Exploring the Interplay between 'Fashion' and 'Evidence-based' Policy: A Comparative Account of Higher Education and Health Care in the Nordics

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Abstract

This paper takes a critical view of the interplay between two widespread approaches towards policy making and the ways in which they have played out in the critical realms of higher education and health care in the Nordic context over the last decade. It adopts a multiple case study design substantiated on a cross-sectorial and cross-national comparative approach. Empirically, we provide case evidence from Norway and Finland. The paper's conceptual foundations are based on seminal work emanating from the policy-transfer literature combined with key insights from organisational theory and its neo-institutional tradition. We address recent calls for a better understanding of the policy-formation process across national jurisdictions and sectors of the economy.

Introduction

Extant research has shown that the public sector, both in the Nordic countries and beyond, has been the target of numerous attempts at reform over the last three decades. These government-led efforts have been linked to neoliberal agendas inspired by the so-called New Public Management (NPM), aimed at 'modernising' service providers with the aim of making services more affordable and efficient on the one hand and more accountable and responsive on the other (Christensen & Lægreid, 2011; Pollitt & Bouckaert, 2011). Sometimes, reform processes have been based on earlier evidence about what works, why and under which particular circumstances, and with a privileged emphasis attributed to performance effects (Fearnley & Beattie, 2004; Frenk *et al.*, 2003). The constant and increasing flow of policy ideas in the global policy space has

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made it more tempting for governments to engage in cross-national learning without adequately assessing the actual compatibility of policies with the specific national context. More often than not, reforms have been substantiated on widely accepted scripts or recipes emanating from influential bodies at either the national or supra-national levels (e.g. OECD, World Bank, World Health Organization [WHO]), as well as other influential carriers of legitimate ideas and practices, such as professional associations (Greenwood *et al.*, 2002) and external consultants (Sahlin-Andersson & Engwall, 2002). This has created a tension between rational and instrumental ways of organising, following a logic of means-ends rationality, and more culturally laden approaches, where actors tend to follow what is seen as appropriate or legitimate behaviour irrespective of performance effects (March & Olsen, 2006b).

Fashion following is particularly salient in sectors or organisational fields characterised by increasing inter-dependency, ambiguity and environmental volatility (Ashworth *et al.*, 2009; Ramirez *et al.*, 2016). In such situations, agents tend to follow the actions of dominant actors within the field, motivated by the belief that the adopted solutions are not only adequate to address given circumstances, e.g. by tapping into new resource pools ('performance logic'), but, equally importantly, that they contribute to enhancing their social standing ('legitimacy logic') within the field, both internally (other actors) and externally (resource holders) (Suchman, 2008). Institutional scholars have provided solid empirical evidence of the impacts of environmental dynamics on the internal fabric of organisations, as well as the (re-)construction of entire organisational fields or sectors (Greenwood *et al.*, 2008). The outcome generated by such dynamics is that of *convergence*, a process known in the literature as pertaining to different forms of isomorphism (DiMaggio & Powell, 1983). One such form, 'coercive isomorphism', sheds light on the role exercised by central governments (i.e. the sets of regulative incentives and sanctions) in the adoption of certain ready-made solutions, blueprints or organisational archetypes. However, given that agents are not passive entities and that blueprints often fall short of providing the necessary solutions to the problems faced, a certain degree of re-contextualisation or 'translation' is required (Sahlin & Wedlin, 2008). This latter process, in turn, is likely to result in enhanced variety or *divergence* rather than homogenisation or convergence, as postulated by some (Drori *et al.*, 2006).

Turning now to 'evidence-based' practices, these tend to be diffused in a somewhat similar manner, with actors searching for solutions that 'work' from seemingly similar contexts (Head, 2008). Policy convergence is leveraged *less* because of the adoption of cultural scripts or legitimate templates and *more* as a result of policy transfers, benchmarking and other types of referencing mechanism, with agents seemingly assessing what is relevant (to transfer) from one context to another. One could argue, however, that similar processes are at stake here, since what is considered solid evidence is often rooted in a cultural mindset, where laggards look at early adopters or 'modernisers' and tend to emulate their behaviours. In contrast to 'fashion following', which is largely a cultural process laden with untested assumptions and the absence of empirical evidence,

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the premise inherent to 'evidence-based' policy is that it is substantiated in empirical evidence, even if partial and/or imperfect.

That said, the two practices are interconnected. New fashions often stem from the best-case scenarios of what works elsewhere. It is worth noting that the conceptual distinction between 'fashion' and 'evidence' is somewhat simplistic, glossing over a number of important aspects. We use this distinction as a heuristic device for highlighting the grounds of policy making and the origins of the actual policy idea, as well as for interpreting the hidden logic in establishing a specific policy. While there is broad evidence that hegemonic ideas, such as 'world class', 'excellence', 'managerialism' and 'customer choice', have become world-wide phenomena, less is known about how these ideas have been adopted by different sectors of the economy. The research carried out under the prism of 'policy transfer' (Dolowitz & Marsh, 1996) has not, to the best of our knowledge, been applied to a comparative study between health and (higher) education sectors (cf. Benson & Jordan 2011: 367). The original proponents of knowledge transfer have been mostly interested in the *act* of transfer, that is, critical mechanisms through which policies move between governments (Benson & Jordan 2011: 373). Our main interest here is to interpret how a certain policy idea is adopted and legitimated, and to shed light on who the key agents are.

