

— K E R T T U K E T T U N E N —

**MANAGEMENT EDUCATION IN A
HISTORICAL PERSPECTIVE:**

THE BUSINESS SCHOOL QUESTION AND ITS SOLUTION
IN FINLAND

KERTTU KETTUNEN | MANAGEMENT EDUCATION IN A HISTORICAL PERSPECTIVE: THE BUSINESS SCHOOL QUESTION AND
ITS SOLUTION IN FINLAND



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A C T A S O C I E T A T I S O E C O N O M O R U M

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Kerttu Kettunen

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FINLAND**

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**MANAGEMENT EDUCATION IN A HISTORICAL PERSPECTIVE:
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IN FINLAND**



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Abstract

Building on institutional theory and recent notions in the literature regarding how the globally disseminated ideas, rules and practices of management education flow from one context to another and are shaped and reshaped, this doctoral thesis creates a historically grounded account of the emergence and development of business schools in Finland. This study aims to contribute to the organizational and sociological research on institutions of management education, a little understood but increasingly important source of leadership both globally and in Finnish society.

To understand institutional change and the dynamics that shape management education, this study discusses how ideas on management education have a tendency to travel from one context to another with different carriers and to be translated into different local conditions, resulting in imitation, identity construction, and decoupling, as well as the institutionalization of structures and practices related to foreign models. Although this study's primary contribution is to the research on business schools and management education, the historical narrative constructed in this thesis also contributes to institutional theory in the larger sense by attempting to strengthen the link among the diffusion of ideas, their institutionalization and the resulting isomorphism. This contribution will be made by collecting and analyzing data at the individual, organizational, and institutional levels and by building the linkages among these different levels to the wider institutional level development trajectory of Finnish management education.

Methodologically, the study is positioned between historical and organizational studies. The empirical data collected for this study consist of a dozen interviews with current and former business school directors in Finland (primarily rectors and deans) and different types of written material on Finnish business schools, such as annual reports, rectors' speeches, archival and marketing materials, and journal, magazine and newspaper articles. In addition, this study builds on the data and understanding gained by the researcher through her work experience at a business school.

The result of the analysis is a historical narrative on Finnish business schools that is divided into three periods based on the role that international models of management education have played in the legitimacy search of business schools in the Finnish context. Hence, this study provides insights on how and to what extent these diffused practices or ideas have become incorporated in the Finnish system for management education, have changed its identity, and have resulted in institutional isomorphism among the world's business schools.

Keywords: business administration, business school, Finland, higher education, historical perspective, institutional isomorphism, institutional theory, management education, neoinstitutionalism, university

Kettunen, Kerttu, Liikkeenjohdon koulutuksen historia: Kauppakorkeakoulukysymys ja sen ratkaisu Suomessa.

Oulun yliopiston tutkijakoulu; Oulun yliopisto, Taloustieteiden tiedekunta, Markkinoinnin yksikkö

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Tiivistelmä

Tässä väitöskirjatutkimuksessa muodostetaan kattava, historiaan pohjautuva kuvaus suomalaisten kauppakorkeakoulujen kehityksestä nykyiseen asemaansa. Kauppakorkeakouluiksi katsotaan kuuluvaksi sekä varsinaiset kauppakorkeakoulut että yliopistojen kauppa- ja taloustieteelliset tiedekunnat, joilla on oikeus antaa kauppatieteellistä opetusta ja myöntää kauppatieteellisiä tutkintoja. Väitöskirjassa tarkastellaan institutionaalisen teorian avulla, miten kansainväliset, kauppakorkeakouluihin vaikuttaneet kehitystrendit ovat saapuneet Suomeen ja muokanneet liiketaloustieteellistä koulutusta. Tutkimus tuottaa uutta tietoa kauppakorkeakouluinstituutioista, joiden rooli liikkeenjohdon kouluttajina sekä Suomessa että maailmalla on noussut keskeiseen asemaan.

Tutkimusmenetelmä väitöskirjassa on laadullinen historiatutkimus. Tutkimuksen empiirinen aineisto koostuu haastatteluaineistosta, jossa on haastateltu kahtatoista entistä ja nykyistä kauppakorkeakoulun rehtoria, dekaania ja laitosjohtajaa. Sen lisäksi aineistona on käytetty erilaisia Suomen kauppakorkeakoulujen historiaa käsitteleviä julkaisuja, kuten historiikkeja, vuosikertomuksia, puheita ja sanoma- ja aikakauslehtiartikkeleita. Myös tutkijan työkokemus kauppakorkeakoulussa muodostaa keskeisen, osallistuvaan havainnointiin perustuvan osan aineistoa.

Tutkimuksen analyysiosassa rakennetaan yli sata vuotta käsittävä, suomalaisten kauppakorkeakoulujen kasvua ja kehitystä kuvaava tarina, joka jakautuu kolmeen ajanjaksoon. Analyysissä käsitellään sitä, miten liiketaloustieteelliseen koulutukseen liittyvät ajatukset, ideat ja mallit siirtyvät maista ja konteksteista toiseen ja muokkautuvat erilaisiksi, kunkin maan kansallisiin oloihin sopiviksi variaatioiksi.

Tutkimus kontribuoi ensisijaisesti kauppakorkeakouluja ja liikkeenjohdon koulutusta käsittelevään kansainväliseen tutkimuskirjallisuuteen. Sen lisäksi tutkimuksen tulokset luovat laajempaa ymmärrystä institutionalisointiprosessista, eli siitä, miten ideoilla, ajatuksilla ja malleilla on taipumus liikkua, muokata organisaatioiden normeja ja käytäntöjä sekä saada aikaan organisaatioiden välistä samankaltaisuutta. Suomalaisen korkeakoulusektorin näkökulmasta tutkimuksen tulokset antavat mielenkiintoista tietoa siitä, miten erilaiset kansainväliset vaikutteet muokkaavat kauppakorkeakoulujamme ja samalla koko yliopistosektoria yhä lähemmäksi vallitsevia, kansainvälisiä tutkimuksen ja koulutuksen laatuun vaikuttavia malleja, joihin kohdistuu paitsi suurta ihailua, myös ankaraa kritiikkiä.

Asiasanat: ekonomi, historia-näkökulma, institutionaalinen teoria, kauppakorkeakoulu, kauppatieteellinen koulutus, korkeakoulu, liiketaloustiede, liikkeenjohdon koulutus, neoinstitutionalismi, Suomi, yliopisto

PROLOGUE

It was the fall of 2010 when I enrolled as a doctoral student at the University of Oulu and entered the dissertation process as a ‘wannabe-historian’ with an explicit goal in mind: to write a history of Finnish business schools. Now, after three years, I realize that I have developed into someone who could more appropriately be labeled as a storyteller. Indeed, one of the largest lessons from this project has been that histories are always an imperfect reconstruction of the past, flavored by the storyteller’s personal choices and interpretations. For instance, the choice behind the title of this story, *‘The business school question and its solution in Finland’*, also has a story of its own. The Finnish translation of this title was used when the establishment of the first business schools was discussed in Finnish newspapers at the turn of the nineteenth century. Based on my interpretation of the historical data at hand, I have extended the meaning of the title to encompass the hundred-year-development trajectory of Finnish management education, during which business schools have more or less searched and found their place in the academic landscape of Finland.

Therefore, this doctoral thesis is a story of Finnish management education as I choose to tell it. Instead of following the conventional structure of doctoral theses written on business administration in Finland, I have taken some liberties in structuring my work. The most important difference is the absence of an extensive theoretical framework that is normally laid out before the empirical section. My research objective has been to create a historically grounded account of the emergence and development of business schools in Finland, focusing particularly on an exploration of how the international models of management education have influenced business schools and have been institutionalized as part of the management education system in Finland. With these international influences in mind, I have chosen to include the extant literature discussing the history of management education in different countries *within* the historical narrative that I have constructed.

In staying true to the logic of storytelling, I report in the methodological section how my history as a researcher was constructed as this thesis unfolded. Although I cannot report every detail of the layered research process, I attempt to show that although

the past events and courses of actions tend to look clear and obvious in retrospect, there was unlikely to be anything inherent, inevitable, or predetermined about the choices that I made. In more appropriate terms, however, there were a number of responses to ideas to which I was exposed during the research process; these included the people whom I met in courses and conferences in addition to the books and papers that I read, whether I happened to encounter them through other writing or because others close to me recommended them. This list of people and events reflects the constant diffusion and travel of ideas around me over the past years and the endless influences on the outcome of the research process presented in this thesis. This scenario is perhaps best described by Guje Sevón (1996: 66, rephrasing Robert Merton 1985), who stated the following in his book chapter on organizational imitation and identity transformation:

“[W]e live in a world where nothing is absolute new, where there are no absolute original ideas or actions. In such a world, every act is related to one’s own and others’ ideas, experiences and actions. At the same time, however, no idea or action is completely a copy from other organizations, as organizations pick up ideas and translate them into something that fits their own context. In this way, action, although imitated, may become different.”

Throughout the research process, I have been fortunate to be surrounded by a number of people and organizations who have inspired me and supported my work through their ideas and experiences. Finally, I would like to express my gratitude to all of them.

As much as I love words and language and expressing myself through them, there are no words that would do appropriate justice to describe my deep gratitude to Professor Kimmo Alajoutsijärvi for the enormous amount of guidance and inspiration that he has offered me during my past couple of years as a doctoral student. Without you, Kimmo, I most likely would not have taken this career path in the first place and would not have found this fascinating line of work that gives me an incredible feeling of being exactly where I am supposed to be, doing exactly what I am supposed to do. With your far-sightedness, however, I believe that you knew long before I did that academia could be my walk of life. As you yourself noted, I have learned that “we academics are privileged to be in this business”. I could not agree

more. Having you as my supervisor makes me one privileged young researcher; in addition, getting to know you as a friend makes me a privileged person.

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In addition to the colleagues at my home institution, important thanks are also due to Professor Henrikki Tikkanen, with whom I was privileged to collaborate on my first journal publication and who showed me the ropes of academic publishing. I also would like to thank my colleague M.Sc. Katarina Juusola for her inspiring and enjoyable company and our award-winning research collaboration. Finally, I would like to thank all of the scholars who have made the effort to comment on my work during the past years at different research seminars and conferences organized by the Finnish Institute for Educational Research at the University of Jyväskylä, the Business History Conference, the Nordic Academy of Management, the European Group of Organization Studies, and the Academy of Management.

I would also like to express my sincerest gratitude to all of the business school rectors, deans, and professors who were willing to take time from their busy calendars to allow me to interview them for my research.

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Oulu, on that November Sunday in 2013 when sunshine and rain took turns.

Kerttu Kettunen

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1 INTRODUCTION

1.1 Business school: A global success story beyond comparison?

In 1920, Willard E. Hotchkiss, Dean of Northwestern University, criticized the prevailing state of business education in American colleges for having no focus, diagnosing it as “a very ill-defined institution” (Hotchkiss 1920: 92). In his quest for a better collegiate business school curriculum, he outlined five fundamental dimensions that a collegiate business school should embody: primarily serve the public interest (public responsibility); be connected to the wider higher education system (educational sequence); focus on handling real-life business phenomena in an analytic and systematic manner (scientific content); provide basic training for business managers, experts and anyone who practices business professionally (professional aim); and adopt a forward-looking perspective to prepare its students for work in future business environments (vision) (Hotchkiss 1920: 89-91).

Almost one-hundred years later, it is fair to say that the past century has been a triumphant march of a higher, university-based management education, particularly as measured by the Hotchkiss (1920) dimensions. During the past century, business schools—the Johnny-come-latelies of the early twentieth century academic landscape, both in Europe and North America—have outgrown more traditional university departments and have become vital parts (flagships, in many cases) of higher education systems in different parts of the world (see Engwall 2007: 5, Engwall 2009: 8, Antunes & Thomas 2007: 382, Starkey & Tiratsoo 2007: 2, Spender 2008: 11, and Thomas & Wilson 2011: 444). Business schools have become serious academic institutions that confer a great variety of uniquely emphasized undergraduate, graduate, and post-graduate degrees, basing their education on the most up-to-date scientific knowledge that their faculty processes, produces and publishes in selected academic forums.

In particular, the American-originated MBA degree has been perceived as a global leader, benchmark, and a strategic reference point for many universities around the world, and it has rapidly established itself as a global credential (Crainer & Dearlove

1999: 138, Kipping, Üsdiken & Puig 2004: 104, Antunes & Thomas 2007: 387, Engwall 2007: 13, Starkey & Tiratsoo 2007: 1, Durand & Dameron 2008: 8, and Fourcade & Khurana 2011: 4). In the United States, business comprised up to one-fourth of the total number of master's degrees completed in 2009–2010 (National Center for Education Statistics 2013), consisting of a total of 177,700 new MBA holders during that academic year—a stark contrast to the 110 MBAs that graduated in 1919 (National Center for Education Statistics 2013, Fourcade & Khurana 2011: 4). Although a business degree does not guarantee its holder an exclusive license to practice management (see Khurana 2007), the degrees conferred by the most elite institutions, such as the Harvard Business School, are generally considered 'golden passports' that yield access to highly paid positions in the upper echelons of the corporate world (Engwall 2009: 8; see also Van Maanen 1983).

In following Hotchkiss's (1920: 89-90) line of thought,

“Collegiate education, whether general or professional, and whether supported by the state, or by private endowment, is a public function, and it owes its first duty to the public. Schools of business are in no different situation in this regard from schools of law, medicine, or engineering. Their first duty is to promote sound business, remembering always that business is a function of the national life. A school of business, unless it is a purely research school, can scarcely promote sound business without educating its students to become good businessmen. If it does this successfully it will incidentally promote the individual success of its graduates, but in any case sound business rather than individual rewards is the first concern of a collegiate school of business.”

In examining the high societal aims that business schools were built on (see Khurana 2007), it might be assumed that the success of business schools would reflect the improved prosperity and wellbeing of people, companies, and society at large. A quick glance at recent news, however, reveals that financial crises and a wide variety of fraud and malpractice are commonplace in the management of modern corporations. These developments have provoked academics to ponder the general relationship of business schools with management practice and their role in society (see Hambrick 1994, Pfeffer & Fong 2002, Mintzberg 2004, Bennis & O'Toole 2005, Ghoshal 2005, Khurana, Nohria & Penrice 2005, and Starkey & Tiratsoo 2007).

Many scholars (see Thomas and Wilson 2011: 443, Starkey & Tiratsoo 2007: 9) have asserted that the financial crisis and corporate scandals have stimulated the debate

and controversy over business schools and their relationship with management practice. Based on an overview of six different management journals¹ published from 1964–2012, it appears that the number of business-school-related writings in the 2000s (and particularly after the Enron scandal in 2001) has indeed grown considerably. Most noteworthy, even the elite American business schools (such as the Harvard Business School) that act as role models for many others have been saddled with various allegations of scandal. Whereas some scholars have criticized business school faculties for not providing proper academic education in management practice and accused business schools of failing to prepare their students with useful managerial knowledge and leadership skills (Pfeffer & Fong 2002, Mintzberg 2004, Bennis & O'Toole 2005), others have taken the argument to the extreme and have claimed that business schools actually lack professional and moral ideals and should therefore be held accountable for their ethically negative influence on management practices (Ghoshal 2005, Khurana, Nohria & Penrice 2005, Ferraro, Pfeffer & Sutton 2005, Giacalone & Wargo 2009). Moreover, Starkey and Tiratsoo (2007: 5) argue that these controversies are not merely an academic 'tempest in a teacup' but are widely discussed in the mainstream public media.

Therefore, the fundamental source of controversy in business schools originates with the scientific premises that engage them in a complex relationship with management practice (Locke 1989: 42, Khurana 2007, Engwall 2009). Although they present themselves as academic institutions, modern business schools are simultaneously expected to demonstrate their ability to manage themselves and to produce research and education that is considered 'relevant' to practitioners and funding bodies (Wilson & McKiernan 2011: 458, see also Crainer & Dearlove 1998: 48). The challenge associated with 'playing on two fields at the same time' is by no means a new problem. In the 1960s, Herbert Simon concluded his famous article, *The Business School – A Problem in Organizational Design*, by positing that the fundamental problem for business schools (and other professional schools) was that they had to balance between two social systems: an academic system dedicated to producing scientific knowledge and a professional system in which business is being practiced (Simon 1967: 16). Comparing these social systems to oil and water (two ingredients that will not blend (or remain blended) unless constantly stirred), Simon

(1967) portrayed the essence of the so-called rigor–relevance gap repeatedly addressed by his followers.

In a similar vein to Simon (1967), later scholarly interest involving business schools focused on fundamental discussions about the scientific nature and status of management studies, framing and explaining the juxtaposition between management science and practice (Whitley 1988; Hambrick 1994; Kieser & Nicolai 2005; Zell 2005; Walsh, Tushman, Kimberly, Starbuck & Asford 2007; Lorsch 2009; Palmer, Dick & Freiburger 2009; Kieser & Leiner 2009; Starkey, Hatchuel & Tempest 2009). In addition to critical commentaries charging business schools with managerial relevance and social responsibility, other topics discussed included pedagogical and curricular issues in management (primarily MBA) education (Schatz 1997; Kretovics 1999; Randolph 2011), speculation concerning the future of business schools (Friga, Bettis & Sullivan 2003; Cornuel 2005, Hawawini 2005, Datar, Garvin & Cullen 2011; Thomas & Cornuel 2012, Wilson & Thomas 2012), writings addressing quality assurance and reputational issues (accreditation and ranking) of business schools (Gioia & Corley 2002, Peters 2007, Bradshaw 2007; Bickerstaffe & Ridgres 2007; Trapnell 2007; Urgell 2007; Wedlin 2011a, 2011b), the history and development of business schools and management education in different parts of the world (Locke 1989, Engwall & Zamagni 1998: 1-18, Engwall 2000, Engwall 2004 Kipping et al. 2004, Engwall 2007, Antunes & Thomas 2007, Khurana 2007, Engwall & Danell 2011), and academic publishing and the strengthening of the ‘publish or perish’ ethos of modern academia (MacDonald & Kam 2009, Ketchen, Short & Terrell 2011).

When discussing either the history or the future of business schools, one of the central themes that many of the aforementioned pieces of literature touch upon is the American dominance in the world’s management education. Specifically, the so-called US model of management education has been widely acknowledged to have spread to business schools globally, shaping a variety of their practices and transforming them into more American-like institutions (see, e.g., Kipping et al. 2004, Engwall 2007, Alajoutsijärvi, Juusola & Kettunen 2013). Therefore, the controversies regarding business schools also appear to culminate in this dominant US-based model. As part of the worldwide expansion of higher management education, this doctoral thesis examines the development of business schools in

Finland from a historical perspective, paying particular attention to the international influences on Finnish management education. Toward this goal, the study aims to make a contribution to the organizational and sociological research on institutions of management education by creating a historically grounded account of business school development—a little understood but increasingly important source of leadership both globally and in Finnish society (see Khurana 2007: 387). In management studies, taking a historical approach means choosing a road less travelled and engaging in a laborious task. This effort, however, is necessary to fully grasp the historical construction of modern management education machinery, and its often controversial influence on our society. From a variety of perspectives on business schools, this study builds primarily on the growing body of literature that approaches management education historically (see Locke 1989, Kieser 2004; Kipping et al. 2004; Engwall 2000, 2004, 2007, 2009; Engwall & Zamagni 1998; Khurana 2007; Engwall & Danell 2011).

1.2 Finland and its business schools

Regardless of the need to increase our knowledge about international diffusion and interpretations of management education models and practices (see Üsdiken 2007: 92), business schools in Finland have not received detailed scrutiny in the academic literature (with the exception of Engwall (1998, 2000, 2004, 2007), and Alajoutsijärvi, Kettunen & Tikkanen (2012); the former has been generally interested in Nordic management education). Although several individual business school histories (Fellman and Forsén 2009; Kanerva 2000; Michelsen 2001; Perälä 1975; Pöykkö and Åberg 2010; Saarsalmi 1961; Sandström 1977; Ulkuniemi 1978; Westerlund 1984) have been written in Finland, these studies have typically been jubilee year publications focusing on documenting the histories of individual business schools; with a few notable exceptions, this literature has lacked a strong scholarly foundation. Understandably, these histories rarely address a broader international perspective or an explicit goal of identifying patterns in terms of Finnish versus global arenas of management education in general (see also Alajoutsijärvi et al. 2012: 339).

Although it makes perfect sense to assume that the Finnish business school system shares similar features with its western European (and particularly its Nordic) counterparts, reasonable differences may also be expected. Locke (1989: 2, 54-55) argued for a more country-specific, historical analysis of management education in stating that many of the existing problems “have, or can have, cultural configurations that are deeply embedded in the history of each country” (Locke 1989: 2). When compared for instance to Sweden, Finland’s history as an independent country is shorter, as it was subjugated until 1917, first by the Swedish and later by the Russians. Because of its former occupations, Finland has two official languages: the majority language (Finnish) is unrelated to any of the dominant languages in Europe, and the minority language (Swedish) was previously associated with the upper middle- and upper-class population of the country. Furthermore, unlike Sweden, Finland participated in World War II, where it fought (as informally allied with Germany) against the Soviet Union. After the war, fueled largely by the reparations that Finland was assigned to pay to the Soviet Union, the Finnish industry experienced a period of rapid growth and development. During the Cold War and in subsequent years, Finland became a small, pro-Western next-door neighbor to the communist superpower. Despite its disadvantages—its turbulent history, peripheral location, small population of less than six million, and language unrelated to any major European language family—Finland (like other Nordic countries) has enjoyed strong economic success, created world-class firms and achieved high per capita gross domestic product (GDP) (Alajoutsijärvi et al. 2012). Furthermore, Finland has recently gained worldwide recognition as an advanced wellbeing society with a high level of basic education (Program for International Student Assessment (PISA), OECD 2013).

In the course of its history, Finland has undertaken significant investments in higher education, and its business schools have also gained their fair share of this recognition. During their hundred-year history, Finnish business schools have experienced significant growth, producing approximately 3,500 bachelor’s, master’s and doctoral degrees in 2011² (Vipunen database 2013, see also Alajoutsijärvi et al. 2012). This is due foremost to government-led efforts in expanding the national higher education system; as a result, business degrees are currently conferred by ten universities: Aalto University (Aalto University School of Business; until 2010, the

stand-alone Helsinki School of Economics (HSE), established 1911); the Swedish School of Economics (SSE or Hanken, established in 1909 and conferred university status in 1927); Åbo Akademi (Handelshögskolan vid Åbo Akademi (HHÅA) established in 1927); the University of Turku (until 2010, a stand-alone Turku School of Economics (TSE), 1950); the University of Tampere (1965); the University of Vaasa (until 1980, a stand-alone Vaasa School of Economics (VSE), 1966); the University of Jyväskylä (1967); the University of Oulu (1991); Lappeenranta University of Technology (1991); and the University of Eastern Finland (2010). Because of the state-governed nature of Finnish higher education, business schools have traditionally been relatively homogeneous institutions, although the two oldest Helsinki-based schools, HSE and SSE, have enjoyed a slightly more prestigious status. However, the state-funded system, with its prevailing ethos that degrees granted by different universities should be of the same value and quality, strives to maintain uniformity.

However, because of the increased university autonomy allowed by recently changed university legislation (Universities Act 2009) and some structural development projects leading to university mergers, the Finnish business school system is witnessing significant changes. As a response, business schools are increasingly moving toward differentiation through international recognition, e.g., through accreditations and rankings (see Alajoutsijärvi, Juusola & Kettunen 2013). Studying the development of business schools in a Nordic welfare state such as Finland is both relevant and interesting, particularly in the context of recent global concerns about management education. Whether the Finnish management education system is presently experiencing some type of fundamental transition is difficult to determine. Nevertheless, the timing for a study that examines the development of business schools and the role they have played in underpinning the creation of Finnish society from a historical perspective might be just perfect.

1.3 Research objective, questions and key concepts

The value of this historical approach lies not so much in how it enlightens past events but “in the way it shows how contemporaries carry around in their heads ideas, values, and attitudes inherited from the past that shape the education of managers in

various countries” (Locke 1989: 2). To clarify the history of the management education, institutional theoretical perspectives have been suggested (e.g., Khurana 2007). Conversely, recent studies (e.g. Sahlin-Andersson & Engwall 2002a, Djelic 2008) have argued for the relevance of a historical perspective in studies on the diffusion and institutionalization of organizational ideas, norms and practices. The importance of combining institutional theory with a historical approach and methodology to understand “how local institutions can influence the translation of globally disseminated ideas, and how these local settings in turn may be reshaped by global ideas” has been repeatedly addressed in literature (see Sahlin-Andersson & Engwall 2002b: 290). According to Berger and Luckmann (1967: 72), institutions are based on shared meanings that cannot instantly emerge but that take time to evolve. Therefore, a shared history between people is necessary for an institution to emerge in the first place; no institution can be properly and adequately understood without an awareness of the historical processes, contexts and conditions under which it was produced (Berger & Luckmann 1967: 72). In this sense, institutions and history should be considered inseparable. Despite this, studies that place management education in a historical perspective and look at dissemination and reshaping processes over a longer period of history remain rare.

Inspired by these notions, the primary theoretical concepts applied in this study are based on a (neo)institutional theory (e.g., Berger & Luckmann 1967, DiMaggio & Powell 1983) that arguably dominates the current understanding of organizations (Greenwood, Oliver, Sahlin & Suddaby 2008: 2). Whereas traditional readings of history tend to emphasize causality and functionality (see Chandler 1962), the institutional perspective allows us to pay attention to more complex economic, political, social and cultural discourses on management education (cf. Khurana 2007). The process of institutionalization is (to a large extent) founded on the nature of human activity that has the tendency to habitualize, i.e., develop into patterns that are repeated in the future—in the same manner and with the same effort (Berger & Luckmann 1967: 70-71). The key institutional theoretical starting point of this study is institutional isomorphism (DiMaggio & Powell 1983), in which institutionalization is essentially a result of an organization’s tendency to respond to the coercive, mimetic and normative pressures in its environment by developing solutions that are similar to the responses of others (DiMaggio & Powell 1983: 147-149). This

emphasizes the notion that similar developments occur in different countries across the world regardless of significant variations in their local economic forces, political relationships and cultural traditions, which hardly makes sense unless we acknowledge the influence of common world forces that are at work (Meyer, Boli, Thomas & Ramirez 1997: 152).

Although institutional isomorphism (DiMaggio & Powell 1983) represents a dominant theory in understanding the social similarity among organizations, this theory has also been challenged regarding its inability to explain the processes as an outcome of which organizations such as business schools come to resemble each other. In response to the criticism of the theory of institutional isomorphism, numerous organizational scholars have directed their attention towards the mechanisms through which organizational practices spread (Boxenbaum & Jonsson 2008). In building on institutional theory and recent notions of how globally disseminated ideas, rules and practices of management education flow from one context to another shaping and reshaping them (see Sahlin-Andersson & Engwall 2002a), the objective of this study is to create a historically grounded account of the emergence and development of business schools in Finland. To meet the research objective, the following research questions are set:

Why did business schools emerge in Finland and how have they developed?

How have international models of management education influenced business schools and been institutionalized as part of the management education system in Finland?

The following definitions that are essential for framing the scope of the analysis in this study are explained below:

In this study, the concepts of *business school* and *higher management education* are used in parallel and exclusively in the sense that higher management education is considered the ‘business’ of business schools that they practice on an exclusive basis. Although numerous institutions that offer different types of management education courses and programs and/or claim to be business schools exist, this study only

considers business schools that offer higher, university-based management education and confer bachelor, masters and doctoral degrees in economics and business administration. Armbrüster and Kipping (2002: 98) distinguish business school as one (out of three) “institutions or activity systems, in which managing is taught and learned and in which individuals inevitably become familiar with the topics and terms circulating in the public sphere of management.” As opposed to producing highly context-specific prescriptions, business schools are primarily concerned with *general management knowledge* that prepares students for a wide spectrum of business-related positions and activities (Armbrüster & Kipping 2002: 98-102). Rather than possessing a certain type of management knowledge, business schools—as activity systems—are in fact defined by the type of knowledge they are dedicated to (Armbrüster & Kipping 2002: 110). Thus, business schools form a social system that follows a distinctive *institutional logic* in which a certain type of management knowledge is being created. Therefore, any non-research-based educational institutions offering business education in Finland such as commercial colleges (kauppaoppilaitokset), polytechnics and universities of applied sciences (ammattikorkeakoulut) are excluded from the scope of this study. Although they are currently offered by several business schools in Finland, MBA and eMBA programs are defined by Finnish law as non-degree programs that are allowed to charge their students tuition fees and are strictly distinguished from state-regulated bachelors, masters and doctoral degree programs. Therefore, the existence of an MBA or an eMBA program is not considered as a prerequisite for being defined as a business school in this study. Given these restrictions, there are presently ten business schools in Finland, as discussed above; these business schools are currently organized as stand-alone schools and as schools and faculties within multidisciplinary universities.

To understand the emergence and development of management education, one must broaden their view from the business school level to identify the dynamics stemming from the schools’ external environment. To facilitate the study of institutions, the concept of an *organisational field* has been constructed and defined as an intermediate level of analysis between an organization and society (DiMaggio & Powell 1983, see also Trank & Rynes 2003: 191-192). Organizational fields consist of collections of institutional actors that “interact more frequently and fatefully with one another than with actors outside the field” (Scott 1995: 56). DiMaggio and

Powell (1983: 148) define an organizational field as consisting of “those organizations that, in aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products.” According to DiMaggio and Powell (1983: 148), the value of analysis conducted at the organizational field level is that it accounts for the “totality of relevant actors.” As Wedlin (2011b: 202) notes, “Legitimacy and the institutional norms, models and assumptions on which it rests, develop and are shaped in the institutional field in which an organization operates.” These actors—business schools—are understood to have an active role in the construction of organizational fields of management education (cf. Wedlin 2011b). Furthermore, the field is a group of actors or a system of relations among which the transfer of models and the resulting social similarity occur, when “dominating organizations form reference points and models for the rest of the organizations in the same field” (Sahlin-Andersson 1996: 74).

In terms of the current state of business education, the institutional actors that constitute the organizational field are defined by Trank and Rynes (2003: 192, 201) as businesses, students, media rankings, accreditations (primarily AACSB) and business schools themselves. While discussing the development of technical education in Germany and in the United States, Byrkjeflot (2002: 218-219) identified four relevant actors in the formation of organizational fields of a technical education system: the state, industry, education and professional associations. Of these four actors, the state appears to be the most influential because it defines the pattern of interaction between the remaining three actors (Byrkjeflot 2002: 218). Therefore, “the structure of an organizational field cannot be determined a priori but must be defined on the basis of empirical investigation” (DiMaggio & Powell 1983: 148).

1.4 Overview of the research approach and methodology

Studying the development of business schools in a historical perspective calls for an understanding of both organizational and historical studies, in addition to their related methodological underpinnings. The research approach of this thesis, including the key theoretical concepts, the methodological approach, and the contribution to the literature, are summarized in the triangle in Figure 1 below.

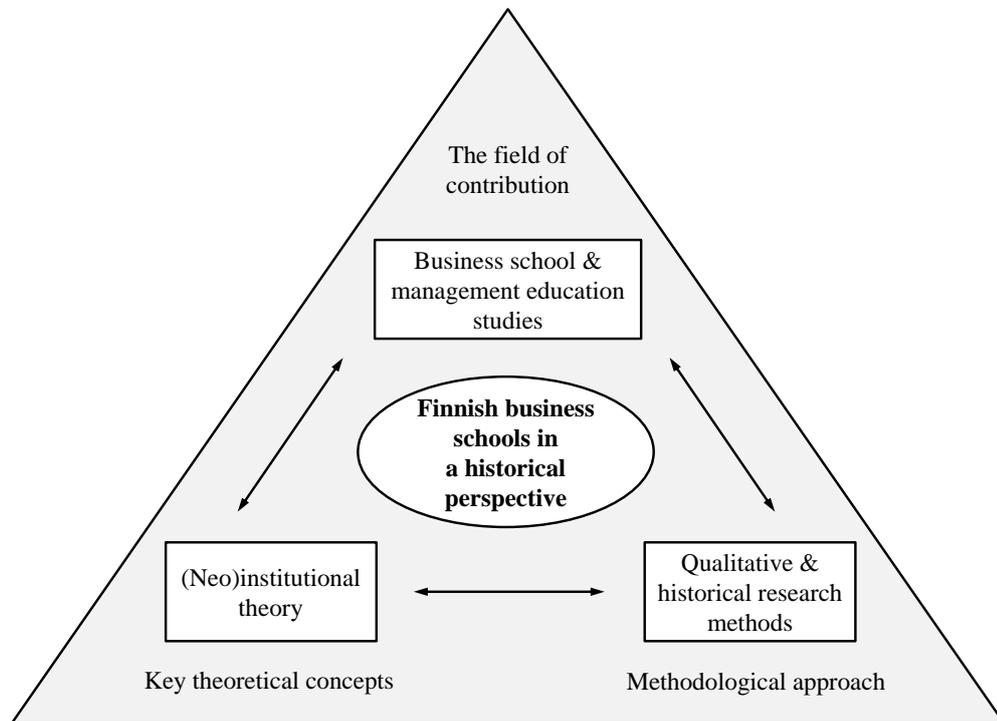


Figure 1. A summary of the research approach

The empirical data collected for this study consist of a dozen interviews with current and former business school directors in Finland (primarily rectors and deans) and different types of written material on Finnish business schools such as annual reports, rectors' speeches, archival and marketing materials, journal, magazine and newspaper articles, histories, research reports, biographies, statistics, websites, and writings and conversations published in social media. A detailed record of the accessed materials and a description of the data collection and analysis are presented in Chapter 3 below.

During this entire process, I have been more than a business school student—I have also been a business school employee. Over the past few years, I have participated in my school's research, teaching and administration activities as an administrative assistant and later as a doctoral student. My primary responsibilities have concerned planning and coordinating the school's international MBA program and participating in quality assurance work, in addition to writing this doctoral dissertation and fulfilling minor teaching assignments. During the final year of my doctoral studies, I also became involved in my school's pursuit of AACSB accreditation through my work as an accreditation coordinator. Although I lack the visibility of those in higher

ranks of the academic hierarchy, my different positions offered me numerous chances for informal conversations with business school management, faculty and administrative staff members, which offered a myriad of opportunities for participatory observations in different types of academic and non-academic meetings and gatherings. Moreover, my doctoral thesis advisor is the former Dean (from 2006–2011) of my school and a business scholar with experience in addressing many Finnish and foreign business schools, which has facilitated my access to certain data and enabled me to view things from a business school director's perspective. It is fair to say that playing the role of an 'insider' (i.e., as a part of the academic system of values and norms) also bears a certain risk of 'home blindness' (cf. Engwall 2009: 25). However, the years in academia have provided me with an invaluable source of information and insights that would have been impossible for an outsider to gain, grasp and set in context.

1.5 Thesis plan

The growing body of literature on the various aspects of higher management education has now been summarized in the introductory chapter (Chapter 1) of this thesis; the main purpose of this chapter is to familiarize the reader with the research topic at hand and to present the justifications and objectives for the study. This introduction is followed by a brief theoretical section (Chapter 2) that discusses key aspects of neoinstitutional theory about the study of business schools and the institutional mechanisms through which management ideas, rules and practices are perceived to flow around the world from one context to another. Instead of explicitly theorizing about the development of business schools, this literature summary forms a loosely defined conceptual framework for understanding the institutional processes that are at work in shaping higher management education.

The notes on research methodology, including the philosophical positioning of the study and a detailed description of the data collection and analytical processes, are presented in Chapter 3. The outcome of the analysis—the historical narrative of the Finnish business schools divided into three periods—is presented in Chapters 4, 5, and 6. To explicitly demonstrate how the international models of management education have influenced business schools in Finland, the literature discussing the

developments of management education in different parts of the world has been intertwined in the ensuing historical narrative.

This study ends with Chapter 7, which summarizes the historical narrative and discusses the key institutional dynamics that have influenced Finnish management education. The key contributions of the study are then analyzed. Finally, the limitations of the presented institutional analysis are evaluated and ideas for further research are suggested.

2 INSTITUTIONAL DYNAMICS SHAPING BUSINESS SCHOOLS

As previously noted above, business schools appear to be highly controversial institutions in certain ways, regardless of their global success stories as part of higher education. Viewed historically, some argue that business schools have evolved “into their own intellectual and institutional antithesis, in a process of development that is, as yet, little understood and generating consequences that we are only now beginning to comprehend and reckon with” (Khurana 2007: 7). Prior to discussing the century-long development process of business schools in Finland and the influences that international models have had on the schools, it is necessary to describe the theoretical underpinnings that are of fundamental relevance for understanding the institutional dynamics that are shaping business schools. Through these mechanisms, the institutions of management education tend to emerge, persist and change.

2.1 Institutions and legitimacy

The theoretical approach of this study relies on the new institutionalism (Meyer & Rowan 1977, DiMaggio & Powell 1983, 1991) and on social constructivism (Berger & Luckmann 1966). Some of the most popular neoinstitutional ideas are the Meyer and Rowan (1977) and DiMaggio and Powell (1983) notions of the powerful influence that external environments exert on organizations. Organizations that conform to their institutional environments and reach legitimacy, bureaucratize and become institutionalized (often at the expense of their efficiency) are more likely to survive than organizations that fail in these processes (Meyer & Rowan 1977, 360-361, DiMaggio & Powell 1983: 147-150). In other words, the survival and prosperity of an organization requires more than material resources and technical information (Scott 2008: 59). To succeed in its social environment, an organization requires social acceptability, credibility and, in institutional terms, legitimacy (Scott 2008: 59).

Legitimacy is defined by Suchman (1995: 574) as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs, and definitions.”

Institutions are concerned (obsessed) with legitimacy; striving for legitimacy ultimately becomes a powerful engine for institutionalization. Therefore, conformity with structures that may potentially harm an organization's efficiency may be reasonable if it increases legitimacy in the organization's institutional environment (Meyer & Rowan 1977, DiMaggio & Powell 1983, Walgenbach & Beck 2002: 145).

What then are the systems and structures that an organization should conform with, and who are those that confer legitimacy? According to Scott (2008: 59, 61), legitimacy may be determined by an organization's conformity to relevant legal regulations or other rule-like requirements, generally accepted norms, or meanings that are socially constructed and shared at a cultural-cognitive level. For Scott (2008: 60-61), conferring legitimacy is largely about power and authority. Authority thus depends on time and place, but in contemporary society, an organization's legitimacy typically rests on state agents and professional and trade associations authorized to grant certifications and accreditations generally interpreted as primary indicators of legitimacy (Scott 2008: 60, see also Dowling & Pfeffer 1975, Ruef & Scott 1998).

Although the powerful legitimizing role of regulative bodies and different types of rule and norm-setting associations can hardly be neglected, the most recent neoinstitutional work in the field of sociology and organization studies is primarily concerned with the third—and deepest—level of understanding institutionalization (Scott 2008: 57). Rather than merely through explicit rules (such as laws) or normative expectations, institutions are also shaped by meanings and understandings that are socially constructed and shared among individuals (Scott 2008: 57-59). Consequently, behavior is understood not so much as the result of regulative or normative obligations, but as a result of taken-for-granted perceptions of 'how we do things around here' (Scott 2008: 58). It is now acknowledged that the legitimacy of an organization is not solely dependent on an authorization granted by some individual body; instead, it is a more intricate process in which meanings are "socially constructed *among* large numbers of organizations through the creation of shared practices and the collective attribution of rationality or justice to those practices" (Strandgaard Pedersen & Dobbin 2006: 897).

Furthermore, some (e.g., Meyer, Boli, Thomas and Ramirez 1997) argue that as globalization continues to thrive, the traditional perception of nation-states as the primary authorities conferring legitimacy is waning; it has become increasingly relevant to emphasize the role of a world society in the process of legitimacy construction. According to Wedlin (2011: 202), “Legitimacy and the institutional norms, models and assumptions on which it rests, develop and are shaped in the institutional field in which an organization operates.” These institutional fields are no longer restricted by the boundaries of nation-states; they are now transnational to an increasing degree. This finding is also true in contemporary management education.

2.2 Legitimacy and professions

Although legitimacy is generally important for all institutions, several notions regarding professionalism are helpful in understanding the social basis for the existence of business schools. As suggested by Khurana (2007: 8), “professionalism and professions are powerful ideas and institutions”. In numerous occupational hierarchies, professions typically enjoy the highest status (Khurana 2007: 8). Throughout history, professional status has been pursued in various occupations through the establishment of professional schools. In particular, university-level professional education has been seen as a key mechanism in propagating the legitimacy of new professional groups, such as the one of managers that emerged on both sides of the Atlantic in the latter half of the nineteenth century (Abbot 1988, Khurana 2007).

Academic institutions have been viewed as playing a crucial role in the professionalization process, particularly with regard to their ability to *abstract* professional knowledge. As opposed to the numerous earlier, linear progression-based assumptions about the development of professions (e.g., Wilensky 1964, Caplow 1954, Millerson 1964 and Larson 1977), Abbot (1988: 2-3, 5, 33, see also Wallerstedt 2002: 248) views professions to exist in an ecological environment, i.e., an interactive, competitive and constantly changing ‘system of professions’ in which the success of one profession often means the failure and withdrawal of another.

