

University performance measurement in the post-NPM era: Contradictory goals

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ABSTRACT:

New Public Management (NPM), a doctrine offering private sector practices as a cure for public sector inefficiencies, has been adopted by several Western governments in their search for efficiency and modernization (Hood, 1995). NPM reforms have led to numerous transformations in the public sector, including in higher education organizations. Currently, in the post-NPM era, universities are increasingly competing with each other nationally and internationally with different performance criteria, e.g., different university rankings (see e.g., Brown, 2013; Kallio, 2014).

In this study, we examine the contradictory goals resulting from the universities' performance measurement (PM) systems. The study is based on thematic interviews with the administrative managers of 12 university departments in Finland, which revealed different and conflicting managerial and/or organizational goals experienced by the departments. We call these conflicting goals dilemmas (see Hampden-Turner, 1990). In the data analysis, three core dilemma pairs, consisting of conflicting organizational goals and values in the higher education PM context were identified: performance measurement versus the nature of the work carried out in universities, the idea of rewarding good performance versus the efficient use of scarce economic resources, and performance in teaching versus performance in research.

In our analysis, we suggest solutions to the dilemmas in the universities' PM, all of which arose from the ways in which the different case departments dealt with the conflicting interests. Consequently, some of the university departments in our study solved the tensions of contradictory goals more successfully than others, and thus the departments could possibly learn from one another. This study contributes to the existing research on the governance of the higher education PM system, bringing in dilemma theory to illuminate its contradictions (Hampden-Turner, 1990; Kuoppakangas, 2015; Suomi et al., 2014).

KEY WORDS: performance measurement systems, post-NPM, universities, dilemma approach

Introduction

New public management (NPM), a doctrine offering private sector practices as a cure for public sector inefficiencies, has been adopted by several Western governments in their search for efficiency and modernization (Hood, 1995). NPM reforms have led to numerous transformations in the public sector, including higher education organizations. It is no wonder then that recently the general trend seems to be inevitably taking the public organizations towards adopting operating logics from the private sector. The adoption and imitation of private sector practices make public organizations “hybrid” organizations (Grossi and Thomasson, 2015; see also Van Der Heijden, 2011) – that is, transforming into organizations that borrow components and logics from the public, private and non-profit sectors. According to Colley and Guéry (2015), hybridization can also be understood in terms of professions – a typical example of this being the formation of entirely new professional groups in addition to the established ones. We argue that in universities the hybridization of professions has been ongoing when the private sector-like operating logics have been introduced to a public good such as higher education.

With the hybridization trend, in many countries performance measurement (PM) and individual performance evaluation have become everyday activities in the higher education sector. Finland has experienced the same development. Internationally, the Finnish model has been one consequence of a modernization trend that has touched most of the higher education systems in Western countries. It is known that public and private sectors are *sui generis* (Lane, 2009). The adoption of private sector managerial tools in public sector organizations (such as universities) may have the tendency to generate values and goals that are on a collision course. In this paper, we will address the dilemmas of university performance management from the viewpoint of contrasted values and goals in university PM systems via a case study of three Finnish multidisciplinary universities. This study is based on thematic interviews of the administrative managers of 12 university departments in Finland and, consequently, four departments at each university. Instead of only criticizing the problems of university PM, we emphasize the options to overcome these problems and thus develop the PM system in these hybrid times.

As a theoretical framework, we use the dilemma approach by Hampden-Turner (1990), who defines dilemmas as two equally desirable managerial and/or organizational goals. When these goals are put together as pairs and aimed at simultaneously, they are determined to create tensions, contradictions and potential paradoxical outcomes. The current PM system in Finland involves these kinds of tensions. In our consequent data analysis, we analyse the dilemmas associated with individual PMs in a university setting during hybrid times and suggest possible dilemma reconciliations.