The paper offers a comparative, qualitative account, based on two key sectors of the economy facing similar challenges: higher education (HE) and health care (HC). These sectors are embedded in two specific national contexts (Finland and Norway) that, while distinct, share a number of key features because they are both rooted in the so-called 'Nordic model' of welfare (Christiansen *et al.*, 2005). Hence, the question being addressed in the paper is:

- What can be said about the interplay between 'fashion following' and 'evidence-based policy' in the context of recent welfare-centred reforms in the Nordic countries?

Following an institutional perspective from the social sciences (Greenwood *et al.*, 2008; March & Olsen, 1984), we expect the adoption and consequent diffusion of policy ideas to be part and parcel of hegemonic pressures emanating from the macro environment (global forces), with the key carriers of such ideas being the state, supra-national organisations and consultants. Furthermore, we anticipate the policy-making process to be driven by a combination of, or interplay between, instrumental means-ends rationality and cultural-laden orientations (March & Olsen, 2006).

The next section provides an exposition of our conceptual frame of reference, where a link is made between the public policy literature on policy transfers and concepts emanating from the study (using sociological and political science perspectives) of organisations and institutions. This is followed by the presentation of the empirical evidence based on four case studies. Light is shed on three key elements underpinning the policy-formation and policy-

implementation processes; contextualisation, agenda setting and knowledge base. The paper concludes by referring to the lessons learnt and the main research implications going forward.

The transfer of policy ideas

According to Dolowitz (2000: 3), policy transfers pertain to the process by which knowledge about policies, administrative arrangements, institutions and ideas emanating from one (or more) political system become the source of inspiration for another political system and/or sector of the economy. Dolowitz and Marsh (2000: 7) provide a conceptualisation of policy transfers centred around six critical queries, namely:

- Why do actors engage in policy transfer?
- Who are the key actors involved in the policy-transfer process?
- What is transferred?
- From where are lessons drawn?
- What are the different degrees of transfer?
- What restricts or facilitates the policy-transfer process?
- How is the process of policy transfer related to policy 'success' or 'failure'?

Given its inherent complexity, e.g. the mutual, non-linear linkages between policy content and policy outcomes, we approach policy transfer as both a dependent and independent variable; 'in order to use policy transfer as an explanatory variable, we also need to understand and explain the process of transfer…' (Dolowitz & Marsh, 2000: 8).

With regard to the key agents in the process, Dolowitz and Marsh's framework sheds light on actors both internal (e.g. elected officials) and external (e.g. consultants or supra-national organisations). What is more, importance is shed on the critical interplay between *structural* (institutions, in the form of regulations) and *cultural* (e.g. ideologies, attitudes, values) dimensions underpinning (enabling/constraining) the behaviour of individuals at various levels and with different degrees of power and legitimacy (cf. Battilana, 2006; Mahoney & Thelen, 2010). With regard to content ('what'), this may include a combination of policies (goals, instruments, etc.), programmes and experiences or lessons learnt, including negative ones. When it comes to the sources, a distinction is made between endogenous (national) and exogenous (international) drivers. As for the degrees of policy transfers, these range from a multiplicity of isomorphic behaviours (DiMaggio & Powell, 1983), including *copying*, which involves direct and complete transfer; *emulation*, which encompasses the transfer of the ideas behind the policy or programme; *combinations*, referring to mixtures of several different

policies; and *inspiration*, where policy in one jurisdiction may inspire policy change, 'but where the final outcome does not actually draw upon the original' (Dolowitz & Marsh 2000: 13). To a large extent, these pertain to the inter-related processes of *imitation*, *translation* and *editing* referred to by Sahlin and Wedlin (2008). The final three elements of Dolowitz and Marsh's framework shed light on the *barriers* or constraints (structural, cultural, cognitive, etc.) and the observed *outcomes*. With regard to the latter, two aspects are worth referring to: the importance attributed to knowledge claims and learning (Gilardi & Radaelli, 2014) and the degree of institutionalisation (Colyvas & Powell, 2006), i.e. the interplay between stability and change.

Given the limited scope of this paper, our empirical analysis will not cover all the aspects associated with the aforementioned conceptual framework. Instead, we shed empirical light on three key aspects (Figure 1) underpinning the policy-formation and policy-implementation processes that touch upon many of the key dimensions referred to by Dolowitz and Marsh.
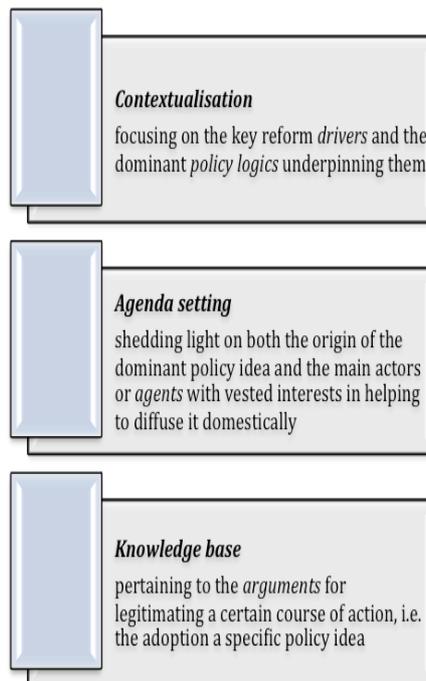