Survival in this interprofessional competition is determined by a profession's ability to abstract its knowledge base so that the problems it solves can be created, defended and redefined (Abbot 1988: 8-9). The group of problems over which the profession claims ownership is referred to as *jurisdiction*. Because of their systemic nature, jurisdictional claims are exclusive in the sense that "every move in one profession's jurisdictions affects those of others" (Abbot 1988: 34). Therefore, abstraction casts the means for both protecting and expanding professional jurisdictions (Abbot 1988: 102, van Baalen and Karsten 2010; 155-156). In practice, competition between different professions is likely to occur at the intersections of different jurisdictions. According to Abbot (1988: 44), problems at the fringe areas of professional jurisdictions are more vulnerable to outside interlopers than ones at the core.

The constant effort to maintain the optimal level of abstraction follows the competition over professional jurisdiction (Abbot 1988). Jurisdictional claims consist of three components: diagnosis (classifying the problem), inference (reasoning the cause of the problem), and treatment (taking action in solving the problem) (Abbot 1988: 40), and it is the performance of a given profession in all three that indicates its overall success. In addition to the efficacy of the treatment in addressing the diagnosed problem, it is essential for the success of the profession that the link between the diagnosed problem and the offered solution is plausible and not too vague (Abbot 1988: 45-46). Thus, it is important for a profession not to exclude itself through over-abstraction. What matters is the profession's ability to speak to its clients in their own language and make the path from diagnosis to the offered treatment comprehensible to the customer (Abbot 1988: 47, 51-52). However, too little abstraction may signal that insufficient generalization in terms of diagnoses and treatments can be undertaken, which erodes legitimacy (Abbot 1988: 52).

"No profession can stretch its jurisdictions infinitely. For the more diverse a set of jurisdictions, the more abstract must be the cognitive structure binding them together. But the more abstract the binding ideas, the more vulnerable they are to specialization within and to diffusion into the common culture without." (Abbot 1988: 88)

2.3 Understanding persistence: Mechanisms of institutionalization

In their seminal article on organizational isomorphism, DiMaggio and Powell (1983: 147-149) argue that institutionalization is essentially a result of the tendency of different organizations to respond to the coercive, mimetic and normative pressures that originate in their environment by developing solutions that are similar to those of the others. DiMaggio and Powell (1983: 148) wrote:

“Once disparate organizations in the same line of business are structured into an actual field (as we shall argue, by competition, the state, or the professions), powerful forces emerge that lead them to become more similar to one another. Organizations may change their goals or develop new practices, and new organizations enter the field. But, in the long run, organizational actors making rational decisions construct around themselves an environment that constrains their ability to change further in later years.”

The first type of isomorphic pressure, a *coercive* isomorphism, typically stems from political pressures that are likely to result in homogeneity in governing organizations (DiMaggio & Powell 1983: 147-152). Scholars who stress the regulative aspects of institutions tend to view them as shaped primarily by explicit regulatory processes such as rule-setting, monitoring and sanctioning (Scott 2008: 52). Therefore, an emphasis on a regulative dimension tends to underscore the role of the state as rule maker, referee and enforcer (Scott 2008: 53). A *mimetic* isomorphism is essentially driven by the uncertainty posed by an organization’s environment that tends to result in both intentional and unintentional copy-cat behavior among organizations (DiMaggio & Powell 1983: 147-152). Thus, the mimetic type of isomorphism differs from the other two isomorphisms because it is primarily defined by its *character*, whereas coercive and normative isomorphisms relate to the *causes* of pressures for an organization to become similar (Czarniawska & Genell 2002: 465). A *normative* isomorphism relates to the tendency of organizations to adopt structures typically promoted by the members of certain professions (DiMaggio & Powell 1983: 147-152). Professions represent an important source of pressure originating from an organization’s external environment (DiMaggio & Powell 1983, Abbot 1988, Walgenbach & Beck 2002: 146). The followers of DiMaggio & Powell (1983) claim that professions represent an important source of (normative) isomorphism as organizations begin to adopt different elements on the profession’s agenda

(Walgenbach & Beck 2002: 146). When spreading to different organizations, professionals tend to require that these organizations comply with certain standards and value systems and to implement the concepts and techniques associated with the given profession (Walgenbach & Beck 2002: 146). In the normative realm, the focus is on the norms and values that bring order to social life (Scott 2008: 54-55). Whereas certain norms and values apply to all members of a social group, others are attached only to specific individuals or certain social positions (Scott 2008: 55). These norms and values that are applicable only to selected types of actors or positions give rise to roles that are charged with expectations about how to behave (Scott 2008: 55). However, normative systems restrict and also empower social behavior (Scott 2008: 55). As Scott (2008: 55) argues, “They confer rights as well as responsibilities; privileges as well as duties; licenses as well as mandates.” Professions are powerful roles that give selected individuals (such as doctors or lawyers) a license to make decisions involving life and death for others (Scott 2008: 55, see also Hughes 1958).

Although there are three distinct types of identified isomorphic pressures, they are hardly distinguishable in institutional reality; in fact, they interact and are mutually reinforcing. In addition to other institutional works, the isomorphism typology seems bound to a macro-level analysis, which says little about the actual processes through which institutions occur. In taking a step towards a more concrete direction, Scott (2008: 121-122) presents three underlying mechanisms that encourage institutionalization and shed light on the powerful forces of inertia experienced by organizations.

First, institutions may develop based on *increasing returns* (Scott 2008: 122). In essence, the path-dependence that occurs because of the positive feedback and rewards that institutional systems gain while they further develop in the same direction (and the punishment they receive from the costs of switching to an alternative) increases over time (Scott 2008: 122). For instance, because of the high costs of setting up and learning new technological systems, it is more compelling for an organization to stick to systems that have previously been adopted than to change to new ones (Scott 2008: 122). Second, institutionalization can stem from *increasing commitments* (Scott 2008: 122). Instead of costs and benefits, institutionalization is

driven by social commitments such as established long-term relationships among different actors that must be sustained, thus limiting both parties' ability to adapt to changing circumstances (Scott 2008: 123-125). As Selznick (1992: 232) phrased it, "when actions touch important interests and salient values or when they are embedded in networks of interdependence, options are more limited" (see also Scott 2008: 124). Third, institutionalization may be driven by *increasing objectification* (Scott 2008: 125). According to Scott (2008: 125) this aspect of institutionalization is emphasized by Berger and Luckmann (1967) who contend that when shared beliefs are passed on to new individuals they tend to become objectified, which results in a thickening and hardening of the institutional world. In Berger and Luckmann's (1967: 77) words, the process of transmitting these beliefs occurs by informing the next generation about how "these things are done" rather than on how "we do this" (Scott 2008: 125). Scott (2008: 127) argues that "Objectified beliefs often become embedded in routines, forms and documents (e.g., the types of classifications employed), and artefacts—our tools, hardware and machinery. We organize our material world in accordance with our mental categories, and the two become self-reinforcing." As Tolbert and Zucker (1996: 181, see also Scott 2008: 130) note, the more objectification that occurs, the more highly institutionalized and easily transmitted practices become.

2.4 Explaining change: Institutions and agency

Although the underlying assumption of institutional theory is that institutions are a source of stability and that actors (whether they are individuals or organizations) and their modes of acting are bounded by the institutional structures of their environments, important questions about how organizational and institutional change can be explained have been raised (Scott 2008: 76, 195). This fundamental challenge for institutional theory is generally referred to as the paradox of embedded agency.

Agency is understood as an actor's ability to influence the social world by altering its rules, relational ties or resource distribution (Scott 2008: 77-78). The role of actors has generated a great deal of discussion within institutional theory. In terms of the emergence of new institutions, Scott (2008: 94) roughly divides the different views into two categories: naturalistic and agent-based. In the naturalistic account,

“institutions are not created by the purposeful actions of interest-based agents, but rather emerge from the collective sense-making and problem-solving behavior or actors confronting similar situations” (Scott 2008: 95). In the agent-based account, “analysts embracing an agent-based view stress the importance of identifying particular actors as causal agents, emphasizing the extent to which intentionality and self-interest are at work” (Scott 2008: 95).

Consistent with structuration theory (see Giddens 1984) actors can be viewed “as creating and following rules and utilizing resources as they engage in the ongoing production and reproduction of social structures [and] as knowledgeable and reflexive, capable of understanding and taking account of everyday situations and routinely monitoring the results of their own and others’ actions” (Scott 2008: 77-78). Recently, actors have been understood to play an active role in the construction of organizational fields (cf. e.g., Wedlin 2011b, Trank and Rynes 2003). Although embedded in and therefore dependent on their institutional context, actors perform different activities through which they actively and deliberately participate in the creation, maintenance and/or disruption of institutions (Lawrence & Suddaby 2006). According to Scott (2008: 97), there are many types of institutional agents, which may include individual and collective actors. It should be noted, however, that acknowledging the role of actors in the process of institutionalization does not attribute the transformation (creation) of existing (new) institutions to institutional entrepreneurs (DiMaggio 1988, Battilana, Leca & Boxenbaum 2009: 66) or heroic individuals.

2.5 Institutionalism in action: How and why do ideas travel?

Variation and conformity tend to co-exist in institutional life (Strandgaard Pedersen & Dobbin 2006: 902, see also Sahlin-Andersson 1996: 70). The discussion above on institutional isomorphism offers insights into the institutional pressures that shape organizations and tend to make them look similar to one another. However, the initial isomorphism argument, as framed by DiMaggio and Powell (1983), leaves plenty of room for later institutionalist work to discover how institutions are created, maintained and disrupted by the actors involved, and why certain structures (and not others) are adopted by organizations and become institutionalized.

As noted by Djelic (2004: 343), new institutionalism revives the notion of sociologists that “similarities are explained by processes of transfer and diffusion.” Indeed, institutional models are unlikely to be imported from one context to another in their entirety without being changed (DiMaggio & Powell 1991: 29). What is transferred and diffused primarily are ideas that, when traveling into new contexts and settings, become embedded through a process of translation (Czarniawska & Sevón 1996, Czarniawska & Joerges, 1996 see also Djelic 2008: 546). Whether the level of adaptation (i.e., importing a foreign model of management education) leads to the creation of new institutions (or an alteration of existing institutional arrangements) depends on how institutionalized and interconnected the pre-established arrangements are with related institutional frameworks (Kipping et al. 2004: 99, 106).

In building on findings regarding the diffusion of MBA programs, Strandgaard Pedersen and Dobbin (2006: 903) identified imitation, hybridization, transmutation and immunization as four distinct mechanisms mediating the relationship between local and global models. Whereas imitation denotes a wholesale adoption and replication of a foreign model, hybridization involves the combination of local and global elements (Strandgaard Pedersen & Dobbin 2006: 903-904). Transmutation occurs when old forms and practices are infused by new meaning and content (Strandgaard Pedersen & Dobbin 2006: 904). In immunization, new models are identified but rejected in favor of continuing existing local or national traditions (Strandgaard Pedersen & Dobbin 2006: 904). In the case of MBA programs, pressures towards imitation are steady, and schools that initially adopt an immunization approach have been observed to eventually backtrack (Strandgaard Pedersen & Dobbin 2006: 904).

To overcome the paradox of embedded agency, i.e., to plausibly explain institutional change without compromising the disembodied essence of institutionalization, many recent neoinstitutionalists (e.g., Sahlin-Andersson 1996) have begun to discuss *ideas* that are diffused by different types of *carriers*. The notion of carriers draws attention to “a set of fundamental mechanisms that allow us to account for how ideas move through space and time, and who or what is transporting them” (Scott 2008: 79). Carriers can be individuals or groups of individuals, symbolic systems, relational

systems, routines and artifacts (Engwall 2004: 112-114; see also Engwall 2000: 7-9, Ernst & Kieser 2002, Scott 2008). By actively participating in diffusion and translation processes, carriers influence both the way diffusion occurs and how ideas are translated (Sahlin-Andersson 1996, see also Djelic 2008: 546). Thus, institutions tend to reflect the interests and purposes of the carriers that were involved in building them (Sahlin-Andersson 1996, see also Djelic 2008: 546).

If institutionalization is essentially caused by isomorphic pressures (DiMaggio & Powell 1983) and isomorphism is an outcome of transfer and diffusion (cf. Djelic 2004: 343) undertaken by carriers of ideas (Czarniawska & Sevón 1996, Czarniawska & Joerges, 1996 see also Djelic 2008), it is important to understand what makes certain ideas travel faster than others. Why do nation-states and other political entities enforce certain structures and regulations but not others (coercive isomorphism)? Why do organizations, when uncertain about their environment, prefer copying certain models from other organizations and not others (mimetic isomorphism)? And why do professionals in an organization claim that certain structures are superior to others (normative isomorphism)?

This line of thinking culminates with the question of what makes certain organizational structures more legitimate than others (see e.g., Sahlin-Andersson & Engwall 2002b, Røvik 2002). Models and practices that spread among organizations are typically those that are regarded by others as successful and exemplary (Sahlin Andersson 1996: 78). However, as argued by Sahlin-Andersson (1996: 78), “[w]hat spreads are not experiences or practices *per se*, but standardized models and presentations of such practices”.

Organizational recipes are ideas that have become legitimate and achieved a status of so-called organizational superstandards such as Total Quality Management (TQM) and Management by Objectives (MBO) (Røvik 2002: 122-143). As for the factors influencing a recipe’s acceptance and adoption, Røvik (2002: 122-143) formulates seven propositions. First is *social authorization*, which means that the organizational recipe is clearly associated with individuals or organizations that are widely reputed and considered to be successful (and therefore authoritative) and likely to increase the recipe’s acceptance (Røvik 2002: 122, 142). Second, the likelihood of adoption is

positively influenced by *universalization*, which involves abstracting and simplifying the recipe and enables it be conceived of as a solution that can be applied to organizations across the world (Røvik 2002: 129, 142). Third, the successful *commodification* (i.e., packaging) of the recipe into a relevant and advantageous product that can be effectively communicated to potential audiences is likely to increase its popularity (Røvik 2002: 142). Fourth, recipes that are properly *timed* to provide solutions to the fundamental problems of contemporary organizations are likely to garner more acceptance than recipes that are less successful in capturing the general "zeitgeist" or spirit of the time (Røvik 2002: 133, 142). Fifth, *harmonizing* the message of the recipe in a way that presents it as a sufficiently general solution (rather than one that provokes a conflict between different interest groups within an organization) is likely to increase its acceptance (Røvik 2002: 136, 142). Sixth, *dramatizing* the recipe (i.e., articulating its origin and development) in a story-like manner is likely to make it both exciting and memorable, which will improve its potential to be adopted (Røvik 2002: 139, 142-143). Seventh, *individualizing* the recipe and making it appear as a meaningful solution (in terms of organizational advancement and also in terms of individual-level development) is likely to increase the recipe's likelihood of becoming a widely accepted standard (Røvik 2002: 143).

As opposed to the rationalist school of thought, organizational ideas or recipes are considered to 'have legs' not because they enhance organizational effectiveness and efficiency but because they are legitimized by their conformity with the central and rational norms and values of modern society, including their emphasis on progress, individualism, effectiveness and efficiency (Røvik 2002: 114-115, 117; see also Strang & Meyer 1994, Meyer 1996, Parsons 1956). Ideas do not succeed and become standardized "by virtue of their intrinsic qualities but rather as a consequence of process of social construction and reconstruction" (Røvik 2002: 143). In other words, the ideas that are linked to the dominant values of the society are more likely to gain acceptance than those missing this link (Røvik 2002: 117).

2.6 Local responses: Imitation and identity construction

Finally, although management education systems are more complicated than industry recipes, such as TQM and MBO, the business school models that have become

dominant appear to share many of the aforementioned features that facilitate their spread from one context to another. Nevertheless, as implied by Røvik (2002), it is not just the idea or its transmitter that counts; the actions of the recipient are also significant.

Sahlin-Andersson (1996: 92) has suggested that “the “imitating organization” is not a passive adopter of concepts and models defined and spread at the macro-level. However, the ability to maintain and form local practices is not found in the choice between institutions but rather in the editing of models and concepts. New meanings are ascribed to the imitated models so they can be combined with previous working models.” In fact, the scholars of organizational change suggest that imitation is a result of an ‘identity crisis’ that occurs as a response to an organization interacting with other organizations, comparing itself with them, learning from them, and defining its problems based on this comparison (Sahlin-Andersson 1996: 72-75, Sevón 1996: 66). Finding new models to emulate may, in turn, lead an organization to enter a new field, to start using new terminology, and to act differently to meet the new expectations of those that they interact with (Sahlin-Andersson 1996: 89):

“The models, language and reforms stemming from such references produce new expectations, new interests, new relations and thus new identity.” (Sahlin-Andersson 1996: 89-90)

However, entering new fields often leads organizations to encounter contradicting institutional logic that forces the firms to engage in decoupling, that is, abiding by the institutional pressures only superficially and differentiating the stated structures from the actual practices (Boxenbaum & Jonsson 2008: 81, 86). In essence, “by decoupling, organizations achieve legitimacy through espoused action but remain efficient or consistent through actual action, which enhances their survival prospects” (Boxenbaum & Jonsson 2008: 81).

2.7 The conceptual framework and its implications for the study of management education

Although the underlying idea behind this theoretical section was not to explicitly theorize about the development of business schools, the key concepts that I will

apply to understand the institutional processes shaping higher management education are summarized in this concluding paragraph. While this study considers the history of Finnish management education and the indigenous reasons that led to the development of business schools in the first place, the study also emphasizes the fact that countries and their institutions rarely emerge, exist, and develop in self-sustained vacuums apart from any external influence. To understand the emergence and development of business schools, this study builds on the neoinstitutionalism- and social constructionism -rooted notions of organizational legitimacy, a socially shared perception that the actions of an organization are desirable, proper, and appropriate (see Suchman 1995: 574). In essence, the organizations' strides to achieve legitimacy build the ground on which institutionalization can, and most likely will, occur.

After discussing the concept of institutional legitimacy in general, I began to deliberate how this concept relates to professional education in particular. The emergence of a system for professional education is closely related to the legitimacy search of the group of people practicing that particular profession. Although establishing a university-based business school has been viewed as a focal activity in the process of uplifting the status and legitimacy of practicing managers, it has also called for the abstraction or so-called 'scientification' of management problems. Hence, the establishment of university-based management education has led to the creation of professional schools that are continuously expected to balance between the following two social systems (see Simon 1967) or competing institutional logics: the academic and the practical.

Although the organizational legitimacy of business schools has traditionally been determined by the different types of authoritarian bodies and regulative systems developed by nation-states, the globalization of management education has diminished the role of the nation-state as a legitimacy-granting body, emphasizing that the legitimacy of modern business schools is determined in the organizational fields of management education that are to an increasing extent transnational. This development further underlines the neoinstitutional argument that the legitimacy of an organization is based on a socially constructed perception regarding the actions of an organization, rather than on a decision made by a formal authority.

In essence, business schools face a number of isomorphic (coercive, mimetic, and normative) pressures in their institutional environment to which they tend to react more or less in the same way. Hence, the business schools that all operate in the field of management education begin to incline towards a similarity that is likely to strengthen over time as the social relationships and commitments grow tighter, the costs of changing to alternative solutions increase, and the beliefs that people share become rooted in the structures and practices of management education. However, whereas institutional isomorphism (DiMaggio & Powell 1983) represents a dominant theory in understanding the social similarity among organizations, this theory arguably falls short in explaining the processes as an outcome of which organizations such as business schools come to resemble each other. As a remedy for the shortcomings of the theory of institutional isomorphism, numerous organizational scholars have directed their attention to a number of mechanisms through which organizational practices spread (Boxenbaum & Jonsson 2008). In general, several of the most popular mechanisms addressed in the organizational literature that are coupled with institutional isomorphism relate to the diffusion or travel of ideas. However, as indicated by Boxenbaum & Jonsson (2008: 83), additional research should be conducted to verify “the implicit assumption that diffusion equals isomorphism”. In other words, “while diffusion was introduced as a mechanism that led to isomorphism, many empirical researchers have implicitly reversed this causal link. The result is that there has been little empirical work with isomorphism as the *outcome* of diffusion, while there is a wealth of empirical studies that invoke institutional isomorphism as the *cause* of diffusion” (Boxenbaum & Jonsson 2008: 78-79).

To understand institutional change and the dynamics that shape management education, I have introduced the concept of diffusion and have discussed how ideas tend to travel from one context to another with different types of carriers and become translated into different local conditions, resulting in imitation, identity construction, and decoupling as well as the institutionalization of structures and practices related to foreign models. For instance, the carriers that transport ideas may be people, groups of people, symbolic systems, relational systems, routines or artifacts (Engwall 2004: 112-114; see also Engwall 2000: 7-9, Ernst & Kieser 2002, Scott 2008). Conversely, the ideas that are being carried are typically models and the related practices that are

generally perceived as successful, universally applicable, transferable, timely, and meaningful among the actors in the given organizational field. While discussing ideas and the people and systems that carry these ideas, this study adopts a non-agentic based view regarding institutional change. This approach tends to view institutions as “social facts” (see Boxenbaum & Jonsson 2008) and organizations as able to “respond heterogeneously” to isomorphic pressures, depending on time, space, and local competition (see Boxenbaum & Jonsson 2008). In other words, although the individual and organizational levels are apparent in the following analysis, the role of these actors in the initiation of institutional change is viewed as less strategic and less intentional than a more agency-emphasizing account.

Although this study’s primary contribution is to the research on business schools and management education, the historical narrative produced in the following three chapters of this thesis also contributes to institutional theory in the larger sense by attempting to strengthen the link among the diffusion of ideas, their institutionalization and the resulting isomorphism. This goal is achieved by collecting and analyzing data at the individual, organizational, and institutional levels and by building the linkages among these different levels and the wider institutional-level development trajectory of Finnish management education. The result is a historical narrative on Finnish business schools that examines the role of international models of management education – that is, the diffusion or spread of ideas regarding management education in other countries – in the legitimacy search of business schools in the Finnish context. In addition, the narrative examines how and to what extent these diffused practices or ideas have become incorporated into the Finnish system of management education and have changed its identity. The narrative is divided into three periods. After each period, the institutional dynamics that have helped shape Finnish business schools at different times are analyzed.

3 A NOTE ON RESEARCH METHODOLOGY

3.1 The business scholar and studying the past

When I first became involved in studying the history of management education, I was a master's student in business school looking for a topic for my final thesis. I was also holding down a part-time job as an assistant in the school's administration in which my primary responsibility was assisting the Dean in launching a new international full-time MBA program. As director of the school, the Dean was interested in researching the business of business schools; as professors often do with indecisive students, he suggested that I could do my master's thesis on a topic related to this scholarly interest. As a recent participant in my school's double degree program with the University of North Carolina at Greensboro (US) that had a hands-on opportunity for one full academic year to witness the differences between the Finnish and the American higher business education systems, I was hooked. After encountering a few blind alleys in focusing my research project, the topic eventually grew to become the history of business schools in Finland. As soon as the lengthy process of completing my thesis and simultaneously working for the school was over, the opportunity presented itself to continue my studies in a PhD program. I was hooked again.

In beginning my research project, I had no idea what the study of history would entail. I learned rather quickly that historical studies (or at least studies explicitly labeled as historical) were not exactly a popular topic for many business scholars. However, in the course of the studying process I began to realize that my questions concerning the under-representation of historical studies in the field of business and organization studies were answered by the phenomena actually under study. The history of business schools was also a history of research paradigms that had dominated business studies at different times. As argued by Bryman, Bell, Mills and Yue (2011), the post-World War II decades in management and organization theory (particularly in North America) were characterized by a considerable move away from the study of history and the past, whereas more recent discussions have emphasized the 'reintegration' of the study of history and related research methods in

business studies. In addition to this notion, I came to understand that contemporary business school organizations were in many respects reflections of their culture-specific historical developments, the understanding of which called for a historical approach (cf. Kieser 1994: 609). Through historical analysis, one can better understand that many dominant management theories and practices are products of particular histories and therefore influenced by fashions, trends, political climates, and societal atmosphere (Kieser 1994: 610). The advantage of a historical perspective is that it helps break deterministic views on organizations and opens our eyes to the realization that there is rarely anything inherently right and inevitable in the way that organizations develop (Kieser 1994, see also Khurana 2007). Historical analysis involves the potential to “teach us to interpret existing organizational structures not as determined by laws but as the result of decisions in past choice opportunities, some of which were made intentionally and others more implicitly” (Kieser 1994: 611). Kieser (1994: 612) also challenged the underlying assumption behind theories of organizational change by postulating that evolutionary mechanisms that were used to describe organizational changes (and that were generally considered by organization theorists to not to change over time) were themselves subject to evolution. Indeed, “by confronting theories of organizational change with historical developments, these theories can be subjected to a more radical test than they have to pass when merely being confronted with data on short-run changes” (Kieser 1994: 612).

I realized that studying history meant taking the road less travelled by business scholars, although it was not because the historical approach was less valuable; on the contrary, it was simply not a part of the dominant understanding of what constituted business research. Although the majority of the researchers at my school were qualitatively oriented, well-acquainted with case-study methodology and often worked with historical data, my general impression was that the ‘history compartment’ I occupied (more or less on my own initiative) was not a very crowded place.

The more engaged I became with my research project, the more deeply I felt that everything that was happening around me at my daily work in business school had more meaning when interpreted within a framework of the history of the institution.

Because of my background in business studies, I continued to be inclined to treat this historical approach merely as a methodological choice that would eventually help me to produce something theoretically novel and interesting. In this respect, my participation in the 2011 Business History Conference Annual Meeting was an eye-opening experience, at the very least. In a conference session titled *Method or Madness: Does Business History Have a Methodology?*, I realized that I had placed myself in the middle of long-debated ground between historical and social (including organizational) studies, two disciplines that approached the past with rather different epistemological understandings. Djelic argues (2008: 542-543) that there is an ancient debate between history and sociology stemming from the ultimate *raison d'être*s of the two disciplines appearing to be very different. Whereas a historian tends to view the phenomenon under scrutiny as unique and aims to construct a historical narrative, a social scientist is inclined to look for regularities from which to derive theoretical concepts (Djelic 2008: 542-543).

While at the conference, I had an opportunity to witness an interesting debate regarding the epistemological and ontological bases of a study of history. Although a group of scholars presenting themselves as traditional historians seemed to share a rather positivist view of history and argued that there was a historical *truth* hidden somewhere in the archives that could be discovered and documented by a robust and rigorous historian, another scholar disagreed and claimed vigorously that history did not actually exist but was *created* by a historian. Perhaps the most traditional and extreme school of thought in history is positive history, essentially seeking the objective truth by collecting and assembling a patchwork of different relics of the past (e.g., Djelic 2008: 540). Consequently, the key question regarding this empirical material is the authenticity, i.e., the truth value of these relics. The authenticity of the relics is determined by classifying the historical source material into primary and secondary sources based on their origin: the former were produced during the actual time period under study, whereas the latter were created afterwards. However, historical source material may be classified into historical documents and narratives based on the extent to which they contain intended historical interpretations. For a historian, primary sources and documents that are free from any retrospective interpretations are more trustworthy than secondary and narrative sources because they are assumed to contain fewer mistakes and biases resulting from their creator's

ability (or tendency) to remember (or distort) past events. Therefore, the essential work of a historian is source criticism, against which the feasibility of the source is being interpreted (Kalela 1972: 171, Renvall 1983: 166). The purpose of external source criticism is to identify the forgeries by determining whether the source is actually what it appears to be (Renvall 1983: 166). Internal source criticism constitutes an evaluation of the purpose that the source was created for and the motivations of its creator (Renvall 1983: 166). The final focal methodology of a historian is triangulation—inspecting and comparing the source materials and their information content against one another to verify historical facts and to recognize the possible dependencies among different source materials that may have resulted in the repetition of mistaken information in numerous sources (Business History Conference 2011).

However, positivist history has been challenged by far more critical readings of history that question the existence of historical facts and reality (Djelic 2008: 540). Bryman et al. (2011: 426) argue that French postmodernist philosophers in the mid-1960s—such as Foucault (1965, 1972), Derrida (1978) and Lyotard (1984)—began to question and challenge the orthodox views of the ontological status of knowledge. For Foucault, knowledge was considered at any given time to be rooted in “powerful ideas that are reinforced in practice,” i.e., *discourses* (Bryman et. al. 2011: 426). Formation of these discourses is, according to Foucault, contextual: changes in context lead to different epochs of knowledge, which stresses Foucault’s point that history is anything but continuous, progressive or linear (Bryman et. al. 2011: 426). Derrida emphasized the role of *language* in constituting knowledge, arguing that instead of being able to actually reflect past reality in a study of history, we are in fact creating the reality through language (Bryman et. al. 2011: 426). Finally, Lyotard stressed that our knowledge (i.e., understanding) of social life and our role in it consists of links between our current existence and events in our past and future that are organized through “*grand narratives*” (Bryman et. al. 2011: 426).

As Bryman et al. (2011: 426) explained, Foucault, Derrida and Lyotard were postmodernists whose notions of discourse, language and grand narratives began to change what had been so far understood as knowledge and represented a completely different idea of what could be considered as *truth*. Among historians, the

postmodern camp acknowledges the role of the human being (both the one that existed in the past and the historian him/herself) and the influence that individual interpretations have on the construction of history (Djelic 2008: 541). Furthermore, according to White (see Bryman et. al. 2011: 426), the past consists of innumerable, disparate elements that cannot be brought back or reproduced. Therefore, any attempt to reproduce the past is limited to fiction-like processes in which historians make choices about which elements to focus upon and which type of narratives to use to order these elements (Bryman et. al. 2011: 426, see also e.g. White 1973). For White, history is more fiction than it is science (Bryman et. al. 2011: 426); in fact, history is a story that the historian has selected to tell to his or her audience by emphasizing certain elements of the past and ignoring others (Bryman et. al. 2011: 426, see also White 1973). These selections are then further influenced by historical documents (the empirical data) that are also selected interpretations of the past (Bryman et. al. 2011: 426). Finally, the way a historian tells his or her story and constructs history is limited by the number of different *writing genres* that a historian (like a novelist) must choose from (Bryman et. al. 2011: 426, see also White 1973). According to White, these writing genres typically involve *tropes* such as metaphor, metonymy, synecdoche and irony, and *narrative forms* such as romance, tragedy, comedy and satire that are likely associated with one another in writing (irony, for example is a typical trope of satires), thereby setting certain boundaries to historical story-telling (White 1973, Bryman et. al. 2011: 426-427). Consistent with these notions, the postmodern study of history becomes a linguistically focused exercise of generating “a contemporary narrative from historically embedded narratives” (Djelic 2008: 541).

By the time I returned from my conference trip, I realized that instead of a lightweight research approach or a tool, history was a discipline in its own right, the epistemological assumptions of which I had to recognize. Furthermore, I realized that any researcher interested in how practices and models are diffused from one context to another across an extended period of time faces the problem at some point that the underlying purpose of the project could be understood as fundamentally different, depending on whether one viewed the project as a historian or a social scientist.

Because positivist and interpretivist schools of thought exist in both history and sociology, it is not always clear whether it is the discipline itself or the underlying epistemological juxtapositions that determine how the past is approached. Whereas historians debate between a search for truth and a construction of a narrative (Djelic 2008: 540-543), in sociology (or organizational studies) the typical debate occurs between sociologists for whom social reality can be extracted from its historical context and approached through a search of causal regularities versus the ‘Weberian’ school of social constructivism (e.g., Berger & Luckmann 1967, Meyer & Rowan 1977), whose proponents— although still aiming to find patterns and to theorize— view social reality as inseparable from the historical, cultural and institutional context in which it was embedded (Djelic 2008: 541). The differences and similarities *between* history and sociology, as well as *within* the two disciplines, are contrasted in Figure 2 (the figure drawn is based on Djelic 2008).

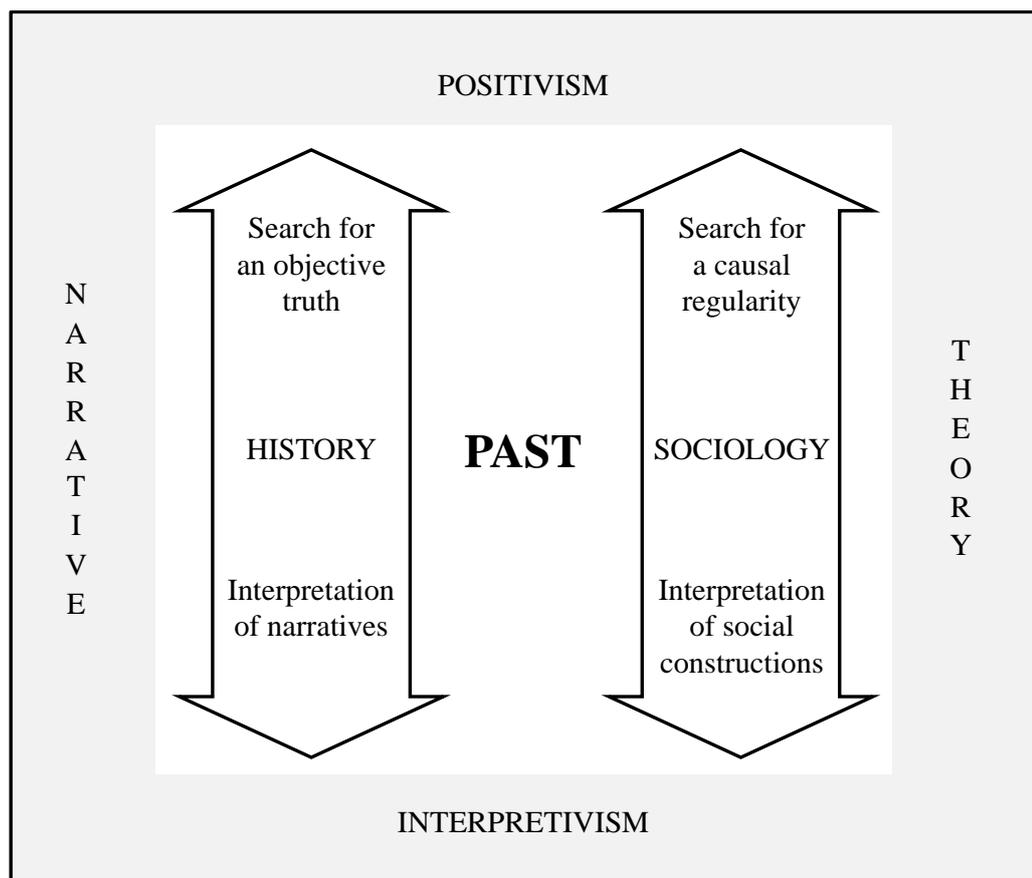


Figure 2. Study of the past: History and sociology in a comparative perspective

3.2 The philosophical positioning of the study

Although contrasting is a useful tool for demonstrating and highlighting differences between extremes, numerous research projects in the field of management education have also been conducted successfully in the middle ground of narrative construction and theory building (see, e.g., Khurana 2007, Engwall 2009). Hence, I am also positioning my study in the middle, relying on the notion that the common ground of interpretivism (see Figure 2) will allow the story and the theory to meet in peace. Specifically, the way in which history has been approached in studies regarding the diffusion of organizational practices (see Djelic 2008) is particularly useful.

In diffusion studies, time is an essential element. Djelic (2008: 539) distinguishes three types of conceptions of time: linear, cyclical, and path dependent (i.e., that the present is more or less pre-structured by the past). The different readings of time influence the way history is understood, and different perceptions of time and history will further influence how the diffusion of practices and models from one context to another is assumed to transpire (Djelic 2008: 539). Furthermore, Djelic (2008: 543) distinguishes two essentially different types of logics under which social similarity has been depicted in the literature. Whereas the logic of *modernization* relies on a linear-like progression and increased efficiency through the expansion of ‘best practices’—and therefore has a functionalist undertone—the *diffusionist* logic views similarity as a result of interaction, connectedness, historical context and individual and institutional channels that allow the diffusion to occur with no intended motivation to progress and improve (Djelic 2008: 543-546).

The neoinstitutionalist argument on isomorphism (DiMaggio & Powell 1983) and its followers seem to affirm the latter logic of diffusion. However, there also appears to be different ways of approaching history within the neoinstitutionalism context (see Djelic 2008: 546-552). Djelic (2008: 546-552) separates these into three different types, which I find more appropriate to discuss as different points on one continuum. The types identified by Djelic (2008: 546-552) vary from treating history merely as a succession of events or a ‘methodological toolkit’ that is harnessed for the use of social sciences to dense and complex understandings of the role of history in the process of constructing diffused ideas, norms and practices. Somewhere in the

middle would be a social scientist that views history as a ‘hired hand’ of theory building and also “attempts to construct his or her own narrative from a multiplicity of existing narratives—some stemming from the actors themselves, others from historians” (Djelic 2008: 549). Nevertheless, “the aim [for someone in the middle] is not history for history’s sake; rather the objective is to generate theoretical propositions” (Djelic 2008: 549).

Understanding the role of history in the process of diffusion, as described by Djelic (2008), is illustrated in Figure 3. This study is positioned between the middle and ‘thick’ end of the continuum, leaning more towards the latter. Although I am aiming to increase our understanding of the emergence and development of business schools as a response to the internationally disseminated ideas on management education, my reading of history, at a minimum, casts an inseparable context for the process of diffusion. However, within the limitations of the empirical material at hand, I also strive to view how history becomes built into the ideas, norms and practices that are becoming diffused and institutionalized.

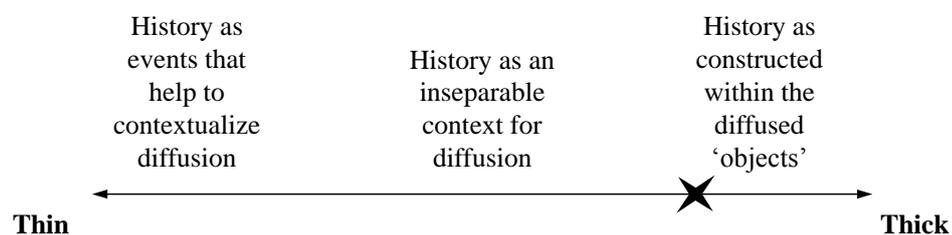


Figure 3. Understanding history in the process of diffusion

3.3 Collecting data and constructing the historical narrative

Djelic’s (2008) ideas on the thick reading of history are helpful in understanding how my research process has unfolded. The data collection and analysis for my doctoral thesis has not been a linear, straightforward process in which I have been consistently aware of what I was looking for from different sources. Instead, my data collection occurred in a number of different phases during the course of my study process. Therefore, my understanding of the ontological, epistemological, and methodological aspects of a historical study has been built throughout the data collection process.

That way, my personal history as a researcher is built into the ideas that are eventually being diffused through this thesis.

As discussed above, my acquaintance with studies about business schools and management education began while I was a master's student. In accordance with the requirements of the Finnish higher education system, I wrote a theoretically positioned master's thesis that addressed the development of the Finnish business school institution. Because preparing my doctoral thesis has both deepened and broadened my understanding of the studied phenomenon in many ways, I have effectively rewritten the history of Finnish business schools that comprised my master's thesis. The empirical focus of this research project, however, has remained unchanged, and this study still focuses on the history of Finnish business schools. Therefore, I have been able to reuse and reanalyze most of the data that I initially collected for my master's thesis work.

The material that was gathered at the master's thesis phase consisted of different types of documents focusing on the history of Finnish business schools, which were analyzed as the research process unfolded and I learned more about historical methods. While still unfamiliar with the history of higher management education in Finland, I began my research process by collecting and reading the official histories of individual business schools, beginning with HSE, SSE and HHÅA—the three oldest business schools in Finland. As the only business schools in existence until the 1950s, their histories almost completely account for the first half of the hundred-year history of business schools in Finland, which makes it possible to gain an understanding of the circumstances under which higher management education was established. I continued my collection and study of similar types of histories of other business schools in the order that they were established. Based on the events that were highlighted in these publications (such as the years when the schools had been formally established, given a state-authorization to confer doctoral degrees or nationalized), I was able to draw a general timeline of the establishment of higher management education in Finland and write the first general outline of its history.

In the course of the study process, I also familiarized myself with historical methodology and source criticism, triangulation and how historians define primary

versus secondary data. Because the business school histories were often jubilee year publications, I grew concerned over their ‘truth value.’ These types of documents were likely to be highly interpretative and their production was most likely driven by a motivation to present the schools’ pasts in a glorified light. As a response to this realization, I began a thorough search for more authentic source material. The materials that I collected at this point included the annual reports of business schools, magazine and newspaper articles, statistics, biographies, websites and histories, studies and reports that discussed the business schools from a more general and impartial perspective.