The paper is constructed as follows. After the introduction, we provide a short literature review on university PM and its conflicting goals. Next, we move on to explaining the data gathering and methodology and thus move on to the empirical analysis, where we identify three core dilemmas in university PM according to our empirical analysis. In the discussion section we provide possible reconciliations to the identified dilemmas that stem from our empirical data and finally sum up and provide conclusions as well as suggest some further research agendas.

PM and conflicting goals in universities

Van de Valle and Stimac (2013) state that the use of performance information has received increasing academic attention, but that in practice public managers use performance metrics in different forms. PM as a term originates all the way from Frederik Taylor and Henry Ford's ideas about the effects of individuals and groups on the efficiency and strategic goals of an organization (Kallio, 2014). PM can be referred to as "those social instruments, performance indicators, or efficiency, effectiveness and equity that are intended to be used to improve rational decision-making in administrative and political processes" (Johnsen and Vakkuri, 2006, p. 292). The vast literature on PM tends to agree that the performance indicators should be wide-ranged, be strategically in line with the goals of the organization, and produce relevant information so that the management can reach concise decisions with the help of these indicators (Grafton et al., 2010). However, the vast literature does not seem to agree on how these conclusions should be reached (Grafton et al., 2010; Franco-Santos et al., 2012; Kallio, 2014).

Furthermore, according to Boitier and Rivière (2013, p. 105), in universities "...performance management systems provide both a regulatory framework (via the application of the law and procedures) and a framework for standards (with performance benchmarks based on objectives and indicators) and a framework of values (concerning the missions entrusted to the higher education system). Performance management systems define areas of responsibility, resource allocation conditions, and performance indicators, and are supposed to improve university management."

In addition, when viewing this at the international level, OECD has played a central role in the modernization agenda of Western universities. The purpose of universities seems to have become more and more central for national innovation policies (see, e.g., Kristensen, 2011; Kallio, 2014). Nowadays, universities are increasingly competing with each other nationally and internationally on the basis of different performance criteria and, for example, different university rankings (see, e.g., Brown, 2013; Kallio, 2014).

Finland is among the countries that regulate education by unified national legislation (the so-called centralized countries), and there are 14 universities in Finland that all are publicly funded via performance criteria set by the Finnish Ministry of Education. Since all the universities in Finland are publicly funded, the hybridization trend has brought a nationally applied PM system into universities. The Finnish Ministry of Education and Culture adopted the managerial doctrine called "management by results" (MBR) in 1994. In MBR, the basic idea is to implement the organizational strategy at all organizational levels through PM. Since 1997, MBR has been used regularly in budgetary negotiations between the ministry and each university in Finland (see Kuoppala, 2005). These negotiations determine the objectives and the consequential amounts of financing for each university, and detailed objectives for each university are established.

In the current MBR model in Finland, output targets are established for each university. They represent operational performance and are such that the government agency – that is, the university – can influence them. According to the MBR model, the output targets should be set primarily as indicators (i.e., presented numerically) and only secondarily as verbal targets (MOF, 2005). However, in practice, according to various studies, the MBR doctrine has not been that successful in steering public institutions, mainly because of the difficulties in

deciding on solid performance targets (see, e.g., MOF, 2010; Kallio and Kallio, 2014). In the case of universities, the funding scheme, and hence the PM output targets, have been reformed several times during the years that the MBR model has been in operation.

In 2010, when a new university act was introduced in Finland, the Finnish university financing model and output targets were renewed at the same time. According to Aarrevaara (2008), it was the single most important change in the Finnish university sector in 50 years. At that time, various universities were merged and detailed objectives based on the funding for each university were set. Due to the University Act, the number of study credits and degrees, the amount of external funding, and the number of publications became the main objectives for Finnish universities¹.