Contextualisation

focusing on the key reform *drivers* and the dominant *policy logics* underpinning them

Agenda setting

shedding light on both the origin of the dominant policy idea and the main actors or *agents* with vested interests in helping to diffuse it domestically

Knowledge base

pertaining to the *arguments* for legitimating a certain course of action, i.e. the adoption a specific policy idea

Figure 1: Analytical model

Thus, pressures and incentives for policy change evolve over time, often internationally. Policy makers and other influential actors identify the need for policy change. Some key actors become active in promoting the need for policy change, which then requires legitimation in order to be accepted by the broader public

and the relevant professionals in a given organisational field, in our case HE and HC.

Empirical section

Presenting the cases: Reforms and policy ideas

We use a total of four cases, two for each sector, of major reform initiatives in the period 1995–2011, in both Finland and Norway. The selection of the illustrative cases was driven by the existing body of empirical evidence and the fact that these have been part and parcel of recent policy efforts to 'modernise' both sectors (consult Pinheiro, Geschwind, Ramirez & Vrangbæk, 2016). A starting point in comparative public policy studies is that comparisons are fruitful for bringing out the essential features of established forms of action (Rose, 2004) and in recognising the underlying mechanisms underpinning a given phenomenon that would otherwise be undetected in the context of a single case study (Yin, 2009). The aim is to gain some perspective on these four individual cases by studying them side by side, sketching out both the potential differences between the sectors and the role played by the contexts in which they are embedded.

Higher education

In the Nordic countries, HE has been the target of major reforms in recent years. These reforms aimed to make the sector more responsive to the shifting needs of an increasingly interconnected and global labour market/economy while enhancing efficiency and accountability (Gornitzka & Maassen, 2011). Both Finland and Norway have enacted legal reforms in the last decade with these aims in mind. One of the areas that has received considerable policy attention has been the restructuring of the domestic HE landscape, in the form of mergers involving different types of provider (Pinheiro, Geschwind & Aarrevaara, 2016). The inherent policy logic here is that not only are mergers likely to help address the issues of efficiency and effectiveness (i.e. overcapacity, fragmentation and high cost), but also to result in the creation of world-class research environments through the concentration of people and funding combined with stronger institutional profiling (Pinheiro & Stensaker, 2014a, 2014b). Given this, we have chosen mergers as our empirical setting in the realm of HE. More specifically, we look at the establishment of a world-class university (Aalto) in the case of Finland and the adoption of mergers as a legitimating reform idea in Norway.

Health care

Most western countries have had well-established welfare systems for HC since the 1970s. These systems face constant challenges around increasing demand, rising costs, lack of customer orientation and flexibility (Vareide, 2002). In many countries, solutions to these problems have been sought from ideas that can be traced to NPM (Christensen & Lægreid, 2001), focusing on efficiency,

effectiveness and accountability, and which have materialised in various reforms of ownership structures, organisation of services, financing and management. In Finland, particular attention has recently been given to market-oriented service models (Tynkkynen *et al.*, 2016). Provider choice was introduced in 2011. In Norway, NPM-related ideas have materialised in and around hospital management reforms, with the introduction of 'unitary management' in the late 1990s (HOD, 1999), followed by a reform that altered the steering and organisation of the entire sector (Lægreid *et al.*, 2005).

Contextualisation: Key drivers and logics

Macro-level drivers and policy logics (responses) often point to broader changes, trends and pressures that appear to be moving policy developments in a particular direction. Dolowitz and Marsh (2000: 12) point to three levels of governance of relevance to the policy-transfer process: the *international*, the *national* and the *local*. These levels are tightly intertwined and what seemed to be local trends are often local manifestations of broader developments at the national and/or international levels (cf. Pinheiro, Wengenge-Ouma, Balbachevsky & Cai, 2015).

In the realm of HE, the expansion of enrolments and institutions has led to increasing fragmentation, which in turn has created problems both in the management of HE institutions (HEIs) and in the governance of the system as a whole. Among other things, fragmentation results in additional financial costs, putting increasing pressure on the public purse. What is more, internal migration (from peripheral to major urban areas), combined with demographic stagnation, has led to overcapacity at the system level, creating the momentum for a contraction movement. In Finland, economic imperatives (global competition) and reliance on particular sectors (e.g. hi-tech) created the impetus for diversifying the domestic economy through investments in human capital (skills) and knowledge production (world-class research). This was thought to have the potential to spearhead innovation at a national scale, which would address the country's declining global competitiveness. In Norway, drift tendencies (with university colleges aspiring to become fully fledged universities), combined with a decline (2015-2025) of the HE age cohort and increasing competition for students and funding, resulted in a gradual but steady erosion of the binary divide and led to increasing fragmentation and diseconomies of scale. More recently, excellence imperatives (world-class research) and the need to enhance quality (in teaching) have created an impetus to concentrate people and funds in a smaller subset of HEIs. In both countries, reforms have given HEIs increasing autonomy in managing their businesses, but accountability requirements have been strengthened. Hence, in both Norway and Finland, the dominant *policy logic* was that of the establishment of larger (more robust), competitive and autonomous HEIs capable of developing world-class research and responding to the shifting demands of national labour markets and global forces.