Sifting through the source material and taking notes is truly the most time consuming phase of a historical study (see e.g., Kalela 1972: 180). While I was collecting this immense variety of written source material, I was also engaged in an intense period of browsing, reading, listing, copying, archiving, underlining and note-taking. During countless hours spent in the university library, I went through over a hundred annual reports; tens of Statistical Yearbooks of Finland; several volumes of the *Finnish Journal of Business Economics*; the student newspapers *Ekonomi* and *Contactor*; various articles published in late nineteenth to early twentieth century newspapers, such as *Kauppalehti*, *Uusi Suometar*, and *Päivälehti*; and multiple other business school-related reports and writings that I found either through the university library database or online.

Particularly valuable sources of data included the annual reports of HSE, TSE, and VSE that covered the approximate time period of 1920 to 1990. These reports are detailed records documenting the given business school’s general standing, organization, decision making, recruited faculty and students, research output, and offered courses on an annual basis in a given academic year. Furthermore, these reports published the inauguration ceremony speeches of the school’s rectors in each academic year. The length and topic of the speeches varied, but an average speech consisted of ten pages addressing the topical issues influencing the schools such as the state of their research and education, financial standing, governance structure and student body.

Historical research is a solid process in which separating the data collection, analysis and conclusions is always more or less artificial and imaginary (Kalela 1972: 51). The data collected through different types of written sources enabled me to re-evaluate and restructure the developed timeline and to construct a more detailed narrative, which took into account the people, organizations, events, debates and tensions relevant to the business schools at different points in their history. The rectors' speeches became a particularly important data source for the study because they allowed me to analyze how the business schools and their purpose in society was perceived by their directors at different times, what the motivations were of the directors in running their business schools and the language such directors used in outlining the future developmental paths of their schools.

Although business schools in Finland have published annual reports for many years, the reporting style and information content of these reports changed in the early 1990s, becoming less similar to documentaries and more similar to brochures that focused on marketing communications. In addition, the inauguration speeches were typically omitted in the annual reports after the 1980s. However, to collect similar types of data covering the time period from approximately 1990 to the present and to gain understanding regarding the current standing of business schools, I conducted a dozen interviews in 2012 with the current and former business school rectors, deans, and professors who were (or had at some point in their careers acted as) directors of their schools. After compiling a list of the current directors of different schools (and at least one of their predecessors), I initially approached them through e-mail and made a follow-up call a few days later. I was happy to learn that my research project was raising interest, and I was able to arrange an interview with a representative from almost every business school in Finland.

The interviews followed a loosely structured agenda that I had designed beforehand; I made minor adjustments before each interview and e-mailed the agenda to my interviewees a few days in advance of our meeting. The agenda that I followed in my first interview was more structured than in later interviews, as I found it appropriate to adjust the agenda to encourage the interviewees to speak more freely about whatever they considered relevant regarding the more general themes of the agenda. Because I had previously familiarized myself with the history of each business

school, it was unnecessary to focus on historical details and place unreasonable pressure on my already busy interviewees to recall historical facts and figures. Instead, I prepared them in advance more generally to discuss the development of their school, the most important changes and turning points as they perceived them, and the current standing and future directions of their schools. Furthermore, because all my interviewees worked (or had worked) in director-level positions at their schools and had a vantage point for more generally evaluating changes, trends, and future prospects of Finnish business schools, I also included this theme in my agenda. To achieve a comfortable atmosphere for the interviews and to gain an idea about the roles in which my interviewees had participated in the development of their schools, I began each interview by asking the interviewees about their personal careers in academia. Along with the interviews, some of the interviewees provided me also with their personal written notes, presentations they had given, resumes, school brochures, school histories, archival data and other related material. An (anonymous) list of conducted interviews is provided in Table 1.

Table 1. List of conducted interviews

Interviewee	Date	Duration	Cumulative number (Σ)
A	20.6.2012	1:37	1
B	17.8.2012	2:22	2
C	20.8.2012	1:45	3
D	23.8.2012	0:58	4
E	23.8.2012	1:12	5
F	24.8.2012	1:29	6
G	28.8.2012	1:34	7
H	29.8.2012	1:54	8
I	29.8.2012	0:56	9
J	3.9.2012	1:56	10
K	3.9.2012	1:07	11
L	4.9.2012	1:06	12

Finally, it should be noted that during the entire study process, I was a student and employee of my school, working as an administrative assistant, a doctoral student and an accreditation coordinator. Although this situation has potentially made me somewhat ‘home blind’, it has also offered me myriad opportunities for participatory observation and informal communication. Although I do not directly quote the people with whom I have informally talked over the past few years, these interactions have been an extremely valuable source of data for my analysis. The manner in which my overall research project and the data collection process have

unfolded, beginning with my master's thesis phase to finalizing my doctoral thesis manuscript in 2013 is summarized in Table 2.

Table 2. Research process and data collection

	Master's Thesis Phase	Doctoral Thesis Phase			
	2008 - 2010 (spring)	2010 (fall)	2011	2012	2013
Research phase (main tasks)	Familiarizing myself with the research topic and writing my master's thesis. Collecting written research data Preparing the first version of the history of Finnish business schools, and presenting the first theorizations concerning the logics of business schools' development.	Continuing my studies by deepening my knowledge of the literature on management education. Studying business research methodologies. Collecting written research data	Writing the literature review parts of the thesis manuscript. Becoming acquainted with the (neo) institutional theory. Broadening and deepening my knowledge on research methodologies. Collecting written research data	Collecting, transcribing, and analyzing the interview-data. Collecting written research data. Re-writing and restructuring the historical narrative of Finnish business schools with a (neo) institutional mindset.	Collecting written research data. Finalizing the data analysis. Finalizing the historical narrative and thesis manuscript.
Interviews, informal discussions, and participatory observation	Working as an administrative assistant in a business school. Informal conversations with business school faculty, and administrative staff members. Participatory observation at different types of non-academic meetings and gatherings.	Working as a doctoral student in a business school. Informal conversations with business school faculty, and administrative staff members. Participatory observation at different types of non-academic and academic meetings and gatherings.	Working as a doctoral student in a business school. Informal conversations with business school faculty, and administrative staff members. Participatory observation at different types of non-academic and academic meetings and gatherings.	Interviewing (or receiving personal written notes/essays from) current and former business school directors. Working as a doctoral student in a business school. Informal conversations with business school faculty, and administrative staff members. Participatory observation at different types of non-academic and academic meetings and gatherings.	Working as a doctoral student and an accreditation coordinator at a business school. Informal conversations with business school faculty, and administrative staff members. Participatory observation at different types of non-academic and academic meetings and gatherings.
Written material	Business school histories, business school annual reports including rector's speeches, statistics, magazine and newspaper articles, research reports, biographies and, web-sites	Magazine and newspaper articles, articles and conversations published in social media	Magazine and newspaper articles, articles and conversations published in social media	Archival and marketing material collected during interview visits at different business schools Research articles published in the Finnish Journal of Business Economics. Magazine and newspaper articles, articles and conversations published in social media	Magazine and newspaper articles, articles and conversations published in social media

All of the interviews were recorded and transcribed afterward. The analysis was conducted by organizing the data based on the key themes that emerged in the interviews using QSRNvivo software for analyzing qualitative data. After collecting the data and filtering the relevant information from different sources, the next phase in the construction of the historical narrative was arranging the different types of materials and notes in a chronological order. The materials were also organized thematically, with attention to the most central themes that arose from the data.

Furthermore, structuring a hundred-year historical narrative tends to involve following significant logic of periodization. According to Hollander, Rassuli, Jones & Farlow Dix (2005: 32), a chronology is an essential element of historical writing that benefits from periodization. Periodization is a process in which a chronological narrative is divided into separately labeled time periods with distinguishable beginning and ending points (Witkowski & Jones 2006: 77, Hollander et al. 2005: 32). Periodization attempts to summarize and structure historical research by marking important turning points in time (Hollander et al. 2005: 35). Periodization has a practical function in slicing history into smaller time periods, summarizing and structuring the historical narrative into a more understandable and memorable format, and improving comparability across time (Hollander et al. 2005: 35, 37; Witkowski & Jones 2006: 77). Furthermore, periodization provides the historian with a tool for organizing his or her material and applying criteria for identifying patterns (Hollander et al. 2005: 35).

Some of the most typical formats for periodization involve *periodization by decade or century*, *context-driven periodization* and *periodization by turning points* (Hollander et al. 2005: 36-37, Witkowski & Jones 2006: 77-78). Periodization by decades or centuries follows fixed time periods that end in zero. Although this type of periodization benefits from the basic tendency of the people to think in terms of decades or centuries—which makes the historical narrative memorable and more elegant—the obvious problem with using fixed time periods is that human events rarely occur evenly between years (Hollander et al. 2005: 36-37, Witkowski & Jones 2006: 77-78). Context-driven periodization takes into account the changes in the environment that the phenomenon under study is embedded in and divides history into periods based on the occurrence of external events (Hollander et al. 2005: 37,

Witkowski & Jones 2006: 77-78). This type of periodization is justified when the event has actually precipitated a change in the direction of the material under study (Witkowski & Jones 2006: 77-78). Periodization by turning points aims at identifying turning points in the empirical phenomenon under scrutiny (Hollander et al. 2005: 37, Witkowski & Jones 2006: 77-78) and therefore allows more flexibility for the data to speak and become periodized on their own terms.

Hollander et al. (2005: 32) note that periodization is often applied by researchers without any consideration of the periodization approach or technique. Nevertheless, the approach or technique applied in periodization is a profound ontological question that should proceed beyond practical consideration. The type of logic followed when determining the periods—and whether the periodization is imposed prior to or after collecting the empirical data—is highly significant (Hollander et al. 2005: 35). Hollander et al. (2005: 35) argue that periodization should be distinguished from stage theories that tend to assume lifecycle-like general patterns of development, thus neglecting the time, place and context that the history occurs. According to Hollander et al. (2005: 36), historians tend to favor an inductive approach to the empirical data, allowing their empirical data to “speak for themselves.” Indeed, maintaining a skeptical view toward any *ex ante* approaches to periodization has led many contemporary historians to reconsider the periodizations conducted by their predecessors (Hollander et al. 2005: 36).

Regardless of the applied periodization technique, breaking history into segments is always somewhat artificial and involves a number of challenges and limitations (Hollander et al. 2005: 38-39). First, any attempt to reduce the complexity of history involves a risk of oversimplification and bias as complicated chains of events are compressed into a single catch phrase or word (Hollander et al. 2005: 38). The second consideration involves the trade-off between using long versus short time intervals: whereas long term trends may be lost in a periodization with short intervals, longer intervals tend to diminish the role played by seasonal, cyclical and random variations (Hollander et al. 2005: 38). Third, identifying patterns and consistency typically requires a compromise in terms of how much variation can emerge in the dimensions that are being traced between periods (Hollander et al. 2005: 39). Finally, because of the retrospective nature of periodization, the

progressive nature of historical development often becomes exaggerated, making the present appear superior to the past (Hollander et al. 2005: 39).

Although my research project initially began in a historical, data-driven mode, the project gradually developed into a more theoretically informed, iterative process and a dialogue between data and theory. In practice, as the data collection process continued, I simultaneously began to familiarize myself with institutional theory, particularly regarding ideas on institutional isomorphism and theories on how ideas travel from one context to another and become institutionalized. Based on these loosely defined theoretical ideas, I was able to reinterpret the collected data and restructure the developed narrative.

In response to the iterative process of data collection and analysis, the periodization also evolved from an initially data-driven technique to an approach that took into account the institutional theoretical framing and the related level of analysis. In the course of my writing process, I have also worked on conference papers and journal publications with colleagues. As a part of this research cooperation, we have produced different types of theoretically informed periodizations of the development of Finnish business schools that are based on the way management professionalization is related to the development of business schools in Finland and on the pace with which the dominant American business school model has been adopted in Finland. The results of this re-analysis and restructuring are described in Table 3, which contains the name, type and theoretical framing of all published/unpublished work and the related periodization. These periodization efforts represent research projects in their own right. However, these efforts also help to reflect the thought process through which I have developed the periodization presented in this doctoral thesis.

Table 3. Data processing and periodization

Year	Name and authors of the published/unpublished work	Type of published/unpublished work	Key theoretical framing	Periodization presented
2010	Development of the Finnish Business School Institution (Kettunen)	Master's thesis	Loosely based on the literature about the history of management education	Era of Antecedents 1742-1911 Era of establishment 1911-1945: Search for academic legitimacy Era of stabilisation 1945-1965: Reaching academic maturity Era of institutionalisation and growth 1965-1980: Business schools in the middle of political power game Era of increasing competition 1980 - the Present: Rivalry within and without national borders
2011	The Evolution of Business Schools as an Institution in Finland 1909-2009 (Alajoutsijärvi, Kettunen & Tikkanen)	Conference paper presented at the Business History Conference Annual Meeting	Non-theoretically framed historical paper	Era of Establishment 1911-1945 Era of Stabilization 1945-1965 Era of Growth and Politicization 1965-1980 Era of Pre-Internationalization 1980-1995 Era of Globalization 1995-2009
2012	The Institutional Evolution of Business Schools in Finland 1909-2009 (Alajoutsijärvi, Kettunen & Tikkanen)	Peer-reviewed journal article published in Management & Organizational History, 7 (4), 337– 367	Institutional theory (cf. DiMaggio & Powell 1983)	Era of Establishment 1909-1945 Era of Stabilization 1945-1965 Era of Growth and Politicization 1965-1980 Era of Pre-internationalization 1980-1995 Era of Globalization 1995-2009
2012	Operating in two reputation systems: A century of management professionalization in Finnish business schools (Alajoutsijärvi, Kettunen & Tikkanen)	Conference paper presented at the 28th European Group of Organization Studies (EGOS) –Colloquium	Professional systems (cf. Abbot 1988)	The early stages (1909-1950): Squeezed between the two reputation systems The reformation and steady growth stages (1950-1990): Increasing academic focus The modern stage (1985-2012): Main focus on the academic reputation system
2013	Americanization from a comparative perspective: Business school systems in Finland and the United Arab Emirates (Alajoutsijärvi, Juusola & Kettunen)	Conference paper presented at the Academy of Management Annual Meeting	Literature on the Americanization of management education	German origin and the emerging American influence in the post-war recovery period, 1945–1960 Increasing American influence, 1960–1990 Dominating American influence, 1990–2010
2013	Management education in a historical perspective: The business school question and its solution in Finland (Kettunen)	Doctoral thesis	Neoinstitutional theory, ideas on carriers, flows and interactions, literature on the history of management education	The business school question and its early solutions in Finland (1857-1950) The institutionalization of Finnish business schools (1950-1980) The march of accountability regime (1980-Present)

Finally, based on the themes, chronology and time periods that I was able to identify, I developed storylines with which the historical narrative was written and organized. Although the narrative construction was driven by the data rather than by any

carefully predetermined theoretical frame, to make more explicit how the international models of management education had influenced business schools in Finland, I included the extant literature discussing the developments of management education in different parts of the world *within* the narrative that I constructed. In order to ensure the readability of the narrative, I have applied the system of endnotes to refer to both the collected data and the extant literature on management education.

The data sources used in constructing the historical narrative that is presented period by period in Chapters 4, 5, and 6 are depicted in Table 4. In developing the narrative, I used numerous direct quotations from both the written materials and the transcribed interviews. Notably, the written source material collected for the thesis has been available primarily in Finnish and Swedish. Similarly, all of the interviews were also conducted in Finnish. Hence, the excerpts and quotes presented as a part of the narrative in English are translations, for the most part. Although I have translated them to the best of my abilities, I will, of course, assume full responsibility for any content and/or meaning that may have been lost in translation.

Table 4. Sources of data

<i>Data sources</i>	<i>The business school question and its early solutions in Finland (1857-1950)</i>	<i>The institutionalization of Finnish business schools (1950-1980)</i>	<i>The march of accountability regime (1980- Present)</i>
Interviews, personal memos & related material			12 interviews with current and former business school directors + 1 memo Resumes of the interviewees Archival data (presentation material, meeting memos, and printed e-mails) accessed during the interviews
Annual reports & Rector's speeches	Annual reports & rector's speeches (HSE) 1920-1950 Annual reports & rector's speeches (SSE) 1928-1950 (occasional issues) Annual reports & rector's speeches (HHÅA) 1934-1950 (occasional issues)	Annual reports & rector's speeches (HSE) 1950-1980 Annual reports & rector's speeches (SSE) 1950-1970 (occasional issues) Annual reports & rector's speeches (HHÅA) 1950-1956 (occasional issues) Annual reports & rector's speeches (TSE) 1950-1980 Annual reports & rector's speeches (VSE) 1968-1980	Annual reports & rector's speeches (HSE) 1980-1990 Rector's speeches (HSE) 1996-2010 Annual reports & rector's speeches (TSE) 1980-2008 Annual reports & rector's speeches (VSE) 1980-1990
Journals, magazines & newspapers	The Finnish newspaper library (online search for business school related articles published in Finnish newspapers 1987-1911)	The Finnish Journal of Business Economics 1952-1980	The Finnish Journal of Business Economics 1980-2012 Aino, Aalto university's student magazine (occasional articles) 2013

<i>Data sources</i>	<i>The business school question and its early solutions in Finland (1857-1950)</i>	<i>The institutionalization of Finnish business schools (1950-1980)</i>	<i>The march of accountability regime (1980- Present)</i>
		<i>Ekonomi</i> magazine early 1960s - mid-1970s <i>Contactora</i> newspaper 1960s - mid-1970s	
Statistics (faculty, students)	Statistical yearbooks of Finland 1910-1950	Statistical yearbooks of Finland 1950-1980	Kota Database 1980-2009 Vipunen Database 2009-2013
Business school histories (or university histories with a section on its business school)	HSE 1911-1961 (Saarsalmi 1961) HSE 1911-2001 (Michelsen 2001) SSE 1909-1984 (Westerlund 1984) HHÅA 1927-1977 (Sandström 1977)	HSE 1911-1961 (Saarsalmi 1961) HSE 1961-1981 (Honko et al.1983) HSE 1911-2001 (Michelsen 2001) SSE 1909-1984 (Westerlund 1984) HHÅA 1927-1977 (Sandström 1977) TSE 1950-1975 (Perälä 1975) VSE 1968-1978 (Ulkuniemi 1978) University of Tampere 1960-2000 (Kaarninen et al. 2000) University of Jyväskylä 1967-1992 (Kettunen 1992) University of Oulu 1958-1993 (Salo & Lackman 1998) Lappeenranta University of Technology 1969-1994 (Michelsen 1994)	HSE 1911-2001 (Michelsen 2001) HSE 1911-2010 (Pöykkö & Åberg, eds. 2010) SSE 1909-2009 (Fellman & Forsén, eds. 2009) TSE 1950-2000 (Kanerva 2000) University of Tampere 1960-2000 (Kaarninen et al. 2000) University of Jyväskylä 1967-1992 (Kettunen 1992) University of Oulu 1958-1993 (Salo & Lackman 1998) Lappeenranta University of Technology 1969-1994 (Michelsen 1994)
Histories and studies on management education (official/unofficial translations from Finnish)	The history of science in Finland: Economic sciences (Pihkala 2000) Ekonomi-education in Finland (Kukkonen 1995) When capital had a mind and a language of its own (Paavilainen 2005) From Provincial Institutes to the University: The Academisation Process of the Research and Teaching of Agricultural and Forest Sciences at the University of Helsinki before 1945 (Halonen 2010) The roots of Finnish business education: Economics in the Academy of Turku 1640-1828 (Niittymaa 2004) University's tomorrow: the historical direction of the higher education politics in Finland (Kivinen et al. 1993)	The history of science in Finland: Economic sciences (Pihkala 2000) Ekonomi-education in Finland (Kukkonen 1995) University's tomorrow: the historical direction of the higher education politics in Finland (Kivinen et al. 1993)	The history of science in Finland: Economic sciences (Pihkala 2000) Ekonomi-education in Finland (Kukkonen 1995) Practice or science – business education and work in an international comparison (Kokko 2003) Academic marketing in Finland: Living up to conflicting expectations (Vironmäki 2007) University's tomorrow: the historical direction of the higher education politics in Finland (Kivinen et al. 1993)

<i>Data sources</i>	<i>The business school question and its early solutions in Finland (1857-1950)</i>	<i>The institutionalization of Finnish business schools (1950-1980)</i>	<i>The march of accountability regime (1980- Present)</i>
	Accounting and business economics traditions in Finland (Näsi & Näsi 1996) KY 1911-2011, the history of HSE's student union (Sohlstén-Nederström 2011)	From consolidation to competition – The development of modern management education in Finland, 1958-2000 (Fellman 2007) LIFIM: 20 years of management education in Finland (Kässi 1978)	From consolidation to competition – The development of modern management education in Finland, 1958-2000 (Fellman 2007)
Reports, biographies and other written material (most important listed, unofficial translations from Finnish)	The business school question and its solution in Finland (Järvinen 1907) Memoirs of Kyösti Järvinen (Järvinen 1952) Kyösti Järvinen, 1869-1957, exhibition (HSE Kirjasto 2007) HSE graduation ceremony 1928-2006, exhibition (HSE Kirjasto 2006)	Universities and curriculum reform (Häikiö et al. 1977) 50 years of ASLA books (Mäkinen 2000) The library of TSE 1950-2005 (Jokinen & Suominen 2010) Theory and practice in Finnish business economics (Kettunen 1986) Biography of Henrik Virkkunen (Salmi 2007)	A report of the business knowhow committee (Ministry of Education 2007) Business know-how in the center of our competitiveness (Lehtinen & Mittilä 2006) Management by results and external funding – the stumbling blocks of universities (Näsi 2000) University Corporation: The problems of management by results and its alternatives (Patomäki 2005) Evaluation of the business education cooperation networks (Kettunen & Virtanen 2006) Quality in focus: University rectors' perceptions on quality and its improvement (Sohlo 2000)
Websites			HSE 2010-2012 SSE 2010-2012 HHÅA 2010-2012 TSE 2010-2012 VSE 2010-2012 University of Tampere 2010-2012 University of Jyväskylä 2010-2012 University of Oulu 2010-2012 Lappeenranta University of Technology 2010-2012 University of Eastern Finland 2010-2012 Ministry of Education 2009-2012 National Board of Education 2010-2012 Financial Times 2010-2012 AACSB 2013 EFMD 2013 Julkaisufoorumi 2013
Social media			Top university blog 2012-2013 Facebook links and conversations 2010-2013

4 THE BUSINESS SCHOOL QUESTION AND ITS EARLY SOLUTIONS IN FINLAND (1857-1950)

4.1 On higher business education (Kauppalehti 1901)

“Although the significance of business education can be considered here [in Finland] already to be a generally well-clarified and recognized issue, we must handle this question further for publicity particularly because this question still seems to receive special attention these days in several more advanced countries.

In England, the education of businessmen has until recently been left solely to rest on the experience that these individuals have gained in their lives, and the future businessmen have thus mainly been developed through working in businesses since they were young men; thus, they have not had any proper theoretical education. Supporters of this type of education can still be found here [in Finland] as well. They typically consider the higher education of businessmen as unnecessary, and refer to many examples that show how men without higher theoretical education have succeeded, acquired substantial wealth and otherwise gained a high and respected position. However, these examples should be considered as exceptions rather than rules, and this is proved by the fact that in England it has quite recently been recognized as indispensable to provide future businessmen with higher theoretical education, and for that, establish colleges, the most recent of them being a business school in London.

In Sweden as well, offering higher business education to future businessmen has become a highly disputed issue right these days, when the wholesaler Röhss' well-known donation gave it a special push. In several committees and associations, this question has been pondered, presentations held, and statements made about it. We have collected these statements as we have found out about them, and will make a brief summary about them in the following.

The great development of trade and industry requires business managers and persons working in higher clerical positions of somehow thorough professional education and broad practical experience at the same time that their significant influence on state and municipality errands calls for a degree of all-round education.

In this has development undoubtedly gone in the same direction that we can observe it has gone in other fields. Economic life has expanded to the extent that it is impossible without a more detailed familiarization of its various aspects to gain at least somewhat satisfactory general impression about it. The success of economic life demands of its leaders an ability to see entireties, and therefore are scientific studies a necessary precondition, unless we want to be left aside by the others in the world markets.

Besides, already the prestige of the merchant class requires this type of profoundness. Must not those people who wish to be in the forefront of the class, and represent it,

those who by standing above the others are more widely recognized, must not their educational stand be at least as high as those people's, unless we admit that the leading persons in our merchant class are and may be at a lower level than engineers, architects, and many others.

Already for this reason it is undoubtedly justified to demand the raise of business education, even if it would only be a question of maintaining the social prestige of the merchant class.

Businessmen in many countries complain that they do not have sufficient influence on economic legislation and those questions in general that concern the interests of trade. However, it is often left unnoticed that the limited knowledge and understanding of the people in question concerning the general issues makes them at times less-suitable to handle these issues. To avoid this type of overtaking businessmen must, on the whole, acquire higher all-round education and thorough knowledge in subjects such as economics and commercial legislation. Until recently, it has been argued that there is no need for higher business education. This argument has often come from the people who belong to the merchant class themselves but has probably been made without careful weighting of the issue. And they have not by any means considered how little credibility that type of argument has in the social class from which it has come. Experience has otherwise indicated well enough that this type of need exists especially in those places that have already had a chance to offer higher business education."

(An article published in a national business newspaper *Kauppaliehti* in 1901; a translation from Finnish)

4.2 Ideology meets business: Politics and business schools

The article quoted above, published in 1901 in the Finnish-language business newspaper *Kauppaliehti*, incisively captures the early nineteenth-century societal atmosphere in which institutions for higher management education were created in Finland—a country that was part of the Russian Empire (1809-1917). As an autonomous state (particularly during the reign of Tsar Alexander II), the Grand Duchy of Finland was allowed to develop its economy rather unrestrictedly.³ In 1860 in Finland, the Russian ruble was displaced by Finland's own new currency (the 'markka,' introduced by the Bank of Finland); in 1879, a law ensuring the freedom of occupation was enacted.⁴ As a response to the developments of economic life, agriculture (which represented the main source of livelihood for the great majority of Finns) was accompanied by a growing number of jobs in manufacturing, transportation, and banking.⁵

In light of the economic progress of Finnish society, it was hardly a coincidence that the latter half of the nineteenth century became a time period characterized by an active establishment of different types of educational institutions aimed at facilitating the modernization of a nation. Indeed, the rise of educational institutions devoted to advancing technology and trade was already taking place in many other (mainly European) countries that experienced the influences of industrialization before they reached Finland.

However, it is one thing to acknowledge that institutions for higher management education would not likely have emerged without this progress, and another thing to claim that the establishment of these institutions was an inevitable and straightforward response to the progression. Although unintentional, a significant portion of the historical writings regarding the emergence of the management profession and the related professional education (see e.g. Chandler 1962) tends to treat university-based business schools a natural consequence of late nineteenth-century economic progression⁶. Characteristic of this ‘Chandlerian’ reading of history is the view of the business school as a universal response to ‘the expansion in the size and complexities of managerial hierarchies’⁷, which in turn, led to the fragmentation of company ownership structures and generated a number of new managerial challenges, including the need for formal management education⁸.

These teleological readings of history have been challenged by Khurana (2007) and Locke (1989, 1996), who view the rise of the management profession as less inevitable and do not take it for granted. Khurana (2007: 25) writes:

“Previous accounts of the rise and eventual triumph of management as an occupation have affirmed, albeit unintentionally, that there was something both inevitable and inherently right about this historical trajectory. [...] For Chandler, as for other scholars working in the tradition he represents, modern management grew naturally out of the large corporations that arose to take advantage of the national markets created by late nineteenth-century advances in manufacturing, transportation, and communications. [...] Chandler and others working from this perspective claim that the replacement of the market’s invisible hand by the “visible hand” of management in the modern business firm represented a kind of Darwinian triumph. [...] Chandler offers a teleological view of organizational history in which, if particular organizational forms survive, it is because they perform some function more efficiently than other forms do. The history of organizational change thus recounts a march of progress to ever more efficient modes of organizing. [...] More recent

research, however, suggests that the transition from entrepreneurial to managerial capitalism was hardly as simple, smooth, or inevitable as Chandler's characterization implies.”

According to Khurana (2007: 26), the rise of corporate America—and the way this was connected to the emergence of university-based business school—was not simply a result of economic developments, but an outcome that found its explanation in a more ambiguous set of political, social and cultural discourses. As opposed to Chandler and his followers, Khurana (2007) considers the professionalization of management as a historically constructed ‘project’ that was aimed at legitimizing the new professional group of managers that emerged in the United States as a response to nineteenth-century industrialization and the large corporations that were created thereunder. Consistent with van Baalen and Karsten (2010: 155-156), the rise of management education can be explained by the motives of the professional groups involved in establishing and developing the schools.⁹ In the United States, Khurana (2007) argues that the birth of large corporations created a new and wealthy managerial elite, a societal group that was unable to claim authority based on tradition, inherited position or generational wealth. Unlike the old social elite of merchants, financiers and high professionals such as jurists and doctors (who considered themselves to be guardians and transmitters of culture, art and ideas), businessmen were viewed as self-interested profit-makers whose societal status and managerial authority were difficult to justify in the absence of formal training and qualifications.¹⁰

The article in *Kauppalehti* demonstrates that establishing higher management education in Finland was connected to complex societal phenomena related to uplifting the status and education level of the merchant class in society and keeping pace with the progression that the surrounding (more advanced) countries were undergoing. However, even prior to *Kauppalehti* addressing the issue, raising the level of education available for future businessmen had been a subject of lengthy debate in Finland. The early undertakings in establishing a university-based management education were part of a more general aspiration to establish universities for applied sciences, primarily for agriculture, technology and business. During the latter half of the nineteenth century, several appeals were made for the inclusion of business studies in the higher education system in Finland. Some of the

earliest (unsuccessful) suggestions date back to 1857, when the Finnish industry board proposed the foundation of a polytechnic institute consisting of three departments: techno-chemistry, agronomy and business.¹¹ However, establishing applied sciences at the university was frequently hampered by the ideological debate dominated by the proponents of a more traditional, non-utilitarian university mission.¹² Strongly influenced by the early nineteenth-century university ideas of Wilhelm von Humboldt, Finnish universities placed a high value on education that was based on free scientific research. The primary focus of the Humboldtian university was on the intellectual development of its students, which did not easily accommodate the industry- and business-originated idea of bringing practical subjects into the realm of the university.¹³ According to J.V. Snellman, a notable supporter of the Humboldtian university ideal and one of the most influential political and ideological opinion leaders in mid-nineteenth century Finland, the country remained (compared to the more developed western European countries) primarily an agrarian society not yet ready to capitalize on a highly educated workforce.¹⁴ Therefore, Snellman believed it was unnecessary for the state to waste its resources on higher education in applied sciences.¹⁵ Snellman wrote:

“Nevertheless, the most important question is: what does our country do with all these agronomists, technicians, mechanics, and engineers? What would they be used for and how would they support themselves? Can at least dozen of them at the moment get themselves jobs and make a living?”¹⁶

The idea of linking higher technological and commercial education together in a polytechnic institute was not laid to rest but was unsuccessfully reintroduced in the following decades.¹⁷ By the end of the nineteenth century (after several inconclusive attempts), technology, commerce and agriculture had drifted apart and were seeking higher education status on their own, leaving behind the idea of a multidisciplinary polytechnic institute.¹⁸ As the last years of the end of the nineteenth century were waning, technology and agriculture had been able to establish institutions that offered professional education at basic, middle, and higher levels, whereas business studies—their less fortunate sister—was lagging behind in development.¹⁹ It was argued that business studies also required a three-level education system that would enable educating businessmen at the aforementioned levels, similar to the way

business schools were organized abroad.²⁰ The newspaper *Tampereen Sanomat* wrote:

“When we come to the question about how we should organize and further develop our commercial schooling system in order for it to fully meet contemporary needs, we undoubtedly end up at the opinion that here in Finland, as well as abroad, we need three different types of institutions for commercial education.”²¹

Until then, several basic-level institutions (commercial colleges) in business studies had been established: the first commercial college (*Handelsskolan i Åbo*) was founded in Turku in 1839, and after the 1860s, similar colleges were established in Helsinki, Viipuri, Oulu, Tampere, Kuopio, Pori, and Raahe.²² The only institution devoted to business education with academic standards considered high enough to qualify for a middle-level institution was the commercial college in the city of Raahe.

Many of the commercial colleges (and particularly in the more advanced commercial college in Raahe) offered studies only in Swedish, the primary language of Finland’s elite. Prior to the sovereignty of the Russian tsar, Finland had been governed by the Swedes (1150/1300²³-1809), which had left an indelible mark on the country’s societal landscape. The centuries as part of the Kingdom of Sweden had led to the development of a Swedish-speaking upper class, which established Swedish as the dominant language for culture, education, and business in Finland. Although most of the country’s population spoke only Finnish, it consisted primarily of peasants with limited opportunities to climb societal ladders and for education.

The late nineteenth century was, however, an active period of Finnish nationalism that manifested itself in the rise of a new societal class of Finnish-speaking managers. What began primarily as a political movement (the Fennoman movement) expanded into business life and aimed at breaking the monopoly of the Swedish-speaking business elite in industry and commerce by establishing companies that used Finnish as their primary business language.²⁴ According to Paavilainen (2005: 11), the idea of business life joining the bandwagon of the Fennoman movement was born in the late nineteenth century with the notion that the Fennoman ideology required financial resources to succeed. Moreover, at the time, it seemed that the

Fennoman goal of occupying the society's leading positions with Finnish-minded individuals was not showing signs of progress in industry and commerce (despite the continuously growing business sector in Finland) and was therefore considered to be at risk of remaining a "Swedish-dominant fortress" within Finnish society.²⁵ Therefore, the Fennomans began collecting their resources and managed to found Finnish-led banks and insurance companies such as Henkivakuutusyhtiö Suomi, Kansallis-Osake-Pankki and Palovakuutusyhtiö Pohjola, and rapidly gained a permanent foothold in Finland's business landscape.²⁶

The Fennoman movement became a key enabler and legitimacy provider for the rising class of Finnish-speaking managers in Finland. However, these matters of status were not as urgent to the Swedish-speaking businessmen as they were for their Finnish-speaking counterparts: there were already Swedish-speaking commercial colleges in place, and it was no issue for wealthy families either to educate the new generation of business elite within family businesses or to send them abroad for training.²⁷ To compete with the well-born Swedish-speaking upper class and their established traditions of educating the business elite, Finnish-speaking merchants required proper status and training. Unable to alter their peasant birth, the only way to improve status was through formal education.

The project of establishing a Finnish-speaking system for business education initially led in the 1880s to the establishment of Finnish-speaking commercial colleges and the inclusion of Finnish-taught courses in the curricula of pre-existing Swedish-speaking colleges.²⁸ In the 1890s, the advent of business and the Fennoman movement's integration culminated in discussions related to establishing the first Finnish-speaking commercial college.²⁹ At the 1895 merchants' meeting in Kuopio, the language-political motives associated with the development of higher business education in Finland were manifest.³⁰ Although the agenda of the meeting was supposed to address the establishment of the as of yet missing institution for higher level management education that would offer studies on a bilingual basis, a key concern for some of the Finnish-speaking businessmen was the lack of a middle-level educational institution that would enable the study of business in Finnish.³¹ The newspaper *Uusi Suometar* (a supporter of the Fennoman party) wrote:

“The eighth general meeting of Finland’s merchants held in Kuopio 1895 reintroduced the [commercial college] issue, but in a different form than before. The question was, namely: has not the time come already that a higher Finnish-speaking commercial college would be established in our country and what were the means through which that kind of important institution could be established in the near future? [...] When one started to discuss the issue in the meeting it became apparent that some people wanted to establish a business school, and others a complete Finnish-speaking middle level commercial college organized in a somewhat similar way as the Swedish-speaking college in Raahе.”³²

Although no formal decisions were made based on these discussions, an agenda followed from this meeting that initially aimed at establishing a middle-level Finnish-speaking commercial college, after which a higher-level institution (namely a business school) could be introduced. *Uusi Suometar* continued:

“The establishment of a middle level commercial college cannot prevent the establishment of a business school, or vice versa. These different educational institutions are on different levels [...] and will therefore not interfere with each other’s actions, but instead, will complement one another. – Although some parties want to mislead people to believe that the establishment of the Finnish-speaking middle level commercial college is intended to prevent the establishment of the bilingual business school, must one consider that kind of imagining as deliberately distorted as well as absurd.”³³

Those behind the goal of raising the level of business education were influential people from the Finnish-speaking commercial colleges (and business life) who were able to practically mobilize leading figures in the Finnish managerial elite.³⁴ Although lacking the capital necessary to establish a commercial college on a private basis, the Finnish-minded merchants rallied behind the idea of establishing state-funded commercial education.³⁵ Swedish business circles, however, felt that if a project similar to this was undertaken, it should be initiated and funded by the businessmen and not the state. The Swedish-speaking families had been able to raise their wealth over a long period of time; they possessed capital, traditions, and relationship networks that were unlikely to be defeated by the poorer Finnish-speaking businessmen unless the Finns were supported by state-funded education.³⁶ The disagreements between the Finnish- and Swedish-speaking businessmen concerning state funding eventually drove the Finnish-speaking side to seek private support and funding.³⁷ The newspaper *Päivälehti* wrote:

“The trade also here [in Finland] is about to change more worldwide by moving from home to outside the borders of the country. Therefore, more theoretical education is required from our merchants to be able to succeed in competition in the world market. We cannot turn to the government before collecting some kind of capital stock and base for the college first. Merchants and businessmen themselves must therefore with a will set their hands to establishing the intended supporters’ association. Also in other parts of the world, for instance in Germany and England have the big commercial colleges emerged from the shelters of free merchants’ or supporters’ associations, instead of being public state institutions, and as such they have been noticed to best succeed. Let our merchants and businessmen follow the example of their foreign colleagues and unite to work together for an educational institution that will take care of the professional education of the future merchant generations.”³⁸

Following the lead of some European commercial colleges, the new middle level commercial college, Suomen Liikemiesten Kauppaopisto (SLK),³⁹ was established as a privately funded joint-stock organization in Helsinki in 1898. Although the school was not yet, by definition, a business school, similar to the commercial college in Raahe, it was designed to be more advanced than the basic level commercial colleges. The board of SLK was formed by Finnish-speaking businessmen, traders, politicians, publishers, and scholars.⁴⁰ SLK became a key component in the Fennoman machinery and recruited its faculty from leading Finnish-minded politicians.⁴¹ The studies at SLK were promoted as a contribution to the nationalistic agenda, and its graduates were often times recruited by Fennoman-managed companies.⁴²

4.3 A look over the Baltic Sea and beyond

Underlining the role of *academic* institutions in the survival of a profession, Abbot (1988: 53-54) wrote:

“The ability of a profession to sustain its jurisdictions lies partly in the power and prestige of its academic knowledge. [...] Academic knowledge legitimizes professional work by clarifying its foundations and tracing them to major cultural values. In most modern professions, these have been the values of rationality, logic, and science. Academic professionals demonstrate the rigor, the clarity, and the scientifically logical character of professional work, thereby legitimating that work in the context of larger values.”