Kallio and Kallio (2014) have reported that the PM system currently applied in Finland has created conflicting goals and led to some unwanted consequences such as sub-optimization and free-riding (see also Kallio et al., 2015). According to Ylijoki (2005, p. 557), due to the adoption of NPM, previously collegial university management has taken steps towards a managerial model that emphasizes “accountability, efficiency, cost-effectiveness, marketization and quality assessment in academic work” (see also ter Bogt and Scapens, 2012). With the rise of NPM in many countries besides Finland, a consequence has been that performance measurement and individual performance evaluation have become everyday activities in the higher education sector. In comparison with the time before PM, it seems clear that the pressure to publish has increased, and some studies have also reported the increased amount of stress experienced by university employees (ter Bogt and Scapens, 2012).

These previously reported challenges have thus created tensions and even dilemmas in university management. In the public sector, these kinds of unreconciled dilemmas may even have paradoxical outcomes (see, e.g., Pollitt and Bouckaert, 2011). There is growing literature on public sector management challenges concerning possible contradicting goals. These contradictory goals are often named problems, paradoxes or dilemmas (Karlsson, 2014; Mahmood and Rufin, 2005; Smith and Lewis, 2011). Nevertheless, there is still scarcity in research explicitly mapping the core dilemmas in public management and thus searching for systematic reconciliations to these dilemmas. Furthermore, we believe that the process of detecting organisational dilemmas is useful. However, according to Hampden-Turner (1990), the aim should not be merely to map the existing core dilemmas but also to find reconciliation to them (Kuoppakangas, 2014; Kuoppakangas, 2015). In the existing literature (see, e.g., Kuoppakangas, 2015; Hytti et al., 2015; Hampden-Turner, 1990) the identified management dilemmas have been claimed to create a hindrance in managerial work. Scholars have argued that public sector management would benefit from using the strategic dilemma management approach suggested by Hampden-Turner (1990).

The definitions of dilemma and paradox are often mixed or remain vague in existing literature. Dilemma can be defined in contradicting manners by different scholars or left undefined and thus implicitly understood (Karlsson, 2014; Mahmood and Rufin, 2005; Smith and Lewis, 2011; Hampden-Turner, 1990). The *Oxford Dictionary of Current English* (1985), however, defines a dilemma as a situation where options X and Y are both undesirable. Meanwhile, Hampden-Turner (1990) defines a dilemma as being a situation where both

¹ The performance indicators that determine the amount of financing obtained by each university were redefined once again at the beginning of 2013.

options X and Y are equally desirable, whereas Smith and Lewis (2011) see the term paradox as a synonym to dilemma.

We have adopted the idea of the dilemma approach by Hampden-Turner (1990) and define dilemmas as two equally desirable managerial and/or organizational goals that seem to be in contrasting forms. Given that these conflicting goals are put together as pairs and aimed at simultaneously, they are determined to create tension. As noted earlier, the current performance measurement system in Finnish universities has brought up dilemmatic tensions. We suggest that the strategic charting of existing and possible forthcoming dilemmas of the university PM system may benefit from the use of the dilemma approach. The approach is used with an aim to get “both/and” solutions instead of “either/or” answers. These both/and solutions contain the reconciliation of the two conflicting managerial and/or organizational values and goals in a choice combination (Hampden-Turner, 1990).

According to Hampden-Turner (1990), the dilemma reconciliation process begins by discovering the key dilemmas and defining them. Next, the key dilemmas are organized into dilemma pairs. Further, the initiated key dilemma pairs are required to be processed and contextually framed and thus abstracted for the next steps of the reconciliation process. The dilemma reconciliation process is not static with one absolute and final solution to the dilemmas. Instead, the dilemma reconciliation process is a helically on-going process, with sequencing and cycling between the dilemma pairs to achieve on-going synergy (Hampden-Turner, 1990; Kuoppakangas, 2013; 2014; Kuoppakangas et al., 2013; Suomi et al., 2014). In this study, the university PM is taken into account in the analysis of the dilemma approach.

Data gathering and methodology

This study is based on thematic interviews of the administrative managers² of 12 university departments in Finland. The administrative managers represent three Finnish universities (Universities A, B and C) and, consequently, departments in each (1, 2, 3 and 4³). The interviews took place in 2012, and 11 of them were tape recorded and transcribed⁴. The interviews lasted from 30 to 90 minutes. Four of the interviews were executed personally, seven of them by phone, while one interview was executed via e-mail at the interviewee’s own request.