In HC, external ideas associated with 'modern public management and administration', in tandem with the unsatisfactory service of the existing systems, were seen as key reform drivers. In Finland, poor access to primary care, frag-

mentation and a lack of overall responsibility for coordinating the system have been widely viewed as the main problems, causing inequalities and wasting resources. System fragmentation was the result of incremental and overlapping reforms in different parts of the system from the 1960s to the 2000s. The 2011 Health Care Act enabled municipal residents to choose their primary HC unit. This was depicted as a solution to tackle the lack of customer orientation and fiercer competition among providers by empowering patients. Similarly, in Norway, the main reform drivers pertain to the unsatisfactory organisation of the system. By the mid-1990s, 90% of hospitals operated with a dual management structure (introduced in the 1970s), but there was also a third pillar of adminis-trators and hospital directors, dealing with budgets, administration and government relationships (Berg, 1996). Most physicians and nurses were satisfied with this, but the model was considered to be problematic by politicians, experts and the general public (Johansen & Gjerberg, 2006). In the late 1990s, a ministerial committee suggested the introduction of unitary management and the reform was passed in 1999 and implemented in 2001. This meant that other professions could compete with physicians for managerial roles at all levels.

Agenda setting

In this section, we make a distinction between the origins of the policy idea and the local agents responsible for its diffusion (adoption) and its subsequent insti-tutionalisation (adaptation).

The 'Origins' of the policy idea

Ideas are abstract and their origin is not easily traceable. As they travel from one national or policy context to another, new meanings and practices are added (Czarniawska-Joerges & Sevón, 2005). Dolowitz and Marsh (2000: 12) make a distinction between *policies*, conceived as broader statements of intention, denot-ing the direction policy makers wish to take, and *programmes*, i.e. the means by which these broader intentions are implemented in practice. As alluded to earlier, ideas can emanate from either inside the country (local and national levels) or from overseas. They can also originate either within the field or sector or outside it.

Mergers involving HEIs are not a new phenomenon. Norway undertook a first round of government-mandated mergers in the mid-1990s, leading to the establishment of a binary system composed of universities and non-university providers. The rediscovery of mergers as a policy solution within the Nordics is part and parcel of the rise of an 'excellence' discourse within European HE (Geschwind & Pinheiro, in press). This, in turn, was driven by a combination of elements, including the need to enhance national and regional competitiveness and the rise of university world rankings. The idea of 'world class' has received support from influential policy circles at the supra-national level, from the Euro-pean Commission to the OECD to the World Bank (OECD, 2014), and has had a profound impact at both the policy and institutional levels (Ramirez & Tiplic,

2014). Among the recent round of Finnish HE mergers, the Aalto case (below) best embodies strategic attempts to establish a world-class university as a policy mechanism or instrument.

In HC, in both Finland and Norway, the prevalent policy ideas are associated with NPM and the modernisation of the public sector more broadly. In Finland, 'choice' in public (municipal) services first came to the fore around discussions of children's day-care and social services. In the late 1990s, choice started to emerge in the health policy agenda. The idea's diffusion from social services to HC can be illuminated by the Act on Service Vouchers, which was initially enacted to apply only to social services, but which was expanded to HC in 2009. The emergence of choice has been widely influenced by the EU's Cross-border Health Care Directive (2011/24) and other Nordic countries, especially Sweden (Tynkkynen *et al.*, 2016). The policy debates around choice have been influenced by ideas such as market completion and customer orientation. Thus, the impetus behind recent choice initiatives can be traced back to NPM. In Norway, the first impulses to modernise the public sector largely originated from the Anglo-American world. In the hospital sector, the influence of NPM manifested itself through managerial modernisation and resulted in the replacement of the 'medicratic' (Berg, 2005) form of management (with medical doctors in charge) by professional or neutral management. The traditional command-and-control steering was replaced by market-like mechanisms and a division between political steering and service production (Vareide, 2002), presupposing the delegation of authority from politicians to managers.

Agents: 'Idea Diffusion'

Dolowitz and Marsh (2000: 10-12) identify nine main categories of actor involved with the policy-transfer process: elected officials, political parties, bureaucrats/civil servants, pressure groups, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental and nongovernmental institutions, and consultants.