In Germany, Kieser (2004: 92) claimed that the primary initiators of management education were commercial school teachers and those employed at higher hierarchical levels in large corporations who hoped that a university-level degree in management would elevate their social status, as had previously occurred with doctors and lawyers. Khurana (2007) also argued that, to validate their own rationality, disinterestedness and commitment to commonly held values, American managers viewed science, professions and research universities as legitimate institutions that management might be associated with. The task of legitimating the role and authority of management forced managers to turn to universities, arguing that (similar to medicine and law) management was becoming a profession. Embracing the ideas of Frederick W. Taylor's scientific management, managers claimed that their job was no longer an art that could be learned by experience but was becoming an actual science that should be taught and contributed to at a research university.⁴³

Bringing management into the university context represented an important step in its legitimization. However, establishing university-based business schools was only the beginning. Because of the applied nature of commercial forms of education, Locke (1989: 4-5) argued that universities such as those following the early nineteenth century German Humboldt model that were primarily interested in pure science and "motivated by a higher disinterested desire to seek the truth" were strongly against admitting vocational subjects into their curricula.⁴⁴ The debate about whether business studies should be brought into the portfolio of existing universities or whether they required their own independent institutions was addressed differently in different countries. The first university-level business schools began to emerge on both sides of the Atlantic in the latter half of the nineteenth century.⁴⁵ Among the European schools established at the time were the Institut Supérieur de Commerce in Antwerp, Belgium (1852) and the Ecole Supérieure de Commerce de Paris in France (1854)⁴⁶, whereas in the United States, business studies found their way into the universities of Louisiana and Wisconsin in 1851 and 1852, respectively.⁴⁷ In the Nordic countries, the first business schools were not established until early in the twentieth century.⁴⁸

In Finland, after the Fennomans had achieved their goal and established the Finnish-speaking SLK, the idea of a higher-level business school was kept alive by the SLK's first rectors, Kaarlo Brofeldt and Kyösti Järvinen.⁴⁹ The latter wrote in 1952 in his memoir:

“Already at the time when the Suomen Liikemiesten Kauppaopisto was established, it was designed as a higher level commercial college than its predecessors in Finland. [...] its purpose was, in our conditions, to measure up to the new business schools established abroad. I am happy to admit that the very aspiration of this college to become an institution of higher education attracted me at once to apply for its director's position.”⁵⁰

A series of writings published by director Brofeldt in *Päivälehti* presented a detailed account of the different phases through which the first business school of Germany was established in Leipzig in 1898.⁵¹ In prefacing the next businessmen's meeting (which was likely to raise the business school issue again under discussion), Brofeldt presented the rule book and curriculum of the newly established German-based school and discussed its ultimate purpose, as it was perceived by its creators. Brofeldt wrote:

“As the issue of establishing the so-far highest level institution for business education in our country will likely come up in the ninth general meeting of the Finland's businessmen organized in Helsinki in August, it seems useful for the people involved to acquaint themselves with the latest German newcomer in the field, that is, the business school in Leipzig which is the first and yet one of a kind in Germany. [...]”⁵²

According to its rule book, the Leipzig business school is an independent institution [...]. In accordance with the same rule book, the purpose of the school is to: a) provide a thorough general as well as business education to grown up young people who plan to dedicate themselves to business careers; b) offer an opportunity to future commercial school teachers to acquire the necessary theoretical and practical professional education; and c) along with that, the institution must provide practical businessmen with the opportunity to develop themselves in some specific branches of business knowledge and skills.⁵³

Quoting the school's inauguration speech held by the president of the Leipzig Chamber of Commerce, Brofeld continued by specifying the *raison d'être* of the newly established school:

“The purpose of the business school must then be: in scientific terms to accomplish what is nowadays required in the field; it wants to raise men that act also in public in

a way that makes an impact on their social class, and that have a deep and broad understanding of the public good. Hopefully, they will become useful forces also for the service of both colonies, and the consulate. Hence, the business school wants to raise the intellectual qualifications of the business class in general; it must as one of the most important actors of our economic life thus try to gain itself the same kind of value possessed by other scientifically educated classes.”⁵⁴

When SLK opened its doors to students in 1899, *Päivälehti* compared it to the leading commercial colleges in Austria and Germany, reporting that in addition to these two countries (and prior to the inauguration of SLK), its management and teachers had also visited commercial colleges in Sweden, England, and Denmark, familiarizing themselves with the organization and curricula of the most advanced institutions.⁵⁵

“The plan for the Suomen liikemiesten kauppapisto equals to the similar, most eminent institutions, such as the commercial colleges in Vienna, Dresden, and Leipzig. Based on the longer study time and extensiveness of the syllabus, it is in most of the subjects rather well ahead of for instance the college in Gothenburg that possibly is the most reputed commercial college in Sweden.”⁵⁶

Although the SLK was, in a way, created as a predecessor of a higher-level business school, it was not at all obvious at the time that a university-level institution would eventually be established. The outcome of the 1898 meeting of the commercial education committee that addressed the issue after the businessmen’s meeting was covered in the following day’s newspaper *Päivälehti*:

“The committee will not suggest the establishment of a specific business school, since it finds the question regarding its necessity and preconditions of success unresolved even in the most civilized countries in Europe. Therefore, as for that, it is better to take a waiting position, and to see at first, how the others manage the issue, and also to see what direction the conditions for commercial education here develop...”⁵⁷

Although the committee did recognize the need for higher business education in the sense that this type of institution would guarantee the availability of educated teachers for lower-level institutions, it considered it more appropriate for commercial colleges to train their workforce abroad:

“While the appropriate opportunities for this type of training do not yet exist in our country, the committee finds it necessary to award the current and future teachers of commercial colleges travel grants that enable them to study abroad.”⁵⁸

The delivery of the committee's report initiated an active period of public discussion on the state of business education in Finland. Furthermore, it drove business school advocates to examine how other countries had solved the same problem. Following the committee's recommendation, the teachers of commercial colleges were awarded grants that enabled them to study abroad and benchmark the organization of higher business education in different countries.⁵⁹ As a response, several articles discussing the business education systems in different parts of the world (i.e., England,⁶⁰ Italy,⁶¹ Germany,⁶² Sweden,⁶³ France,⁶⁴ Russia,⁶⁵ Switzerland,⁶⁶ the United States⁶⁷ and even in Japan⁶⁸) were published in Finnish media from 1901–1910.

Nevertheless, even SLK's directors were not sure how to best accomplish the business school project. In 1903, director Järvinen suggested the inclusion of a business school in the University of Helsinki's agriculture department, which had been established a number of years earlier.⁶⁹ Observing the exclusivity of the university toward new study fields, Järvinen recommended that a small country such as Finland should dismiss the idea of higher-level business education and focus instead on developing its commercial colleges.⁷⁰

Less than five years later, Järvinen had again changed his mind, now arguing to establish a stand-alone business school that could be developed on the basis of the SLK.⁷¹ In a report prepared in 1907, Järvinen pondered the business school question, making continued references to how business education was organized by Central European (particularly German-speaking) countries. The report, boldly titled *The business school question and its solution in Finland*,⁷² delivered what it promised: a rather well-argued essay and suggestions for how to best create a business school in Finland.

Prior to his rectorship at Suomen Liikemiesten Kauppaopisto in 1899, Kyösti Järvinen had studied economics and finance in Berlin (1894) and collected empirical data for his studies in Scandinavia, the Netherlands, Belgium, England, France, Switzerland and Germany (1897).⁷³ As a rector, Järvinen actively benchmarked educational institutions both in Finland and abroad, particularly in Gothenburg, Vienna, Prague, Dresden and Leipzig, and completed study trips to Copenhagen, Antwerp, Paris, Switzerland and Cologne.⁷⁴ It is notable that Järvinen was a stalwart

Fennoman whose doctoral dissertation was rejected at the University of Helsinki's Art department by the Swedish-minded majority less than ten years earlier.⁷⁵ In the 1907 report, Järvinen made his argument against the other potential business school candidate (the Swedish-speaking commercial college in Raahe⁷⁶) and recommended the establishment of a business school by separating and upgrading the most advanced classes of the SLK into a business school.⁷⁷ This required diversifying the curricula and making it more flexible, scientifically advanced, and university-like—advancements for which the Finnish-speaking school provided the most fertile ground.⁷⁸

“...while preparing the details of the curricula [of the colleges in Raahe and Helsinki], one also notices that especially on two highest classes scientific professional subjects have rather much bigger role in SLK than in the college in Raahe. [...] At the same time when the student numbers in Raahe's Swedish-speaking college indicate stagnation and even regression, the student numbers in the Finnish-speaking Helsinki-based commercial college have grown steadily or even progressively year by year.”⁷⁹

To further justify his support for a Finnish-speaking SLK, Järvinen invoked its foreign role models in German-speaking countries.⁸⁰ While arguing why SLK in particular should be upgraded to a business school, Järvinen claimed that it was academically the most advanced because it had, in many respects, been organized in accordance with foreign examples:

“In regard to the admission criteria and length of the studies the upper classes of these higher level commercial colleges were, in a way, planned to equal the business schools abroad. [...] Also the syllabi in Suomen Liikemiesten Kauppaopisto have been gradually developed into the direction where they at least in some subjects are approaching the requirements of most foreign business schools.”⁸¹

Drawing directly from the experiences of the foreign schools he had visited, Järvinen presented three alternative systems upon which Finnish business schools could be based:

“Before we start making a plan for how our current higher commercial education could be developed into a business school it seems that we should take a look at what kind of different types of foreign business schools could offer us a model. [...] The first would be a kind of free university for studies in business science, where scientific studies were the single most important thing and a completion of business degrees a side issue. The other type would be a business faculty connected to an existing university or to some other institution of higher education, especially to a

university of technology. And the third type is formed by a business schools based on completion of specific syllabi and specific study length, in which acquisition of thorough scientific and practical professional knowledge is the first priority and scientific research work is left a little bit aside.”⁸²

After comparing the three options, Järvinen concluded that the first purely university-type of business school, represented by the schools in Cologne (Städtische Handels-Hochschule in Cöln), Berlin (Handelshochschule Berlin), Frankfurt (Akademie für Sozial- und Handelswissenschaften zu Frankfurt am Main), and Leipzig (Handelshochschule Leipzig) raised concerns over the high degree of academic freedom, optionality, and curricular heterogeneity that might potentially leave young students without the requisite professional education and practical business skills. The second type, which had previously been unsuccessfully attempted in Finland in the form of a polytechnic institute, did not present any remarkable success stories. The third option, represented in particular by the Antwerp business school (Institut supérieur de commerce d’Anvers), was the model that was the most suitable to the Finnish context.⁸³

“Although Antwerp’s Institut supérieur by no means does not want to imitate university, its tuition is still university rather than school-like. [...] Antwerp’s Institut supérieur de Commerce has been gradually developed from an old higher-level commercial school to a business school that to an increasing extent equals modern requirements. It is, however, a university only in the sense that the highest business-professional education can be achieved there, but it is at the same time first and foremost a vocational school where one truly completes the given studies and acquires given knowledge. [...] In my opinion, this type of institution for higher education should also be kept in mind when we in Finland start organizing our highest commercial education into a business school.”⁸⁴

The curriculum for the new business school was drafted consistent with the business schools in Cologne, Berlin, and Frankfurt by Järvinen as follows (see Figure 4).⁸⁵ The studies were designed to take two years, and the 30-35 hours of studies per week per semester were equaled to those of the Antwerp business school.⁸⁶ The content of the curriculum was designed to span three distinct areas, and the student workload was divided almost evenly between scientifically and practically oriented subjects and language studies.

Semesters	I	II	III	IV
Scientific vocational subjects:				
General economics	2	2	-	-
Other lectures in economics	2	2	2	2
Trade geography and history	2	2	2	2
Juristic lectures	2	2	2	2
Chemistry and merchandise	2	2	2	2
Lectures on book keeping	-	-	1	1
Seminar exercises	-	1	2	2
Total hours per week	10	11	11	11
Practical vocational subjects:				
Penmanship, typewriting, stenography	2	2	-	-
Merchant arithmetic	3	3	3	3
Financial arithmetic or calculus	-	-	2	2
Assignments in chemistry and merchandise	2	2	2	2
Book keeping and the model office	6	6	6	6
Total hours per week	13	13	13	13
Languages and history of literature:				
Finnish	1	1	-	-
Swedish	3	3	-	-
Foreign language 1	4	4	4	4
Foreign language 2	2	2	2	2
History of literature	2	-	-	-
Total hours per week	12	10	6	6
Grand total hours per week	35	34	30	30

Figure 4. The plan for the new business school's curriculum (Source: Järvinen 1907: 31)

Also the school's expenditure estimate (e.g., salaries, library costs, etc.) was drafted by adjusting the foreign schools' cost structures to Finnish conditions.⁸⁷ Järvinen concluded:

“As opposed to big nations' colony and commercial policies, small nations do not have to sacrifice millions to secure their business interests in the world markets. But even more than that, sacrifices are needed from a small nation to keep their business education updated.”⁸⁸

Finally, in 1911, after many long years attempting to solve the business school question, SLK established a separate 'business school department' called the Kauppakorkeakoulu⁸⁹ (Helsinki School of Economics, HSE).⁹⁰ The mission of the school, remarkably similar but slightly more practical to that of the Leipzig business school introduced in *Päivälehti*⁹¹ over ten years earlier, was to offer the following:

“1) Provide with a thorough economic and business education to young people who by holding an all-round education plan to dedicate to business careers;

2) Provide mature businessmen with the opportunity to obtain deeper knowledge in different vocational subjects;

3) Offer theoretical and practical professional education to future commercial school teachers.”⁹²

As noted by Engwall (2004: 109-111), the small Nordic countries shared numerous similarities in the way they built up their institutions for higher management education. Following the German university tradition, business schools in Sweden (Stockholm 1909), Finland (Helsinki 1911), Denmark (Copenhagen 1917) and Norway (Bergen 1936) were established as private, stand-alone institutions, i.e., *Handelshochschulen*⁹³ typically located in their capital cities.⁹⁴ However, unique to Finland was the historically grounded language-political division of the society that led to the parallel development of Finnish- and Swedish-speaking business education. Soon after the inauguration of the SLK, progress in Finnish-speaking business education began to invoke changes in the Swedish-speaking colleges as they began to lose their Finnish-speaking applicants.⁹⁵ Neither the commercial college of Raahe (located far from the capital city) nor the traditional system of sending youngsters to study abroad was viewed as adequate any longer, which is why a higher level Swedish-speaking commercial college in Helsinki was considered necessary.⁹⁶ As a response, Högre Svenska Handelsläroverket⁹⁷, a Swedish-speaking commercial college was inaugurated in Helsinki in 1909. Similar to the SLK, the Högre Svenska Handelsläroverket was run privately by Swedish-speaking businessmen.⁹⁸

Like the SLK’s Järvinen, Oskar Rosenqvist, the director of the Högre Svenska Handelsläroverket, also conducted study trips to Prague, Vienna, Antwerp, and Stockholm⁹⁹. In meeting the challenge of its Finnish-speaking counterpart, Högre Svenska Handelsläroverket outlined a level of offered education higher than that of the SLK and began to require that its students possess a high school diploma¹⁰⁰. However, soon after the college was established, it was apparent that a number of its potential applicants failed to meet the school’s entrance criteria.¹⁰¹ As a response, in 1911, the same year that the Finnish-speaking SLK announced its upgraded business school status, Handelsläroverket was accompanied by the Svenska Handelsinstitutet that began to accept students with a middle-school background¹⁰². The Swedish-speaking Handelsläroverket was now divided into two departments, higher level Högskolavdelning (formerly Handelsläroverket) and lower level Handelsinstitut that

operated at different levels but were nevertheless closely connected. To avoid misinterpretations resulting from the two-departmental structure of the Swedish-speaking school, its student union suggested in 1917 that Högskolavdelning should be renamed as a business school; the Svenska Handelshögskolan.¹⁰³ Nevertheless, ten years elapsed before the Svenska Handelshögskolan i Helsingfors (Swedish School of Economics, SSE) was formally established in 1927.¹⁰⁴ Furthermore, business school initiatives were under way near the same time in early twentieth-century Turku, the former capital of Finland with a significantly large Swedish-speaking population. The different alternatives discussed were a business faculty or business professorship established in the Statsvetenskapliga fakulteten ('the faculty of social sciences') of the Swedish-speaking university Åbo Akademi that would provide business studies in a university context, and an independent stand-alone business school that would continue the Handelshochschule tradition initiated by the SLK and Handelsläroverket in Helsinki. After familiarizing themselves with the schools in Helsinki, Stockholm, and Gothenburg, business school advocates in Turku compromised, and a stand-alone business school that operated in close connection with the Åbo Akademi university was established in 1927.¹⁰⁵

4.4 An 'ill-defined' institution? Business school in search of legitimacy

In Finland, business schools gradually evolved from the higher-level commercial colleges. Regardless of their organizational form, however, challenges for the early business schools in different parts of the world were similar. As Hotchkiss (1920: 92) had outlined, the American business school at the time was a "very ill-defined institution." Locke (1989: 5) also argued that the early business school curricula typically appeared as somewhat incoherent amalgams of science and vocationalism, in which traditional academic subjects such as chemistry, physics and economics (that had little relevance to the actual subject matter) were combined with practical courses in accounting, finance and sales.

As important as it was for the early business schools to be regarded as university-like institutions, the formal status change from commercial colleges to business schools did not automatically translate into a respectable position in Finnish academia. The German university traditions that were instilled into the Finnish university system

meant that business schools would face challenges that were similar to those of their German predecessors. Locke (1989: 57) claimed that what distinguished the German university from other institutions for higher education in nineteenth-century Europe was its devotion to science, or *Wissenschaft*. Germans managed to formalize the idea of cumulative, systematically gained, scientific knowledge and incorporate it into their education system earlier and more extensively than either the French or the British.¹⁰⁶ Therefore, individuals pursuing careers as professors in German academia were expected to prove their capabilities for scientific research by completing a doctoral thesis and a *Habilitationsschrift*.¹⁰⁷

In general, the academic system committed to higher scientific mission and a value-free search for truth did not respond well to engineering or business studies, both of which represented new, utilitarian claimants of university status.¹⁰⁸ As Locke (1989: 72) argued, “knowledge that supposedly served special interests, had no place in the professions [medicine or law] or in *Wissenschaft*,” an ethos that led both engineering and business studies to eventually be established outside the traditional universities in specialized *Hochschulen*. In searching for a legitimate position within the higher education system (and conforming to the prevailing *Wissenschaft* model), these schools began adopting the structures and practices of universities.¹⁰⁹ In the *Handelshochschulen*, this meant first and foremost the creation of their own ‘science of business’ or *Betriebswirtschaftslehre*, and the development of academic structures and practices, such as establishing the *Habilitation* system for proofing the scientific qualifications of professorial candidates.¹¹⁰

Ironically, Kieser (2004: 92) claims that the new *Handelshochschulen* were not welcomed by the German practitioner community either because it was feared that an academic education would “spoil candidates for management positions.” Therefore, the dominant understanding of businessmen was that business could (and therefore should) be learned only by doing.¹¹¹ According to Locke (1996: 75), German business schools faced a difficult choice between serving the business praxis and committing to the *Wissenschaft* tradition. Ultimately, however, it was the *Wissenschaft* and the necessity of gaining acceptance in the university context that triumphed.¹¹² However, because no proper theory of *Betriebswirtschaftslehre* (Business studies) existed, the road of science was difficult to follow.¹¹³ Essentially,

the professors in early business schools had two fundamental problems to solve. First, they strove to be accepted in academia, and *Betriebswirtschaftslehre*, therefore, had to be converted into actual science¹¹⁴. Second, *Betriebswirtschaftslehre* had to be differentiated from the discipline of economics, which had achieved university status over a century earlier and represented a potential competing management educator.¹¹⁵

By contrast to the German business school in Leipzig benchmarked by the directors of the SLK that aimed to “provide with a thorough *general* as well as *business* education...,”¹¹⁶ the first business school in Finland outlined its mission to “provide with a thorough *economic* and *business* education to young people who by holding the necessary *all-round education* plan to dedicate to business careers.”¹¹⁷ Furthermore, the concerns over the high degree of academic freedom characteristic of German university-like business schools drove the Finnish business school directors to favor the model represented by the Antwerp business school “in which acquisition of thorough scientific and practical professional knowledge” was prioritized over scientific research work that was being left “a little bit aside”.¹¹⁸ By de-emphasizing the research-based, all-round education favored by the German *Handelshochschulen*, business schools in Finland adopted a slightly more specialized approach.

Although the ideological agenda behind the building of the higher business education system in Finland was tied to the greater Fennoman goal of improving the societal status of the Finnish-speaking population, the mission of the first business school showed few signs of nationalistic ideals. As the political supremacy of the Swedish-speaking elite ebbed during the course of the 1910s and Finnish established its position as the language of business and administration in Finland, public newspapers began presenting critical commentaries on the sincerity of the Finnish businessmen’s nationalistic agenda.¹¹⁹ A key concern became whether commercial aspirations had surpassed nationalistic objectives, and dubious questions were presented about whether the marriage of money and Fennoman ideology had only been a smokescreen for hiding and legitimizing capitalism.¹²⁰ The gulf that had previously existed between the traditional Swedish business elite and Finnish-based managers that had now advanced to high corporate positions no longer seemed so obvious. As Paavilainen (2005: 148) remarks, “a Finnish merchant who became a big

private business owner was eventually as much as a capitalist as were his Swedish counterparts.” From the perspective of the working class, these *nouveau-riche* social climbers seemed even more suspect than well-born industrialists and bank managers.¹²¹

Therefore, early nineteenth century managers learned that economic wealth was not inevitably followed by increasing social prestige,¹²² and businessmen at the time suffered from rather serious credibility issues.¹²³ Although the nationalistic aims of the Fennoman businessmen were publicly questioned, the general suitability of Finnish-born people for business careers was also evaluated in the media.¹²⁴ Arguments were drawn from the national and racial characteristics of the Finno-Ugric population—Finns were merely quasi-businessmen with apparent rather than actual business capabilities, and had a facility for self-interested, opportunistic, and otherwise dishonest behavior. Unlike the noble Germanic-based, entrepreneurial and brave Swedes, Finno-Ugric people tended to be phlegmatic, slow, uncommunicative, submissive and non-entrepreneurial.¹²⁵ Although Finns did possess some generally good qualities, such as patience, humility and politeness, these were viewed in the modern business environment as incurably outdated, useless and contrary to the capitalist ethos.¹²⁶

One incident that most certainly did not improve the already questionable position of Finnish businessmen was the foundry company Helsingin Valimo, which was founded in 1908 by a young entrepreneurial SLK graduate.¹²⁷ The board of the firm consisted of a few key figures of the school who were enthusiastic about the creation of a Finnish-led corporate life—among them the director, Kyösti Järvinen.¹²⁸ After running into financial difficulties and declaring bankruptcy in 1912, the management of Helsingin Valimo was charged with violating bankruptcy laws.¹²⁹ Although the lower court convicted the board members (including Järvinen) and sentenced them to a three-month imprisonment, an appeals court overturned the sentence.¹³⁰ Nevertheless, this bankruptcy was not the only one experienced by companies established during the heyday of the Fennoman movement, and the ensuing lawsuit sparked criticism of the business school and Finnish-speaking businessmen in general.¹³¹ In 1952, Järvinen wrote in his memoir:

“This was a “gefundenes Fressen” [i.e., something that had just been waited for], as a German would say, for those who envied the company [Helsingin Valimo] or were its enemies, for those that can be found among the Swedish-speaking, but based on an anonymous letter also among the Finnish-speaking folks. [...] For me, the collapse of the Helsingin Valimo meant a significant turning point in my relationship with business practice. In the fall 1912 I was under a public eye, convicted for imprisonment of a bankruptcy crime. Many of my acquaintances turned their back on me at the time. The boards of the SLK and business school must probably have demanded for discharging or at least resignation of the rector that was convicted of a crime.”¹³²

To some extent, Finnish business schools understood early on that to justify their position in the academic system they had to differentiate themselves from the lower-level commercial colleges and base their education on an appropriate body of knowledge.¹³³ In practice, however, this was more difficult than previously thought. The curriculum of the early business schools was built around practical business problems, and students were merely transferred the set of best practices.¹³⁴ In the absence of business theory, the lectures comprised a miscellaneous collection of subjects borrowed from other fields of science, including economics, geography, law and chemistry.¹³⁵ The most business-related, scientifically grounded subject was economics, which had been studied and taught in Finnish universities since the eighteenth century.¹³⁶ In 1920-1921, the annual report of the Helsinki School of Economics documented that it had organized lectures and exercises in economics, finance, statistics, commercial science, commercial policy, transportation, currency, banking, book-keeping, inorganic and organic chemistry, merchandise, commercial calculus, financial calculus, calculation science, economic geography, economic history, commercial law and language, in addition to business correspondence studies in German, English, Russian and French.¹³⁷ At the time, completion of a business school diploma required two years of studies. Discussions about extending the study time to enable more in-depth studies were ongoing, but found little support from the alumni employment prospects. HSE reported:

“Lengthening the current course of HSE would probably involve the great advantage that during the third year the amount of the students’ knowledge and skills in all subjects could be deepened and therefore the graduates with a business diploma would be more prepared to perform the various tasks of business. The dubious aspect of this kind of arrangement [3-year program] would nevertheless be that one additional year of mandatory studies especially during the present tough times is rather exhausting from the students’ standpoint. Besides, based on experience, one can say that the theoretical knowledge gained by those who graduate with a two-year

diploma is enough to the great many, especially to the female students who end up working in the field of practice.”¹³⁸

During their early years, Finnish business schools focused solely on teaching activities that produced an appropriately trained workforce to serve Finnish companies. Unlike other academic institutions at the time, early twentieth-century business schools were small, well-knit communities in which the teachers (and the older generation of students) stayed in contact with the younger students after graduation and helped them secure good jobs.¹³⁹ Nevertheless, professional status was a problematic issue for the early students of business schools. The schools did not generally enjoy a good reputation among Finnish academics, and neither business graduates nor their profession garnered the respect accorded to more established professions such as engineering, law and medicine.¹⁴⁰ The low esteem of business schools within the academic community was a persistent concern for students and alumni, who consistently endured mocking comments about the alleged low quality of their education from other university graduates.¹⁴¹ A former student, quoted in the history of the HSE’s student union, recalled:

“One can say that in the 1930s when HSE was still young, in particular, the students from the University of Helsinki condescended to the school’s students. Business school was mocked for being rather a business fool¹⁴². I remember well, at that time, although HSE had been pumping out graduates for such a long time, there were not that many business school graduates holding management positions in the job market. However, there were some, although few, who had managed to get into those positions; these were very vigorous and looked closely after each other’s careers. They supported one another and this annoyed University of Helsinki’s law graduates. Other Masters program graduates—then again—they never stayed in touch with each other as did business school graduates.”¹⁴³

In 1907, Järvinen had suggested conferring business school graduates an honorary title such as a baccalaureate.¹⁴⁴ In these early years, however, many of the business school faculty members (and even some of the students) responded less seriously to the idea of a professional title. The annual report of the HSE’s student union 1914-1915 wrote:

“Unfortunately, one must once again here clarify the title issue that has every year come up on agenda. The title is claimed by the first year students who have not yet been able to get their wise heads to understand that they will become assistants, clerks who at the beginning of their business careers are no better than any other clerks from whom they wish so radically to be distinguished.”¹⁴⁵

In the following years, however, the issue was reintroduced by business school graduates who naturally sought to stand out in the job market.¹⁴⁶ Emphasizing the professional responsibilities of a businessman, the student newspaper *Ylioppilaslehti* wrote in 1927:

“A businessman’s job is comparable to that of a diplomat. It is a quiet, tenacious struggle where too many rash, indiscreet words or actions may cause the failure of long-lasting work and a heavy defeat. And, in common with diplomats, there must be a quintessentially strong, all temptations winning, moderate nationalism; likewise, we must never forget our nationality, any more than our self-control.”¹⁴⁷

Although business school students began to be referred to with the courtesy or honorary title *ekonomi* in the 1930s, it took over 30 years from the establishment of the HSE before *ekonomi* (*diplom ekonom* for graduates of the Swedish-speaking schools) was officially accepted as a professional title of business school graduates.¹⁴⁸

Despite the legitimacy issues and many concerns that had previously been expressed about the necessity of higher business education in Finland, the first decades of business schools witnessed a constantly growing stream of new applicants.¹⁴⁹ The Finnish-speaking HSE struggled to accommodate the new students interested in business studies in its educational facilities, while in 1940, only 29 out of 199 applicants would be accepted.¹⁵⁰ The 3-year program that had previously been introduced by some business schools abroad increased the pressures to find a new school building. HSE reported:

“In most countries, most recently in Sweden, has reform been undertaken of a business school curriculum according to which the normal study-time for a business school diploma has been extended to 3 academic years. These developments seem to indicate that we cannot afford to be left behind in this. But the necessary precondition of this reform too, is a new school building.”¹⁵¹

The growing number of students and the related pressure to expand business education aggravated the issue of business schools being privately funded. Business schools, in contrast to the University of Technology and the faculty of agriculture and forestry that had been established within the University of Helsinki, did not enjoy the same level of state protection as other professional schools. During these first decades, the state granted financial support for business schools only on a short-term

basis, thus causing a continuous headache for the school's management, who were struggling to keep the school afloat.¹⁵² Because of the heavy reliance on private funding, the financial stability of business schools was vulnerable and sensitive to political and economic fluctuations; during the First World War, political unrest made attracting private funding extremely difficult and post-war inflation eroded the value of existing assets.¹⁵³ In the post-war years, the proportion of costs that could be covered with the state subsidy continued to decline. HSE reported in 1935:

“In the post-war years, the state subsidy for the HSE compared with its total spending has remarkably decreased, covering only approximately 50% of the past years' total costs. Consequently, the business school's financial standing has become fairly difficult. The school's rector has had to use a big proportion of his time for collecting funds from the businessmen of our country to cover the budget deficit. In time, a situation like this becomes unbearable. It feels fairly unreasonable that the state that fully takes care of the higher education in technology, for instance, has left the HSE in the position of a stepchild, regardless that the great significance of the HSE as a higher business educator and a centre of economic research is nowadays generally recognised.”¹⁵⁴

Because of their private nature, representatives of the business community were involved in the business schools' direction, also influencing the schools' research and educational activities.¹⁵⁵ Therefore, business schools were criticized in the academic community for allowing practitioners with no academic qualifications to influence their internal decision-making processes, such as the appointment of professors and the development of curricula.¹⁵⁶ Because of the strong focus on producing an educated workforce to serve business firms, business schools' research activities at the time were rare; the first doctoral dissertation from HSE was not published until 1937¹⁵⁷ and from SSE in 1944.¹⁵⁸ HSE's research institute (Liiketaloustieteellinen tutkimuslaitos), which published business textbooks and shorter research papers, was established in 1940.¹⁵⁹

Nevertheless, although research activities were not the first priority of business schools, the search for a legitimate position in the higher education landscape found its expression in many formal traditions and rituals that were adopted from the university. Some of the most important of these were the establishment of higher academic degrees¹⁶⁰ that equaled those of the University of Helsinki in 1921, and a doctoral degree in 1931.¹⁶¹ HHÅA and SSE were entitled to confer master's degrees

in 1927 and 1928, respectively.¹⁶² The first professorships were established at HSE in 1920, whereas SSE received its professorships in 1934.¹⁶³ Professorships had existed at HHÅA since its establishment in 1927.¹⁶⁴

In 1946, the Finnish government conferred on HSE the right to organize formal degree ceremonies and grant honorary doctorates, which signaled the formal accomplishment of a long-aspired academic status.¹⁶⁵ The first ceremony, organized in 1946, was filled with festivities and ceremonial speeches referring to science, research and the systematic search of truth with Socratean humbleness.¹⁶⁶ HSE reported:

“...one can say that through this [degree ceremony], HSE has possibly reached the final step in developing into a true institution of higher education and a university in its field.”¹⁶⁷

Outlining business (perhaps prematurely) as a science and its students as scientists, the promoter of the 1946 ceremony continued:

“As you are today conferred a Master’s of business administration and equipped with all the rights and marks related to that rank, it means that your school publicly recognizes your competence. It means that you have taken the first step on a long and difficult road of science. [...] Every true scientist is humble in the face of his great mission, and the more he will know and accomplish the more clearly he understands how much has yet been unaccomplished.”¹⁶⁸

4.5 Institutional dynamics in Finnish management education, 1857-1950

As the first decades of the historical narrative have unfolded, it has become evident that several of the key drivers behind the emergence and development of business schools in Finland were the Finnish-speaking merchants and businessmen’s strides toward uplifting their professional status, not only among the other competing professions but also in competition with the Swedish-speaking business elite. The fact that industries and economies in Europe were developing rapidly appears to have created the necessary ‘sense of urgency’ for developing management education. This context enabled Finnish business school advocates to argue that for the country to keep pace with the progression in surrounding countries, Finland needed to establish appropriate institutions for educating its businessmen.

Granted, the role models for the first business schools were adopted from Europe, primarily from German-speaking countries. The key carriers that imported these models to Finland were the rectors and teachers of lower-level commercial colleges who sought the opportunity to upgrade their institutions to business schools. These people not only had studied abroad and acquired their academic qualifications in European universities but also had purposefully conducted study trips to the most acknowledged foreign institutions to learn how these institutions had organized their higher business education. Among the ideas and practices that were studied were the organizational structures, funding models, curricula, syllabi, and academic and professional missions of these foreign institutions.

After these study trips, the ideas, lessons and experiences were actively presented and discussed in detail in the Finnish newspapers. The initial plans for business schools in Finland were also developed based on the knowledge gained from these study trips. The overall ethos of these discussions and reports was the translation and adjustment of the foreign-based business school ideas and practices to fit the Finnish academic and business context. These ideas were then converted into action when the first business schools were established in accordance with the developed perception of a type of business school that would succeed in Finland. A large portion of the discussion was related to finding a solution that would make a business school an academically legitimate institution without compromising the relationship with the business practice. In addition, the adoption of the German Handelshochschule model in the pre-existing Humboldtian university tradition in Finland created a setting in which the business schools needed to balance the academically ambitious university scene and the business practice that provided the schools with funding and was expecting the schools to produce graduates equipped with relevant commercial skills in return. Particularly in the university setting, business schools devoted to applied science and utilitarian missions suffered from legitimacy issues and low appreciation; for instance, these challenges were reflected in the fact that during their early years business schools were unable to attract full financial support from the state. Hence, to overcome the issue of academic legitimacy, early business schools that were at that point in essence merely clerical schools, decoupled their actual education-focused actions from their espoused actions, abiding only superficially by the institutional pressures pushing them towards a more academic and research-oriented focus.

5 THE INSTITUTIONALIZATION OF FINNISH BUSINESS SCHOOLS (1950-1980)

5.1 Management as a science: American influence takes over

To be recognized as a genuine profession, management was brought within the realm of higher education. However, building the actual body of knowledge on which the profession could rest remained a lengthy project to accomplish. Locke (1989: 5) suggested the following:

“People who established business schools in institutions of higher education quickly learned this lesson for there it was, at the outset, no discipline to teach. Science-based management had to be invented.”¹⁶⁹

In the absence of an actual science of business management, the early business schools in different parts of the world borrowed the ingredients of their curricula largely from other more established disciplines, primarily economics.¹⁷⁰ Among the forerunners of scientifically based management studies were the early twentieth-century Germans, who developed the theory of *Betriebswirtschaftslehre*.¹⁷¹ *Betriebswirtschaftslehre* was included in the university system at an early phase, enabling the exchange of ideas between it and economics.¹⁷² With the lead of the economist Eugen Schmalenbach, German scholars began to approach business problems in a science-oriented manner, utilizing economic science such as the marginal utility theory.¹⁷³ The focal problems to be solved by *Betriebswirtschaftslehre* were related to accounting and balance sheets.¹⁷⁴

In a larger sense, the true breakthrough of management science did not occur until after World War II. During the war, military leaders, managers and organizational experts developed and applied a variety of quantitative tools to control and administer their war machine.¹⁷⁵ After the war, these technical innovations were imported to the factories and offices with the returning veterans.¹⁷⁶ There is a wide-ranging consensus among management education scholars that it was World War II in general, and the American role in particular, that initiated a profound set of economic, political, cultural and social transformations that created a new

understanding of management science.¹⁷⁷ In this sense, Locke (1989: 1-29) argued that it was World War II that sparked a new faith in science and led to a *new paradigm*—an increasing application of mathematically based scientific methods such as linear programming, experimentation and statistical analyses to the solution of managerial problems—taking over higher business education. This reinforced the technical aspect of management and the perception of the manager as a scientific and rational systems designer whose job was to regulate the interfaces between the organization and its environment.¹⁷⁸

This paradigm shift elevated the United States into the center of modern science. According to Locke (1989: 114), the reasons for American dominance over the Europeans in the breakthrough of the new paradigm were numerous. First, the size and structure of pre-war American corporations was larger, more complicated and multidivisional compared to their European counterparts.¹⁷⁹ Moreover, different cooperative relationships between educational and capitalistic institutions were previously functional in America; these relationships facilitated the earlier emergence of institutional investment markets and further enhanced the demand for more advanced technical knowledge in handling investment portfolios.¹⁸⁰ Second, Locke (1989: 116) considered the war as a key promoter of innovation in America. The inefficiencies of America's warfare management (revealed by the First World War) were addressed in even more challenging circumstances during World War II, which eventually became an impetus for new scientific techniques.¹⁸¹ Although the use of science in solving wartime management problems was not an American (but a British) innovation, "the Americans, with their greater material resources, with the strengths gained from powerful business organizations and private management know-how gone to war, and with a distinguished group of scientists available, could make the greater effort."¹⁸² Third, the Cold War forced America to maintain its defense resources close to the level of World War II and therefore promoted America as the center of the new paradigm.¹⁸³ According to Locke (1989: 118-119), the most remarkable applications in scientific management (such as linear programming and the computer) were introduced to Americans and Europeans by United States military Operations Research during the Cold War. Finally, the havoc wreaked by World War II in Europe, the Soviet Union and Japan left them in no position to challenge American superiority.¹⁸⁴ Except for America, only the Third World had

been left relatively unexposed to wartime destruction, but under-developed nations could not challenge the United States in reaching such a dominant position in the post-war world.¹⁸⁵

After World War II, the Ford Foundation and the Carnegie Corporation took particular interest in business education.¹⁸⁶ Thomas and Wilson (2011: 444) argue that it was not until the publication of the Ford and Carnegie reports in the United States in the 1950s and 1960s that business schools began to be understood as significant elements of the university system. In a similar manner, as medicine was based on biology, physiology and chemistry, the reports underlined that the education of managers should be based on “the foundational disciplines of economics and of behavioral science as well as the quantitative disciplines.”¹⁸⁷ By developing an analogy to medical schools, the reports raised the aspiring scientification of management to a new level by demanding “a model for management research and education founded upon rigorous, discipline-led scholarship with a strong focus on analytical models and reductionism.”¹⁸⁸

In practice, the logic of the Ford- and Carnegie-initiated reforms in American business schools asserted that elevating the quality of the faculty would lead to improvements in the quality of the curricula and research. Moving business school faculty from the non-theoretical mode towards a more disciplined and quantitatively oriented direction was understood as the central means of improvement. Remarkable efforts were undertaken by American universities to retrain business school faculties on quantitative techniques, such as linear programming and quantitative finance. This had a dramatic influence on business schools; the proportion of faculty holding doctoral degrees grew significantly and the number of articles published in academic journals increased. As a response to the reform, business education was separated from the behavioral sciences of psychology, sociology and anthropology, and even subjects such as marketing and organizational behavior received a new quantitative orientation. Economics, on the other hand, gained a stronger foothold.¹⁸⁹

Locke (1989: 113) argued, however, that “[t]here was nothing about the intellectual achievement that went into the new paradigm that was essentially American,” and that it was inherently the German *Wissenschaft* tradition that formed the particularly

fertile ground for management science to emerge and become a worldwide phenomenon.¹⁹⁰ Therefore, Locke (1989: 113-114) claimed that the credit for advancements in the field of modern mathematics, economic theory and statistics should primarily be given to Europeans, who did this work long before the emergence of the new paradigm in management studies.