Thematic interviews are a form of semi-structured interview setting where respondents are not asked to choose from predefined options but can use their own words and expressions in dealing with the question (Kovalainen and Eriksson, 2008). In the interviews, the interviewees were asked to describe the current PM system of their department and to relate it to the national universities’ funding system, as well as the PM system of their own university. They were also asked about the major changes in these systems and how employees perceived the systems. The data analysis was executed by data-driven analyses. This means that there were no predetermined categories for the responses; instead, by carefully reading the answers several times, thematic groups of the data were formed. The major traits of the PM systems of each department were derived from the data.

² Administrative managers in Finland are part of the admin staff, not academics.

³ The departments of economics and business, humanities, natural sciences, and educational sciences.

⁴ The interviews were conducted in Finnish, while the quotes used in this study are translated into English.

Different, colliding managerial and/or organizational goals experienced by the university departments arose from the interviews. We call these colliding goals dilemmas. The actual word “dilemma” was not mentioned in the interview data. The dilemma pairs were identified by analysing how the respondents talked about the organizational values and goals set for them to achieve. They would talk about how they would try to accomplish one goal, and while accomplishing the goal, they were simultaneously jeopardizing the other important goal set for them. In a similar vein, Hampden-Turner (1990, p. 26) described his data analysis method in identifying core dilemmas from the empirical data: “Thus far the word dilemma was not mentioned [...] where respondents put themselves on one side of a factional conflict [...] we found the respondent would often swing back and explain production’s side of the dilemma.” From this background, we identified a set of four core dilemma pairs that are discussed in the next section. The dilemmas recognized from the interviews were quite universal in all of the 12 departments studied; however, there were differences in how the different departments have dealt with the arisen dilemmas.

Dilemmas in university PM (empirical analysis)

In the data analysis, four core dilemma pairs consisting of conflicting organizational goals and values in the higher education PM context were identified. They are:

- D1 Measuring performance measurement versus the nature of the work
- D2 The idea of rewarding good performance versus using efficiently scarce resources
- D3 Performance in teaching versus performance in research

The four dilemmas of university PM evolved from the data analysis. Next, each dilemma pair is introduced and then discussed briefly.

The first dilemma pair (D1) deals with the *nature of the work carried out in universities* and how it can be reflected in the PM system in a way that it does not interfere with either academic freedom or the quality of work. The administrative managers admitted that the pace in which the PM system has been introduced to the universities and departments has been too fast, and, as a result, it might be the case that the university employees have not been able to internalize the PM system as a concrete part of their work.

Universities are, by nature, expert organizations. This means that the work is typically guided by academic freedom and that it is extremely difficult to evaluate the value, let alone the quality, of production (see, e.g., Kallio and Kallio, 2014). In the current PM system, thus, there lies the risk that a PM system can undermine the academic freedom of university employees or require them to pursue something they consider to be secondary or irrelevant, and, in this way, interfere with their academic freedom.

Moreover, the difficulties in measuring the value and quality of production might entail encouraging the scholars to produce quantity. A typical example of this is so-called “salami-research”, which means taking one piece of research and breaking it down into smaller

elements for submission to several publications instead of one major research publication (see, e.g., McDonald and Kam, 2008; Abraham, 2000; Norman and Griffiths, 2008).

The second dilemma pair (D2) deals with the *idea of rewarding good performance versus the efficient use of scarce economic resources*. The basic idea of the Finnish PM system when it was first implemented was that if a person performed well according to the indicators of PM, he/she would be rewarded (see, e.g., Kallio and Kallio, 2014). As we know, Finnish universities are publicly funded, and one of the main problems is that public organizations are very limited in their capacity to reward good results (Kallio and Kallio, 2014). Therefore, no matter how well the personnel work according to the indicators, in some departments this does not manifest in any way in the individuals or the departments' resources.

