), the Swedish speaking Hanken School of Economics (remained independent) and four art schools: Helsinki School of Arts and Design (merged with The Helsinki School of Economics and the Helsinki University of Technology to become the new Aalto University) as well as Sibelius Academy, Theatre Academy and the Academy of Fine Arts (merged in 2013 together to form the University of the Arts Helsinki). Similarly, the structural reform policy contained size requirements for departments, which were to have at least five to ten professors (OPM, 2006a).

International attractiveness of the Finnish higher education institutions was one of the key concerns in the higher education policy of the decade. The internationalisation strategy for Finnish higher education 2001 outlined as the vision for 2010 that:

In the early years of the present decade Finnish universities and polytechnics will have invested in strengthening the quality of their international activities and obtained additional funding for this purpose. They will have improved their operating conditions and can compete on an equal footing with the best modern universities and other institutions of higher education in the world. Finnish higher education institutions will have built a profile in their own areas of strength. In international cooperation, they will have focused on areas in which they command internationally significant and interesting expertise which is both exportable and can be offered to foreign students in Finland. (Minedu 2001, 50-51)

The next paper on strategy for internationalisation for the years 2009-2015 was more explicit about the link between structural reform and international attractiveness:

The structural development of higher education institutions focuses the higher education institution network in order to develop stronger and more high-quality higher education units and to promote the profiling of higher education institutions. Structural development aims at making all units sufficiently versatile and capable of conducting high-quality activities. By profiling according to their strengths, higher education institutions improve their position as credible international cooperation partners in research and education. (Minedu 2009, 23)

Another key concern was the success of Finnish universities in the global university rankings (Erkkilä & Piironen 2013). This was most explicit in the case of the working group planning the merger of the three universities in the capital region. The group set out to establish a world-class research university (called 'university of excellence'), which in the group's report was framed first



and foremost in terms of position on the leading comprehensive and discipline-specific league tables (OPM 2007c).

At the same time, as a contextual element, age cohorts were expected to shrink, so downsizing the sector was deemed prudent in some fields (Tirronen & Nokkala, 2009). The views on this were varied, and for example the Confederation of Finnish Employers and Industry (Elinkeinoelämän keskusliitto, EK), in its statement on the Research and development programme 2007-2011 called for more study places in some fields (EK 2007).

The call for stronger profiles for higher education institutions and addressing especially the areas that were considered important for the development of Finnish business and industry dated back already to a pamphlet published in 1986 by the Education Committee of the Finnish Industry and Employers (CIE). As Kauppinen and Moisio (2008) noted, the changes in the university policy in 2000's largely reflected the CIE's ideas of 1986. The Confederation of Finnish Employers and Industry (EK, the successor of CIE) continued to emphasise the importance of curbing the number of campuses and establishing clear profiles for each higher education institution through structural development (see e.g. EK, 2006). Very influential was also the report by Anne Brunila (VNK 2004), commissioned by the Government, which stated that the Finnish universities stood at risk of losing their top expertise if the resources for teaching and basic research could not be raised in nationally defined key areas. The report also stated that only the best units, either large enough or focused enough, could succeed in global competition (VNK 2004).

The instrumental goal to reduce the number of universities from 20 to 15 by 2020, was operationalised in the reports, all published in February 2007, of the three working groups the Ministry set in October 2006 to investigate the possibility to enhance collaboration between universities in Turku, Eastern Finland and the Helsinki region. The reports were tactically published – under the reign of a social democratic minister of education – just before the 2007 parliamentary elections, with the purpose of influencing the programme of the next government, where the centre-right Coalition Party was given the post of Minister of Education. The reports proposed variable degrees of collaboration in each region: the universities of Joensuu and of Kuopio were to form a federation (the University of Eastern Finland), Helsinki University of Technology, the Helsinki School of Economics and the University of Arts and Design were to merge into a new 'Innovation university' (later Aalto University), and the University of Turku and

the Turku School of Economics and Business Administration were to form a university consortium by 2008, envisaged to turn into a fully-fledged merger by 2012. The new government's Development plan for Education and Research 2007-2012 consolidated the timeline of the process for the Aalto University merger for 2009; University of Eastern Finland for 2010, and for University of Turku for 2011 (Minedu 2008).

