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Abstract

The higher education sector plays a key role in the socio-economic development of any country. In recent years, the higher education sector has faced various changes and reforms worldwide. One of the noticeable changes was the NPM trend, which focused on concepts like efficiency, effectiveness, accountability, and transparency. These concepts have forced universities to implement new funding models that were considered more efficient and effective. The perceptions and responses of HEIs to the new funding arrangements are the central issues in the implementation of the government-initiated reforms. Therefore, this Master thesis aims to comprehend and observe the perceptions and responses of two universities, namely Taras Shevchenko Kyiv National University and Nord University, to the external pressures to implement new funding models.

The study employed concepts of the neo-institutional theory to analyze the organizational response of the two selected universities. The Master thesis was a comparative case study between two universities, and it applied qualitative data, including semi-structured interviews and document analysis.

The main findings indicated the importance of key actors and their cooperation when some changes were introduced in the higher education field. It is vital to put due attention in establishing the cooperation, particularly a dialogue, between all stakeholders when a new funding model is initiated and introduced since these stakeholders will shape and form the response strategy of the university to the future changes. Besides, the lack of a shared understanding of the value of the reform may cause resistance from the university community, and the new funding model was not adopted. Therefore, the government should develop the university-wide awareness of the value and nature of the new funding model since it is commonly known that both normative and cognitive components of the institutional environment form organizational behaviour and may cause internalization of any institutional change.

Keywords: higher education sector, funding models, neo-institutional theory, perception of and response to environmental forces, institutionalization.

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List of figures

Figure 1.1. The structure of the Master thesis

Figure 2.1. Conceptualized theoretical framework

List of tables

Table 3.1. Timeline and the main steps of MOPP

Table 3.2. Features of social constructionism

Table 4.1. Eight quantitative indicators that are related to result-based component

Table 4.2. Main programs of the financing of HEIs

List of acronyms

HEI – higher education institution

NPM – New Public Management

CEE – Central Eastern Europe

TSKNU – Taras Shevchenko Kyiv National University

NU – Nord University

Content

ABSTRACT

ACKNOWLEDGEMENTS

CONTENT

LIST OF FIGURES

LIST OF TABLES

LIST OF ACRONYMS

- I. Introduction 8**
- 1.1. Research background 8
- 1.2. Statement of the problem..... 9
- 1.3. Significance of the Master thesis 10
- 1.4. Structure of the Master thesis 11
- II. Theoretical background 13**
- 2.1. NPM-driven reform as a global reform trend..... 15
- 2.2. Neo-institutional theory..... 18
- 2.3. Neo-institutional theory and higher education field 21
- 2.4. The special features of HEIs 24
- III. Methodological part..... 27**
- 3.1. Timeline of the research 27
- 3.2. The research question development..... 28
- 3.3. Methodological choice 30
- 3.4. Philosophical foundation 30
- 3.5. Research design..... 33
- 3.6. Data collection 35
- 3.7. Data analysis 38
- 3.8. The trustworthiness of the research: credibility, transferability, dependability and confirmability 40
- IV. Empirical part 43**
- 4.1. The funding system of the Norwegian higher education 43
- 4.2. The perception of and response to the new funding model by Nord University 47
- 4.3. The funding system of the Ukrainian higher education..... 55
- 4.4. The perception of and response to the new funding models by Taras Shevchenko Kyiv National University 59
- V. Discussion..... 66**
- 5.1. The nature of responses 66
- 5.2. Response strategies 69

5.3. Institutionalization process	71
VI. Conclusion.....	73
6.1. Implications.....	73
6.2. Contributions of the study	75
6.3. Limitations of the study.....	76
6.4. Suggestions for further research	77
References.....	79
Appendices.....	90

I. Introduction

1.1. Research background

According to De Boer, Enders, and Leisyte (2007), various transformations and reforms have taken place in the higher education sector across the world. In this regard, a decisive role of the higher education sector in social, cultural, political and economic development has been observed (Reed & Meek, 2002). It is notable that many efforts have been made in the higher education policy discussions to answer the question how to manage higher education institutions (HEIs) efficiently and effectively (De Boer, Goedegebuure, & Meek, 2010). A detailed observation of the higher education reforms reveals that the focus of changes has not only been associated with the transformation of the shape and structure of universities, but mostly with the demand for increase in efficiency, effectiveness and accountability concepts, which are related to business-oriented elements (De Boer et al., 2007; Ferlie, Musselin, & Andresani, 2008).

One of the most considerable transitions in the public sector, particularly in the higher education field, has been the introduction of the New Public Management (NPM) agenda. Undoubtedly, NPM is a broad notion for many managerial ideas, often adopted from the private sector, embracing business tools such as competition, corporatization, financialization etc. in the public sector (Hood, 1991; Kallio, Kallio, Tienari, & Hyvönen, 2016; L. D. Parker, 2012). Despite the complex nature of the NPM movement, its essential idea remains the same, mainly meaning the transformation of the private sector management practices and tools to the public sector (Deem, 1998). Many academics in the higher education field identified a rise of managerialism in HEIs (Birnbaum & Snowdon, 2003; Deem, 1998; L. D. Parker, 2012).