In the realm of HE, the key Finnish agents include the industrial sector, the Ministry of Education, the parliament/politicians and key actors within the sector. Prior to the 2009 Act, when the actual decision making concerning mergers took place, there was major discomfort with the status quo. In this atmosphere, the quest for 'world-class universities' reached Finland. The government had promised 100,000 new jobs but the economic crisis rendered this goal impossible. The Ministry then stressed the need for structural development in HE, which was considered too large and fragmented. The industrial sector made strong and provocative statements requesting higher quality from universities, especially around innovations and industry applications (Kasanen & Sotamaa, 2011: 227). World-class universities and high international quality of research and development were seen as critical. As a consequence, it was argued, autonomy, incentives and accountability needed to be strengthened (Brunila, 2005: 33). University rectors responded to these pressures by publishing a public manifesto in 2005 (with a red cover and the title in capital letters), requesting enhanced institutional

freedom and autonomy while promising to sharpen universities' profiles, engage in strategic alliances and diversify the funding base. In the background, the merging partners of the forthcoming Aalto University had spent years negotiating a close cooperation. Thus, it appears that the key Finnish agents found a degree of consensus among themselves, although a rather vocal opposition remained within the universities and on the far left of the political spectrum.

In Norway, three distinct actors were instrumental in setting in motion events and in helping to diffuse mergers as a policy solution. First, the ministerial (Stjernø) commission which was representative of various stakeholders at the system level: HEIs, students, central administrations, regional actors, etc. The commission played a central role in the process, not least by referring to international benchmarking (like the other Nordic countries) and in promoting mergers as the ideal (although not exclusive) solution to the current and future problems facing the system (NOU, 2008). Second, the then Minister of Education (centre-left coalition government), who, despite not initially lending her support to the commission's recommendations on mergers (partly as a result of the controversial reactions from some institutions), back-tracked and came to adopt many of its recommendations. This was perhaps due to the realisation that no better solution could be found, and the fact that the process was voluntarily initiated by the HEIs themselves. From the ministerial side, it was imperative that the mergers were not perceived as top-down or 'forced', as had been the case in the past, despite the fact that these had been rather successful (Kyvik, 2002). Yet, given the moral and financial support provided to those willing to merge, one could argue that the Ministry clearly signalled its support for a strategy of stronger concentration and profiling. Later, with the change in government in 2013, a new minister (centre-right coalition government) instituted mergers as a 'forced-voluntary' process (Aagaard *et al.*, 2016), i.e. as the unquestionable solution to the problems facing the system. As in Finland, the central leadership structures of HEIs played an important role in diffusing mergers as a solution to address strategic imperatives associated with the need to become more competitive, responsive and resilient to external events and dynamics.

Turning now to HC, the Finnish Innovation Fund (Sitra), a think tank with close links to the Ministry of Employment and the Economy (MEE) and the private sector, has been enthusiastically promoting 'choice' since the early 1990s. It has promoted and piloted market mechanisms, such as service vouchers, and has actively participated in policy debates concerning user involvement and private service delivery (Paasovaara *et al.*, 2012). MEE and the Ministry of Finance (MF) have embraced choice and competition as a policy solution to the pressing need to reform the service system using market mechanisms, thus infusing the logic of competition. A key actor linked to these two ministries is the Institute for Economic Research (VATT), which conducted a project on market mechanisms in the public sector in the 1990s and suggested the introduction of choice policies in HC and social services (VATT 1995). On the basis of the results, the Ministry of Social Affairs and Health (MSAH) embarked on international benchmarking, thereby playing a key role in the preparatory phases of the

legislation introducing choice into HC (Tynkkynen *et al.*, 2016). Both the National Coalition Party (centre-right) and the Swedish People's Party[1] have been enthusiastic supporters of choice policies. The Finnish Medical Association also advocated for the introduction of choice. Due to the association's status as a trustee of the medical profession, the emphasis has been less on the market-oriented approach and more on the choice of medical doctor (Tynkkynen *et al.*, 2016).

In Norway, from the early 1900s to the 1980s, the medical profession played a prominent role in initiating and formulating health policy (Erichsen, 1995). Due to the integration of the medical profession and the state, the term 'profession state' was often used to describe this relationship. Health policy became increasingly politicised in the 1970–2002 period (Bykjeflot & Neby, 2008) and the influence of the medical profession was gradually eroded. The preparation of the 1970 Hospital Act initiated a debate regarding the hospital system and this became a long-lasting contest, with health politics frequently debated in parliament and during elections. In this period, there was a shift in the key actors involved in the policy-making process, with health economists and social and political scientists replacing physicians as policy experts. As an idea, unitary management was first introduced in 1990 by the right-wing Andersland committee, and the reform was inspired by the North American Kennings's idea that 'a good manager can manage anything' (Byrkjeflot, 2002). In 1995, Gudmund Hernes, a professor in sociology, was appointed health minister (Labour Party). He was influenced by US scholars who were instrumental in the development of the DRG[2] system in North American industry, and in transferring this system to the hospital sector (Byrkjeflot & Torjesen, 2010). Unitary management became part of a law that regulated many facets of hospitals' activities. The main stakeholders in the preparation of the reform were the 12 members of the Steine committee (1996–97), which represented different actors in the hospital sector (doctors, nurses, managers, etc.).

In short, in both Finland and Norway, the policy ideas across the two sectors were promoted by a variety of internal and external stakeholders, representing a constellation of multiple strategic interests and normative (ideological and professional) agendas.