#### **4. The Universities Act paving the way for structural development**

The new Universities Act (558/2009) and the structural development of the Finnish university system cannot be separated, as they conditioned and enabled one another, and were inspired by the same discourse. For instance, the Universities Act had to create room for the envisaged legal form of the Aalto University, the new, world-class entity that was to be the result of the most visible of the three mergers, i.e. the one of the Helsinki University of Technology, Helsinki School of Economics and Business Administration and the University of Art and Design Helsinki (Välímáa et al. 2014; Tirronen et al. 2016).

The broad aim of the Universities Act was to increase the institutional autonomy of universities in a way that largely followed the transnational idea of autonomy (Piirainen 2013) as one element in giving them better chances in the global competition. This objective was to be reached in four main ways. First, the universities were separated from the state budget by making them independent legal personalities which had authority to conclude contracts and to run their own economic activities (own property, receive donations and make capital investments to support teaching or research). Two universities (the new Aalto University and the Technical University of Tampere) opted to become foundation-based universities (under private foundation law), whereas the remaining universities became public corporations under public law (Välímáa 2012). However, irrespective of their administrative structures and legislative frameworks, the running operational costs of all universities would continue to be covered by funding from the Ministry of Education.

Second, decision-making structures were changed by defining the University Board as a strategic actor, responsible for the strategic institutional decisions. It was also stated that 40 per cent of the board members could be external to the university. The law also introduced a new decision-making body, the University Collegium, to consist of elected student and staff representatives.

This body was given the power to accept annual budget plans and annual economic reports made by the University Board.

The third important change in the legislation was to strengthen the executive powers of university rectors. The rectors would be nominated by the University Board instead of the traditional election by university staff and students. Furthermore, in order to make the line of command more straightforward, the rector would appoint deans, who then appointed the heads of departments (Välilmaa 2012).

Fourth, and for academics the most important change, was the discontinuation of their civil servant status, which was changed into a contractual relationship with their employer, the university. However, academic freedom and institutional autonomy were secured by the legislator, because both were mentioned in the Finnish Constitution (Välilmaa 2012, Nokkala & Bladh 2013).

Although the majority of the stakeholders agreed on the focal idea of increasing university autonomy, the composition of the university boards was more contentious (Piironen 2013). As the new Act explicitly changed internal power structures (replacing traditional equality and collegial decision-making with New Public Management's managerialism) as well as the employment status of academics in all universities, the Universities Act was a hot topic in the national public debate (Piironen 2013). Calling the reforms a 'structural development' (a term we quoted in the title of this section) can in itself be characterised a 'bureaucratically diminutive' (Kauko 2014; 1690). 'Structural development' hides the complete reversal of a longstanding trend that the new Act meant, and it frames the reversal as mere technical tinkering.

While they were perhaps not directly connected with the mergers, these four legal changes paved the way for stronger, more agency-oriented, and larger higher education institutions. In the previous policy discourse, the two terms of stronger and larger had been connected more or less explicitly, as we saw in section 3.

## **5. Engineering consensus in the implementation stage**

The implementation stage of the mergers is characterized by the will of the Ministry of Education to engineer a broad consensus with the universities about the necessity and direction of the structural development. Two major elements can be identified in the process of engineering consensus in the implementation of stage.

Firstly, the mergers were based on preceding rounds of negotiations between the universities and the Ministry of Education based on the structural reform policy of 2006. In the spring of 2006, in connection with the preparations for the performance negotiation round of 2007, the Ministry of Education asked universities to give their suggestions on structural development by the end of August 2006 (Tirronen 2008).