The dilemma of *performance in teaching versus performance in research* was the third dilemma (D3) identified. Traditionally, there is a trade-off between research and teaching in the academic world in terms of one of the valuable resources an academic has: time. As Kristensen (2011) stated, universities are expected to conduct research and offer research-based education at the highest international level. Since the members of academia largely gain their professional merits via research, not teaching, research is typically more highly esteemed (see, e.g., Kristensen, 2011). Nevertheless, in order to fulfil the universities' missions, academics dedicate a significant amount of their time to teaching and the activities related to it.

It can be concluded from the interviews that in many of the departments, the esteem imbalance between teaching and research activities is also reflected in the PM system. As a consequence, the employees, whose main task is teaching, are especially put in an unequal position if they are evaluated with the same criteria as people with research-related tasks. The problem is even further emphasized with those employees who do not have permanent positions.

Discussion

The dilemma theory illuminates the tensions within the PM system in Finnish universities as detected in the empirical data. The empirical analysis demonstrates that the aims of PM seem to involve three core dilemmas as discussed. The focus in the discussion is on the possible dilemma reconciliations; all of the suggested reconciliations arose from the ways in which the different case departments have dealt with the conflicting interests. We applied a sort of best practices (or less worse practices) approach to dealing with the dilemmas. Consequently, some of the university departments in our study had solved the tensions of contradicting goals better than others, and thus the departments could possibly learn from one another. It is important to note that according to the dilemma approach, dilemmas are often connected to one another. In other words, a successful reconciliation of one dilemma may aid in reconciling the other(s) and vice-versa (Hampden-Turner, 1990). Next, the suggested dilemma reconciliations are further discussed.

Dilemma D1, *performance measurement versus the nature of work carried out in universities*, relates to the nature of work carried out in universities. Hence, academic freedom has been well rooted in higher education. According to the empirical findings of this study, PM seems to

be on a collision course with academic freedom and even the quality of work. Academic work may be described as creative work, which yields the freedom to succeed. When performance is measured solely with quantitative methods – e.g., the number of publications – it may create tensions between the aims to reach high-quality research outcomes and quantitative outputs among academic employees. Since the research in refereed journal publications is one of the most important criteria of the performance measurement in higher education, it was suggested in this study that there should be working periods with no pre-set timetable as suggested by one of the interviewees.

[...]we aim to organize research periods and support that from the department level. (B4)

When a sufficient amount of time is provided for the academic employees to concentrate on research, it is more likely that high-quality research is achieved. In addition, the use of PM, not only for evaluation but also to reward, would be an essential improvement. In our study in the cases where the outcomes of the research were genuinely rewarded based on PM evaluations, with possible career enhancements and/or bonus salaries, it seemed as if academic employees better adapted to the PM system. If the PM evaluation is conducted without a well-functioning reward system, it seems to only partially fulfil its aim to motivate academic employees to conduct high-quality research in terms of both quantity and quality. Such a balanced PM rewarding system has been adopted in one of the case organizations in this study.

Of course we look at publications, where they have come out, and that affects the person's academic career ... when there is an open position where a researcher can apply, we look at publications, the amount and the quality. It is unconditional ... we send the applicants' information to experts who evaluate the applicants ... and now we have this new performance reward system. (C3)

It is the evaluation of the researchers' work that when you publish an article in an international refereed journal, and you don't have a Ph.D. or got your Ph.D. less than five years ago, it is 750 euros. And then there is the supervision of Ph.D.s, and that is 1500 euros. Those are our criteria in research ... if you have accomplished publications, this is the evaluation of the work, what have you published and where, and what is their quality – these are the evaluation criteria for the work if you wish to move on with your academic career. (C3)

In summary, to reconcile the pressures of PM and the nature of the work, the best solution, according to our case findings, seems to be combining monetary rewards, such as bonus salaries, with other forms of rewards, such as enhanced career opportunities and work periods with no set timetables. The department leaders are pivotal in ensuring the transparency of the PM system. It is well known in strategic management that the organizational goals need to be in line with the strategy implementation, with leaders having a crucial role in communicating these at all levels of the organization (Kuoppakangas, 2014).