Knowledge base

By 'knowledge base', we refer here to the arguments used for legitimating the adoption of a particular policy idea or solution. These often refer to the key drivers, but are instrumental in 'selling' the idea domestically, thus ensuring its subsequent widespread diffusion or institutionalisation. Students from European integration processes refer to the criticality of knowledge, including 'expert knowledge', in the context of policy making (Boswell, 2008; Radaelli, 1995). Among other aspects, they point to the fact that power and knowledge perform complementary functions. Dolowitz and Marsh (2000) refer to the critical role

played by certain knowledge producers, such as external consultants, in the context of best practices:

> […] it is becoming increasingly clear that policymakers, at both the national and international levels, are relying on the advice of consultants, whether individuals or firms, who act as policy experts in the development of new programs, policies and institutional structures. Their role is particularly important because they tend to offer advice based upon what they regard as the 'best practice' elsewhere, often paying little attention to the particular context in the borrowing political system […] when international organizations, such as the IMF and the World Bank, get involved in policy transfer, they often recommend that particular consultants be hired. (Dolowitz & Marsh, 2000: 10)

In Finland there was a widespread worry regarding the loss of economic competitiveness. A world-class university was seen as one answer, perhaps even *the* answer, to the looming economic problems facing the country. The highest hopes in terms of 'a new world-class university' were set on the Aalto merger, which was reflected in the substantial funding (about 750 million euros) allocated to the university. In the parliamentary discussions (2009) leading to the establishment of the merger universities, a member from the Conservative Party explicitly named the establishment of Aalto University and the new Act as the single most important reform for Finnish economic competitiveness (Mäkelä, 2009). The policy resulting in the establishment of the new top university was built on experiences gained elsewhere, as Finland had no prior experience of university mergers. The dominant policy logic was based on the following premise: the higher the quality and the more competitive the HEIs, the more benefits for society. This process was laden with external influences. Salmi (2009), a former World Bank manager, highlighted the various benefits and overall desirability of world-class universities, and paved the way for government actions. The need for increased financial autonomy for HEIs was indicated both by the OECD (2006) and in a national report dealing with university autonomy and administration (Jääskinen & Rantanen, 2007). In the actual decision making in the Finnish Parliament, there appeared to be a rather strong faith in the positive outcomes of the Aalto merger.

> The reputation of the new [Aalto] university, as constructed by merger strategists and communications experts, rested on its timeliness and societal significance, interdisciplinary and practical relevance, and on a break with the past, which was represented as inevitable. (Aula and Tienari, 2011: 23)

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In Norway, the Ministry's major concerns pertained to three aspects: a) the erosion of the binary divide that had characterised the system since the late 1990s; b) the growing inefficiencies at the system level, largely due to fragmentation (a side-effect of the expansion of the system since the mid-1990s); and c) a forecasted decline (2015–2025 period) in the HE student population. Given this, system contraction, enhanced coordination and further rationalisation through voluntary mergers were seen as attractive solutions. The Stjernø commission's analysis and recommendations (NOU, 2008), which can be seen as fundamental to the process, have been used both by the Ministry and HEIs as the basis for problem assessment and solution seeking. The commission did gather a considerable amount of qualitative and quantitative data, mostly of a secondary nature, to justify its situation assessment and legitimise its policy recommendations. Arguments were presented with respect to ongoing international trends, the need to concentrate in a handful of players, the gathering of data on institutional research performance and in relation to HEIs' strategic ambitions (NOU, 2008: 134-6). International policy initiatives towards research excellence (Germany and Denmark) were used as 'evidence'.

The Finnish HC case on choice and the knowledge base used to justify its adoption have, for the most part, been rather anecdotal and based on experiences from 'comparable' countries, such as the Nordics, England, the Netherlands, Germany, New Zealand and the USA. The OECD and the WHO are the most frequently referred to international actors or data sources, together with national research institutes or think tanks. While the Nordic countries (and England to some extent) are considered to share certain similarities, there are also many issues that make the Finnish context rather distinct, such as the peculiar funding system in HC and the fairly significant geographical differences within the country in terms of demography, local economy and service delivery. Such critical aspects have often been neglected when evidence has been used to justify the introduction of choice as a policy solution. In short, choice in the Finnish context has been assumed to be feasible because it was proven to be successful in other national contexts. Hence, choice policies were represented as part of the international fashion, which would be appropriate to follow. The most common knowledge claims pertained to the *economy* and *customer centeredness*. References to the economy were linked to competition and private provision, with the basic claim being that choice can enhance competition and foster efficiency and efficacy of service delivery. Choice was framed both as a means of enhancing competition but also as an end in itself. In the latter case, it was argued (as early as the 1990s) that the current system could no longer guarantee a satisfactory degree of choice and thus had to be reformed using market mechanisms (cf. VATT, 1995). These arguments were fairly normative in the sense that they reflected an idea that 'there is no other alternative' but to increase choice. The research base behind the legislative proposals was scarce and not based on a systematic review of the evidence base.