By the 1950s, the German influence in Finnish business education and research was visible. Being exposed to German university traditions and the German *Betriebswirtschaftslehre* through numerous visits to German business schools (and with their business school libraries filled with German literature), Finnish business scholars began to develop 'liiketaloustiede' (literally, the science of business economics, or business administration). After initially relying on economics for their scientific basis, business administration became the business schools' proprietary discipline, the development of which was closely interwoven into the development of business schools. Prior to the War, Finnish business schools had inaugurated their first research institute, Liiketaloustieteellinen tutkimuslaitos (1938), and the first scholarships assigned to doctoral studies in business were granted by the Finnish Cultural Foundation (Suomen kulttuurirahasto) in 1939.¹⁹¹ In addition, the Finnish state began supporting doctoral studies through the scholarship program established in 1949 by the Academy of Finland.¹⁹² As a response to doctoral level education, business schools' research activities began to increase, with ten new doctors graduated between the mid-1940s and mid-1950s.¹⁹³ With the exclusion of two dissertations produced by the Swedish School of Economics, all of the dissertations within that period of time were published by HSE.¹⁹⁴

Although German scholars had attempted, with the lead of Erich Gutenberg, to develop a unified disciplinary framework of *Betriebswirtschaftslehre*, no notable success had been achieved prior to World War II.¹⁹⁵ Therefore, the body of knowledge represented by business schools (both in the Anglo-Saxon and German parts of the world) was characterized as scattered and focused merely on passing on practical advice about business management.¹⁹⁶ Representative of this state of affairs, when initially heavily accounting-based business problems were accompanied by all types of other problems related to selling, advertising, marketing, distribution and different aspects of management, the 'discipline' of business administration was

divided into two subfields—Business Administration I and Business Administration II. In Sweden, this division was made in 1944, and Finland followed suit in 1952.¹⁹⁷ In following the strong accounting dominance, Business Administration I consisted mainly of accounting-related studies, whereas Business Administration II became the combined category for the remaining less-structured business subjects.¹⁹⁸

From World War II onwards, Nordic business schools increasingly followed the developments in American management education.¹⁹⁹ The post-World War II years thus also represent an important watershed in Finnish business schools, as the previously dominant German tradition was gradually paralleled with the adoption of ideas and ideals from business schools in the US.²⁰⁰ Engwall (2000: 9-10) suggested that it was the need for business schools to distinguish themselves from the lower-level commercial colleges (and to justify their inclusion in the academic community) that reinforced a strong research orientation (and later a strong American orientation) in Nordic business schools. Furthermore, Vironmäki (2007: 113-114) argued that the strong German influence was rapidly replaced by the American impact (at least partially) because of World War II, which increased Finland's distrust of Germany. Furthermore, in a country that had suffered two wars (the Winter War of 1939-1940 and the Continuation War of 1941-1944), Finland understood the United States "as a homeland of everything that was new, big, fine, and good."²⁰¹

During the 1950s and 1960s, the establishment of the Fulbright and ASLA²⁰² scholarship programs and travel grants from the Ford Foundation and the research foundation Tehokkaan Tuotannon Tutkimussäätiö²⁰³ enabled Finnish business school professors and doctoral students to visit the United States. Scholars from the United States also began visiting Finland and lent their participation to a business school educational environment that suffered at the time from a shortage of qualified faculty and research by publishing their research papers in the *Finnish Journal of Business Economics*.²⁰⁴ A Finnish doctoral student who visited the University of California in the early 1960s wrote in his memoirs:

"I graduated with a bachelor's degree in spring 1961. In the same spring I received an ASLA scholarship and left for the US, to the University of California, Berkeley campus, to look at business studies there. The year was great both personally and professionally. Familiarizing myself with the American accounting education and

research environments at Berkeley left me with the impression that it wasn't so exceptionally extraordinary or more difficult than it was in Finland... Altogether there were half a dozen Finnish scholarship students at Berkeley campus... I was warned by local friends and colleagues to not to return to Finland, as they feared that the political situation would culminate and become really severe and that the Soviet Union would occupy Finland."²⁰⁵

Indeed, during the Cold War, war-impooverished Finland found itself caught in a politically delicate position between the western world and the Soviet Union. Kieser (2004: 93) has noted that, after World War II, the Marshall Plan—which aimed to facilitate the economic recovery of Europe and discourage communism—became a key vehicle for the Americanization of European economies. However, because of Soviet pressure (which was different from other European countries), it was not politically expedient for Finland to accelerate social recovery by accepting direct monetary aid from the Marshall Plan. Instead, more indirect forms of support such as library endowments were allowed. Consequently, Finland began to receive what were called ASLA donations that related to the procurement of American literature to complement its library collections.²⁰⁶ Essentially, ASLA donations utilized a loan that Finland took from the United States after World War II. Based on a United States Congressional Act, the interest and amortizations of the loan were paid to a fund that directed the money to university libraries in Finland.²⁰⁷

The ASLA book donations thus played a significant role in the post-war rebuilding of business school activities. For instance, the Turku School of Economics (TSE), a business school established in 1950, received \$1,500 US (currently worth approximately \$15,000 US) “for the purchase of American scientific, technical and scholarly books, and books of American literature for higher educational and research institutions of Finland.”²⁰⁸ Because of the nature of the ASLA program, it was important that the literature acquired with the endowment money was inherently American. In fact, the origins of the books that were acquired were identified with a specific ornamental ex libris, stating:

“This book has been presented to Finland through ASLA funds by the Government of the United States of America as an expression of Friendship and Goodwill which the people of the United States hold for The People of Finland.”²⁰⁹

The significance of the program for the post-war rebuilding of universities in Finland is illustrated by the endowments received by the TSE that continued from the school's establishment in 1950 until 1965.²¹⁰ Mäkinen (2000: 14, 17) contends that, although the ASLA endowments could easily be perceived as a part of the Cold War political game, avoiding this type of Americanization would have left academia (and the entire country) in miserable conditions. Lauri O. Th. Tudeer, the Senior Librarian (1884–1954) of the University of Helsinki and the primary coordinator of the book donations in Finland has been reported to have said:

“If it is propaganda, then it is welcome and healthy propaganda.”²¹¹

The post-war advancements in operations research and the application of mathematical modeling in the study of business phenomena were manifest in articles published in the *Finnish Journal of Business Economics*. The first article on operations research and its methodologies was published in 1959, after which an increasing number of articles concerning linear programming, optimization problems and demand forecasting were published in the course of the 1960s and afterwards.²¹² Followed by the publication of the Ford and Carnegie reports, American management science had already considerably diverged from the German tradition by the 1960s. The 1960s breakthrough in business school applied research approaches had a particular influence on doctoral dissertations. Whereas the German tradition had been built around accounting, its focus was on conceptualization and it aimed to develop business practice; the new United States paradigm was formal, mathematical and aimed at developing general, empirically testable hypotheses. Whereas the doctoral dissertations written in Finland prior to the 1960s followed the German *Betriebswirtschaftslehre* tradition in that they were typically concept analytical studies, the new paradigm expected a more empirical and often quantitative research approach. A former doctoral student wrote in his memoirs:

“The Anglo-American influences entered Finnish business studies in the 1960s. The change partially reflected the events of the year 1959 in the United States. It was at that time when the Ford Foundation and Carnegie Corporation published a report concerning business education in the US. The report was exceptionally critical and demanded the scientification of educational content. In a world that was internationalizing and where scientific orientation was generally, and more than previously, directed toward the US, young researchers started to focus their interests on American research. The requirements for doctoral dissertations changed as well

and emphasized empirical, quantitative research. Problems emerged as many young researchers had to change their topics and methods of their research projects from German-type conceptual research to quantitative studies. It happened to me as well.”²¹³

The transformation to the new, US-inspired empirical studies was rapid, and many doctoral students had to change their research approaches (and even topics) midstream. The fragmentation of the disciplinary field became apparent in the different research emphases that were adopted.²¹⁴ Particularly noticeable was the division of Business Administration II into administration and marketing.²¹⁵ The shift toward the American orientation also meant an increasing application of English as the language of scientific publications. The first articles published in English in the *Finnish Journal of Business Economics* appeared in 1961,²¹⁶ and the first dissertation written in English was published in 1966.²¹⁷ Nevertheless, as shown in an analysis of articles published in the *Finnish Journal of Business Economics*, the true breakthrough of writings published in English did not occur until the latter half of the 1970s.²¹⁸

5.2 Building a research-based business school

After the post-war peak in the number of doctoral dissertations in Finnish business schools, the production of new scientific aftergrowth stopped almost completely for a full decade. Between the mid-1950s and mid-1960s, HSE was able to produce only two new doctors, and a similar slowdown was also evidenced at other business schools.²¹⁹ Michelsen (2001: 149) argued that the long interruption in the production of new doctors was because academic career opportunities and low salaries did not represent a particularly lucrative option for late-1950s business school graduates. The small number of new doctors produced during the late-1950s and early 1960s resulted in a lack of qualified faculty in subsequent decades.²²⁰

Symptomatic of the small number of doctors graduating, until the beginning of the 1960s, Finnish business schools were characterized by a strong focus on a vocational type of business education.²²¹ Simultaneously with the breakthrough of American-based management science in Finnish business education, business schools began to actively profile themselves as research-based institutions.²²² The post-war decades in

Finnish business schools were a period marked by an active development of curricula and degree structures. Prior to the war, business school curricula had been criticized as being too school-like and overloaded with too many subjects, which made it impossible, so the argument went, for students to obtain more in-depth specialized knowledge.²²³ The first major curriculum reform occurred shortly after the war (consistent with many foreign business schools), when the two-year basic degree was extended to three years and officially titled an *ekonomi* (*diplom ekonom* in Swedish) degree in the late 1940s by all three business schools (HSE, SSE and HHÅA).²²⁴ One of the important outcomes of the reform was the introduction of a two-program structure consisting of different study paths for *ekonomi* and correspondent (academic secretary since 1965). Whereas the former program was designed to be theoretically more advanced, the latter program placed special emphasis on learning languages and office skills; it was designed for female students in particular, who often (as opposed to their male classmates) ended up working in lower-level clerical positions.²²⁵

The legitimacy issues of the early business schools manifested themselves in the way in which schools responded to the initiatives to expand business education. Toward the end of the 1940s, the curricular developments of the three business schools were accompanied by a project that sought to establish a new Finnish-speaking business school in Turku, the former capital of Finland. Having been initiated shortly after the establishment of HSE in the 1910s and matured for decades in the minds of the local business community, the business school idea was reintroduced in 1939 by Niilo Ikola, the Rector of the Turku Commercial College,²²⁶ who criticized the concentration of all higher education solely in Helsinki.²²⁷ As the former capital²²⁸ that had a great deal of cultural and economic significance to the country, Turku was argued to be the best location for the next Finnish-speaking business school:

“The general basic reason has been the tendency towards decentralization. We have either consciously or subconsciously tried to centralize all the leading strengths of the intellectual and economic cultural life in the capital city [Helsinki]. This is, from the perspective of our cultural conditions, neither advantageous nor acceptable since there should be cultural centers in the other parts of the country as well... In that case, first comes Turku with old, valuable traditions in many fields. After all, Turku is the capital of the oldest cultural region in our country and now also a remarkable centre of economic life. Hence, Turku fits well as the location for the other Finnish-speaking business school.”²²⁹

The more detailed plan of Rector Ikola was to follow HSE's example and establish the business school in close connection to the local commercial college.²³⁰ After visits to business schools in Stockholm, Gothenburg and Copenhagen, in addition to careful research of business schools in other Nordic countries, Germany and Switzerland during 1947-1949, the Turku School of Economics (TSE) was established in 1950.²³¹ The interest of the new school lay in expanding the city's study opportunities and addressing the local needs for professional education.²³² Contrary to the admission policies adopted by the more established business schools, the new TSE outlined that it would not restrict entry to students with a baccalaureate degree but would also allow the admission of commercial college graduates.²³³

Among the existing business schools (and particularly at HSE), establishing another Finnish-speaking school was viewed as anything but an ideal answer to the growing demand for higher business education.²³⁴ With the resources that the state used in establishing a new business school in Turku, HSE argued that it could have expanded and provided the number of new graduates that the country required.²³⁵ Moreover, HSE asserted it could have performed this task without the risk of producing low-quality graduates and deteriorating the professional status that its graduates had worked so hard to establish.²³⁶ Although the opposition of the Swedish-speaking business schools was not as strong, SSE also criticized TSE's curricula for being too narrowly based.²³⁷ As a response, the new school began its initial operations defensively.²³⁸ Rector Ikola stated:

“Of course one can always pose a question (and this has been done often) if the task that has required that much work, effort, trouble and significant financial sacrifices has been necessary. Has there been any reason at all to establish another business school for the Finnish-speaking population because the Helsinki School of Economics (after finishing the new school building) will be able to accept many more students than before? Aren't the doings of the people from Turku just local patriotism that should be abandoned. That is what this project has been considered to be in a few directions, and it is common that when a new endeavour will be stigmatized with a brand of local patriotism, at the same time one wants to say that it deserves neither attention nor support. These kinds of attitudes are, however, often based on superficial thinking and unwillingness to understand the real meaning and importance of the matter.”²³⁹

The inauguration of another Finnish-speaking business school enabled HSE to place more emphasis on research activities and to develop more advanced study

programs²⁴⁰. With the new wave of professors that graduated in the 1950s and conducted their doctoral studies in more organized research units (such as Liiketaloustieteellinen tutkimuslaitos, established in 1938) than their predecessors, new ideas arose about how the business school should be developed. Furthermore, the progression in American management education was actively followed by Finnish business scholars and discussed in the *Finnish Journal of Business Economics*. After Gordon and Howell (and Pearson) published their analyses of American management education in 1959 (funded by the Ford Foundation and Carnegie Corporation), Finnish business scholar Leo Ahlstedt summarized the key findings in the 1960 issue of the *Finnish Journal of Business Economics*.²⁴¹ In particular, the planning and development of executive education drove Finnish business scholars to look at its organization in the United States, which was generally regarded as the forefront of management training.²⁴² In 1955, a Finnish business scholar named Arvo Puukari wrote an article presenting the different forms of executive education in the world's business schools (such as Harvard, Henley, and Bergen) in the *Finnish Journal of Business Economics*, and summarized:

“The courses of advanced management in the United States, Great Britain, Switzerland and Italy are built according to the principles of executive needs mentioned above. Many of the courses follow the steps of the Harvard Advanced Management Course [...] The most comprehensive course in Scandinavia is held in Bergen by the Administrativt Fond, a department of the business school there. In Finland, executive education is taking its first steps now, and the courses mentioned offer some excellent patterns for its development.”²⁴³

A few years later (in 1960), in his writing on the perspectives on executive education in the United States, Ahlstedt concluded:

“Here in Finland we have had the executive management education course running for three years now, but it is not yet enough. Finnish companies must now even more than before regard management as a professional field for which special training is not only a possibility but also a necessity. Also, in our country, technological development, structural changes in society and tightening competition are posing already now but in the future even more wide-ranging demands for the efficiency of corporate management in rapidly changing circumstances. This will result in a long-term demand for training that one should prepare for in time. The experiences and objectives of the Americans do not always fit us as such, but supposedly give us a plenty of valuable food for thought as we are planning Finnish executive education.”²⁴⁴

Inspired by the American executive education programs (particularly those of the Harvard Business School), in 1964, Finnish scholars from HSE, SSE and the Helsinki University of Technology established LIFIM, the Finnish Institute of Management.²⁴⁵

One of the central characters of the development process at HSE was professor Henrik Virkkunen, who served as the school's rector from 1961-1963 and launched reforms intended to develop HSE into an academically strong and independent business school. Virkkunen believed that HSE could only expect to be considered a genuine academic institution through reform. These reforms indicated a clear change in HSE's previous policy, which had previously emphasized its role primarily as an educational institution. As a response, the reform uplifted the school's research activities and called for improvements in the *ekonomi* education, the focus of which moved from learning practical skills toward analyzing and understanding broader economic phenomena.²⁴⁶ Rector Virkkunen outlined:

“Reaching and maintaining an academic level in education definitely requires by its side scientific research work and continuous, tight interaction between education and research.”²⁴⁷

HSE redefined its mission and initiated an active debate between the supporters of Mercury and Minerva.²⁴⁸ In 1964, HSE professor Mikko Tamminen criticized the school for failing to develop its curriculum beyond addressing the practical aspects of business administration and wrote the following in *Ekonomia* magazine:

“In its worshipping of practice, the Helsinki School of Economics has, in a manner of speaking, fallen into the hole it has dug itself and it has not yet been able to climb out of.”²⁴⁹

In 1963, HSE established a long-term planning committee (Pitkän tähtäyksen komitea) that aimed at improving the curriculum and degree structures.²⁵⁰ One of the most significant recommendations made by the committee was that, instead of transferring occupational knowledge (that becomes rapidly obsolete), business schools should focus on developing their students' analytical skills and scientific abilities.²⁵¹ In practice, this might be accomplished by allowing students to obtain more in-depth knowledge through specialization, which would better prepare them

for postgraduate studies.²⁵² Based on the committee's recommendations, the business school's degree regulations were changed in 1965.²⁵³ Similar improvements were also prepared at SSE.²⁵⁴

During the 1960s, business schools (and the state) began to pay more attention also to post-graduate education.²⁵⁵ To support the country's economic development and the expansion of higher education, business schools had to boost their production of new researchers and teachers.²⁵⁶ The primary responsibility for the country's post-graduate business education at the time was given to HSE and SSE.²⁵⁷ An important role was also played by new institutes for basic research that were established at HSE (1965) and SSE (1970) that enabled doctoral students (some of whom worked in state-funded research positions) to focus on writing their doctoral theses.²⁵⁸

In the 1970s, HSE became also increasingly involved in different types of international cooperation initiatives.²⁵⁹ Some of the most significant agreements were the partially United States funded (Ford Foundation) European Institute for Advanced Studies in Management (EIASM) doctoral program as well as Finland's International Business Operations (FIBO), the free movement of labor and capital in Nordic countries (NORDARB), and Industrial Democracy in Europe (IDE) research projects.²⁶⁰ Furthermore, several new research exchange programs were established between HSE and business schools, universities and research institutes in Sweden (The Stockholm School of Economics from the early 1970s), Germany (The Universities of Kiel and Bochum from 1972) and the Soviet Union (Plehanov Institute from 1977).²⁶¹ In 1973, Jaakko Honko, the Rector of HSE, wrote:

“Also our internationalisation has its own development aspects. In the early days and until the Second World War, we had our most intense relationships with the Scandinavian countries and continental Europe, primarily Germany. After the Second World War, the artery of our international development divided into several channels and their coverage, our area of operations, has in this regards become wider. In addition to our earlier connections, Anglo-Saxon countries—both Great-Britain and especially the United States—have clearly become among our closest relationships. Just during the past two-three years, we have in a quite broad front built connections also with the East, primarily with Eastern European countries.”²⁶²

In 1981, Honko noted in the *Finnish Journal of Business Economics*:

“In my first inauguration speech for the academic year 1969 I discussed the difficult state of research, outlined plans for its improvement, and presented a goal of 50 new doctors in business administration to be produced by the 1970s in the business schools in our country. Although my thoughts raised confusion, I also received much support. Thus, a variety of actions were taken. The institute for basic research was started and established, a doctoral program was launched, the supervision of researchers was made more effective, and close connections to new international institutions and communities in the field were built, such as the European Institute for Advanced Studies in Management [EIASM] and the European Foundation for Management Development [EFMD], several new students were sent for doctoral programs of the leading universities in the United States and other international as well as national level cooperation was increased.”²⁶³

5.3 From private business schools to state-governed bureaucracies

Although business schools were, in principle, private institutions, they had traditionally relied on state support. The amount of support, however, had been subject to re-evaluation and changes on an annual basis and was unevenly distributed between the schools.²⁶⁴ Prior to World War II, approximately 70–80 percent of HSE’s annual expenses were covered by state subsidy, whereas state subsidy covered only 40–50 percent of SSE’s annual expenses. Post-war reconstruction work, war reparations, increasing inflation, and the building of new facilities impoverished business schools, which forced them to appeal to the state in the late 1940s.²⁶⁵ In 1949, HSE and SSE proposed a law that would guarantee a state subsidy for both schools operating in Helsinki.²⁶⁶ The proposal proceeded rapidly into a government bill that guaranteed them a state subsidy that would cover 85 percent of their expenses. Naturally, a bill that would favor the centralization of higher education in the capital city was argued against by the HHÅA and TSE; they had not been included in the proposal.²⁶⁷ Although HSE and SSE argued that their schools were the only truly national level institutions because they were based in the capital city (and therefore more entitled to state subsidy), the final law on the state subsidy for business schools enacted in 1950 was adjusted to cover 70 percent of the expenses for all four business schools in the country.²⁶⁸ The remaining 30 percent was to be covered by each business school with private donations and tuition.²⁶⁹ The new law secured both the legal and financial position of the business schools and defined them as autonomous, private institutions that would earn state subsidy and operate under the surveillance of the Ministry of Trade and Industry, where the schools were

obliged to report their annual budgets.²⁷⁰ Furthermore, the legally regulated obligation for the state to support higher business education had a significant symbolic value because it made business schools more comparable to the other, more established academic institutions in the country. In his inauguration speech for the academic year, 1950-1951, Rector Louhivuori wrote:

“Although our business school house is mainly the result of private entrepreneurship and self-sacrifice, we have a reason to be happy that the state during the past years has to an increasing extent come to support business education and business schools as well. Concerning the last mentioned [business schools], this support hasn’t so far been based on law, but the state budget has annually marked a discretionary sum of money for two business schools. This year a new law has been passed according to which business schools are given state subsidy, in the same way as most other educational institutions in our country. [...] For comparison’s sake, let’s mention that the state pays all the expenses of the University of Helsinki and the University of Technology.”²⁷¹

During the post-war years, business schools had witnessed a constant growth of applications from young people seeking entrance to business studies that had forced them to look for more appropriate school facilities. As a response, both HSE and SSE built new school buildings that were opened in the early 1950s. Over the course of the 1950s, however, it became apparent that the growth in the number of applicants was about to exceed all expectations. HSE’s new school building, which was originally planned to accommodate new students for several decades, reached its limit of 1400 students by 1961.²⁷² By the early 1960s, the rising number of new students and the extremely low doctoral graduation rate created serious concerns over the availability of qualified faculty.²⁷³ As a response, business schools were forced to implement a rather strict rule of *numerus clausus*. In his inauguration speech for the academic year 1962-1963, Rector Virkkunen wrote:

“The congestion of students at the doors of the universities and institutions of higher education has this autumn been greater than ever before. There are hardly any more institutions of higher education or faculties left in our country that would not have to reduce the too numerous group of high school graduates seeking admission. By saying “too numerous” I only mean that the number of applicants exceeds the current admission capacity of the institutions of higher education.”²⁷⁴

The societal importance of universities grew significantly toward the mid-1960s, as the post-war baby-boomers graduated from high schools and began to seek university admission.²⁷⁵ *Numerus clausus*, however, was contrary to the democratic ideals of

the Ministry of Education, which considered it important for society to offer the country's young people equal opportunities for higher education. The Ministry stated the following:

“The general education political principle that should be adopted is that all the willing [high school graduates] would have the opportunity to continue studies, part of them in the universities and institutions of higher education and part of them in vocational schools.”²⁷⁶

Although the state subsidy was raised in 1967 from 70 to 75 percent, it was no longer sufficient to cover the business schools' expenses.²⁷⁷ As total costs soared, the absolute amount of costs that business schools had traditionally been able to cover with tuition fees, capital income and donations was rising.²⁷⁸ As a response, business schools were pressured to partially cover the increase in their teaching resources and the acquisition of new facilities with bank loans, which further deteriorated their financial standing.²⁷⁹ Rector Heinänen wrote in his inauguration speech for the academic year 1967-1968:

“Although we could raise the state subsidy now to the 75 % level where the request addressed to the Council of State by the four business schools of the country aims, it does not of course, as important as it is, solve our financing problems. Along with the business schools' growth and the development of its activities, its self-financing, even though it would remain the same percentage, is increasing in absolute value. This forces us to strict frugality, but it also makes us look for newer and newer sources of income for the business school.”²⁸⁰

One alternative for business schools to cover their budget deficits would have been to raise their tuition fees. In the late 1960s, however, in a political atmosphere in which the national student union demanded the democratization of higher education and the nationalization of private institutions of higher education, this was hardly a real option.²⁸¹ Furthermore, the state committed to the principle of free higher education at the beginning of the 1970s.²⁸² Although the state subsidy system introduced in 1950 had made business schools practically state-owned, they nevertheless considered themselves to be private institutions with the primary purpose of serving the business community.²⁸³ Therefore, nationalization might have harmed relationships with business schools' most important constituents, while solving their financial difficulties.²⁸⁴

The democratization of higher education called for a significant expansion of the pre-existing system, which became an issue of an intense political debate. Whereas the universities and other institutions of higher education (located primarily in Helsinki and Turku) strove for the expansion of existing institutions, the Centre Party²⁸⁵ was concerned with the development of rural Finland and adopted decentralization of higher education as an important element of its regional political agenda.²⁸⁶ The expansion of the university sector began with the establishment of the University of Oulu in the mid-1950s; by the end of the decade, plans for new universities in Jyväskylä, Tampere and Eastern Finland were also introduced.²⁸⁷ Although none of the new universities had business faculties included in their plans, business schools worried about what the potential establishment of new schools would do to the shortage of qualified faculty and the resulting overall quality of education and research. Rector Virkkunen wrote in his notes:

“If new business schools will be established in our country, which has been made possible within the limits of the law on state subsidy to business schools, the consequence will be that the quality of the business schools’ degrees will become lower. First and foremost, this results from the fact that at the moment it is completely impossible to man new business schools with such teachers that would have the required qualifications and sufficient general insight into higher education politics. An obvious example of this is the Turku School of Economics whose professorships in business administration haven’t been manned with qualified manpower for nearly ten years. Thus, establishing new business schools in our country would by no means indicate any “healthy competition” for the existing business schools but would rather lead to the lowering of the general quality level of the business school graduates, especially in for the new business schools. As a result, the Helsinki School of Economics would also be forced to lower its standards and the consequence would be a cumulative lowering of standards and significant decrease in the value of a business school’s degree fairly to the level of a clerical degree.”²⁸⁸

Despite the resistance encountered from the existing institutions of higher education, the Ministry of Education continued implementing its expansion strategy in the 1960s. A special committee dedicated to planning the expansion²⁸⁹ began work in 1963. During 1964 and 1965, several reports were published by the committee, including plans for the establishment of new universities, lengthening study time and moving all the universities and institutions of higher education under the surveillance of the Ministry of Education. At least two new business schools and several professorships in Economics were planned for the newly founded universities in Jyväskylä, Tampere and Eastern Finland. In addition, the Ministry’s plans were

accompanied by a separate project of establishing a stand-alone, Finnish-speaking business School in Vaasa.²⁹⁰

The next step in the process was a working group, created by Finland's President Urho Kekkonen, to prepare an action plan for ensuring that the education and research in Finnish universities met international standards. In 1965, the committee offered the following recommendations: First, within the next 15 years, the number of students in the Finnish universities and institutions of higher education should be doubled, from the then-current 37,000 to 75,000 students. Second, the resources for the aforementioned increase should be guaranteed with an appropriate law. Third, the Ministry of Education's role as a central administrator of universities and institutions of higher education should be strengthened so that it can implement the development plans. The committee's recommendations were immediately implemented because funds for the development of the Ministry of Education were previously included in the 1966 budget proposal. As a response, the size of the Ministry of Education tripled and filled with new, active civil servants. The final law on the development of Finnish higher education in the years 1967-1981, the Higher Education Development Act, was enacted that same year, in 1966.²⁹¹ By 1971, business schools that had previously reported their budgets to the Ministry of Trade and Industry now reported to the Ministry of Education.²⁹²

From the mid-1960s to the beginning of the 1980s, several new business schools were established in different parts of Finland. In 1966, approval was granted for the establishment of the private Vaasa School of Economics (VSE) and the first students began studies there in 1968.²⁹³ For the first time in Finnish history, business schools were also founded in established universities. In 1965, a Faculty of Economics and Administration was founded at the University of Tampere,²⁹⁴ and the Department of Economics was founded at the University of Jyväskylä in 1967.²⁹⁵ Although both offered business studies, neither the University of Tampere nor the University of Jyväskylä was initially permitted to grant *ekonomi* degrees because this title was reserved for graduates of the traditional *Handelshochschulen*. In Tampere, the *ekonomi* program was nevertheless launched in 1966, whereas in Jyväskylä it was not offered until a sizeable curriculum reform in 1977, after which the granting of *ekonomi* degrees was permitted.²⁹⁶ Furthermore, the expansion of higher business

education was also considered necessary in the Swedish-speaking sector. Although two Swedish-speaking business schools (SSE in Helsinki and HHÅA in Turku) were located in southern Finland, the Swedish-speaking west coast area was considered to be neglected.²⁹⁷ In 1980, after a lengthy debate between the two schools, SSE established a campus at Vaasa.²⁹⁸

With the 1966 Higher Education Development Act, the state also manifested its interest in interfering with universities' internal decision-making processes and auditing its effective fulfillment. First, the state initiated a curricular reform that aimed at implementing a credit unit system to improve the comparability of different university level degrees.²⁹⁹ Traditionally, universities (and business schools) maintained autonomy in designing their curricula as they considered best because the content and length of different study programs significantly varied from one university to another.³⁰⁰ The varying structures of the different university degrees, however, matched poorly with the agenda of the Ministry of Education, which sought to standardize the different curricula such that completing a university level degree would require an equivalent amount of time, regardless of the field of study.³⁰¹

What followed was a lengthy reform process focusing on the development of the entire nationwide higher education system. Business schools that had been used to making curricular decisions on their own as private institutions struggled to adapt to a more centrally governed approach that showed little understanding of the peculiarities of management education.³⁰² A particularly difficult issue for business schools was digesting the Ministry's proposition of changing the business schools' well-established degree titles, resulting in business schools conferring degrees in 'economics' (taloustiede) as opposed to 'business administration' (kauppatiede).³⁰³ Rector Halme wrote in his inauguration speech for 1976-1977:

"The curriculum reform that got a promising start has recently represented hopefully a temporary turn in a doubtful direction when the officials of the Ministry of Education have outlined a law on a degree in economics that would also apply to the business schools—although they have not been heard in this issue at all. In their comments given about the suggested law proposition, business schools have stated it is mistaken to equate business sciences to economics only. After all, business sciences include many subjects such as commercial law, economic geography and economic sociology that do not belong to economic sciences."³⁰⁴

After significant resistance from business schools, a compromise was finally reached over the contents of the reform in 1977.³⁰⁵ According to the new law, business schools were entitled to confer *ekonomi* degrees (equal now to the higher academic master's degree consisting of 160 fixed credit units and four years of study), in addition to licentiate and doctoral degrees in business administration.³⁰⁶ As the completion time of the *ekonomi* degree was now extended by one academic year, business schools were again able to deepen the scientific focus of their programs.³⁰⁷

Along with the proliferation of student numbers and the expansion of the Ministry of Education, the traditional decision-making hierarchies of Finnish universities were shaken by left-wing student activists that began demanding the breakup of conventional institutions of conservative values and democratization of university administrations consistent with the 'one man, one vote' principle.³⁰⁸ The student newspaper *Contactor*, a joint publication of the HSE and the University of Technology, wrote in its 1972 issue:

"The right-wing attempts to slow down and vitiate [the administrative reform] must be prevented. It must be demanded that the law proposal will be handled in the Parliament. It must be demanded that the democratic administrative reform will be executed according to the principle of the universal and equal suffrage at all levels of administration. [...] Conceptions of the university and science as value-free and apolitical institutions must be abandoned."³⁰⁹

The reform of the university administration became one of the most burning topics of public interest in late 1960s and early 1970s Finland.³¹⁰ Nevertheless, in small business schools—in which the majority of students represented rather conservative family backgrounds—leftist political student activism never received the same enthusiastic endorsement as it did among the students of large public universities.³¹¹ Even the students' radical initiative to take over the HSE's school building fell through and eventually was diluted into a peaceful discussion event.³¹²

Fuelled by the idea of 'one man, one vote,' the state introduced a committee that prepared a new proposition handling the organization of the universities' decision making. The proposal, which was highly criticized by the universities, suggested that the highest decision-making bodies within academic institutions would be elected by universal and equal suffrage that would allow all the personnel groups, including

teachers, administrative and technical staff—in addition to students—equal voting rights.³¹³ The business schools vehemently argued that the draft law ignored their private status and ruled out the opportunity for private school owners and financiers to participate in the schools' governance but instead allowed inexperienced students with only short-term interests in the schools to participate in strategic decision making.³¹⁴ Rector Saxén expressed his concern over the matter in his inauguration speech at the Vaasa School of Economics (VSE) for the academic year 1969-1970:

“Handing over the administration of the higher education institution to the students, where the one man, one vote principle would lead, is, in my opinion a remarkably worse option than the current professor administration. After all, the students stay in the institutions of higher education only temporarily for a short period of time. Besides, this takes place at the time in their life when they don't yet have substantial experience with the functioning of institutions of higher education. How could society hand over decision-making power to the most inexperienced age class? Can the development planning of higher education institution that is targeted far in the future even interest the students?”³¹⁵

Although the Ministry-led reform to standardize the administrative structures of the country's universities was eventually abandoned as unsuccessful in 1973, many universities and business schools reformed their administrative bodies on a voluntary basis to enable student participation.³¹⁶ After defending their private status for a number of years, the politically led, spiraling growth of student numbers and the resulting financial difficulties drove business schools to complete nationalization in the 1970s. Upon nationalization, the state took full responsibility for business schools' funding. HSE³¹⁷ and SSE were nationalized in 1974 and 1975, respectively,³¹⁸ TSE and VSE were nationalized in 1977,³¹⁹ and HHÅA was nationalized in 1981 by merging with Åbo Akademi's faculty of social sciences.³²⁰ In the private business schools, nationalization led to administrative reforms that ended the business practitioner's direct influence on decision making. In general, the old decision-making bodies were replaced by a tripartite structure in which each of the personnel groups (professors, other personnel and students) had their own representatives.³²¹

With nationalization, the business schools also enacted their own laws that guaranteed their internal autonomy, originality and unique position. The HSE mission was legally defined as the following:

“[T]o advance and practice free and critical research in economics and business administration, offer higher research-based education and serve the society also in other respects.”³²²

The latter part of the newly defined purpose illustrated the expanding role of business schools: rather than focusing solely on serving the business community, the business schools’ task was understood as serving broader societal interests.³²³

5.4 Institutional dynamics in Finnish management education, 1950-1980

The German-based business school that had been adopted as a role model for Finnish business schools in the early twentieth century also laid the foundation for the later German influence. By World War II, Finnish business schools had developed the academic basis of their business schools in accordance with the *Betriebswirtschaftslehre* tradition, thereby adopting a rather strong focus on accounting-based business problems. During the post-war years, however, Finnish business schools increasingly began to seek new role models, primarily in the United States. Several mechanisms that enabled this growing US influence on the Finnish management education were the Fulbright and ASLA scholarship programs and the Ford Foundation-sponsored travel grants that enabled scholarly exchanges to occur between Finland and the US. Furthermore, Finland began to receive so-called ASLA book donations, a form of ‘Marshall Aid in disguise’ that enabled post-war university libraries to be rebuilt and filled with US-originated textbook literature.

Overall, the Finnish professors and doctoral students who visited the US (and eventually occupied the key administrative roles in Finnish business schools), the US scholars that visited Finland, and the ASLA book donations represent the primary carriers of US-based ideas on management education that began to spread into Finnish business schools after World War II. However, rather than altering the already established German model-based formal structures of business schools, the new American ideas inspired by the Ford Foundation and the Carnegie Corporation influenced research methods and approaches, shifting them into a more empirical and quantitative direction. Parallel to the increased American exposure of Finnish scholars, the disciplinary base of business schools also became more fragmented and

the language of publication began to shift from Finnish, Swedish and German towards English.

The institutionalization of the American model as a part of the research and education practices of business schools became apparent, for instance, in the new requirements for doctoral theses, in the division of Business Administration II into new disciplines of administration and marketing, in the establishment of executive education programs, and in the increased number of articles published in English in *the Finnish Journal of Business Economics*. The new US-based scientific focus on management education was approached by business schools as a means for improving their credibility within academia and for overcoming the legitimacy issues that the schools had suffered during the early years of their existence. Hence, the theoretically advanced ideas on management education were institutionalized as a part of Finnish business education through curriculum reforms that extended the study period and made it possible to increase the programs' scientific and analytical focus. Furthermore, doctoral level education was bolstered with the help of international connections such as EIASM and EFMD.

The increasing American influence on business schools paralleled a growing political interest in business schools (and universities in general) as a means for developing Finnish society. Indeed, some of the early credibility issues of business schools were resolved in the 1950s and 1960s when the state increased its influence over business schools first through state subsidies and, eventually, through a complete nationalization of the system in the early 1970s. Overall, the initially private business schools' development into a segment of the national higher education system in Finland decreased the controversies between the logics of academia and business practice, enabling the new, more scientific approaches to business studies to expand and prosper.

6 THE MARCH OF ACCOUNTABILITY REGIME (1980-PRESENT)

6.1 The birth of an audit culture

It has been argued in recent academic literature that universities are currently in the process of transforming their traditional identities and becoming increasingly subject to a phenomenon often referred to as ‘commercialization,’ ‘marketization’ or ‘managerialism’.³²⁴ Furthermore, the rhetoric used in the literature to capture the change of university identities includes, for instance, the ‘McDonaldization’ of higher education,³²⁵ a transformation of a university from a ‘republic of scholars’ to an ‘organization’³²⁶ and a change of identity from ‘state-financed monopolies’ to ‘self-financed participants in knowledge-production markets’.³²⁷ To express the ongoing changes in higher education in more explicit terms, Tuchman (2010) wrote:

“Besotted with rituals that are characteristic of the corporate world, higher education has inaugurated an accountability regime—a politics of surveillance, control, and market management that disguises itself as value-neutral and scientific administration.”³²⁸

As part of the nationalization process in Finland, the previously private business schools were integrated as a part of the public state-governed system of higher education. These developments were part of a post-WWII nationwide mission to develop Finland into a Nordic welfare state through the creation of a mass higher education system that was funded with public money and expected to produce a number of social benefits in return.³²⁹ Nationalization thus made business schools non-profit bureaucracies in which fraternizing with the corporate world or participating in fund-raising was considered an act against the ethos of university legislation. One of the Interviewees remembered the following:

“Then [as the school was nationalized] came this idea that a state university is not allowed to raise any funds. Selling copies or printouts... one could have sold them, but wasn’t allowed to collect the money...”³³⁰

However, following the breakthrough of neoliberal economics in the 1970s corporate world in the United States, the administrations of Ronald Reagan and Margaret Thatcher in the 1980s began to promote the supremacy of open market ideals, even

in public sector administration.³³¹ Propagated particularly by the OECD (Organization for Economic Cooperation and Development), the *New Public Management* gospel also spread to higher education, manifesting itself in a number of reforms implemented by Finnish universities from the late 1980s onwards.³³² One of the interviewed professors posited:

“This performance management [...] We used to have an office, and a professor who held a chair had the authority to take care of the job, so now all these performance measurement and payroll systems have been applied to the whole university organization [...] The international development all in all, but especially in America, they had this system where you could negotiate your own salary and you have been set strict performance objectives, especially in the arena of publishing... but where it specifically came from, well, it is this New Public Management... It was said that Reagan and Thatcher’s time was the time of this new public management, part of which was this profitability, performance evaluation and so on.”³³³

As a response to the political changes that occurred in higher education over the course of the 1960s and 1970s, business schools’ student numbers proliferated and new schools were established in different cities around Finland. For the first time in history, business schools were also established as departments within the multidisciplinary state universities. This ongoing university expansion did not immediately stop at that point, either. Finland’s economically prosperous 1980s created opportunities for higher education in parts of the country that had been left behind during the earlier expansion.³³⁴ Prior to the economic depression in 1991, and driven by the hope of creating new synergies between technical and business education, the Finnish higher education system was expanded with new business school departments established at two technology-focused universities—the University of Oulu and the Lappeenranta University of Technology.³³⁵

In essence, the New Public Management stood for a gradual abandonment of the Humboldtian ideal and an increasing application of corporate world practices, concepts and models—such as Management by Objectives (MBO)—as a tool for university administration.³³⁶ Since the 1990s, Finnish universities created their own budgeting system in which the money available for each university was determined based on quantifiable outputs (e.g., credit units and degrees) produced, the quality of education and research evaluated through different types of auditing processes and

the amount of external funding acquired by the universities.³³⁷ The Rector of the Turku School of Economics wrote in the school's annual report in 1995:

“Society's expectations in terms of university education are clearly changing. The general effectiveness and market-focused thinking is penetrating also into this sector. Universities have to adjust themselves to this development although at the same time a danger exists that the advantages of a [Humboldtian] university and free academic thinking will be lost. Effectiveness is of course, from the society's standpoint, an understandable requirement to all its units. However, as it has been emphasized in several contexts, applying efficiency criteria to brainwork is extremely difficult.”³³⁸

In 2012, one of his colleagues remembered in an interview:

“When I came into this business, what was topical at the time was the production volume and performance management, which were related to how many masters and doctors we educate, and that was what we were paid for... And the whole way of thinking, if you look at the figures, the number of masters and doctors grew enormously during this time, the past 15 years really, through state influence. At the same time, the pressure to make it cost efficient, when the money did not increase much but the output was increased, is pretty tough; actually, when you look at the real values of how monetary resources developed, and how production was ramped up, so there was huge pressure from the state.”³³⁹

Being almost completely state-funded during the 1980s, the reductions in public expenditures following the early 1990s economic depression in Finland pushed business schools increasingly to search for external funding through different types of research projects, funded for instance by the Finnish Funding Agency for Technology and Innovation (Tekes).³⁴⁰ Within the entire nationwide higher education system, Välimaa (2010: 105) argues that the economic depression represented a ‘shock’ that shook the traditional Humboldtian university traditions by making it socially acceptable for universities to increase their cooperation with the corporate sector. In response, the funding structure of universities was changed to encompass a larger proportion of external funding as opposed to public funding.³⁴¹ Furthermore, these changes were accompanied by an increase in the number of temporary research contracts and a decrease in the number of permanent academic job positions in universities.³⁴² Granted, this shock also prompted business schools to begin rebuilding their corporate connections that were cut to a bare minimum as a response to the 1970s higher education politics. The Rector of the Turku School of Economics wrote in the school's annual report in 1997:

“The acquisition of missing funding from the free markets by selling research and educational services will play a more and more important role in the university’s financing. It has been represented that the university unit should in the future cover at least 30 percent of its total budget with funding it has acquired from the market independently. This would mean returning to the financing structure when private institutions of higher education received a state subsidy of approximately 70 percent.”³⁴³

The outcomes of the marketization of the university sector in general (and the field of management education in particular) often include strongly related and mutually reinforcing developments: the proliferation of rankings;³⁴⁴ quality assurance and accreditations;³⁴⁵ the emergence of auditing as a central means of university regulation and control;³⁴⁶ implementation of governmental reforms of higher education inspired by New Public Management theories;³⁴⁷ the application of accounting-based, financial-management techniques to university reporting;³⁴⁸ the rise of policy processes (e.g., the Bologna Accord) for creating competitive higher education markets;³⁴⁹ harnessing science and research for enhancing economic growth and general social well-being;³⁵⁰ the expansion of the scale and scope of for-profit activities of universities;³⁵¹ the proliferation of MBA programs;³⁵² the wider acceptance of the ‘customer view’ of business schools’ offerings;³⁵³ increased branding activities of universities;³⁵⁴ and the appearance of image, public relations and fundraising–related job posts within the university.³⁵⁵

One of the prevailing perceptions among management education scholars is that business schools in general (and MBA programs in particular) have been at the forefront of creating global higher education markets. The emergence of international markets for management education, however, has come with a number of consequences. For instance, Hedmo, Sahlin-Andersson and Wedlin (2006) argue that it was the proliferation of MBA programs that were not under control of any state-regulated education system in Europe in the 1980s and 1990s that led to the emergence of different international forms of regulating business schools. Because of the vast expansion and internationalization of management education (and particularly of MBA programs), competition between business schools has increased, which has created different types of mechanisms: higher education reforms, such as the Bologna Accord; international accreditations, including the Association to Advance Collegiate Schools of Business (AACSB), the European Quality

Improvement System (EQUIS) and the Association of MBAs (AMBA); and rankings, such as the Financial Times and Business Week that facilitate the assessment and comparison of different educational systems, schools and programs across different countries and continents.³⁵⁶ Accreditations and rankings, in particular, represent new transnational forms of regulation that have emerged and challenged the traditional national regulation systems in the (mainly European) field of management education.³⁵⁷

Since the early 1990s' economic depression and the related 'shock', higher education has increasingly been viewed as a central means for maintaining and improving Finland's competitiveness in the global economy.³⁵⁸ In response, the governance of the Finnish university sector has been characterized by the gradual adoption of corporate-world logistics and practices. Throughout the 1990s and 2000s, reforms in university legislation have, for instance, allowed universities to introduce external members to their decision-making boards and to charge tuition fees for non-EU, degree-seeking students.³⁵⁹ As Välimaa (2010: 108-111) argues, many of these earlier changes were sealed in the Universities Act of 2009 that gave universities an independent legal status separating them from the state budget, led to the establishment of university boards consisting of at least 40 percent of external members, gave university rectors a more powerful position to act as the executive managers of university corporations, and ended the civil servant status of university employees, thus making it easier from a legal standpoint to discharge them. Having analyzed the contents of the Universities Act 2009, Välimaa (2010: 111) writes:

“To reword the vision of the Ministry of Education: the general aim of the university reform and the mergers is to make Finnish universities more competitive by making them business-like corporations, which are able to provide world-class research and education and identify and recognize their strategic strengths in research and education. In other words, the aim is to change traditional cultural institutions into corporate universities with clear management structures and strategies, as little internal democracy as possible, and able to act as independent economic entities.”