Concerning dilemma D2, *the idea of rewarding good performance versus efficient use of scarce economic resources*, the scarce economic resources of Finnish publicly owned universities is a fact that was well recognized by the interviewees. Nevertheless, the public sector had and still has pressures to develop efficiency in its organizations, including universities. The initiation

of the PM system may have good development intentions connected to it when it is fully implemented. Hence, the PM system should have two roles that need to be implemented and balanced in a transparent manner in an organization to succeed. First, the PM system is intended to evaluate the academic employees' performance according to the PM indicators; second, its role is to motivate the academic employees to achieve high-quality results/outcomes by rewarding.

The resources, personnel and equipment are targeted at all levels where there is the expectation of high-quality research teaching – in other words, results. The consequence is that we get talented and motivated researchers and teachers and equipment for those that are capable of acquiring outside research funding; hire more research fellows and associate professors, who, in turn, teach and supervise others. (B2)

[PM] is a double-sided coin...but, for example, our bonus system aims at motivating people to work and to produce good results and thus get rewarded...because if you think universities in general, earlier you only got an empty cup and some sort of medal at most, so by the bonus system we aim to also motivate the more passive ones. (C4)

The situation of limited capacity to reward good results contradicts the PM system's important role in motivating in addition to evaluating. From our empirical analysis it seems that in many departments an important part of the PM system, namely motivating and rewarding, seems to stay unimplemented. To reconcile the dilemma of rewarding versus scarce economic resources, the PM system could be developed to include rewarding not only in monetary terms but also in terms of other resources. For example, those accepting externally funded projects should be rewarded resources such as time and career enhancements (and even money).

Dilemma D3, *performance in teaching versus performance in research*, stems from the very operating logic of a modern university: the combination of research and teaching. Since universities are expected to conduct research while simultaneously offering research-based education at the highest international level, a PM system's evaluation focuses strongly on research activities (Kristensen, 2011; Kallio and Kallio, 2014). If the universities decide not to teach and only focus on research, it would, in simple terms, mean that universities no longer exist, just research centres. The dilemma between teaching and research is further emphasized by the hybridization of the professions in modern universities and includes the paradox between efficiency and devoting oneself to a task (see, e.g., Styhre and Lind, 2010; Colley and Guéry, 2015).

The question of how to divide the working hours is a fundamental issue in this dilemma. Academic employees who have similar working hours may have different work descriptions. Those who are researchers usually have fewer teaching hours than lecturers, university teachers or even professors. For example, in cases where a university lecturer has approximately 80 percent of his/her work dedicated to teaching, a researcher might have approximately only 30 percent of his/her time scheduled for teaching. It goes without saying that the lecturer has less time to conduct research than his/her colleague with fewer hours of teaching. The contradiction and tension in this dilemma (D3) is generated due to the fact that

the PM system evaluates both the lecturer and the researcher with the same evaluation criteria and thus ignores one of the university's core missions.

It [the PM system] has an effect on how people think. It's monetary so it's clear it affects people positively, but for some also negatively. Because until now it has been the case that research is appreciated more in the academic field, and there are people who succeed in teaching and don't feel that their work is much appreciated. (C3)

We started to think that we have different courses and disciplines, there are mass courses and demanding small group courses, and we have basic bachelor's and master's level courses. So how can we measure these? Do we look at the grades or course feedback or what, and how the courses differ by the competence classification, the amount of students, etc., how do we measure them? We ended up thinking that can we assume that if the teacher is good, the learning outcomes are good. And we thought how the teacher can be good, others are weaker by nature, but in the educational environment we thought that it is the education that can improve the level of teaching, so we put in the criteria that pedagogical training by the personnel is monetarily rewarded. And we also thought that master's thesis supervision is also difficult, so if you supervise more than 10 master's theses per year, you get a monetary reward. (C3)