Table 1: Overview of key findings

		Contextualisation: Key drivers and logics	Agenda setting		Knowledge base
			Origins of Policy Idea	*Agents Idea Diffusion*	
Higher Education Mergers	**Finland**	Global competition Investment human capital World class research	The Nordic countries European commission OECD World Bank	The Ministry of Education University Rectors	World Class International reference/fashion following
	Norway	Drift of university colleges towards uni-status Increased competition for students World class research Enhance teaching quality	The Nordic countries European commission OECD World Bank	Ministerial commission Ministry of Education HE institutions	Prior experiences (90s mergers) International benchmarking Fashion following
Health Care Choice (FIN) & Unitary Management (NO)	**Finland**	Fragmentation Lack of overall coordination Lack of customer-orientation	EU The Nordic and European countries	The Finnish Innovation Fund Ministries Institute for Economic Research Political parties The Finnish Medical Association	Anecdotal Experiences from other countries and sectors (domestic) International fashion
	Norway	Unsatisfactory organisation Unclear management structures	Anglo-American influence	Health authorities Districts Politicians Administrators Professions Ministerial committees Health Ministers North American Scholars	Experiences from other countries and from domestic trials International fashion

In Norway, the influence also came from other countries, in the form of market ideas from North America. The Ministry wished to clarify the structures by strengthening the regional level through the introduction of both unitary management and an enterprise-based model inspired by management by objectives (MBO). However, MBO, which is based on comparisons, demanded reforms in other areas of the HC system.

The DRG system offered such a system to compare different units (Byrkjeflot & Torjesen, 2010), which led the minister to introduce it. Despite the fact that DRG trials failed to show any substantial reduction in expenses, the reform was nonetheless introduced in 1997. The legitimating argument was based on the fact that the trials revealed an increase in technical efficiency and a reduction in waiting lists. Byrkjeflot's (2011) interpretation of the state's acquisition of the hospitals, from the counties to the state, is that it was justified by NPM ideas. Due to the 'blame-game' between counties and the Ministry of Health regarding problems in keeping to budgets, the prevalent policy logic was to create hospitals that were more autonomous, promote stronger management and develop performance criteria. Herfindal (2008) notes that the reform was brought into effect with little analytic elucidation *ex-ante*; i.e. there were few comparisons with reforms in other countries and the organisational reasoning was scarce. Thus, the solution adopted can be interpreted as in line with the prevailing reform practice.

Discussion and conclusion

The four cases presented in this paper suggest that, for the most part, the domestic policy agenda was triggered by both national imperatives and external dynamics and events. International references and models seem to have played an important role in the legitimation and consequent diffusion of global hegemonic ideas (Czarniawska-Joerges & Sevón, 2005), such as mergers in the case of HE and unitary management and choice in HC. These findings are not surprising per se, and are in line with earlier studies (Pinheiro, Geschwind, Ramirez & Vrangbæk, 2016). As alluded to in the introductory section, despite the fact that policies, either led or facilitated by the state, were developed and substantiated around a 'logic of outcomes' (March & Olsen, 2006a), the empirical evidence or knowledge base used to justify the policies was scarce in most situations. In the absence of solid evidence, the chief legitimation for the policy often referred back to the key drivers; for example, when mergers were justified on the basis of fragmentation, increasing competition and the need to foster performance. In HE, mergers became a preferred route for restructuring the sector, despite little evidence on the performance (including qualitative) effects associated with earlier processes. Similarly, within HC, NPM-inspired solutions were quickly adopted without any careful empirical investigation into the contextual circumstances under which these would be likely to work, including potential unintended effects.

This, to us, resembles a classic situation of 'solutions looking for problems' (Cohen, March & Olsen, 1972) rather than the other way around, as contended by proponents of rational, instrumentalist perspectives (cf. Christensen *et al.*, 2007). Given the fast pace of change or urgency and the high levels of ambiguity involved in the policy process, including a lack of clarity on policy objectives, actors have had a tendency to imitate one another, thus setting in motion isomorphic tendencies of the mimetic type (DiMaggio & Powell, 1983). These, in turn, are reinforced by coercive isomorphic processes (DiMaggio & Powell, 1983) driven by the state and its various agencies (e.g. providing additional funding for the adoption of prescribed solutions, such as mergers), thereby addressing issues pertaining to resource-dependencies (Pfeffer & Salancik, 2003).

The empirical data is categorical in showing that choices (of solutions) are shaped by the 'fashion' of the time (Kieser, 1997), and that these popular scripts affect both *adoption* (of global templates) and *adaptation* to local circumstances (Beerkens, 2010). Both the adoption and adaptation of hegemonic ideas, a process known in the literature as 'fashion following' (Sahlin & Wedlin, 2008), are heavily dependent on what is seen as appropriate or legitimate under given circumstances, and are thus culturally laden (March & Olsen, 2006b). In HE, the adopted solutions focusing on mergers mirrored ongoing policy and academic discourses surrounding economies of scale and the search for world-class status (Pinheiro, Geschwind & Aarrevaara, 2016). In the realm of HC, the policy choices reflected influences from widespread market-based instruments associated with NPM. This is not to say, however, that evidence-based approaches did not play a role in the diffusion of hegemonic policy ideas, since these tend to be substantiated on (perceived) best practices emanating from elsewhere. Over time, best practices have a tendency to become de-contextualised, i.e. decoupled in both time and space (Ramirez *et al.*, 2016), thus providing the foundation for new myths or fashions to emerge. In this respect, the two logics or approaches are tightly intertwined and reinforce one another. Hence, rather than being seen as dichotomies or extremes, fashion-following orientations and evidence-based orientations within welfare policy are nested into each other, and thus should be considered inter-dependent (nested) elements as part of a larger system of intervening variables (Morçöl, 2013; Pinheiro, Geschwind & Aarrevaara, 2014).