The case of The University of Eastern Finland is illustrative of the process. In response to the ministry's call for proposals, the Universities of Joensuu and Kuopio set up a working group to plan closer cooperation in the field of business studies, a field offered by both universities. In addition to collaboration in business studies, perhaps in the form of a joint business school, the universities proposed to the ministry a joint steering group for the two universities. The ministry had reservations about a joint business school, but further discussions led to the idea of a university federation in Eastern Finland, and the loose operational collaboration envisaged earlier by the universities changed into a plan for a large-scale structural reform. Later, the planning group for Eastern Finland proposed establishing a university federation. The Ministry of Education funded the further planning of the university federation by € 12,6 million in 2007–2010, but required that the collaboration between the universities be broader and deeper than envisaged in the report of the planning group. During the spring 2007, the two universities set up the strategic and operational task forces to plan the federation, and as a result of their work, the idea of a federation gradually grew into a fully-fledged merger. The merger was approved by the board of the two universities in April 2008, which set the course for the further implementation (Tirronen 2008.) This process illustrates the role of the Ministry of Education in the structural reform policy: The Ministry set the overall policy of aspiring structural reform; the universities then presented their proposals which changed in negotiations with the Ministry. (A similar process took place in the University of Turku even though it has not been reported in public.) The Ministry of Education then appointed the planning group according to the results of the negotiations between the Ministry and the universities in question; and the planning groups closely followed the specifications of the Ministry, which then further steered the process into a desired direction.

Another feature contributing to the weight and consensus-seeking of the process was the composition of the planning groups. The planning groups each were led by prominent societal figures, which gave credibility and weight to the process, and otherwise comprised representatives of the universities involved, typically their leadership. The groups moreover all either comprised or consulted external experts, such as representatives of the regional government, industry or foreign experts. The Eastern Finland group also consulted the universities' internal stakeholders, i.e. students and representatives of academic labour unions.

The Turku group was led by Markku Linna, the former permanent secretary of the Ministry of Education, the other members of the Turku group were Rector Keijo Virtanen (University of Turku) and Rector Tapio Reponen (Turku School of Economics and Business Administration), with a group of (non-voting) experts from both universities supporting the work. As an external expert, the working group heard professor John Davies from Anglia Ruskin University (OPM 2007d). The report gives no indication of staff and students having been consulted. Professor Davies had been the chair of the team that performed OECD's Thematic Review of Tertiary Education in Finland in 2006.

The Eastern Finland group was led by Reijo Vihko, a former president of the Academy of Finland and the other members were Governor Pirjo Ala-Kapee (Province of Eastern Finland); Rector Perttu Vartiainen, University of Joensuu; Director of Administration Petri Lintunen, University of Joensuu; Rector Matti Uusitupa, University of Kuopio; and Director of Administration Päivi Nerg, University of Kuopio. Also this working group heard Professor Davies as an expert, as well as legal counsellor Niilo Jääskinen, the co-author of the expert report commissioned by the Ministry of Education to chart the reforming of the financial autonomy of Universities. The working group's permanent experts were Researcher Jarkko Tirronen and senior planning officer Kirsi Karjalainen. The group also appointed a follow-up group comprising staff and student unions of the universities involved (OPM 2007b).

The Helsinki group was led by Raimo Sailas, the permanent secretary of the Ministry of Finance. The other members were rector Matti Pursula from the Helsinki University of Technology, rector Eero Kasanen from the Helsinki School of Economics and rector Yrjö Sotamaa from the Helsinki University of Arts and Design. Professor Yrjö Neuvo (symbolically representing Nokia) and

chancellor Matti Lehti were appointed to the group to compose an advisory group comprising the representatives of the Finnish industry to support the working of the planning group. Additionally, the Ministry set as the secretary of the group for Turo Virtanen from the University of Helsinki, and the group invited three secretaries from the three universities. Contrary to the other groups, this working group also comprised a liaison person of the Ministry of Education, Counsellor for Higher Education Ari Saarinen (OPM 2007c). The group interviewed 24 persons of which 13 represented industry and seven represented university administration, three were students and one was a professor.

There were both divergent and convergent views about the mergers. While the institutional leadership sought convergence amongst each other and in relation to the Ministry of Education, the student unions and university labour unions were assumed to be more critical of the merger processes. This was one of the main reasons why they were largely excluded from the design stage. Analytically, the planning groups comprised mainly representatives of university leadership and administration supported by representatives of public administration, industry and business. Typical was also the fact that these groups did not base their suggestions on existing empirical or theoretical research or extensive analyses of interviews representing different views to mergers. This leads us to an interpretation that the groups were nominated to make suggestion which were well in line with the objectives of the Ministry of Education and Finnish government. By controlling the appointments and setting the agenda of the groups, the Ministry largely steered the process, while the universities were left to design the details.