Rather than being the passive recipients of the influences of New Public Management, business schools have been at the forefront in supporting these developments—not least because of their strong belief in the invigorating power of free markets and managerialism. In 1996, Eero Kasanen, the newly appointed Rector

of the HSE, discussed the current standing and future direction of the school by drawing an analogy between the business school and a business firm operating in highly competitive international markets. Among other things, Kasanen wrote:

“The university must earn the trust of the customers all the time in the education and research markets. We need customer-oriented goals and indicators that will illustrate how well we perform in the competition for educational products.”³⁶⁰

The executive education programs in Finland, organized primarily by the Finnish Institute of Management (LIFIM) in accordance with the Harvard Business School model, began in 1964.³⁶¹ The first actual American-style MBA and BBA programs, however, were started by HSE in 1984 and 1989, respectively.³⁶² Offered in English and taught primarily by American professors, these programs became an important enabler of international student exchanges with foreign business schools, which also became more commonplace in the 1980s.³⁶³ Whereas internationalization has traditionally been directed to the United States and Europe, the past decades have witnessed the increasing formation of exchange relationships with countries in other parts of the world, particularly in Asia.³⁶⁴ Since then, the internationalization of Finnish business schools has improved in several respects, beginning with a more systematic student and faculty exchange in the 1990s and continuing with the establishment of international master’s programs aimed at attracting international degree students in the 2000s. As a response to joining the European Union in 1995 and signing the Bologna Declaration in 1999, Finnish universities (including business schools) have engaged in efforts to unify the Finnish higher education system with the European level system. Beginning in 2005, Finnish universities adopted a two-tier degree structure that separates bachelor’s and master’s degrees. A more recent tendency shows that Finnish master’s programs are merging with international master’s programs, and that education at the master’s level is being increasingly offered in English for Finnish students. Toward the latter half of the 2000s and in the 2010s, an increasing effort has been undertaken by business schools to recruit international faculty and doctoral students and to organize management education studies at offshore locations.

6.2 Accreditations and rankings: Wannabe a world-class business school!

Rankings and accreditations were first introduced into Finnish business schools in the late 1990s. Even then, it was primarily the Harvard Graduate School alumnus Eero Kasanen who began actively promoting international quality assurance issues after his appointment as the Rector of HSE in 1996.³⁶⁵ In Rector Kasanen's inauguration speeches from 1996–2009, 'high quality' became a synonym for an international, top-level business school, examples of which could previously be found in other parts of Europe and in the United States, in particular.³⁶⁶ What began in the late 1990s as a vision of making HSE into a high-quality European business school developed toward the latter half of the 2000s into a quest to become a world-class graduate school of business that enjoyed a financially strong and independent position as part of a multidisciplinary foundation university and that was competing globally for the best researchers and students.³⁶⁷ The increased international mobility of Finnish business scholars in earlier decades had an influence on what was being studied in business schools in Finland and also on how the schools were being managed, as doctoral students and young researchers began to gain leading administrative positions at their home institutions. One of the interviewed rectors explained:

“Well, it was the time [late 1970s] when I (and probably many others) got this strong feeling that if you wanted to pursue a career in academia, you must go study abroad, preferably in America. Then I looked for all kinds of places and when the opportunity opened up, I went to Harvard Business School. And that was of course, a revolutionary experience, a very big eye-opener when you see what the top university system really is about [...] So through that, when I came here, I had two ideas: for one, I had seen how a top university works and what university education and research at its best looks like, and two, shareholder value, which was not really out there in Finland. So I had introduced myself to this way of thinking there [Harvard], and how you can apply these ideas of modern finance or management control here [in Finland]. So, these were the kinds of things I brought with me when I came back.”³⁶⁸

One of the important first steps in HSE gaining Europe-wide recognition was their EQUIS accreditation in 1998 and their membership in the European elite business school network (the Community of European Management Schools (CEMS)) that followed in the same year.³⁶⁹ Today, HSE (known since 2010 as Aalto University School of Economics, and again renamed in 2012 as Aalto University School of

Business) has the so-called ‘triple crown’ accreditation status, also holding AACSB (since 2007) and AMBA (since 1997) accreditations. Furthermore, the school has been ranked among the top European business schools.³⁷⁰ Hanken, under the leadership of Rector Marianne Stenius, gained EQUIS accreditation in 2000 and AMBA in 2008. From the other schools in Finland, the business school of the University of Oulu (Oulu Business School) gained AACSB accreditation in the fall of 2013. To date, the rest of the schools have gained program-specific accreditations such as AMBA and EPAS and are, to an increasing extent, seeking access to both the EQUIS and AACSB accreditation processes. This is indicated by the expanding list of EFMD and AACSB member schools from Finland and the increasing number of schools participating in EQUIS and AACSB accreditation conferences and seminars.³⁷¹ Although roughly five years ago only HSE and Hanken were listed as EFMD’s member schools, the business schools today from the Lappeenranta University of Technology and Universities of Oulu (Oulu Business School), Turku (TSE) and Vaasa (VSE) are also listed as members.³⁷² In addition to the Aalto University School of Business and Oulu Business School, also Hanken, Lappeenranta University of Technology and the business schools from Jyväskylä and Turku are currently listed as members of AACSB.³⁷³ Whereas certain of the schools have previously entered the actual AACSB and EQUIS accreditation processes, there are a number of schools in Finland that are facing significant resource- and structure-based challenges for accreditation, primarily because of the fragmentation of the business education system into numerous small business school units in different parts of the country (which were created in response to 1970s education politics).

All of the accreditation agencies essentially claim that by setting rigorous quality standards for business schools and their programs, they help in segmenting the market, making it easier for the public (such as prospective students) to identify higher quality business schools from lower quality schools from among the myriad of different types of available management education programs.³⁷⁴ As Wilson & McKiernan (2011: 461) argue,

“accreditation agencies impose standards, rules and values on schools and reinforce normative expectations. [...] Political power and institutional legitimacy are achieved substantially through accreditation, particularly ‘triple accreditation’ (EQUIS, AACSB and AMBA), and through rankings”.

Although accreditations are generally manifested by business schools as quality improvement systems and labels crucial for their survival in international higher education markets, there is also criticism of their elitist and ethnocentric nature.³⁷⁵ Accreditations have been blamed for contributing to the formation and preservation of the business school elite and the idea of a good business school by simultaneously implying that the education offered by non-accredited schools is of lower value.³⁷⁶ Furthermore, the AACSB has been accused in particular of being ethnocentric because it forces schools to conform to the American elite business school model and appears reluctant to accept school- or culture-specific variations.³⁷⁷ Although the European EQUIS claims to hold a more tolerant attitude toward diversity among schools seeking accreditation (based on the number of accredited schools—142 as opposed to AACSB's 672 in the spring of 2013³⁷⁸), it appears to be even more exclusive and coercive than AACSB.³⁷⁹ One of the accreditation-experienced interviewees compared the two:

“EQUIS streamlines much more [than AACSB]. It bears a risk that one streamlines, although originally when EQUIS was founded it was said that we diversify, and diversify, and diversify. But it is absolutely sure that one can say that [...] one comment is certain... when very similar comments are presented to many business schools it has a risk that when you don't have clear standards or criteria, people and business schools tend to [...] I mean you have to have all these corporate connections and you need to have a certain number of non-natives, and you have to have this and that.”³⁸⁰

Indeed, gaining an international accreditation or pursuing one is a powerful shaper of a business school's activities. For instance, EQUIS places a high value on a business school's international activities and corporate connections; this has pushed business schools to develop their alumni relations and to create faculty posts that are designed for international applicants. AACSB's assurance of learning standards has also 'encouraged' business schools into significant curricular reforms for incorporating mission-driven learning goals and their measurement systems. Furthermore, both accreditations have directed business schools' attention to developing their partnership policy in a more selective manner because no significant exchange agreements or joint degree programs can reasonably be established or maintained between accredited and non-accredited institutions. One of the interviewed deans explained:

“EQUIS puts a pressure on those who have already been accredited that they should operate more and more with other accredited schools, or otherwise it is difficult to get through that quality control. And that leads into that the accredited schools forming tighter and tighter networks. [...] EQUIS puts a pressure on needing to have a very conscious partnership policy and follow-up to control for quality.”³⁸¹

Similar types of pressures have recently been placed on business schools by international rankings.³⁸² The *Financial Times*' ranking for European business school MBA programs was first published in 1998 and was developed into an international business school ranking list by 1999.³⁸³ Today, along with the *Financial Times*, several international media organizations such as *The Economist*, the *Guardian*, the *Wall Street Journal*, *Forbes* and *Business Week* produce and publish similar types of rankings.³⁸⁴ Although the data used to construct the rankings are often ambiguous, imprecise or even false, the rankings have (within a relatively short period of time) become a generally accepted part of the organizational field of business schools.³⁸⁵ Indeed, Wedlin (2011b: 214) argues that rankings form a powerful mechanism for shaping the institutional field of management education by determining the actions that are considered appropriate, proper and desirable, which therefore defines the actors that are considered legitimate. Because a high-ranking placement is a matter of looking good and has real and measurable value in terms of better student applicants and increased funding, success in these rankings has become a key concern for the deans of numerous business schools all over the world.³⁸⁶

Wedlin (2011b: 212) suggests that rankings also tend to be ethnocentric because the so-called 'American model' of management education represented by the leading business schools in the United States (Harvard, Wharton and Stanford) is built rather tenaciously into the different business school ranking frameworks. Furthermore, the rankings and accreditations appear to be self- and also mutually reinforcing systems, in which possessing one becomes a necessary precondition for gaining the other. For instance, only schools and programs with one of the top three accreditations, AACSB, EQUIS or AMBA, are considered for inclusion in the rankings.³⁸⁷ The exclusivity generated by international accreditations and rankings is evident in the type of cooperative arrangements engaged in by the Finnish business schools that are accredited or notified in some media rankings:

“We actually have a very good portfolio. We have tried to establish exchange agreements with the most highly-ranked universities. And as long as we have all these accreditations we have more demand, and we have to say ‘no thank you’ for those who would like to open an exchange program with us. Because we have so many other, much better schools as our partners in that country that it does not pay to open a program. So we kind of manage the program portfolio like it was a stock portfolio. We try hard to develop its quality and establish new contracts with universities with the best possible rankings, and then we maybe close down the worst ones.”³⁸⁸

However, it is not the accreditation criteria alone that reinforce the similarity among the schools pursuing these quality labels. It is noteworthy that schools seeking either AACSB or EQUIS accreditation typically spend years in the process, which includes their faculty and staff participating in a number of different types of accreditation conferences and seminars with their colleagues from different parts of the world. During these events, significant information sharing and benchmarking against a number of detailed business school cases and best practices that have facilitated schools’ accreditation processes in the past are studied and then carried with the participants back to their home institutions for further development work. In the case of the AACSB, for instance, these could be the best practices in terms of defining the school’s mission, faculty qualifications and measurement systems for assessing student learning.³⁸⁹ Although the current literature on management education views accreditations as powerful mechanisms of institutional isomorphism, it is interesting to note that the individuals involved in the accreditation work rarely view this as an ethnocentric process of becoming more American; instead, they view it as part of something that they would be doing anyway, i.e., internationalizing and improving the quality of the system. As one of the interviewed rectors reasoned:

“If you think about the system [AACSB], it starts so clearly from its mission [...] I’m not afraid of AACSB because you define what you want to do or what you do and what your vision is, and then, based on that, AACSB will look at whether the activities meet the set conditions [...] it mainly supports regular activities, and we just write the AACSB text in such a way that it shows what we would have done anyway [...] I’m not afraid that the Finnish or let’s say the Nordic business school profile somehow changes because of this; I don’t think it will.”³⁹⁰

However, viewed from the management perspective, accreditation processes are perceived to provide the necessary reasons and means for rectors and deans to back

up decisions that would otherwise be difficult to make and implement in typically change-resistant academic organizations:

“Now, one cannot stay in place for a moment. That is what AACSB means. I think it is very positive... Because we want to invest in research in any case, so AACSB will give the backbone that now we really have to emphasize research. It does mean, in practice, that one cannot have a single lecturer anymore, who only teaches, unless he or she can somehow be interpreted as PQ [Professionally Qualified] or unless he or she fits into the ten percent of the faculty that is allowed to be classified as ‘others’. So this kind of... the old lecturer’s position, the fact that there are university lecturers who only teach, that is, this will limit the number of those to the bare minimum.”³⁹¹

6.3 Top publications, maximum impact?

One of the key aspects that distinguishes a modern world-class business school from the rest is the level of international recognition earned by the school’s research activities. Although Finnish business schools have been historically exposed to a number of international influences, emphasizing international research cooperation did not become a part of a more systematic agenda until the 1980s.³⁹² HSE’s Rector, Arvi Leponiemi, in his inauguration speech for the academic year 1981-1982, said:

“People no longer disagree on the nature of research. The time for domestic duties is over. Research is international and only by aspiring to international forums can spontaneous interaction between researchers in the same field emerge.”³⁹³

Whereas the primary concern for Finnish business schools in the 1970s had been to improve the production of new doctors by participating in international doctoral education consortiums such as EIASM and EFMD and creating new exchange agreements with foreign universities, the goals adapted by the 1980s into integrating Finnish business scholars more closely with the international research community. In his forward-looking article published in the *Finnish Journal of Business Economics* in 1981, the Chancellor (and former Rector) of HSE Jaakko Honko outlined:

“Although we would study international problems in Finland, the research will not become genuinely international unless it has strong international connections and unless it is linked to the research work conducted in other countries. At its best, the international Finnish research work is a constructive and unique part of international research cooperation.”³⁹⁴

Nevertheless, the international publication activity of Finnish business schools remained rather low during the 1980s, with fewer than ten publications appearing in international forums.³⁹⁵ Into the 1990s, however, research papers became more frequently targeted at internationally reviewed journals.³⁹⁶ The Vice Rector of TSE wrote in the 1990 annual report:

“The target level of research, on the other hand, means that every researcher should have the natural ambition to publish in international publications with referee practice. This does not mean understating national publications or problems but that one can develop into a remarkable researcher only after being able to present results in international research circles.”³⁹⁷

One of the key steps in strengthening the overall research focus of business schools was the establishment of national, Academy of Finland-funded graduate schools that were organized into a ‘KATAJA’ graduate school in the mid-1990s. The graduate schools were a significant improvement for ensuring the education of future generations of business scholars by making the previously uncertain and unsupervised doctoral study process more structured and enabling a more meaningful academic career system to develop. One of the interviewed rectors remembered:

“In the 1980s, well, a long time ago, the doctoral dissertation was the last scientific publication of your career after which you gradually got a professorship and were allowed to focus on whatever you wanted to focus on. The graduate schools now bring it out very strongly that the doctoral degree is only a ‘licence to drive’, like a driver’s licence [...] that is, the beginning of a research career, not the end of it. And more attention was paid to the systematic advising [of the doctoral thesis] and the fact that they [doctoral students] should graduate fast and earn credits so that they get forward in their careers. I think this was one thing in Finland, the introduction of the academic career system in the fall of 1994 when the first round of applications [for the establishment of graduate schools] was organized [by the Academy of Finland]. This was indeed significant... Most of all mentally, people started to pay attention to the role of a doctoral degree. It should be earned early; it is the first step, and your career starts from there. It is not so, that one enters in one’s 50s thinking, well, I might have time to write a doctoral thesis before I retire.”³⁹⁸

In preparing the graduate school applications for the Academy of Finland, business schools had adopted some of the best foreign practices and had a clear vision of how the doctoral study process should be outlined:

“The whole thing was in a very bad way. It needs to be a systematic program, such as in the US-style that you take the courses first, and the first year you spend on taking

courses, a year or year and a half. After that, you have an advisor or group of advisors, and you start writing the thesis. You do it systematically, preferably so that you have full-time funding, and you're not trying to do it alongside your regular day job because it doesn't work that way. And then that there are pressures on everybody to get the doctoral student to graduate in the target time."³⁹⁹

One of the graduate schools that succeeded in the first round of applications was the Graduate School of Finance (GSF) that was designed in the United States model of doctoral education. Furthermore, the GSF became a model for how other business school disciplines could organize their doctoral programs. One of the rectors that had been involved in establishing graduate schools explained:

"The US, we took our only influences from the US, I mean the Graduate School of Finance (GSF) [...] But the Graduate School of Finance, on the other hand, influenced inside the KATAJA, because its manager considered the GSF as a kind of poster child for KATAJA because it had all the elements in place that were in a way, gradually implemented in other graduate schools as well. But it was purely this US model, because I think it is the only model that works systematically."⁴⁰⁰

The establishment of the graduate school system resulted in a significant expansion in the number of doctors that graduated from business schools. Furthermore, the nature of writing the doctoral thesis (gradually moving away from being a culmination of scholarly activity into being a springboard into an academic career) was also changing.

"When I became a department head, it was self-evident that well, ok, we are quite a serious and an ok business school but if we are going to be a somehow credible scientific unit as well, we have to raise the scientific level. And the only way to manifest it is, of course, to publish in high-level international journals. [...] Now, it was set as a conscious objective that we needed to build our doctoral education so that people will write scientific articles. [...] Very early, they begin writing articles with their advisors and others in the same group. And usually, the ideal is of course, that there is some research project, Academy or Tekes or other in which these people are included. And through that one is supposed to get quickly into this scientific business."⁴⁰¹

International publishing activity became part of the evaluation process in the appointment of Finnish business school professors in the 1990s; state funding was limited in the number of international publications produced by the universities. Since then, the primary focus of the schools' research activities has been on international publications, the quality of which has been evaluated based on different

types of journal ranking systems, such as the ABS Journal Quality Guide, Thomson Reuters impact factor listings, and the FT45 list of the most highly ranked business journals.⁴⁰² Wilson and McKiernan (2011: 463) argue that, regardless of whether the metrics used in these listings are highly debated, the proportion of faculty publishing in highly ranked journals tends to be used as a means to separate the ‘top schools’ from the lower quality schools, thus placing pressure (yet again) on business schools to conform to the rankings and aim at publishing in the stated top journals.⁴⁰³ These pressures have resulted in a self-reinforcing process in which the high status and ranking placement of the ‘top journals’ tends to strengthen and become relatively stable over time.⁴⁰⁴ Yet another dimension of the pervasive influence of the ranking of business schools’ research output is the impact these rankings have on the internal governance of research at these schools.⁴⁰⁵ According to Wilson and McKiernan (2011: 463), many business schools have different research evaluation and compensation schemes in place that work both at the level of the institution and at the level of the individual faculty member; these are based on rankings in research evaluations such as Research Assessment Exercise (RAE). As the evaluation of the individual faculty members’ performance depends to an increasing extent on the number of publications in top-ranked journals, it should not come as a surprise that the younger generation of a business school’s faculty that is seeking tenure has and will direct its focus to the number—rather than the actual content—of publications.⁴⁰⁶

Similar to universities abroad, business schools in Finland have created their own internal publication rankings (based on the aforementioned international rankings) and instituted different types of internal incentive bonus systems for publication. These systems also parallel the requirements of the accreditation agencies:

“Now that we are in the AACSB process, we must warn our researchers that there are these standards. Because we have defined in our strategy that we are a research-oriented business school, we have pretty high standards for research. [...] in the recruitment we need to make sure that the researcher does not only have merits but that he or she fulfils this 5-year limit. One must maintain his or her status so that from the past five years one must have enough research merits, that is, to be ‘Academically Qualified’, AQ, so to speak. And in order to support research, we have implemented a kind of publication scholarships [...] They are bound to impact factors, so that if you publish in a journal that has an impact factor beyond something

you get a certain sum of money and if it is beyond something even higher, you'll get a bigger sum of money."⁴⁰⁷

Particularly at the Aalto University School of Business, the aspiration of becoming a world-class business school has led to the creation of a performance evaluation culture that puts an extremely high value on A-rated journal publications:

"It is indeed challenging; at Aalto, compared to let's say what we had five years ago, one has gone so much deeper in that anything other than the A-journal is nothing, which means that one has to go very narrow, and very deep, in one's field to get to that excellence in something. And it is really the only currency that counts for young researchers and for anyone else who wants to have a career... It is the A-journal, and there's no mercy. If you don't have A-journals you aren't a proper researcher and that's it."⁴⁰⁸

Although the approach taken by the Aalto University School of Business is more extreme than that of the other business schools, similar types of evaluation schemes have been adopted in different parts of the country. One of the interviewed deans explained:

"It was a conscious policy that I practiced those ten years when I was a dean and a department head. That our goal is to be a kind of school that does... that we take our models very clearly from these international, namely American, business schools and head to high-level academic journals and all the doctoral dissertations are—excluding very few exceptions—article-based dissertations. And everyone [doctoral students] will take quite a lot of these quantitative [studies]... regardless of what your major is, you will take the statistical, different kinds of quantitative methodology studies quite a lot."⁴⁰⁹

In the early 2010s, Finnish universities developed their own national level journal ranking system, Publication Forum (julkaisufoorumi),⁴¹⁰ for the Ministry of Education and Culture to use in evaluating the quantity and also the quality of universities' research performance.⁴¹¹ As one of the interviewed deans explained, the Publication Forum is an illustrative example of modern day state governance occurring through the funding model:

"It [the state's new funding model] does, for the first time, include some kind of quality aspect for research, and this will have an impact from now on. At least in our school, the change has partially happened already, but I would say that this will result in that one starts to talk more about the top publications. Now that there is money on the table and it means that people start to talk about it, and I'd guess that in different universities one will catch the ball, that ok, if we will get money to the university this

way, how do we divide the resources internally. Well, ok, the departments and schools that do well in this, will get more resources. If the school gets more resources, well ok, the schools develop new systems, and then departments will develop new systems... it will go through the whole system, eventually.”⁴¹²

Although the incentive system encouraging international publication activity is by no means a new phenomenon to business schools, it is the state-level policy accompanied by the funding model that will represent the final legitimization (and a more profound influence of the journal-ranking system) on Finnish higher education governance. One of the interviewed deans compared the requirements of the new policy with the old system:

“Today, every single business school must realize that they have to publish in international, scientific [journals], preferably in the ones in category 2, but at least in the ones in category 1. So if you publish in your own series, or in Finnish, or in some other journals that don’t belong to any of these categories, so then the contribution from the scientific community’s standpoint is zero... and this is the idea that we’ve understood and emphasized to our people. [...] And it is a completely different matter whether you like the development or not. Well, of course, it was more fun when the only criterion for a professor’s salary was age. The older you became, and the further behind you dropped from the development, the more you were paid..!”⁴¹³

The valuation of international publications is also evident in recent discussions concerning the future of the *Finnish Journal of Business Economics*, which has been published since 1952 and used to be central publication forum for Finnish business scholars and also read by business practitioners:

“The most ambitious development goals are of course those that aim at making this an international journal, now that all the others are internationally refereed... Well, this is refereed too, but Finnish anyway, so that you can publish in Finnish as well. Part of the articles are in English, and the articles written in English have indeed increased, but if we try to break the connection to Finnish society altogether, then that is a daunting development.”⁴¹⁴

Rather than focus the first half of their history solely on educational activities at a national level, Finnish business schools appear to have transformed themselves into research-based institutions, the success of which depends on whether they are able to present their research work in the most highly ranked international publications. As one of the interviewed deans explained:

“It is not enough if you write in Finnish to some journal that is in Finnish. It does not... even if you do top research, the contribution remains very limited because there are so few people who you will influence on. This is my point here. The research ambition and the way of doing research should be at a high level. And then you try to disseminate and develop what you’ve found. And here come these top journals into the picture, because they are being read. If you get your paper through and into the Journal of Marketing, you can count on everyone in the world who is in that field will see it or hear about it. Whereas, if you write to somewhere, should I even say European Journal of Marketing, it is not that clear that the message will get across.”⁴¹⁵

Whereas the pressures toward international top publications are generally viewed as a positive development (in the sense that it raises the overall quality of research and enables a more equitable ranking of individuals applying for different academic posts), concerns have also been raised that the system may lead people into focusing solely on the most effective production of publications and not on new openings that are often necessary for true innovation. As Wilson & McKiernan (2011: 465) have argued, the multiphase journal publication and review processes tend to force research papers into a certain mold, thereby diminishing the level of freshness, creativity and uniqueness in what is actually published. One of the interviewees (after first describing the strict policies his/her school employed for faculty’s publication performance) stated:

“For the production of research that is genuinely and profoundly new-creating, but risky too, this system does not, of course, create too many incentives. So, this is based on the fact that you produce publications, and that production is most secured when you do the same kind of things that you have been doing before, follow the same track, apply your knowledge and collect new data or something like this... But that you would really start to think how you might combine some approach or something like this where it may happen that you use three years of your time and nothing comes out. That kind of thinking, this system does not... those kinds of things just do not happen.”⁴¹⁶

6.4 Business schools in the market: Tops and flops?

As for the growing global popularity of management education, Finland is no exception. The past decades in business schools have been characterized by continuously growing student enrollment numbers; this number totaled over 14,000 students in 2012.⁴¹⁷ At the beginning of the new millennium, as part of the state’s response to increasing concerns over Finland’s competitiveness in an increasingly

globalized business environment, improving business know-how was listed as one of the strategic goals of the Ministry.⁴¹⁸ As part of the 2001-2003 business know-how development program, the capacity and geographical coverage of business education was further expanded by creating two business education cooperation networks in eastern and northern Finland.⁴¹⁹ The Eastern Finland business education network combined the resources of the Lappeenranta University of Technology and the Universities of Kuopio and Joensuu, whereas in northern Finland, the network was formed by the University of Oulu and the University of Lapland in Rovaniemi.⁴²⁰ In practice, the two cooperation networks entitled three new universities in Kuopio, Joensuu and Lapland to establish and recruit students in business programs, but the *ekonomi* degrees were eventually conferred by the coordinating universities in Oulu and Lappeenranta.⁴²¹ Over the course of years, the inability to confer business degrees helped develop an ‘identity crisis’ that was difficult to overcome. Despite the attempts of the University of Lapland to establish a full-fledged business school, *ekonomi* education was finally centralized at the University of Oulu at the end of the 2000s. In eastern Finland, despite the resistance of the University of Lappeenranta, the Universities of Kuopio and Joensuu formed a University of Eastern Finland in 2010 that established a tenth business school in Finland.

The more recent trend in the politics of Finnish higher education has been to build larger university units through different types of mergers and consortiums. Small business school units built around a handful of professors are considered insufficient for the production of internationally competitive results, particularly in research. Contrary to the previous tendency to expand and fragment the higher education system, the new agenda of the Ministry of Education and Culture has been to reduce the number of universities through different types of university consortiums. This agenda, which is fuelled by substantial state support for those universities that implement structural development projects, has also led to significant changes in business schools. First, the Helsinki School of Economics merged with the Helsinki University of Technology and the University of Art and Design, forming an innovation university consortium—Aalto University. Second, the Turku School of Economics merged with the University of Turku. Thus, the two oldest Finnish-speaking business schools (HSE and TSE) have moved from stand-alone business schools to departments of multidisciplinary universities, leaving Hanken as the only

stand-alone business school in Finland. Third, the aforementioned universities of Kuopio and Joensuu merged into the University of Eastern Finland and established a business school entitled to confer *ekonomi* degrees.

Of the three aforementioned university merger operations, the creation of the Aalto innovation university clearly represents the most important national-level flagship project in higher education reform. As suggested by Aula & Tienari (2011), the creation of Aalto University occurred rather rapidly, accompanied by an explicit goal of building a ‘world-class university’ with a distinct profile that would contribute to making Finland a competitive player in the global market. Aula & Tienari (2010: 8) note:

“The Aalto merger became the single most important project in a radical reform of the Finnish university sector. The crucial question in the making of Aalto was to distinguish it from its domestic counterparts and to construct it as an attractive and innovative global player.”

In countries in which students pay tuition fees, MBA programs have become a lucrative source of revenue, making business schools ‘cash cows’ for their host universities.⁴²² Although the general society (instead of students as individuals) bears the cost of higher education in Finland, the performance-based allocation of state funding has made offering degree-based business education an attractive alternative for many universities. At a multidisciplinary university, the resources gained through strong-performing business schools have often been used at the university level to support less productive units. The common rhetoric within technology, natural science, and medical-based universities has been that business studies are ‘cheap’ because they do not require expensive educational or research facilities. Following the resource distribution inherent in this logic, business schools are generally (and often rightly) also referred to as cash cows of their mother universities in Finland. One of the interviewed deans described:

“Business studies are a bit of a cash cow everywhere. So, in a way we, at least all the big units, are very productive; basically, we bring more money to the house than we use, always.”⁴²³

Another related challenge to business schools situated in multidisciplinary universities is that although they are effective degree producers, they also tend to be

perceived as ‘minor subject machines’ that provide necessary business courses to other degree students. Following largely from the Humboldtian university tradition in Finland, once admitted to a university, students have been allowed to choose their courses nearly without restrictions from the university’s offerings, which results in an unequal distribution of participating students between the business school and other faculties. All this has strengthened the business schools’ profiles as educational rather than research institutions. Regardless of the hype surrounding university mergers and the expected opportunities for multidisciplinary cooperation, the materialization of the cash cow metaphor, the minor subject syndrome and the marginalization of business school research activities are indeed fuelling some of the central fears associated with recent university mergers:

“The business scholars have that unfortunate problem that the other fields tend to consider business studies as important, but merely for their basic level education. If one wants to promote business research, it does not promote anything if business studies are merged with some multidisciplinary university where all the other subjects really want only basic level business courses from the business school. [...] I’m not saying it isn’t good that we produce such things, but then one must resource it properly, so that it has resources to produce the basic level business studies, in addition to being able to do research. Thus, we should not resource it so that it becomes a primary school teaching unit that teaches the left and right sides of the balance sheet for those who do not yet know what they are.”⁴²⁴

The earlier notions regarding the ‘marketization’ of higher education appear to manifest themselves in many of the recent developments occurring in Finnish business schools, transforming the previously homogeneous state-governed system into a more competitive mode. The notion of the customer, markets, and competition that was introduced in the 1990s was accompanied by ideas of quality assurance and meeting international standards. A discussion about what was required from a business school (or universities in general) to survive amid international competition and become a ‘leading’, ‘top’ or ‘world-class’ business school (such as those in Europe or the United States) followed. One of the key success factors in this respect was the financial autonomy of universities that was being actively promoted and lobbied by HSE in the 2000s.⁴²⁵

“If you look at the world’s leading business schools that I used to do go through, look at, and think about a lot... so the world’s leading business schools, many of them are situated within a strong multidisciplinary university. They are, certainly, in a very powerful position there within the university, but they are inside a larger entity. And

now, if you think why this is so, the answer is that there is this organization, these economic and political resources, which is an important matter.”⁴²⁶

The efforts to achieve financially autonomous status culminated in a change in Finnish university legislation in 2010 (Universities Act 2009) and the establishment of the Aalto foundation university. Rector Kasanen wrote in his inauguration speech in the beginning of the academic year 2008:

“The state’s accounting office in its current deprived form is not able to offer a world-class study and research environment, but the Aalto foundation university involves the promise of an apparent upward quality leap. Aalto University is an ambitious initiative to offer a student-centered learning environment to students, internationally competitive working conditions to researchers and a professional management system that will give more time and space for creative work.”⁴²⁷

The implicit message of one university proclaiming itself to be in a position at the top is that there are also universities at the bottom—or at least further behind on a quality scale. The extensive fund-raising campaigns launched by the universities upon the change in legislation did ensure that the new and attractive Aalto University (and its business school) had a significantly increased resource base compared to many other universities outside the capital city. Furthermore, the Swedish-speaking school Hanken was (compared to its small size) also successful in mobilizing the Swedish-speaking business community to support its fund-raising campaign. Unlike the corporate-world supporters of the multidisciplinary (technology, design, and business) vision of Aalto University, other business schools are less easily convinced about the benefits (other than financial) of the merger to its constituents:

“In my opinion, I’ve always said that interdisciplinarity is overrated. In the fields where interdisciplinarity is of use, the researchers are not that stupid that they would leave the opportunity unused. For that matter, I have indeed seen examples of business schools operating in a university in the world, and it is no proof whatsoever of a genuine cooperation between the school and the university. [...] No, the merger will not in any way guarantee the interdisciplinarity and its benefits.”⁴²⁸

“It is a long way before there will be any synergies, if there ever will. Overall, I don’t see what sense it made, except that in a certain sense, it was an absolutely brilliant, the greatest robbery of all times [...] because it meant that 500 million euros in Finland, well ok, part of which was collected from companies, but a majority was public money paid from the tax revenue, was moved to Aalto University. So, an inconceivable hijacking was made, where finances were taken away from all the other universities because this unfortunately is becoming a zero-sum game, and one talked almost nothing about it. Of course, with that kind of money something must

come out of Aalto, that's for sure. But I don't believe that it will come because they merged some units [...] Also in business studies, in finance, these world-class, Nobel-level guys can be brought in there for a couple of months, and there is money for such a thing, so it will, without question, show in their publications."⁴²⁹

Although the Finnish higher education system remains far away from welcoming so-called 'corporate universities,' recent years have, indeed, been characterized by a systematic movement toward increasing the universities' financial autonomy. The new Universities Act 2009 that took effect at the beginning of 2010 was crafted by the Ministry of Education and Culture to improve the quality, effectiveness and international competitiveness of Finnish universities.⁴³⁰ The law gave the universities an independent legal personhood either as public corporations or as foundations under private law and increased universities' responsibility for their finances. Simultaneously, the universities' management systems were reformed to become more corporate-like. By 2012, although remaining for the most part state-funded, the proportion of external funding of the business schools' budgets in Finland had roughly grown to forty percent, creating changes to traditional academic work by increasing different types of project administrative tasks. One of the interviewed deans described the changed emphasis of professors' work as follows:

"Universities must acquire nearly 40 percent of their funding from external sources. This external funding, or complementary funding as they say nowadays, has indeed been a big change during the past 15-20 years. Well, it is yet complementary, if we say 40 percent, but I think it is a rather inappropriate term, really. It is really not complementing anything; but this external funding, it is once and for all, completely another funding source. The pressure on everyone, at least on our professorial neck, is that the externally funded projects generally require the signature of a professor, who then typically is responsible for the compensation... because they generally are against payment, you need to produce something for compensation."⁴³¹

Consistent with the change in university legislation, universities established boards consisting partly of external members—such as representatives of the business community—and rectors and deans were given more responsibility and authority to manage their 'corporations.'

"Earlier, when I was yet a dean of a business faculty, I was a dean elected from the professoriate, which meant, as it used to be defined, a dean who was a harmless fool who didn't know how to, or couldn't make up a reason to, say no. There was a kind of definition of a dean that 'it is somebody's turn'. And it kind of was my turn now, but now I'm a dean appointed by the [university] board based on the rector's

proposal, and I'm responsible to the rector and, of course, also to the personnel, but it is completely different."⁴³²

The key factor that determines the success of a business school in world-class competition is ultimately the type of people the school is able to recruit and maintain. Indeed, one of the core changes initiated by the well-resourced Aalto University School of Business is the tenure-track system, which will arguably make the school more competitive in international recruitment markets and attract international competition to the academic job market in Finland. One of the interviewees described:

"If we want to succeed, it is good that we have competition. It is a basic thing. Whereas earlier it was a lot of that the same people do a master's degree and then a doctorate and, little by little, get some position or a professorship there, in a same university. That may not be the best solution in the world; instead, it is good that there is competition, which is the first thing. It is good that good people go to some other place, see something else, learn something, and hopefully get a sparkle to do good work. And then they would be with us, competing to get back to work. In the private sector, one has at least 10, 15, 20 years talked about employability, not employment. That it is not the employer company's responsibility that this person has a job but it is the responsibility of an individual employee that he or she develops his or her own human capital in a way that the company wants to keep him or her, or he or she will be attracted to somewhere else. And this has been quite slow in Finland, in the universities. This has worked much better in the rest of the world. If we talk about North America, with the exception of Harvard, you are not allowed to stay in the same university after you've defended your thesis, but you must go and continue somewhere else."⁴³³

Most importantly, the change towards the tenure track model is aimed at tackling the weaknesses of the traditional Finnish academic career system (or the lack of it, as many would argue) that has generally made the scholarly career (accompanied by low salaries and continuous uncertainty resulting from short-term contracts) a rather unattractive alternative compared to private sector jobs.

"I see that one of the most important changes is the tenure-track system and how it truly now connects us with the international world. [...] I'd believe that that is, in any case, the hard core of this reform, and it can already be seen in that many new researchers have been recruited here regardless of their nationality, and they depart from the old system because it can be seen that if they fulfil the high quality requirements they know that they have a position waiting for them."⁴³⁴

"It [the tenure track system] means that by 2015 we do not have anything else. That to some extent we still have people in traditional Finnish academic posts such as

‘yliassistentti’ or ‘määräaikainen professori’, but we’re all the time moving into the new system. And almost every time when we recruit new people, they are recruited into this system. [...] The most common is 3 + 4 years. [...] After that, it basically is decided whether one gets tenured or not. Up or out, it is, I mean, the very same system that McKinsey or some other type of business firm has. Precisely the same system that INSEAD, London Business School, or Stanford, or... Nothing unusual.^{»435}

In addition to high-level research performance, business schools are pressured by the state and the accreditation and ranking agencies to assure the high-quality learning experience of their students and to develop and nurture their corporate connections. Ideally, however, this will not pose any meaningful problems to the top universities, whose faculty will consist only of multi-talented top individuals. One of the interviewed deans envisioned the following:

“I think, what I believe at least, is that the biggest thing in these genuine top universities, such as Harvard, is that the professors there can be both A-publishers in their field and advance it... but they can also, with another hat on, on the same day’s afternoon go and discuss the general issues that they are interested in with corporate managers. And they can also for instance act as the President’s advisers or consult with something. In a way, when you are talented enough, you’re able to act in different roles.^{»436}

Although inherently based on a positive idea of making research a lucrative career option, there are also concerns regarding the dubious side-effects of the tenure track system. An anonymous Finnish scholar expressed his or her worry over the emergence of an ‘academic working class’ in the ‘Top university blog’ in the spring of 2013:

“Tenure track is an elite career that both requires a lot and rewards well. Regardless of their top know-how, the tenured professors do not manage to do all the work by themselves. Therefore one needs lecturers (who commit to the teaching work without a real opportunity for research), part-time teachers (who take care of the professors’ excess teaching assignments with short contracts and lower salaries), and other miscellaneous project workers and service providers (who will do whatever they happen to be paid for). [...] This group of mishmash workers is not appreciated but their work is treated as waste management: it is a necessary job that can be done for little compensation.^{»437}

6.5 Institutional dynamics in Finnish management education, 1980-Present

The move toward state governance and the increasing international connections that had been established during the post-war decades exposed business schools to new types of logics of regulation. Many of the decisions that influenced management education in Finland were no longer made within national borders but in various transnational arenas in which they had more or less direct influences on business schools. As a corollary, the identification of key ideas and practices, their origin, and their most important carriers also became more ambiguous and complex.