In one of the case organizations of this study, the department had modified the PM system to reconcile this dilemma. In teaching, with its multiple forms and different demands, varying from basic bachelor's level to master's level courses, it is challenging to evaluate and build an equal reward base. Nonetheless, the case organization found a reconciliation to reward teachers based on their pedagogical qualifications. The rationale here was that if the pedagogical skills of the teacher are at a good level, the learning outcomes of the student could be predictably good as well. Moreover, the supervision of master's theses is somewhat demanding and time consuming, and based on this fact, such supervision was also rewarded in the case organization.

Furthermore, when identifying the dilemmas, it was found that the pace at which the PM system has been introduced to the universities and departments has been somewhat too fast for both the university employees and the university administration to adapt to it. It has been suggested that organizational changes need, at an early stage, a well-functioning internal education of the employees to support the adoption of new organizational changes (Kuoppakangas et al., 2013; Kuoppakangas, 2014). Thus, it might well be that the university employees could be more able to internalize the PM system as a concrete, practical part of their work if it is introduced (internal education) over a longer time period, with concrete benefits to the academic work. This is in line with the earlier studies on dilemmas in public management; according to the dilemma approach, the mastering of both/and reconciliations results in including the participants of the dilemmatic challenges in the development of the dilemmas solution (Hytti et al., 2015; Kuoppakangas, 2015; Hampden-Turner, 1990).

Conclusion

The purpose of this qualitative study was to chart the dilemmas connected to the organizational goals and values in the higher education PM context. Universities are in a period of hybridization. Styhre and Lind (2010: 108) studied hybrid forms of the “entrepreneurial” university, that is, university-industry collaboration, and found that both researchers and practitioners had to “adjust objectives, goals, and work procedures” in such a hybrid setting. Sousa et al. (2010: 1439), in turn, studied how researchers turned into research managers cope with the pressures of managerialism, and it was found that research managers in universities “engage in alternative ways of moulding and legitimizing their activity by negotiating its terms and conditions” with multiple stakeholders. In our study we found that the hybridization pressures of modern universities create dilemmas in university performance management. We have thus identified the core dilemmas in the PM of universities in the case organizations and have, moreover, found possible reconciliations to these dilemmas derived from our empirical material.

We studied 12 university departments in Finland and their consequent PM systems. We suggest that identifying the core dilemmas connected to the PM system and the reconciliation of the core dilemmas may possibly benefit the universities. The reconciliation process can be challenging when the organizational values and goals are contradictory. Nevertheless, reconciliation of the identified three core dilemmas seems to be essential for the PM system to succeed in enhancing the efficiency and modernization of the Finnish public universities. According to the findings of this study, we argue that the existing PM system has promising possibility to fulfil its role as a well-functioning PM system in the university context when the core dilemmas are resolved. It is also important to note that dilemma reconciliation needs to be an on-going process since PM system development is not a static process with just one final resolving answer to the core dilemmas.

The limitations of the study are that universities and PM systems may shy away from scrutiny in other countries. This study was conducted in the Finnish higher education system. Nevertheless, the university modernisation agenda stems mainly from the OECD. Many Western governments have implemented similar PM systems in their universities, and the core dilemmas are probably alike in other countries as well.

This paper contributes to the existing research on the governance of the higher education PM system, bringing in the dilemma theory to illuminate contradictions concerning the PM system. In addition, the dilemma theory not only demonstrates what the core dilemmas are, but it may also suggest how to reconcile the identified core dilemmas (Hampden-Turner, 1990; Kuoppakangas, 2014; Suomi et al., 2014). So, in addition to contributing to the literature on the governance of PM in higher education, we also suggest possible dilemma reconciliations to the emerged and possibly emerging dilemmas. In the future, it would be interesting to investigate other types of PM systems in other countries. Accordingly, future research on PM systems in other countries, as well as mapping dilemmas and their possible reconciliations, could be a useful extension of this research at hand.

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