## **6. The Aftermath – continuity in the context of change**

Were the mergers successful, then, and were the strategic goals of the structural development met? Three mergers happened; that was certainly a sign of success at the first level of analysis. Moreover, the three university mergers in 2010 paved the way for further structural development initiatives, some more successful than others. One further merger occurred. The three art universities: Sibelius Academy; Theater Academy and the Academy of Fine Arts merged in 2013 to form the University of the Arts Helsinki. That merger followed a plan that had originally been presented in an expert report commissioned by the Ministry of Education in 2006 (OPM 2006b) and which had been revisited in another Ministry of Education and Culture report in 2011 (OKM 2011). On the less successful side, in 2006 three universities; the University of Tampere, Tampere

University of Technology and the University of Jyväskylä started a process of cooperation known as the 'University Alliance'. However, this merger process was discontinued quietly in 2010 (UTA 2010) after the Ministry of Education withdrew its financial support for the collaboration in 2008. At the time of writing, three local or regional initiatives existed to plan mergers across the university–polytechnic divide: the University of Tampere, Tampere University of Technology, and the Tampere Polytechnic initiative 'Tampere 3'; the Lappeenranta University of Technology and Saimaa Polytechnic initiative, called the LUT Group (LUT 2016) ); and the University of Lapland and the Lapland Polytechnic initiative, called the Lapland Higher Education Consortium (Manninen 2016). The outcomes of those initiatives were not known when this volume went to press.

There were also some consequences for the funding of Finnish universities. The Finnish government supported the Helsinki merger by promising € 500 million to the new Aalto University if it managed to collect at least € 200 million from the private sector. Creating stratification in the Finnish system of higher education by concentrating a significant increase of funding in one university represented a radical change compared with previous policy (Välilä et al 2014; Kivistö & Tirronen 2012). However, other Finnish universities found the government's decision to support only Aalto university with € 500 million very unfair. The promise led to a heated public debate and heavy political pressure on the Finnish government. As a result, the government was forced to extend this policy principle, and to fund all Finnish universities according to the funding formula of the Aalto University (Välilä et al., 2014). Tax legislation, which did not previously recognize tax deductions based on donations to universities, was quickly changed to enable such donations. Although the Aalto University benefitted from the extra funding and started building its brand as a world-class university, it was hit by the 2008 global financial crisis just like the other universities, and its momentum for brand building was significantly altered (Tienari et al 2015).

As the new legislation explicitly changed internal power structures and the employment status of academics in all universities, the Universities Act was nationally much more of a hot topic in the public debate than the mergers (Piiroinen 2013)—with the exception of the Aalto university (Kauko 2014), which due to the additional resources promised to the newly-merged university, caused jealousy and controversy amongst the other universities. Other than the students of the University of Arts and Design strongly, though vainly, resisting the Aalto University merger, the mergers met with little public opposition (Välilä 2007; Iivari 2007). As relatively little public attention was paid to the mergers, this may have to be to the benefit of the newly merged universities as they were left in relative peace to develop their new structures. As no region 'lost' a university, although in the case of Joensuu and Kuopio the independent universities were merged together into a larger entity, the mergers were less contentious than other forms of condensing the university network might have been. The regional outburst in the spring 2016 around the decision of the University of Eastern Finland deciding to

discontinue its teacher education branch campus in Savonlinna testifies that the autonomy of the universities themselves to conduct structural development is by no means uncontentious.(YLE 11.4.2016)

The simultaneity of introducing the new Universities Act with its different initiatives to strengthen university management on the one hand and the three merger processes to create larger units on the other hand, contributed to the complexity of the university mergers (Aarrevaara & Dobson 2016).

On the whole, the Finnish structural development policy along with the legislative changes has increased the stratification of Finnish universities, has led to a further corporatization of universities and has introduced a more strategic approach to the way in which universities conduct themselves (Cremonini et al. 2014; Välimaa 2012; Kivistö & Tirronen 2012). However, what has not changed are the social dynamics (Välimaa & Nokkala 2014) in the field of Finnish higher education policy making, with its many actors. Therefore, the most radical decision to support one university with € 500 million was changed into a policy principle to support all equitably universities using the same funding formula proposed for Aalto (i.e. additional support from public sources stands to private fundraising as 5:2). Furthermore, while more procedural autonomy has been given to universities, the state remains the most important actor in implementing changes and funding the higher education sector. In this way, there is strong continuity in the context of change.

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