What is more, path-dependency arguments linked to historical institutionalism (Pierson & Skocpol, 2002) may also have some explanatory power, because there is ample evidence from our selected cases that actors have had a tendency to continue reform trajectories that had either been initiated earlier on ('critical junctures') or set in motion by other influential actors, such as previous governments. For example, in the case of unitary management within HC, the new system would have been impossible to implement without a substantial overhaul of the organisational structures of Norwegian hospitals. Similarly, the relative success attributed to the first wave of mergers in Norwegian HE in the mid-1990s (Kyvik, 2002) may have had a re-enforcing, positive (and thus legitimating) effect, suggesting that mergers are likely to succeed this time around as well.

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When it comes to the use of knowledge, our four cases suggest a combination of *political*, *strategic* and *symbolic* dimensions and approaches (Gilardi & Radaelli, 2014). Agents involved with key stages of the policy-making process acted strategically to secure their interests and protect their norms, values and identities. This is particularly salient in the case of Norwegian HC, where the Ministry almost single-handedly (albeit with the help of other actors) put its mark on the various elements characterising the reform process. This is of particular interest because the Nordic countries are thought to be characterised by a 'corporate-pluralistic model' (Olsen, 1988) of governance in which multiple stakeholder interests are taken into account, with democratic participation and accountability prevailing (Fukuyama, 2014). What our material reveals, however, is that despite the inclusion of various stakeholder groups in the agenda-setting stage, a rather small group of actors played an increasingly dominant role in both the choice of solutions and the ways in which these were embodied in practice. This (tentative) finding seems to be aligned with Battilana's (2006) contention that social position within organisations or the organisational field does matter, and thus also applies to the policy-formation process (agenda-setting and idea-diffusion stages) within a democratic context, as in the Nordic countries.

In their garbage-can model of organisational choice, Cohen, March and Olsen (1972: 1) contend that an organisation 'is a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work'. In this way of thinking, problems, solutions, participants and choice opportunities flow in and out of a garbage can, and which problems become attached to solutions is largely a random exercise. To a certain extent, such a phenomenon was identified in all of our case studies, with policy makers linking hegemonic and fashionable ideas (such as world class, mergers, choice and unitary management) to perceived system-wide problems requiring a solution. However, at the same time, both the effectiveness and applicability of such policy solutions seem to be largely dependent on multiple contextual factors, which remain unknown at the time of policy making, particularly during its design stages. In many cases, the actors may be shooting roughly in the right direction but the target may be moving or is hidden (Wittrock & Leon, 1986).

An interpretation of our findings could be that, since so much depends on cultural and contextual issues, there is neither a universal best way to lead nor a context-free best way to organise (Hall & Thelen, 2009). It may be difficult for policy makers to argue logically for evidence-based approaches prior to any major change process, at least not on anything other than a general level. For example, given that the outcomes of a rather complex (non-linear) process such as mergers cannot be known in advance (Pinheiro, Aarevaara, Berg, Geschwind & Torjesen, 2017), one must lean on generic assumptions and abstract models even when these emanate from fundamentally different contexts. This, in turn, points to the importance of stylised models, blueprints and archetypes (Green-

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wood & Hinings, 1993) that, over time, are transferred from one policy domain and/or national context to another (Pinheiro, Geschwind, Ramirez & Vrangbæk, 2016).

These findings raise a series of interesting avenues for future investigation regarding the ways in which reform processes are initiated and developed through time, both across countries and across sectors of the economy. Pertinent research questions include, but are not limited to: Where do policy ideas emerge from and how are they adopted and adapted to local circumstances? What types of actors become actively engaged in the promotion and diffusion of such policy ideas, and why? What mechanisms do governments have in place to ensure compliance with their reform demands, and how are these exercised in practice over time? To what extent do agents, at various policy levels and stages, use their legitimate positions/social standing and privileged access to knowledge to shape the policy agenda in light of their normative postures and strategic interests? What types of knowledge claims and learning mechanisms underpin the reform of major sectors of the economy, such as HC and HE, but also local government, welfare services, security, etc.? More specifically, future studies could look at how specific policy ideas, such as world class and unitary management, are adapted within either HC or HE, and what effects (if any) these have had across sectors. Finally, we appeal to social science researchers working across both sectorial and national boundaries (both within and beyond Europe) to pursue comparative accounts of the ways in which public sector reforms are legitimised and undertaken that are more sophisticated, e.g. using mixed methods, longitudinal designs, novel conceptualisations, trans-disciplinary perspectives, etc.

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Notes

[1] A liberal-centrist party representing the interests of the Swedish-speaking population (about 5.5% of the total).

[2] Introduced in Norway in 1997, the Diagnosis Related Group (DRG) is a financing system based on diagnosis, treatment procedures, age, gender and discharging routines.