However, many of the international ideas and practices that have arrived in Finland since the 1980s have had a parallel influence on business schools, either at the level of the national higher education system, such as the New Public Management-based ideas on university governance and the Bologna Accord, or more directly at the business school level, such as the American business school model implicitly built into the international rankings, accreditations, and research assessment exercises.

Furthermore, along with these regulative frameworks encompassing powerful research, education, and organizational structure -related ideas on business schools, the individual scholars and students who increasingly visited business schools abroad (particularly in the US), were also appointed to administrative positions in Finnish business schools, where they began to implement the 'best' practices of the foreign schools in the Finnish context and appeared as key carriers of ideas on management education. Some of the key influences on Finnish business schools via this route were related to the organizational structure and funding model of business schools, the organization and requirements of doctoral education, and faculty promotions. Together with the aforementioned regulative frameworks, the ideas carried by the individual researchers and students reinforced the institutionalization of the international ideas and practices on management education in the Finnish system primarily in the form of university legislation reform, national-level graduate schools, and the implementation of journal ranking systems, as well as the tenure-track system.

7 PAST AS PROLOGUE: THE BUSINESS SCHOOL IN A HISTORICAL PERSPECTIVE

7.1 Research aims revisited

As briefly discussed in the introduction, business schools have grown into a higher education success story of the bygone century and have generated significant academic literature focusing on various angles of management education. Building on institutional theory and recent notions of how globally disseminated ideas, rules and practices of management education flow around the world from one context to another, shaping and reshaping these contexts (see Sahlin-Andersson & Engwall 2002a), the objective of this study was to create a historically grounded account of the emergence and development of business schools in Finland. To meet the research objective, the following research questions were set:

Why did business schools emerge in Finland and how have they developed?

How have international models of management education influenced business schools and been institutionalized as part of the management education system in Finland?

Studying the development of business schools in a historical perspective calls for an understanding of both organizational and historical studies, in addition to their related methodological underpinnings. As an answer to the research questions, I have constructed a historically grounded narrative of Finnish business schools. Part of the process required periodization that was driven by the empirical data but also guided by the extant literature on the history of management education conducted in other countries and contexts. Particularly meaningful were historical accounts of the Nordic (Engwall 2009, 2000, 2004, 2007), German (Kieser 2004, Locke 1989) and American business schools (Khurana 2007, Locke 1989, 1996, Augier & March 2011) that represent the most important sources of influence on Finnish business schools and management education. Furthermore, my decisions regarding periodization were strongly influenced by the institutional theory that defined the

level of analysis and guided me to look at institutional-level developments. Therefore, in comparison to my earlier works (see e.g. Alajoutsijärvi, Kettunen & Tikkanen 2012) that applied a more empirically driven, fine-grained periodization, I was now able to construct a periodization that connected the development of Finnish business schools to larger, international development trajectories. The research approach of this thesis, including the key theoretical concepts, the methodological approach, and the contribution to the relevant field of literature is revisited in the triangle in Figure 5.

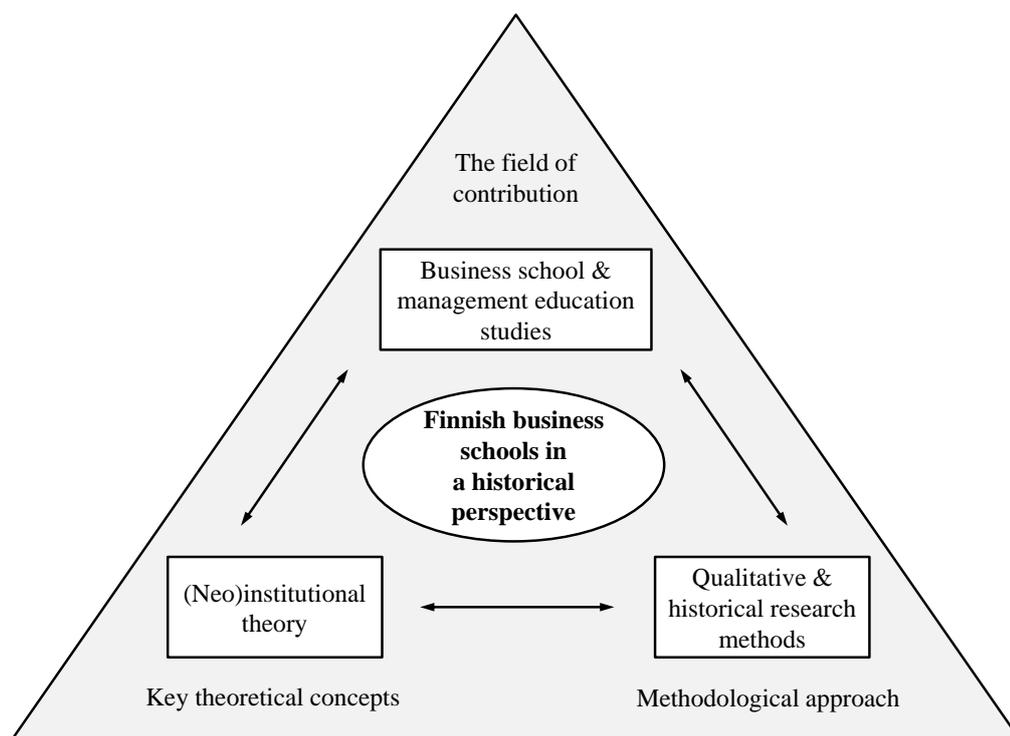


Figure 5. The research approach revisited

What follows is a summary of the presented narrative of the development of Finnish business schools. The primary aim of the summary is to address the first research question by examining the reasons behind the emergence and development of business schools in Finland. After that, I will continue with a discussion on the institutional dynamics that have shaped Finnish management education across the different time periods under scrutiny. Hence, the purpose of this analysis is to answer the second research question by making explicit the focal ideas and practices of management education that have arrived in Finnish business schools from abroad and to identify the main mechanisms and carriers that have transported these ideas at different times. Finally, I will develop the linkages between the key ideas, their

carriers, and the institutionalization of international ideas on management education into the norms, beliefs, and practices of Finnish business schools and will attempt to take a further step by discussing the most important development trajectories period by period and also by depicting the central development trajectories that unfold across different periods.

7.2 Summarizing the historical narrative

A significant proportion of historical writing assumes that the rise of management education followed some inevitable and inherently correct development trajectory of progression (cf. Khurana 2007). According to this worldview, business schools emerged as ‘logical’ responses to the progress of the industrialized world. This explanation assumes (either implicitly or explicitly) that the problems of industrializing companies grew so complicated that it was absolutely necessary for business schools to be created and start solving these problems. Although it does not claim that the emergence and development of business schools was somehow detached and uninfluenced by what occurred in their surrounding economy, this study is directed to a more ambiguous set of political, social and cultural discourses that has led to the birth of business schools (cf. Khurana 2007).

The first time period, *The business school question and its early solutions in Finland (1857-1950)*, begins with the first mid-nineteenth century attempts to establish an institution for higher management education in Finland and continues until the end of World War II and the years immediately thereafter that were spent rebuilding Finnish society. The beginning of this time period, and particularly, the turn of the twentieth century, was characterized by an active search for an answer to the so-called ‘business school question.’ Because of the prevailing economic and societal circumstances and university traditions in Finland at the time, introducing applied sciences such as business studies into the university context was generally regarded as unthinkable. The general atmosphere in Finland, fueled by influential opinion leaders such as J.V. Snellman, was that the economic conditions in Finland as a rural society were not ripe for institutions of higher business education to emerge because no proper job markets for university-level business school graduates existed. Furthermore, a proper place for such an institution was certainly not the university,

which was understood as a free, Humboldtian institution committed to a nobler, disinterested advancement of actual and pure sciences.

The discussions on solving the business school question (that were beginning to stagnate) were fueled at the end of the nineteenth century by the political, Finnish-nationalist (Fennomans) movement that aimed to break the monopoly of the upper-class Swedish minority regarding the command of societally relevant institutions in Finland. What started solely as a political movement became intertwined in business and commerce because the Fennomans supported the establishment of companies that would use Finnish as their primary business language. In his doctoral thesis, Paavilainen (2005) presents a detailed historical account of the development of Finnish-language nationalism and the rise of the Finnish-speaking merchant class, from the deregulation of rural trade in 1879 through the beginning of the 1920s. Over this period of time, the traditional Swedish-speaking *bourgeoisie* and business elite of Finland were joined by Finnish-speaking rural retailers who had typically risen from humble beginnings as farmers and peasants to take their place at the forefront of the country's business life by establishing Finnish nationalist companies such as commercial banks, insurance companies and publishers (Paavilainen 2005). An important moving force behind this development were the Fennomans, who viewed the union of politics and business as the best means to promote the social status of the Finnish-speaking population (Paavilainen 2005).

The language-political issues between the Swedish- and Finnish-speaking populations were also closely connected to the onset of higher management education in Finland. The strengthening of the Finnish-speaking merchants' position with the dominant Swedish-speaking business elite was aided by establishing an appropriate professional education (Paavilainen 2005). The Finnish-speaking businessmen could now earn formal qualifications to raise their status relative to their Swedish-speaking counterparts and equip their young followers with an education appropriate to work for the companies run by Finnish nationalists.

The Fennomans focused their efforts on occupying the ladders of the three-level education system one rung at a time. Whereas both Swedish- and Finnish-speaking lower-level commercial colleges had been established in different parts of the

country in the mid-nineteenth century, there was no Finnish-speaking middle-level commercial college that could rival the Swedish-speaking college in Raahe. The idea of a higher, university-level business school that was not initially built on a language-political basis had to wait for the arrival of the first Finnish-speaking and Fennoman-led ‘higher level commercial college,’ the Suomen Liikemiesten Kauppaopisto (SLK, established in 1898 in Helsinki).

When establishing the SLK (and particularly when the college was about to be upgraded into a genuine business school), a detailed benchmarking of previously established business schools in different (mainly European) countries was conducted by SLK’s rector and the teachers of the commercial colleges. These study trips were supported by specific travel grants, and the resulting analyses of the business education systems in England, Italy, Germany, Sweden, France, Russia, Switzerland, the United States and even Japan were published in Finnish newspapers in the early twentieth century. Furthermore, while arguing for the necessity of achieving the final ladder rung of the three-level education system and establishing a higher-level institution for business education, constant reference was made by business school advocates to the other countries that had previously established business schools. A commonly used argument in the discussions was that Finland required its own business school to avoid being left behind in economic development by its European counterparts.

Finally, by following the detailed plan (titled ‘The business school question and its solution in Finland’) developed by the SLK’s Rector Kyösti Järvinen, based on his studies of business schools in Gothenburg, Vienna, Prague, Dresden, Leipzig, Copenhagen, Antwerp, Paris, Switzerland and Cologne, the SLK was organized into a business school, the Kauppakorkeakoulu (the Helsinki School of Economics), in 1911. Illustrative of the powerful influence of the foreign business school model on Finland, the mission of the newly established business school was—almost word for word—identical to that of the Leipzig business school, which was considered one of the leading schools at the time. In the Swedish-speaking sector, a similar type of ‘higher commercial college,’ the Svenska Handelsläroverket, was established in Helsinki as early as 1909. However, it did not officially upgrade to a business school

(SSE) until 1927, when another Swedish-speaking business school (HHÅA) was also established in Turku.

Thus, as guided primarily by German-based business school examples (see Engwall 2000, 2004, 2007), the lingering business school question in Finland had found its solution in a private, stand-alone *Handelshochschule* that enjoyed significant support from the contemporary business community. However, the successful implementation of the Fennoman agenda was also followed by less-flattering commentaries that questioned whether the nationalism of the businessmen had ever been anything but capitalism in disguise (Paavilainen 2005). The newly emerged societal class of Finnish-speaking managers learned that economic wealth did not automatically translate to increased social prestige (Paavilainen 2005: 148). The ‘extensions of the commercial colleges’ residing outside the realm of the traditional university (and focusing solely on transferring a miscellaneous collection of knowledge borrowed from different fields of science to its students) were not yet ready to live up to the legitimacy challenge posed by the credibility issues encountering the management profession. What followed in business schools was a quest for academic legitimacy that translated initially into an intense pursuit of external hallmarks such as state permission to confer doctoral degrees, establish professorships, and organize degree ceremonies that signaled university status.

There are numerous reasons for both the name and starting year of the second period, *The institutionalization of Finnish business schools (1950-1980)*. First, many of these milestones of becoming a legitimate academic institution were accomplished by business schools by the beginning of the 1950s. The first professorships and doctoral degrees were established at different business schools during the 1920 and 1930s, and the first formal degree ceremony was organized by the Helsinki School of Economics in 1946. Furthermore, a significant victory in gaining legitimacy was the 1950 law that guaranteed business schools a statutory state subsidy, a form of support that was previously enjoyed by other university-level institutions in Finland such as the University of Technology and the University of Helsinki.

Second, and most important, World War II came to represent an important watershed in the development of Finnish business schools. During the post-war years, the

previously strong German influence on Finnish management education gradually waned to be replaced by new models that increasingly came from the United States. The two primary mechanisms that led to the rapid change in models and facilitated the American influence of management education on Finnish business schools were the ASLA and Fulbright scholarship programs that made faculty exchanges between Finland and the United States more frequent, and the ASLA library donations, through which Finnish business school libraries (and other university libraries) became flooded with American business textbooks and other literature.

The example of the United States—as the post-war superpower that took the lead in developing management studies into a proper science—was actively followed by Finnish business scholars in their research topics and methodological approaches, which gained a new, quantitative-oriented flavor. Near the time of the breakthrough of American-based management science in Finnish business education, business schools (primarily the HSE) began to actively manifest themselves as research-based institutions, participating in EIASM doctoral programs and improving their curricula with a mindset that focused on developing students' analytical skills and scientific abilities. The establishment of executive education programs in the 1960s closely followed the examples of United States business schools, primarily that of Harvard Business School.

Finally, what began in the 1950s in Finnish higher education in general and continued intensively through the 1960s and 1970 (and influencing the business schools), was the increasing understanding of higher education as a political tool that could be used for the benefit of the nation, if governed by the state. One of the burning issues to be solved by society was the constantly increasing number of young people seeking admission to universities. Part of the solution was the prevailing democratic ideology that every young high school graduate, regardless of his or her personal wealth or place of residence, should be guaranteed access to higher education.

As a response, the 1960s and 1970 were characterized by extensive political debates concerning the expansion of the national higher education system. Traditionally, the universities (and business schools) in Finland had been located in the two largest

coastal cities, Helsinki and Turku (the Turku School of Economics was established in 1950). Several regional political initiatives were put forward to expand higher education opportunities to other parts of the country. As a rule, the existing universities and schools resisted these initiatives by appealing to the scarcity of academic resources and arguing that the most feasible option for expansion to occur without major quality losses in the overall level of education was by increasing the student intake and resources of existing units. Eventually, regional political motives won and led to the establishment of a new business school in Vaasa, and two business faculties in the university structures of Tampere and Jyväskylä.

The increasing state interest in centralizing the entire nationwide higher education system (including the private business schools) under the governance of the Ministry of Education was accompanied by the increasing financial difficulties of the schools resulting from continuously increasing student intakes. Although the oldest business schools (HSE, SSE, TSE, and VSE) thought it was important to maintain their private (but for the most part state-funded) status, their deteriorating financial standing ultimately left them no choice but to submit to complete nationalization in the mid-1970s. With this change, and influenced by the 1970s dominant leftist political atmosphere in Finland, the missions of business schools were redefined on a broad basis that changed the initial purpose of serving business life to encompassing society as a whole. Furthermore, the administrative structures of business schools were also reformed and built on a tripartite basis (professors, other staff, and students), which ended the traditional, direct corporate-world influence on the schools' decision-making processes.

The politically active 1970s were followed by the more stable 1980s, during which no new business schools were established. Nationalization had also made the previously private business schools state-funded non-profit bureaucracies by integrating them into the nationwide higher education system. However, the neoliberalism-based New Public Management (NPM) began to pave its way into the Finnish public sector administration from the late 1980s onwards and introduced a new era of applying corporate-world principles in higher education governance. As a response, the third and final period in Finnish management education is referred to as *The march of accountability regime (1980-present)*.

As a response to the NPM, universities began to apply a variety of different performance-based measures (such as MBO) and developed a budgeting system that tied universities' resources to quantifiable outputs, such as the number of degrees that they were able to produce. Owing largely to the growing popularity of management education, business schools typically performed well in these measures, creating local incentives for establishing new business school units. As a response, new business schools were established in 1991 at the University of Oulu and the Lappeenranta University of Technology. Furthermore, business education cooperation networks were established in both eastern and northern Finland in the early 2000s, encompassing the universities in Lapland, Kuopio, and Joensuu.

However, the time period from the 1980s onwards was also strongly characterized by the internationalization of Finnish business schools, from the establishment of international student exchange agreements to international MBA and BBA programs, and again to recruiting international students into master's, doctoral and executive education programs in Finland and at offshore locations. Simultaneously, business schools in Finland became subject to international forms of regulation such as the Bologna Accord, accreditation agencies (e.g., AACSB, EQUIS, and AMBA), media rankings (e.g., *Financial Times*), research assessment exercises (e.g., RAE) and a variety of different types of business school networks (e.g., EIASM, EFMD, CEMS) (cf. Engwall 2007: 17). In this respect, the Helsinki School of Economics (currently the Aalto University School of Business) and Hanken have been forerunners since the late 1990s, whereas other schools have jumped on the bandwagon more recently. Whereas most of these international regulations have been welcomed in Finnish management education as a part of the business schools' aspirations of becoming regarded as 'high-quality,' 'world-class,' and 'top,' they have also (more or less implicitly) manifested a market logic of influences on business education that have been claimed to be dubious (see Khurana 2007).

Since the early 1990s economic depression in Finland, universities and business schools have been encouraged to an increasing extent to acquire a portion of their funding from different types of complementary—and competing—sources, primarily from research projects funded for instance by the Tekes and the Academy of Finland. As of today, the proportion of external funding of a business school's total budget

encompasses approximately 40 percent, making contemporary business schools more privately funded than their private, state-subsidized predecessors of the 1950s. One of the most recent business-logic emphasizing steps in Finnish public sector administration is the change in university legislation (Universities Act 2009) that increases a university's financial autonomy. Furthermore, this change has been accompanied by significant structural changes in the university sector aimed at building larger, more competitive, and financially stronger universities through a number of university mergers and consortiums. From the business schools' standpoint, the most important of these have been the formation of Aalto (foundation) University through HSE's merger with the Helsinki University of Technology and including the University of Art and Design in Helsinki and TSE's merger with the University of Turku in 2010.

The new legislation, which gave universities more financial flexibility and professional management systems to be able to compete more efficiently in the international markets of the most talented students and researchers, was promoted and lobbied especially by the HSE, which set an ambitious goal of being identified as a world-class university. Along with accreditations, ranking placements, and financial autonomy, part of this Harvard- and Stanford-centered understanding of a top university is the intense focus on top research published in the most highly ranked academic journals (such as the FT45 list). Those who take care of their 'employability' and succeed in this will be guaranteed, as in the United States, a tenure-track position.

7.3 Institutional dynamics in Finnish management education, 1857-Present

After an analysis of a one-hundred-year history of management education in Finland, it is relevant to discuss some of the focal development trajectories that are followed by business schools and the institutional dynamics underpinning these developments. Over their hundred years of existence, Finnish business schools have developed from early twentieth-century vocational schools focused solely on passing on a miscellaneous collection of business doctrines into academically legitimate institutions of higher education, producing and cultivating research-based management knowledge on a variety of disciplines under the umbrella of business

administration. Simultaneously, business schools have developed from small, private and somewhat elitist Helsinki-based schools into part of a nationwide, state-governed higher education system consisting of ten university-based business schools that are all entitled to confer bachelor's, master's and doctoral level degrees in business. Over the years, business schools have also experienced a shift of focus in their educational and research activities, from a national to an international level. Now, as part of the most recent development trajectory, Finnish business schools are in the process of transforming themselves from academic bureaucracies into more professionally managed organizations that compete in the global higher education markets and are responsible for their own financial performance.

In line with the conceptual framework that was developed in Chapter 2, the key institutional dynamics are summarized in Table 5 and discussed further, including the overall ethos (and the related legitimacy issues) of developing management education, focal international ideas and the practices of management education, key carriers of these ideas, and the evidence of the institutionalization of the foreign-based ideas on management education in Finnish business schools.

Table 5. Institutional dynamics in Finnish management education, 1857-Present

	<i>The business school question and its early solutions in Finland (1857-1950)</i>	<i>The institutionalization of Finnish business schools (1950-1980)</i>	<i>The march of accountability regime (1980-Present)</i>
Overall ethos of developing management education	<p>Establishing higher management education</p> <p>Uplifting the professional status of the Finnish-speaking merchant class</p> <p>Keeping pace with the economic progression in Europe</p>	<p>Solving the academic legitimacy issues of business schools</p> <p>The politicization of higher education and the redefinition of business schools as state-governed institutions dedicated to serving wider societal interests</p>	<p>The emergence of business logic in the public sector administration, establishing performance-based measurement systems and increasing the financial accountability of universities</p> <p>The internationalization of research and education</p> <p>Opening the higher education system to international forms of regulation</p>
Focal international ideas and practices of management education	<p>Organizational structure (<i>Handelshochschule</i> model, commercial college-basis), funding model, curricula, syllabi, academic and professional missions (<i>Betriebswirtschaftlehre</i> tradition) adopted from German-speaking Europe</p>	<p>US-originated focus on empirical and quantitative research approaches, the emergence of English as a publication language, scientific focus/research-based mission, executive education programs</p>	<p>New public management-based ideas on university governance and related practices, such as MBO</p> <p>Bologna Accord</p> <p>Market-based view on higher education</p> <p>US-based business school model implicitly built in the accreditation, ranking, and research assessment frameworks</p>
Key carriers of ideas	<p>The rectors and teachers of commercial colleges who studied abroad and/or conducted study trips to foreign business schools</p>	<p>Finnish scholars and students traveling primarily to the US with the help of Fulbright and ASLA scholarships</p> <p>US business scholars visiting Finland with Fulbright and ASLA scholarships</p> <p>US-originated business textbooks received through ASLA library donations</p>	<p>International regulative frameworks at the level of the national higher education system (e.g., EU/OECD-level policies)</p> <p>International regulative frameworks at the level of business schools (e.g., accreditations, rankings, research assessments, and business school networks)</p> <p>Finnish scholars and students (i.e., prospective business school administrators) studying abroad and implementing 'best' foreign business school practices</p> <p>Finnish scholars and administrators attending accreditation seminars and conferences</p>
The institutionalization of foreign-based ideas on management education in Finnish business schools	<p>Newspaper discussions and analyses of foreign business school practices</p> <p>Business school plans developed based on the experiences gained from the study trips to foreign business schools</p>	<p>Addressing the new scientific focus in establishing the Finnish Journal of Business Economics, developing doctoral education (thesis requirements) and reforming the curricula of economic education</p>	<p>Reforms to the university funding model and legislation (Universities Act 2009), building larger university units through mergers</p> <p>The adoption of a two-tier degree structure in line with the Bologna Accord</p> <p>The organization of doctoral education (national level graduate schools) and the requirements of doctoral theses (article-based theses emphasized)</p> <p>Establishing faculty promotion systems (national-level journal ranking systems, tenure-track system)</p>

Legitimacy through role models

One of the underlying logics of explaining institutions is based on the notion of legitimacy, which may be defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman 1995: 574). As discussed in the earlier literature (see, e.g., Khurana 2007), the establishment of university-based business schools reflects businessmen’s aspirations to make management a legitimate profession that would enable them to elevate their societal status to the level of more established professions such as medicine, engineering, and law. Furthermore, for a business school’s long-term survival in the university system it must create and maintain its legitimacy within the academic system of norms and values (Thomas & Wilson 2011: 446).

Consistent with the findings of Khurana (2007) regarding the emergence of university-based business schools in the United States, the foundation of business schools in Finland reflects the professional aims of the rising class of Finnish-speaking managers. After witnessing the establishment of university-level business schools throughout Europe and the United States in the latter half of the nineteenth century, the idea of higher management education began to gain a foothold in Finland, where businessmen worried that they would fall behind their European counterparts. Bringing a practice-based craft under the realm of higher education was not a straightforward task, however. First, the existing Humboldtian university system tended to resist the utilitarian newcomers. Second, the business schools struggled to differentiate themselves from the lower-level commercial colleges and to establish their position as legitimate academic institutions.

To convince their opponents of the importance of establishing higher-level management education in Finland, business school advocates found it useful to look for and refer to some foreign models of management education that were generally regarded as successful at the time. Similar to other Nordic countries, the first business schools in Finland were established in accordance with the German *Handelshochschule* model and began to build their scientific basis on the *Betriebswirtschaftlehre* tradition (see also Engwall 1998, 2000, 2004). The important

carriers of ideas in the adoption of the given role model were the early twentieth century business school rectors and a few leading professors, who personally visited business schools in German-speaking countries and published reports and the findings of their study trips in local newspapers in Finland (see also Engwall 2000, 2004).

World War II, however, prompted an increasing orientation by Nordic business schools towards the management education model represented by the United States (see Engwall 2004), which became the key role model for the new scientifically based management studies in the post-war world. In Finland, the new US-based scientific focus on management education was approached by business schools as a means for improving their credibility within academia and for overcoming the legitimacy issues that the schools had suffered during the early years of their existence. The key mechanisms for carrying the American influence to Finland were the ASLA and Fulbright scholarship programs, which enabled a researcher exchange between Finland and the United States, as well as ASLA-funded donations of American management literature that Finland continued to receive for several post-war years.

Along with the researcher exchanges and ASLA-donations of American literature were new ideas and perceptions of what might be understood as business science. The institutionalization of the American model as a part of the research and education practices of business schools became apparent, for instance, in the new requirements for doctoral theses, in the division of Business Administration II into new disciplines of administration and marketing, in the establishment of executive education programs, and in the increased number of articles published in English in *the Finnish Journal of Business Economics*. The so called 'scientification' process became concrete in the new quantitatively oriented research approaches and methodologies that were adopted by Finnish business scholars. At the same time, business schools' study programs were reformed to improve students' analytical skills and scientific abilities. In addition, the first executive education programs (following the Harvard Business School example) were established, and the US-style MBA and BBA education programs were launched.

More recently, as a part of the growing globalization of management education, the legitimacy of business schools is to an increasing extent determined in international arenas. In many countries, including Finland, the so called US model of management education built in within the business school accreditations, rankings, research assessment schemes as well as EU and governmental level reforms have created a new role model of a 'world-class business school' that pushes business schools toward a more profound imitation of the the American-based model of management education (see Alajoutsijärvi et al., 2013). Parallel to this development is the increasing 'corporatization' of universities, and growing understanding of academic institutions as business-like organizations which drives universities and their business schools to look for role models also outside the borders of academia, namely in the corporate sector.

Translating ideas: From Finnish Handelshochschulen to Americanized business schools

Since World War II, in the increasingly global field of management education, the so-called American model of management education represented primarily by the US-based Ivy League business schools continues to be the dominant role model for business schools globally, including Finland. Engwall (2007: 17-24) notes the following two significant activities that reinforce the strengthening convergence towards the American model of management education: professional exchanges that occur through study trips, various professional associations, organizations and networks (e.g., the Academy of Management and EIASM); and quality assessments such as national evaluations (e.g., Research Assessment Exercise), accreditations (e.g., AACSB, EQUIS) and rankings (e.g., Financial Times, Business Week).

Parallel to the discussed 'Americanization' of management education and the presented convergence hypothesis, there continues to be a rather widely accepted consensus among organization studies that globally diffused models rarely lead to exact local replicas, but to a variety of different translations and hybridizations (see e.g., Kipping et al. 2004, Kieser 2004, Strandgaard Pedersen & Dobbin 2006). For instance, Kieser (2004: 91) notes that transferring a macro-institutional pattern (such as an American-based system of higher education) to another culture is different than

the diffusion of simpler cultural elements such as hamburgers, new machines or even theme parks. In their comparative study on the post-World War II Americanization of management education in France, Italy, Spain and Turkey, Kipping et al. (2004: 98) found that the interaction with the American model in these countries had “not led to local replicas but hybrid forms and institutional fields that have varied across the four countries.” Even the MBA program, commonly understood as the dominant and rather standardized model of management education that proliferated widely across Europe, was found by Strandgaard Pedersen and Dobbin (2006: 902) to be offered by different schools in different countries as distinctly local translations of the global model. Furthermore, Kieser (2004: 96) argued that in Germany, many of the US-inspired reforms in higher education, such as tenure-track or payment-by-merit systems have appeared to be, in the absence of the necessary financial resources and managerially oriented deans, “merely window dressing.” Thus, more complex ideas, such as management education systems, seem to be subject to adaptation to local cultural conditions and educational heritages (Kieser 2004: 91, see also Locke 1989).

Throughout history, the higher education system in Finland has been considered the core of its cultural heritage, with universities as its manifestation. In response to the long history under the influence of the US model of management education, it may be relevant to ask how Americanized business schools are in Finland. Are we merely imitating, or are we developing a unique hybrid business school that combines aspects of both the traditional Finnish (in fact, a Nordic version of a German *Handelshochschule*) and United States business school models? Kipping et al. (2004: 99, 106) argued that the level of adaptation, i.e., whether the importation of a foreign model will lead to the creation of new institutions or a certain degree of alteration of the existing institutional arrangements, depends on the strength of the pre-existing national educational traditions and institutions. Furthermore, Kipping et al. (2004: 105-106) also noted that because of the resilience of existing institutional arrangements to new models, it is not necessarily the methods (such as the case study method) but the contents (i.e., changes in the business schools’ curricula) that are likely to flow most smoothly—and often in subtle ways—from one system to another.

Based on the German Handelshochschule tradition that was gradually changed by the American model, Finland and other Nordic countries are said to have developed a 'Nordic business school model' (Engwall and Zamagni 1998: 11-15). In contrast to Germany (see above for Kieser 2004), Nordic business schools allowed the American model to change their Handelshochschulen rather than building a significant resistance towards it (Engwall and Zamagni 1998: 11-15). Thus far, despite the fragmented nature of the Finnish business education system created over the course of these past decades and the fact that some schools have been more exposed than others to various international influences, the different schools have remained rather homogeneous institutions, owing largely to state-governance. Furthermore, the mobility of the business school rectors, deans, and professors between the schools has been rather intense, facilitating the transfer of different types of practices. In particular, HSE and Hanken carried the primary responsibility of doctoral level education in Finland for a long time and educated many of the professors of the later-established schools. Although it would have been impossible or inefficient for small schools in different parts of the country to do everything on their own, several cooperative networks and structures between the schools have been established. For example, the Swedish-speaking business schools began organizing a shared entrance examination for their applicants in the 1960s, whereas the Finnish-speaking schools (HSE, TSE and VSE) began to use the same entrance exam in 1978.⁴³⁸ The cooperation has extended to encompass nearly all business schools in the country.⁴³⁹ At the same time, and perhaps even more importantly, Finnish business schools also cooperated in doctoral-level education and established the national-level graduate school KATAJA in the early 1990s that has until these days organized courses and offered funding for doctoral students of business schools.⁴⁴⁰

Fueled by the new public management-based reforms in the Finnish university governance occurring since the 1990s, business schools continue to transform their traditional identities from content-wise Americanized Handelshochschulen to purer versions of the so-called 'top business schools' as represented by the American Ivy League schools such as Harvard or other prestigious universities such as Stanford. Becoming a top business school then appears to parallel becoming an American-like business school. Although it may not be phrased in this manner, there clearly is a

push for the ‘Americanization’ of Finnish business schools. Without question, this development has been facilitated by the increasing introduction of accreditations and rankings and memberships in different types of other elite business school networks that have become more commonplace in the European field of management education since the mid-1990s.

However, as implied by Kieser (2004: 96), what matters in Americanization being more than merely ‘window dressing’, i.e. decoupling of structures from the actual practices of a business school, are the structural elements in the local higher education system. Are there resources for establishing true payment-by-merit and tenure-track systems? Are the deans properly encouraged to manage their business schools and their finances? In Aalto, at least, these types of preconditions for a more thorough adoption and change of the system (such as the measurement of individual performance by A-rated journal publications and a highly competitive tenure-track system) seem to be in place. Thus, among the previously homogeneous systems of Finnish management education, the joint effect of the accountability regime adopted at the governmental-level university administration and the emerging transnational forms of regulating management education and encouraging the convergence towards the American business school model has led to a clearer division of business schools into two camps; those represented by HSE and possibly Hanken and those represented by the rest of the schools (see also Alajoutsijärvi et. al. 2013). Furthermore, one of the likely and intended consequences of the creation of Aalto University in 2010 is that this differentiation and polarization will grow deeper in the coming years. First, the successful fund-raising campaign related to the foundation of the new ‘innovation university’ lifted the resources of HSE (now the Aalto University School of Business) to a completely different level compared to the other schools. Second, the clear strategy of the school to frame itself as a world-class top business school will force it to re-evaluate its traditional cooperative arrangements with other Finnish schools and pursue partnering at the international level instead.

Identity construction in action: Like master, like apprentice?

“Because at least in the field of economics they make top research there, and from there, as a rule, the Nobel prize winners come too, so I don’t see any problem why one could not copy that. [...] If it is a universal model that seems to work best, so I

don't see [...] If someone has something that works, what is wrong with copying it?!"⁴⁴¹

As opposed to the world before World War II, the mechanisms reinforcing institutional isomorphism in the modern global society are more numerous and complex. Whereas the primary carriers of ideas in the early twentieth century were business school rectors and a few leading professors who personally visited foreign schools and published reports and the findings of their study trips in local newspapers, the modern 'best practices' are transferred on multiple fronts by multiple carriers such as governments, media, professional associations, business communities and their evaluations, accreditations and rankings (see Engwall 2007: 17-18).

However, despite the multiple isomorphic pressures experienced by business schools in different parts of the world, the micro-level processes through which business schools come to resemble each other are not about the passive reception of a foreign model but rather are a result of an active interaction of comparing, learning and mimicking, in which individual carriers of ideas play a crucial role (cf. Sahlin-Andersson 1996). In the course of the past one hundred years, the directors of Finnish business schools have tended to share the common belief that the top level is achieved through learning from the best, i.e., the 'top universities' abroad. Therefore, it may be relevant to consider the possible repercussions of the increasingly Americanized business school system. Is it possible to cherry pick the best parts of the American model and simultaneously retain the Humboldtian essence of the Finnish higher education system cherished by the majority of academics? At least some of the promoters of the market logic tend to believe this notion. Ironically, at the same time that America's leading business schools have floundered in one of the worst legitimacy crises (resulting from the financial crisis of 2008) of their history, Finnish business schools have taken significant leaps towards the US-based top business school model; the financial autonomy of the universities was increased in 2010, tenure-track systems have been developed since then, and an increasing number of business schools have recently entered the AACSB accreditation processes. Although Finnish business schools may not be the first in line to be held accountable for the past financial crisis (as are their American, market-logic

influenced counterparts), we have been educating the management of our corporations in accordance with the US-originated management theories. Although the management of Finnish companies was largely dominated by engineer-managers until the 1980s (Möttönen 2012), business school graduates have subsequently increased their positions in corporate management and also have gained an additional presence in international job markets. As Rector Kasanen wrote in his first inauguration speech in 1996, taking pride in the success of the school's graduates:

“In addition, I'd like to mention that in years 1995 and 1996 graduates of Helsinki School of Economics have been employed abroad by the world's leading companies such as Goldman Sachs, The Boston Consulting Group, and Hewlett Packard, where the standards and salary opportunities are to be measured merely in astronomical terms.”⁴⁴²

Finnish business schools, regardless of their recent reforms, remain a long way from corporate universities operating solely on the basis of the market. In fact, the hybrid university model that is supported partly with public and private funding adopted in Finland aims at cherry-picking the best parts of both systems. Whereas supporters of the traditional Humboldtian university model can also be found in business schools criticizing the prevailing market-ethos, many business scholars seem to adapt to the market logic and language naturally. At least the business school rectors have already been preaching the market gospel for some time, referring to students as their customers and taking care of international partnership agreements as if they were a portfolio management assignment. Although this might be exaggerated, empty rhetoric or impression management, it would not be the first time in business school history when publicly announced visions would become self-fulfilling prophecies.

The recent developments in the university sector in general (and in business schools in particular) seem to specifically aim at reforming the traditional structures of the higher education system, which will lower boundaries and further facilitate the transportation of different foreign-based models. These developments over the past few years, including changes in university legislation, the university mergers, business schools changing their official names from schools of economics and the faculties of business administration to schools of business (for instance, the Helsinki School of Economics was renamed upon the establishment of Aalto University as the Aalto University School of Economics in 2010 and again as the Aalto University

School of Business in 2012), are in fact efficient mechanisms for creating common denominators between university systems that were previously understood as different, and based on local educational traditions (cf. Sahlin-Andersson & Engwall 2002a: 22, Meyer 2002: 34, Røvik 2002: 127). Whenever people begin seeing similarities between the world's universities and business schools, they also tend to believe in solutions that work irrespective of their context, i.e., in models that are universal (Meyer 2002: 41; Røvik 2002: 129, 142).

7.4 Contributions of the study

It must be acknowledged that a comprehensive institutional analysis is challenging and laborious and may also be an impossible mission to accomplish (see e.g., Khurana 2007: 392). I would surmise that anyone who has ever committed to institutional analysis has experienced the overwhelming power of institutional theory to explain the sociological and organizational phenomena in a holistic manner, explaining the world and its functions in its entirety. Moreover, I am certain that the same people have also endured the frustration of turning their institutional theory-based research approaches into action. Whereas the notion of institutional isomorphism (see DiMaggio & Powell 1983) is intriguing, it provides little insight into the more detailed processes and mechanisms through which organizational similarity is reached. For this reason, I chose to build my understanding on the emergence and development of business schools and management education in Finland on the recent notions of the diffusion of ideas through institutional carriers (see for instance, Czarniawska & Sevón 1996; Djelic 2004, 2008; Scott 2008; Engwall 2000, 2004; Sahlin-Andersson & Engwall 2002a).

Although this research project began as an inductive, data-driven process, it changed its character at some point in the process into a more iterative dialogue between the aforementioned institutional literature and the source material. In that sense, I would refer to the research process as theoretically informed (rather than strictly predetermined) writing of history. In the methodology chapter of this thesis, I elaborated in detail the different ontological and epistemological underpinnings of the historical versus the qualitative organizational studies' research traditions. Because this study is placed somewhere close to the intersection of these two, the

contributions of the study can also be approached from the different knowledge premises that these two traditions represent.

As a historical study, I argue that the primary contribution of this study lies in the historical narrative of Finnish management education that has to date been left untold and uncompiled in single covers. Although there are plenty of histories of individual business schools in Finland, these publications tend to be, with a few exceptions, ‘authorized histories’ (cf. Khurana 2007: 388) such as jubilee year publications that are fundamentally different from a scholarly founded, more balanced analysis of a number of different schools. In other words, I have attempted to produce an institutional level history of business schools in Finland, which is a contribution to our knowledge regarding the emergence and development of management education in different parts of the world.

With a mind and language of a business scholar, however, I did set as my research objective the goal of saying something about the emergence and development of Finnish business schools and management education that could speak to larger audiences and have implications for the international body of literature on business schools and management education in general. To understand institutional change and the dynamics that shape management education, I discussed how ideas on management education have a tendency to travel from one context to another with different types of carriers and to become translated into different local conditions, resulting in imitation, identity construction, and decoupling as well as the institutionalization of the structures and practices related to foreign models.

Although this study’s primary contribution is to the research on business schools and management education, the historical narrative constructed in this thesis also contributes to the institutional theory in the larger sense by strengthening the link among the diffusion of ideas, their institutionalization and resulting isomorphism. This goal has been accomplished by collecting and analyzing data at the individual, organizational, and institutional levels and by building the linkages among these different levels with the wider institutional-level development trajectory of Finnish management education. As an outcome, the historical narrative on Finnish business schools that examines the role played by international models of management

education in the legitimacy search of business schools in the Finnish context has provided interesting insights regarding how and to what extent diffused ideas and practices have become incorporated into the Finnish system of management education, have changed its identity, and have resulted in institutional isomorphism among the world's business schools.

By specifically adopting a historical approach, I wanted to create something that would complement and continue the invaluable work of scholars such as Locke (1989), Kieser (2004), Kipping, Üsdiken & Puig (2004), Engwall (2009, 2000, 2004, 2007), Engwall & Zamagni (1996), Khurana (2007) and Engwall & Danell (2011). Therefore, regardless of accepting (and even embracing) the institutional theory-based logic of explaining the worldwide expansion of management education, this study aims to overcome certain challenges that seem to be inherent in the stream of literature concerning the international diffusion of ideas, rules and practices of management education. I argue that often times the literature discussing the institutional dynamics and isomorphic pressures experienced by management education in different parts of the world lacks an attempt to look more closely at the events and processes through which the diffusion of dominant models and the resulting institutional isomorphism occurs. Furthermore, these studies have rarely paid the necessary attention to the logic and language that have been at work during the process of translating the globally disseminated models of management education to a variety of local contexts. This study, which relies on the analysis of writings, speeches and interviews of present and former business school rectors and deans, is an effort to understand the more detailed processes through which the globally dominant ideas, rules and practices concerning management education are put to work in the everyday realities of those business schools that are placed at the receiving end of the diffusion.

Methodologically, this study ambitiously seeks to contribute to the efforts of reclaiming a historical approach to management studies (see Bryman et al. 2011). Having spent the past years around business scholars (and becoming one as well), I cannot help but notice that history is rarely studied or taught in business schools. Most business scholars and students see themselves (rightly) working on strategies and tools for tackling future challenges faced by modern-day business firms rather

than burying themselves deeply in corporate archives. However, because organizations are always historical constructions, any insight useful for making sense of the present or presenting meaningful forward-looking analyses may be lost as a response. While I am not saying that combining two research traditions with different ontological and epistemological premises is an easy task—nor do I claim to have performed a perfect job with it—the effort to search and find was generously rewarding. As Locke (1989: 2) suggested, the value of a historical approach is not in how it enlightens past events but “in the way it shows how contemporaries carry around in their heads ideas, values, and attitudes inherited from the past” that eventually shape the contemporary institutions. Although a famous quote that captured the essence of the challenge of combining historical and sociological analyses states rather bluntly that “sociology is history with the hard work left out; history is sociology with the brains left out” (Cahnman & Boskoff 1964:1), it is invigorating to imagine all of the significant discoveries that could be made by combining a thorough historical analysis with theories that enable us to identify patterns in how the world and its institutions work.

7.5 Stones that were left unturned and other limitations of an institutional analysis

As explained above, conducting historically grounded institutional analysis is a fascinating, important, but arduous task. It is fair to say that this piece of research shares many of the obvious and common weaknesses of institutional work. Trying to wrap your mind and resources around a hundred-year-old development trajectory of any institution is an assignment that forces even the most extreme perfectionist to admit one’s limitations. There is an endless amount of source material that can be collected, and all the people who could possibly be interviewed would likely reveal some interesting detail of the phenomenon at hand. However, there are also numerous limitations regarding how much time a doctoral student can use for his or her research project, and how many resources are reasonable for traveling around the country interviewing people and studying archives at different business schools. Although I was personally fortunate in terms of the support that I received from my department, the national graduate school, and different foundations, there comes a point in every research project at which the value added by an additional document,

book, or interview is no longer so significant that it would dramatically influence the overall message of the work. I truly believe that point was reached in this project.

One of the most obvious limitations of the study is related to the weaknesses of the inductive, data-driven approach that I applied to the task (cf. Khurana 2007: 393). However, although the benefits of a predetermined theoretical framework lead to a more systematic and well-structured analysis of certain themes, applying such an approach in a historically oriented research project would have involved too great a risk of missing something important. In other words, one could ask if it is possible for a researcher of *today* to set a strictly defined theoretical framework (or a set of hypotheses) that would ensure that one will be able to capture the aspects of the studied phenomenon that were relevant some *hundred years ago*. Because I believe that there is only one correct answer for the presented question, I ended up with a more iterative research approach that began in an inductive mode but ended up as a rather vivid dialogue between the extant research and the material that was collected.

The other noteworthy limitations of this work relate to the type of source material that I collected. As a historian would phrase it, I have likely used too little data that could be classified as 'primary' by the rules that apply in a history department. In other words, a relatively large proportion of the material that I used and analyzed originated from published sources and was therefore potentially distorted by the impression management typical of public communication (cf. Khurana 2007: 393). The primary methods used to overcome this concern were the personal interviews with the business school rectors, and private notes and archival material (meeting memos, printed e-mails) that I had access to either from the interviews or through participatory observation. Second, I used multiple different types of sources and was able to benefit from a triangulation of my analysis. Third, it should be noted that Finland is a country in which all the institutions of higher education have been (for the past decades) public institutions. Therefore, plenty of high-quality documentation and statistics are publicly available. Fourth, with this focus and also being a doctoral student involved in my school's accreditation work (in Finland, doctoral students are often faculty members participating in teaching and have administrative responsibilities), I would have found it unethical to ask my interviewees for access to the most recent archival data related to these issues. Therefore, I did not do so.

Furthermore, I let my interviewees know that I had been working on these issues and that I was not interested in their ‘business secrets’. Instead, I wanted to hear their views about the development of the schools that they represented and Finnish management education in general.

Finally, and most importantly, although I used to refer to my work over the past years as ‘a history of Finnish business schools,’ in more accurate terms I was studying ‘Finnish business schools in a historical perspective.’ In other words, motivated by the numerous interactions with business scholars and the occasional agony that they felt for their work, rather than studying the history of business schools for history’s sake, I was eventually more interested in understanding the business schools’ present as it was constructed by their past. Therefore, even if the collected data includes an element of ‘fooling the audience’ and presenting the issues in a certain light through public communications such as the rector’s inauguration speeches, it does not make this type of material any less valuable or less interesting. On the contrary, the fact that these individuals felt a need to speak what they spoke and write what they wrote in the way that they did is central to the argument about how the globally disseminated models of management education were translated and institutionalized as a part of the Finnish business school system for management education that we currently enjoy (cf. Khurana 2007: 393, see also Sevón 1996: 65-66).

7.6 Some foreshadowing of what might follow

An extensive research project, such as a doctoral thesis, is typically the mother of a number of nascent research ideas that could be developed into new projects and research papers. Often times, many of the interesting topics that arise but do not fit within the boundaries of the project at hand must be abandoned somewhere in the bottom drawer of the researcher’s desk to wait for a day when there is more time and resources to begin doing something about them. These ideas are then typically listed in the final chapter of one’s thesis in the section in which future research avenues are presented. Although this is most likely an adequate strategy, I have personally come to notice that there is also an alternative. Many of the emergent ideas and approaches to business schools that had a focus beyond my thesis have been developed into publications and conference papers in cooperation with my supervisor, research

colleagues, and me alongside this thesis (see e.g., Alajoutsijärvi, Kettunen & Tikkanen 2012; Alajoutsijärvi, Juusola & Kettunen 2013; and Alajoutsijärvi & Kettunen 2013). The latter two of these papers have discussed the Americanization of business schools in a comparative perspective between Finland and the United Arab Emirates (Alajoutsijärvi et al. 2013), in addition to the rise of academic capitalism and the management of business schools (Alajoutsijärvi & Kettunen 2013). Both of these ongoing projects represent interesting areas of future research because there is a clearly recognized need in management studies for a more thorough understanding of the global diffusion of the US-based model of management education. Simultaneously, we must understand more comprehensively the international spread of the market-based logic of higher education. In more specific terms, we must have more studies that will address and discuss the role that business schools play in the emergence of market-logic in the general governance of the world's universities.

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NOTES & REFERENCE NOTES

¹ All titles of papers published in the Journal of Management Studies (1964-2012), the Academy of Management Review (1976-2012), the Journal of Management Development (1982-2012), the Scandinavian Journal of Management (1988-2012), the Journal of Management Inquiry (1992-2012), and the Academy of Management Learning and Education (2002-2012) were reviewed, and business school-related titles were collected on an Excel spreadsheet. These journals were selected based on the researcher's personal 'article library' by choosing journals that had published business school-related papers most frequently.

² MBA and eMBA program graduates and business studies not leading to a business degree are not included.

³ Saarsalmi 1961: 19

⁴ Saarsalmi 1961: 19, Kukkonen 1995: 13

⁵ Saarsalmi 1961: 19, Kukkonen 1995: 13

⁶ See e.g. Chandler 1962: 1; Engwall 2007: 7; Kokko 2003: 46

⁷ Chandler 1977: 466

⁸ Chandler 1962: 1; Engwall 2007: 7, van Baalen and Karsten 2010: 154, Alajoutsijärvi et al. 2012: 340

⁹ See also Abbot 1988, Alajoutsijärvi et al. 2012: 341

¹⁰ Khurana 2007: 40-42

¹¹ Järvinen 1907: 1

¹² Michelsen 2001, see also Alajoutsijärvi, Kettunen & Tikkanen 2012

¹³ See e.g., Michelsen 2001: 5

¹⁴ Michelsen 2001: 7

¹⁵ Michelsen 2001: 7

¹⁶ J.V. Snellman 1858 in Michelsen 2001: 2, translation from Finnish

¹⁷ Järvinen 1907: 2-3, Michelsen 2001: 10-11

¹⁸ Michelsen 2001: 11

¹⁹ Uusi Suometar 30.3.1897, Sanomia Turusta 23.2.1897

²⁰ Uusi Suometar 19.8.1897, Tampereen Sanomat 30.10.1897

²¹ Tampereen Sanomat 30.10.1897

²² Sandström 1977: 9, Tampereen Sanomat 30.10.1897

²³ Because of the lack of historical documentation prior to the fourteenth century, studies concerning the beginnings of Swedish governance are inconclusive.

²⁴ Järvinen 1952: 126, Paavilainen 2005: 11

²⁵ Paavilainen 2005: 11

²⁶ Paavilainen 2005: 11, 122

²⁷ Paavilainen 2005: 119

²⁸ Paavilainen 2005: 122

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- ²⁹ Paavilainen 2005: 122, 135
- ³⁰ Uusi Suometar 22.8.1897
- ³¹ Uusi Suometar 19.8.1897
- ³² Uusi Suometar 22.8.1897
- ³³ Uusi Suometar 22.8.1897
- ³⁴ Paavilainen 2005: 125
- ³⁵ Paavilainen 2005: 118-119
- ³⁶ Paavilainen 2005: 119
- ³⁷ Paavilainen 2005: 124-125
- ³⁸ Päivälehti 12.8.1897
- ³⁹ ‘The commercial school of Finnish businessmen’, known today as Helsinki Business College
- ⁴⁰ Paavilainen 2005: 126
- ⁴¹ Paavilainen 2005: 127
- ⁴² Paavilainen 2005: 127, Järvinen 1952: 94-96, 124-125
- ⁴³ Khurana 2007: 87-92
- ⁴⁴ See also see Engwall 2009: 4
- ⁴⁵ Chandler 1962:1, Engwall 2007: 7, Spender 2008: 9
- ⁴⁶ Engwall 2007 : 12
- ⁴⁷ Engwall & Zamagni 1998: 8, Engwall 2007: 11-12
- ⁴⁸ Engwall 2004: 110-111
- ⁴⁹ Järvinen 1952: 88-89, Kaarlo Brofeldt in Päivälehti 30.7.1989, Kaarlo Brofeldt in Päivälehti 3.8.1989, Järvinen 1907. A key organizer behind the SLK had been the young Finnish-minded director of the Pori commercial college Walmis Westerlund, who passed away shortly before being appointed as the director of the new commercial academy. The first director of the SLK then became Kyösti Järvinen, but during the first year of SLK, the academy was led by Kaarlo Brofeld.
- ⁵⁰ Järvinen 1952: 98
- ⁵¹ Päivälehti 30.7.1989, Kaarlo Brofeldt in Päivälehti 3.8.1989
- ⁵² Kaarlo Brofeldt in Päivälehti 30.7.1989
- ⁵³ Kaarlo Brofeldt in Päivälehti 3.8.1989
- ⁵⁴ Kaarlo Brofeldt in Päivälehti 3.8.1989
- ⁵⁵ Päivälehti 15.8.1899
- ⁵⁶ Päivälehti 15.8.1899
- ⁵⁷ Päivälehti 30.10.1898
- ⁵⁸ Päivälehti 30.10.1898
- ⁵⁹ Kauppalehti 17.10.1906, Kauppalehti 29.12.1909, Kauppalehti 14.12.1910
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- ⁶¹ Uusi Suometar 12.9.1902
- ⁶² Suomen Kansa 11.1.1904, Kauppalehti 24.2.1904, Kauppalehti 22.6.1904, Kauppalehti 7.6.1906, Kyösti Järvinen in Kauppalehti 13.2.1907

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- ⁶³ Uusi Suometar 22.7.1906, Uusi Suometar 23.11.1906, Kauppalehti 4.3.1908, Kauppalehti 2.12.1908, Kauppalehti 27.1.1909, Kauppalehti 3.3.1909, Kauppalehti 9.2.1910
- ⁶⁴ Kauppalehti 7.6.1906
- ⁶⁵ Kauppalehti 24.2.1904, Kauppalehti 22.2.1905
- ⁶⁶ Kauppalehti 2.3.1904, Kyösti Järvinen in Kauppalehti 23.1.1907
- ⁶⁷ Aamulehti 29.6.1904, Aamulehti 1.7.1904, Kauppalehti 27.7.1904
- ⁶⁸ Suurpohjan Kaiku 27.1.1906
- ⁶⁹ Halonen 2010: 169, Päivälehti 1.2.1903, Uusi Suometar 1.2.1903
- ⁷⁰ Halonen 2010: 169
- ⁷¹ Järvinen 1907, Halonen 2010, 169
- ⁷² Kauppakorkeakoulukysymys ja sen ratkaisu Suomessa
- ⁷³ HSE Kirjasto 2007, Järvinen 1952
- ⁷⁴ HSE Kirjasto 2007, Järvinen 1952
- ⁷⁵ Järvinen 1952: 75, HSE Kirjasto 2007
- ⁷⁶ Bhræstads Borgare- och Handelskola is located in Raahe, Finland.
- ⁷⁷ Järvinen 1907: 9, 22
- ⁷⁸ Järvinen 1907: 9, 22
- ⁷⁹ Järvinen 1907: 9
- ⁸⁰ Järvinen 1907: 9
- ⁸¹ Järvinen 1907: 10-11
- ⁸² Järvinen 1907: 12
- ⁸³ Järvinen 1907: 12-22
- ⁸⁴ Järvinen 1907: 21-22
- ⁸⁵ Järvinen 1907: 12-34
- ⁸⁶ Järvinen 1907: 31
- ⁸⁷ Järvinen 1907: 36, 39, 41
- ⁸⁸ Järvinen 1907: 43
- ⁸⁹ As the only business school in Finland, the business school in Helsinki was simply referred to as “Kauppakorkeakoulu.” The name “Helsingin Kauppakorkeakoulu,” i.e., Helsinki School of Economics, was established later in 1974 when the school was nationalized. In this research, the name Helsinki School of Economics (HSE) is used from this page on in order to avoid confusion between different business schools.
- ⁹⁰ Saarsalmi 1961: 31, Kukkonen 1995: 18, Michelsen 2001: 23
- ⁹¹ Kaarlo Brofeldt in Päivälehti 3.8.1989
- ⁹² Saarsalmi 1961: 33
- ⁹³ In Swedish *handelshögskola*, and in Finnish *kauppakorkeakoulu*.
- ⁹⁴ Engwall 2004: 110-111, see also Engwall 2000: 5
- ⁹⁵ Paavilainen 2005: 132
- ⁹⁶ Westerlund 1984: 13

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- ⁹⁷ The 'higher Swedish commercial academy'.
- ⁹⁸ Paavilainen 2005: 132, Westerlund 1984: 13-14
- ⁹⁹ Forsén 2009: 24-25
- ¹⁰⁰ Paavilainen 2005: 132
- ¹⁰¹ Westerlund 1984: 25
- ¹⁰² Westerlund 1984: 25, Paavilainen 2005: 132
- ¹⁰³ Westerlund 1984: 25-26
- ¹⁰⁴ Westerlund 1984: 25-26, Kukkonen 1995: 22
- ¹⁰⁵ Sandström 1977: 11-16
- ¹⁰⁶ Locke 1989: 57
- ¹⁰⁷ Locke 1989: 57
- ¹⁰⁸ Locke 1989: 71-72
- ¹⁰⁹ Locke 1989: 72, 88
- ¹¹⁰ Locke 1989: 90-91
- ¹¹¹ Kieser 2004: 92
- ¹¹² Locke 1996: 75
- ¹¹³ Kieser 2004: 92, see also Franz & Kieser 2002
- ¹¹⁴ Kieser 2004: 92, see also Locke 1989: 129-131
- ¹¹⁵ Kieser 2004: 92, see also Locke 1989: 129-131
- ¹¹⁶ Kaarlo Brofeldt in *Päivälehti* 3.8.1989, italics added
- ¹¹⁷ Saarsalmi 1961: 33, italics added
- ¹¹⁸ Järvinen 1907: 12
- ¹¹⁹ Paavilainen 2005: 141
- ¹²⁰ Paavilainen 2005: 143-145
- ¹²¹ Paavilainen 2005: 148
- ¹²² Paavilainen 2005: 148
- ¹²³ Paavilainen 2005
- ¹²⁴ Paavilainen 2005: 145-147
- ¹²⁵ Paavilainen 2005: 146
- ¹²⁶ Paavilainen 2005: 146
- ¹²⁷ Järvinen 1952: 134
- ¹²⁸ Järvinen 1952: 135
- ¹²⁹ Järvinen 1952: 135
- ¹³⁰ Järvinen 1952: 135-136
- ¹³¹ Järvinen 1952: 136-137
- ¹³² Järvinen 1952: 135, 137.
- ¹³³ Michelsen 2001, Pihkala 2000
- ¹³⁴ Kauppakorkeakoulu 1921: 13-22, see also Kettunen 1986: 8, Alajoutsijärvi et al. 2012: 345
- ¹³⁵ Kauppakorkeakoulu 1921: 13-22

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- ¹³⁶ Michelsen 2001, Niittymaa 2004: 274
- ¹³⁷ Kauppakorkeakoulu 1921: 13-22
- ¹³⁸ Kauppakorkeakoulu 1921: 13-22
- ¹³⁹ Järvinen 1952, Sohlstén-Nederström 2011: 37
- ¹⁴⁰ Alajoutsijärvi et al. 2012: 346
- ¹⁴¹ Sohlstén-Nederström 2011: 37
- ¹⁴² The Finnish word *kauppasurkea* (business fool, or literally miserable) is a rhyme for *kauppakorkea* (business school).
- ¹⁴³ Heikki Hara, a former student of HSE quoted in Sohlstén-Nederström 2011: 37
- ¹⁴⁴ Kauppatieteiden kandidaatin arvo
- ¹⁴⁵ Akseli Valio, the annual report of HSE's student union 1914–15, cited in Kukkonen 1995: 32
- ¹⁴⁶ Kukkonen 1995: 32
- ¹⁴⁷ Ylioppilaslehti 1927 quoted in Sohlstén-Nederström 2011: 37
- ¹⁴⁸ Kukkonen 1995: 31–36
- ¹⁴⁹ Kauppakorkeakoulu 1941: 25
- ¹⁵⁰ Kauppakorkeakoulu 1941: 25
- ¹⁵¹ Kauppakorkeakoulu 1941: 26
- ¹⁵² Saarsalmi 1961: 40, Westerlund 1984: 24, Alajoutsijärvi et al. 2012: 343-344
- ¹⁵³ Saarsalmi 1961: 37, Westerlund 1984: 25, Michelsen 2001: 50
- ¹⁵⁴ Kauppakorkeakoulu 1935: 3
- ¹⁵⁵ Westerlund 1984: 13-14
- ¹⁵⁶ Michelsen 2001: 43-45, 110-111
- ¹⁵⁷ Vilho Nurmilahti: *Der formale Aufbau der Jahresvermögensbilanz* (1937)
- ¹⁵⁸ Axel Grandell: *Äldre redovisningsformer i Finland* (1944), see also Kettunen 1986: 8
- ¹⁵⁹ Kauppakorkeakoulu 1941: 32-33
- ¹⁶⁰ In Finnish, the degree title was *kauppatieteiden kandidaatti*, a direct translation of which would be bachelor of business administration. However, at this point in history, 'kandidaatti' equaled a higher academic degree and is therefore translated to a master's degree.
- ¹⁶¹ Kauppakorkeakoulu 1946: 20, Kukkonen 1995: 29
- ¹⁶² Sandström 1977: 15, Westerlund 1984: 38
- ¹⁶³ Westerlund 1984: 39, Kukkonen 1995: 29
- ¹⁶⁴ Westerlund 1984: 39
- ¹⁶⁵ Kauppakorkeakoulu 1946: 23, HSE Kirjasto 2006
- ¹⁶⁶ Kauppakorkeakoulu 1946: 23
- ¹⁶⁷ Kauppakorkeakoulu 1946: 23
- ¹⁶⁸ Kauppakorkeakoulu 1946: 23
- ¹⁶⁹ Locke 1989: 5
- ¹⁷⁰ Locke 1989: 5, Engwall 2009: 9, see also Redlich 1957
- ¹⁷¹ Locke 1989, Kieser 2004

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- ¹⁷² Locke 1989: 135
- ¹⁷³ Locke 1989: 129
- ¹⁷⁴ Kieser 2004: 92
- ¹⁷⁵ Khurana 2007: 200-205
- ¹⁷⁶ Khurana 2007: 200-205
- ¹⁷⁷ Locke 1989, Khurana 2007, Augier & March 2011: 75, Locke & Spender 2011
- ¹⁷⁸ Khurana 2007: 200-205
- ¹⁷⁹ Locke 1989: 114-115
- ¹⁸⁰ Locke 1989: 115-116
- ¹⁸¹ Locke 1989: 116-117
- ¹⁸² Locke 1989: 117-118
- ¹⁸³ Locke 1989: 118
- ¹⁸⁴ Locke 1989: 120
- ¹⁸⁵ Locke 1989: 120
- ¹⁸⁶ Khurana 2007, Thomas & Wilson 2011, Augier & March 2011
- ¹⁸⁷ Augier & March 2011: 3
- ¹⁸⁸ Augier & March 2011: 3, Thomas & Wilson 2011: 444
- ¹⁸⁹ The entire paragraph based on Khurana 2007: 231
- ¹⁹⁰ See also Locke 1989: 133-135
- ¹⁹¹ Kauppakorkeakoulu 1941: 21-22, Michelsen 2001: 126
- ¹⁹² Michelsen 2001: 147
- ¹⁹³ Pihkala 2000: 590, Kettunen 2007, Aalto yliopisto 2013, Näsi & Näsi 1996, Michelsen 2001: 146, Alajoutsijärvi, Kettunen & Tikkanen 2012
- ¹⁹⁴ Pihkala 2000: 590, Kettunen 2007, Aalto yliopisto 2013
- ¹⁹⁵ Kieser 2004: 94, Vaivio 1963
- ¹⁹⁶ Vaivio 1963
- ¹⁹⁷ Engwall 2009: 63, Pihkala 2000: 587
- ¹⁹⁸ Näsi & Näsi 1996: 221, Vironmäki 2007: 69, see also Alajoutsijärvi, Kettunen & Tikkanen 2012
- ¹⁹⁹ Engwall 2004: 109
- ²⁰⁰ Kettunen 1986: 7, see also Engwall 2004: 109
- ²⁰¹ Vironmäki 2007: 114
- ²⁰² Amerikan Suomen lainan apuraha.
- ²⁰³ In English, 'the research foundation for effective production'.
- ²⁰⁴ Virtanen 1956: 89, Saarsalmi 1961: 104, Perälä 1975: 132-133, Sandström 1977: 49-50, Michelsen 2001: 195, The Finnish Journal of Business Economics, analysis of issues 1952-1996
- ²⁰⁵ Informant A, 2012 (personal notes and memoirs)
- ²⁰⁶ Perälä 1975: 42, Sandström 1977: 60, lists of received ASLA books published in the Finnish Journal of Business Economics in the 1950s

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- ²⁰⁷ Mäkinen 2000; United States Public Law no 265, 81st Congress, cited in Jokinen & Suominen, 2010
- ²⁰⁸ Jokinen & Suominen, 2010: 9
- ²⁰⁹ Jokinen & Suominen, 2010: 10
- ²¹⁰ Jokinen & Suominen, 2010: 10
- ²¹¹ Tudeer, quoted in Mäkinen 2000: 14
- ²¹² The Finnish Journal of Business Economics, analysis of issues 1952-1996
- ²¹³ Informant A, 2012 (personal notes and memoirs)
- ²¹⁴ Pihkala 2000: 603
- ²¹⁵ Pihkala 2000: 599, Möller 2010: 122
- ²¹⁶ Tainio in Vaisto 1982: 8
- ²¹⁷ Pihkala 2000: 590, Kettunen 2007, Aalto yliopisto 2013
- ²¹⁸ The Finnish Journal of Business Economics, analysis of issues 1952-1996, see also Tainio in Vaisto 1982: 10
- ²¹⁹ Pihkala 2000: 590, Kettunen 2007, Aalto yliopisto 2013, Halme 1971: 94, Kukkonen 1995: 40
- ²²⁰ Honko et al. 1983: 7, Pihkala 2000: 587
- ²²¹ Honko et al. 1983: 30, Pihkala 2000: 592
- ²²² Heinänen 1968, Honko 1970
- ²²³ Sandström 1977: 43
- ²²⁴ Sandström 1977: 43, Kukkonen 1995: 35-36
- ²²⁵ Michelsen 2001: 170-171, Sandström 1977: 43-44, Kukkonen 1995: 35-36
- ²²⁶ Turun Kauppaopisto
- ²²⁷ Turun Kauppakorkeakoulu 1959: 5-6, Perälä 1975: 5
- ²²⁸ Although part of Sweden, the capital of Finland was Turku. When the Russians took over, Helsinki was considered as a geopolitically more suitable capital city.
- ²²⁹ Turun Kauppakorkeakoulu 1959: 22
- ²³⁰ Turun Kauppakorkeakoulu 1959: 7, Ikola 1959: 61-62, Perälä 1975: 14
- ²³¹ Turun Kauppakorkeakoulu 1959: 11-12, Perälä 1975: 13-15
- ²³² Perälä 1975: 21-22
- ²³³ Turun Kauppakorkeakoulu 1959: 22, Perälä 1975: 22
- ²³⁴ Michelsen 2001: 168
- ²³⁵ Michelsen 2001: 168-169
- ²³⁶ Michelsen 2001: 168-169
- ²³⁷ Ikola 1959: 67-68
- ²³⁸ Ikola 1959: 65-69, Ikola 1956: 39-44
- ²³⁹ Rector Ikola, TSE 1959: 65
- ²⁴⁰ Michelsen 2001: 169
- ²⁴¹ Ahlstedt 1960
- ²⁴² Ahlstedt 1960, Puukari 1955, Pelkonen 1955

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- ²⁴³ Puukari 1955: 153
- ²⁴⁴ Ahlstedt 1960: 433
- ²⁴⁵ Kässi 1978: 14–15, Fellman 2007: 13
- ²⁴⁶ Michelsen 2001: 193-194, 197-198
- ²⁴⁷ Virkkunen 1962: 105
- ²⁴⁸ cf. Engwall 2009
- ²⁴⁹ Tamminen 1964
- ²⁵⁰ Honko et al. 1983: 52
- ²⁵¹ Honko et al. 1983: 52-53
- ²⁵² Honko et al. 1983: 53-54
- ²⁵³ Honko et al. 1983: 53
- ²⁵⁴ Kukkonen 1995: 43
- ²⁵⁵ Heinänen 1971: 17, Honko et al. 1983: 31
- ²⁵⁶ Honko et al. 1983: 31
- ²⁵⁷ Heinänen 1971: 17
- ²⁵⁸ Heinänen 1968: 122, Honko 1970: 120-121, Honko et al. 1983: 35, Kukkonen 1995: 52, Möller 2010: 124, Ratilainen 2010: 66
- ²⁵⁹ Honko et al. 1983: 46
- ²⁶⁰ Honko et al. 1983: 42-45, Möller 2010: 123
- ²⁶¹ Honko et al. 1983: 43
- ²⁶² Rector Honko, Kauppakorkeakoulu 1973: 116
- ²⁶³ Honko 1981: 312
- ²⁶⁴ Westerlund 1984: 51, Michelsen 2001: 175, Kauppakorkeakoulu 1950: 10
- ²⁶⁵ Kauppakorkeakoulu 1950: 10, Westerlund 1984: 50, Saarsalmi 1961: 69
- ²⁶⁶ Kauppakorkeakoulu 1950: 10, Westerlund 1984: 52
- ²⁶⁷ Westerlund 1984: 52-53
- ²⁶⁸ Westerlund 1984: 52-53, Louhivuori 1951: 74
- ²⁶⁹ Louhivuori 1951: 75
- ²⁷⁰ Louhivuori 1951: 76, Westerlund 1984: 53, Kukkonen 1995: 37
- ²⁷¹ Louhivuori 1951: 74-75
- ²⁷² Honko et al. 1983: 130
- ²⁷³ Halme 1960: 95, Svenska Handelshögskolan 1960-1961: 59, Halme 1961: 55, Halme 1962: 58-59, Säntti 1963: 53, Virkkunen 1963: 92-93, Heinänen 1964: 82, Heinänen 1965: 89-90, Heinänen 1966: 115-117
- ²⁷⁴ Virkkunen 1963: 92
- ²⁷⁵ Westerlund 1984: 75, Michelsen 2001: 218, 250
- ²⁷⁶ Suomalaisen komitea in Heinänen 1966: 116
- ²⁷⁷ Kukkonen 1995: 58
- ²⁷⁸ Heinänen 1968: 121, Westerlund 1984: 100

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- ²⁷⁹ Heinänen 1968: 121, Palomäki 1981: 64, Honko et al. 1983: 106-107, 152-126, Westerlund 1984: 100
- ²⁸⁰ Heinänen 1968: 121
- ²⁸¹ Honko et al. 1983: 126, Westerlund 1984: 100
- ²⁸² Kukkonen 1995: 58
- ²⁸³ Michelsen 2001: 260
- ²⁸⁴ Michelsen 2001: 260
- ²⁸⁵ Keskustapuolue (in Finnish)
- ²⁸⁶ Michelsen 2001: 218-219
- ²⁸⁷ Michelsen 2001: 220-221
- ²⁸⁸ Virkkunen in an internal memo from Helsinki School of Economics, 1960 in Salmi 2007: 103
- ²⁸⁹ Korkeakoululaitoksen suunnittelukomitea
- ²⁹⁰ Michelsen 2001: 223-224, Westerlund 1984: 77-78
- ²⁹¹ Westerlund 1984: 78-79
- ²⁹² Kukkonen 1995: 57, Michelsen 2001: 217
- ²⁹³ Ulkuniemi 1978: 67
- ²⁹⁴ Kaarninen et al. 2000: 31
- ²⁹⁵ Kukkonen 1995: 70
- ²⁹⁶ Kettunen 1992: 14
- ²⁹⁷ Westerlund 1984: 115
- ²⁹⁸ Westerlund 1984: 117-22
- ²⁹⁹ Häikiö et al. 1977:7, Honko et al. 1983: 55, 96-97 Westerlund 1984: 81-82, Kukkonen 1995: 53
- ³⁰⁰ Michelsen 2001: 274
- ³⁰¹ Michelsen 2001: 274
- ³⁰² Honko et al. 1983: 56-59, Kukkonen 1995: 60-63
- ³⁰³ Honko 1977: 61, Honko 1978: 121, Honko et al. 1983: 61, Kukkonen 1995: 65
- ³⁰⁴ Halme 1977: 63
- ³⁰⁵ Honko 1978: 121-122, Kukkonen 1995: 66
- ³⁰⁶ Honko 1977: 62-63
- ³⁰⁷ Honko 1977: 62-63
- ³⁰⁸ Westerlund 1984: 76, Kukkonen 1995: 55-56, Michelsen 2001: 214-217, Honko et al. 1983: 96
- ³⁰⁹ Contactor 1972
- ³¹⁰ Honko et al. 1983: 97, Kukkonen 1995: 56
- ³¹¹ Honko et al. 1983: 18, Westerlund 1984: 76, Michelsen 2001: 257, Kukkonen 1995: 56
- ³¹² Kukkonen 1995: 56
- ³¹³ Honko et al. 1983: 98, Westerlund 1984: 82
- ³¹⁴ Saxén 1970: 44, Halme 1971: 97Westerlund 1984: 83
- ³¹⁵ Saxén 1970: 44
- ³¹⁶ Honko et al. 1983: 100, Westerlund 1984: 83-84

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- ³¹⁷ Also the school's name "Kauppakorkeakoulu" was now officially changed to "Helsingin Kauppakorkeakoulu", Helsinki School of Economics.
- ³¹⁸ Kauppakorkeakoulu 1974: 11, Westerlund 1984: 103
- ³¹⁹ Palomäki 1981: 62
- ³²⁰ Kukkonen 1995: 58
- ³²¹ Kukkonen 1995: 59
- ³²² Kukkonen 1995: 59
- ³²³ Kukkonen 1995: 59
- ³²⁴ Wedlin 2011a, Drori, Delmestri & Oberg 2013, Czarniawska & Genell 2002: 456, Bok 2003, Frank & Meyer 2007: 290
- ³²⁵ Hayes & Wynyard 2002
- ³²⁶ Drori et al. 2013
- ³²⁷ Czarniawska & Genell 2002: 455
- ³²⁸ Tuchman 2010
- ³²⁹ Välimaa 2010: 101-104
- ³³⁰ Interviewee I, 2012
- ³³¹ Patomäki 2005: 58-59
- ³³² Patomäki 2005: 58-59
- ³³³ Interviewee I, 2012
- ³³⁴ Autio 2008
- ³³⁵ Kukkonen 1995: 83
- ³³⁶ Näsi 2000: 5
- ³³⁷ Patomäki 2005: 11
- ³³⁸ Reponen 1995: 4
- ³³⁹ Interviewee C, 2012
- ³⁴⁰ Kota database 2010
- ³⁴¹ Välimaa 2010: 106
- ³⁴² Välimaa 2000: 106
- ³⁴³ Majala 1997: 7
- ³⁴⁴ Wedlin 2006, 2008: 149, 2011a, 2011b
- ³⁴⁵ Czarniawska & Genell 2002
- ³⁴⁶ Power 1997, Czarniawska & Genell 2002
- ³⁴⁷ Guthrie, Olson & Humphrey 1999: 210, Wedlin 2011a
- ³⁴⁸ Guthrie, Olson & Humphrey 1999: 210
- ³⁴⁹ Wedlin 2011a, Wedlin 2008: 145
- ³⁵⁰ Wedlin 2008: 144
- ³⁵¹ Bok 2003/4: 2, Wedlin 2008: 145
- ³⁵² Wedlin 2011a, 2011b
- ³⁵³ Khurana 2007: 303-304, Wedlin 2011a: 570

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- ³⁵⁴ Wedlin 2011a, 2011b, Drori et al. 2013
- ³⁵⁵ Frank & Meyer 2007: 290
- ³⁵⁶ Wedlin 2011b: 200, 203-204, Wedlin 2011a, Hedmo, Sahlin-Andersson & Wedlin 2006, Wilson & McKiernan 2011: 459
- ³⁵⁷ Hedmo et al. 2006
- ³⁵⁸ Välimaa 2010: 107
- ³⁵⁹ Välimaa 2010: 108
- ³⁶⁰ Kasanen 1996: 13
- ³⁶¹ Kässi 1978, Fellman 2007
- ³⁶² Urmas, 2010
- ³⁶³ Urmas 2010, Airila 2010
- ³⁶⁴ Airila 2010: 83
- ³⁶⁵ Kasanen 2011, Resume of Eero O. Kasanen 2012
- ³⁶⁶ Kasanen 2011
- ³⁶⁷ Kasanen 2011
- ³⁶⁸ Interviewee C, 2012
- ³⁶⁹ Kasanen 1998, Sohlo 2000: 77-78
- ³⁷⁰ Financial Times 2013
- ³⁷¹ Based on an observation made by the author in the AACSB conferences in Chicago and Vienna in the spring of 2013
- ³⁷² EFMD 2013
- ³⁷³ AACSB 2013
- ³⁷⁴ Wilson & McKiernan 2011: 459
- ³⁷⁵ Wilson and McKiernan 2011: 459-460
- ³⁷⁶ Wilson & McKiernan 2011: 460, see also Lowrie and Willmott 2009
- ³⁷⁷ Wilson & McKiernan 2011: 460, see also Durand & McGuire 2005
- ³⁷⁸ EQUIS 2013, <http://www.efmd.org/index.php/accreditation-main/equis/accredited-schools>, cited 27.5.2013, AACSB 2013, <http://www.aacsb.edu/accreditation/accreditedmembers.asp>, cited 27.5.2013
- ³⁷⁹ Wilson & McKiernan 2011: 459-460
- ³⁸⁰ Interviewee J, 2012
- ³⁸¹ Interviewee G, 2012
- ³⁸² Wilson & McKiernan 2011: 461-462, Wedlin 2006
- ³⁸³ Wilson & McKiernan 2011: 462
- ³⁸⁴ Wilson & McKiernan 2011: 462
- ³⁸⁵ Wilson & McKiernan 2011: 462-463, Wedlin 2006
- ³⁸⁶ Wilson & McKiernan 2011: 462
- ³⁸⁷ Wedlin 2011b: 213
- ³⁸⁸ Interviewee E, 2012

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- ³⁸⁹ Based on an observation made by the author in the AACSB conferences in Chicago and Vienna in the spring of 2013
- ³⁹⁰ Interviewee J, 2012
- ³⁹¹ Interviewee E, 2012
- ³⁹² See e.g., Leivo 1983: 121
- ³⁹³ Leponiemi 1984: 106, see also Alajoutsijärvi et al. 2012: 350
- ³⁹⁴ Honko 1981: 321
- ³⁹⁵ Ratilainen, 2010
- ³⁹⁶ Virtanen & Kinnunen 2010: 108
- ³⁹⁷ Reponen 1990: 5
- ³⁹⁸ Interviewee E, 2012
- ³⁹⁹ Interviewee E, 2012
- ⁴⁰⁰ Interviewee E, 2012
- ⁴⁰¹ Interviewee B, 2012
- ⁴⁰² Kota database 2010, see also Alajoutsijärvi et al. 2012: 351, cf. Wilson & McKiernan 2011: 463
- ⁴⁰³ Wilson & McKiernan 2011: 463, see also e.g., Baden-Fuller, Ravazzolo and Schweizer 2000
- ⁴⁰⁴ Wilson & McKiernan 2011: 463
- ⁴⁰⁵ Wilson & McKiernan 2011: 463-464
- ⁴⁰⁶ Wilson & McKiernan 2011: 463-464
- ⁴⁰⁷ Interviewee E, 2012
- ⁴⁰⁸ Interviewee C, 2012
- ⁴⁰⁹ Interviewee B, 2012
- ⁴¹⁰ Ranks journals into categories 1, 2, and 3, with category 3 being the best.
- ⁴¹¹ Julkaisufoorumi 2013
- ⁴¹² Interviewee D, 2012
- ⁴¹³ Interviewee B, 2012
- ⁴¹⁴ Interviewee I, 2012
- ⁴¹⁵ Interviewee D, 2012
- ⁴¹⁶ Interviewee B, 2012
- ⁴¹⁷ Vipunen database 2013
- ⁴¹⁸ Lehtinen & Mittilä 2006: 7
- ⁴¹⁹ Vironmäki 2007: 81
- ⁴²⁰ Kettunen & Virtanen 2006: 1
- ⁴²¹ Kettunen & Virtanen 2006: 2
- ⁴²² Wilson & McKiernan 2011: 465
- ⁴²³ Interviewee G, 2012
- ⁴²⁴ Interviewee E, 2012
- ⁴²⁵ Kasanen 2008: 171
- ⁴²⁶ Interviewee C, 2012; Interviewee B, 2012

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- ⁴²⁷ Kasanen 2008: 172
- ⁴²⁸ Interviewee E, 2012
- ⁴²⁹ Interviewee B, 2012
- ⁴³⁰ Ministry of Education 2010
- ⁴³¹ Interviewee I, 2012
- ⁴³² Interviewee H, 2012
- ⁴³³ Interviewee D, 2012
- ⁴³⁴ Interviewee C, 2012
- ⁴³⁵ Interviewee D, 2012
- ⁴³⁶ Interviewee C, 2012
- ⁴³⁷ Huippuyliopistoblogi 2013
- ⁴³⁸ Kukkonen 1995: 73, Peltonen 2010: 51
- ⁴³⁹ Kauppätieteellisen alan yhteisvalinta 2013
- ⁴⁴⁰ Turun Kauppakorkeakoulu 1981: 1, Turun Kauppakorkeakoulu 1982: 1, Turun Kauppakorkeakoulu 1994: 5, Haaparanta & Ilmakunnas 2010: 98
- ⁴⁴¹ Interviewee E, 2012, when discussing the organization of doctoral education
- ⁴⁴² Kasanen 1996: 18

Building on institutional theory and recent notions in the literature regarding how the globally disseminated ideas, rules and practices of management education flow from one context to another and are shaped and reshaped, this doctoral thesis creates a historically grounded account of the emergence and development of business schools in Finland.

This study aims to contribute to the organizational and sociological research on institutions of management education, a little understood but increasingly important source of leadership both globally and in Finnish society.



The result of the analysis is a historical narrative on Finnish business schools that is divided into three periods based on the role that international models of management education have played in the legitimacy search of business schools in the Finnish context.

Hence, this study provides insights on how and to what extent these diffused practices or ideas have become incorporated in the Finnish system for management education, have changed its identity, and have resulted in institutional isomorphism among the world's business schools.