According to Frølich, Kalpazidou Schmidt, and Rosa (2010), changes and transformations in higher education systems embrace an essential shift from the funding based on incremental development towards output-based criteria of allocations. Such reforms have been initiated in many developed and developing countries across the world in order to improve efficiency and effectiveness in the

public sector as a whole and the higher education sector as particular (Taylor, 2006).

The implementation of new funding models, which are oriented more on performance measurement, has been criticized by some academics in higher education field (Adcroft & Willis, 2005; Frølich et al., 2010). The focus of this criticism relates to the mismatch of values between the private and public sectors (Birnbaum & Snowdon, 2003; L. D. Parker, 2012; Pollitt, 1993). The argument here is that universities have different cultures and values in comparison to the rational system of the new funding models, which are mostly oriented on performance measurement.

Moreover, it should be noted that HEIs are complex and multilateral organizations with a significant number of various targets, lacking from time to time matching of these targets, as well as inputs and outputs (Johnes, 1996). Additionally, according to Frølich et al. (2010), there is also a lack of an appropriate technique of evaluating universities since measuring and assessing the performance of universities' activities is not an easy task in knowledge field (Kärreman, Sveningsson, & Alvesson, 2002). Therefore, transformations in funding models may have significant intended and unintended results on the internal dynamics of HEIs (Frølich et al., 2010; Ben Jongbloed, Enders, & Salerno, 2008; Liefner, 2003). Consequently, this Master thesis tries to determine and define the response of two universities, namely Taras Shevchenko Kyiv National University (TSKNU) and Nord University (NU), to the introduction of new funding arrangements, initiated by the authorities.

1.2. Statement of the problem

A significant number of literature has been observed around the concept of managerialism in the higher education sector, including business tools for improving an efficiency, effectiveness and transparency in order to make universities more adaptive and innovative (De Boer et al., 2010; Deem, 1998; Santiago, Tremblay, Basri, & Arnal, 2008). The literature review indicated that

many studies focused more on the triggers of managerialism, the implementation process of the new business tools, particularly new funding models (Davis, Jansen van Rensburg, & Venter, 2016). However, the perception of and response to environmental demands regarding the implementation of business-oriented reforms by universities still considered as under-researched area (Gornitzka, 1999; Leisyte, 2007).

More importantly, the context of this study may be of great interest when studying higher education reforms in the Nordic region and more exceptional in Central Eastern Europe (CEE) countries. Most academics have examined universities in Western Europe or America, mainly focusing on highly ranked HEIs (Boitier & Rivière, 2013; Ter Bogt & Scapens, 2012). Therefore, this Master thesis can add new insights regarding the reforming of the higher education sector in CEE – a region that still not well researched and that is experiencing economic, political and social transformation. According to Suspitsin (2007), the context of post-Soviet countries considered as a new call for academics in examining higher education sector reforms.

Consequently, the purpose of this Master thesis was to comprehend the organizational response of two universities to external environmental demands regarding the implementation of the new funding arrangements. For the reason of the purpose of this Master thesis, this study tried to answer the following research question:

- *How do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process?*

1.3. Significance of the Master thesis

This Master thesis may potentially provide useful guidelines and recommendations for the university community. It may create important pieces of empirical evidence for the university community, particularly for the university leaders, and policymakers about the reforming process and response nature

regarding the changes in funding systems. Therefore, findings of this Master thesis can potentially provide key actors with the relevant conclusions about the operation of the introduction of the new funding models and shed light on future discussions and successful implementations of such tools.

At the university level, it may provide appropriate information for the university leaders, academics and managers about the adoption process of the new funding arrangements and various patterns of possible responses to these changes. The pieces of evidence of this Master thesis may serve as prerequisites, which should be taken into consideration when any change in funding models will be set and initiated.

1.4. Structure of the Master thesis

The Master thesis includes six chapters, with three main components, namely conceptual, empirical and contemplative. Both theoretical and methodological parts form the conceptual element of the Master thesis. In Chapter 2, both a literature review and theoretical background are presented. The Chapter embraces a discussion of applied theoretical concepts of the neo-institutional theory. Moreover, Chapter 2 presents a summary of the employed ideas and neo-institutional theory that has been used in the higher education research area. Chapter 3, for its part, represents methodological considerations of the Master thesis, including research strategy, research design, philosophical foundations, both data collection and data analysis methods, and trustworthiness of the research.

The empirical part discussed in Chapter 4. In this chapter, two cases are presented, including the Ukrainian case and Norwegian one. Firstly, the contexts of two higher education sectors are analyzed. After that, pieces of empirical evidence regarding the perceptions of and responses to the new funding models discussed. This Chapter provides readers with an overview of two higher education sectors and particularly with the analysis of the perceptions and reactions of the universities to the new funding arrangements.

Chapter 5 and Chapter 6 form a contemplative component of this Master thesis. This component comprises the main discussion of the findings of the study and significant conclusions from the analysis of the Master thesis's results. Finally, the implications, the limitations and suggestion for future research presented in the last chapter.

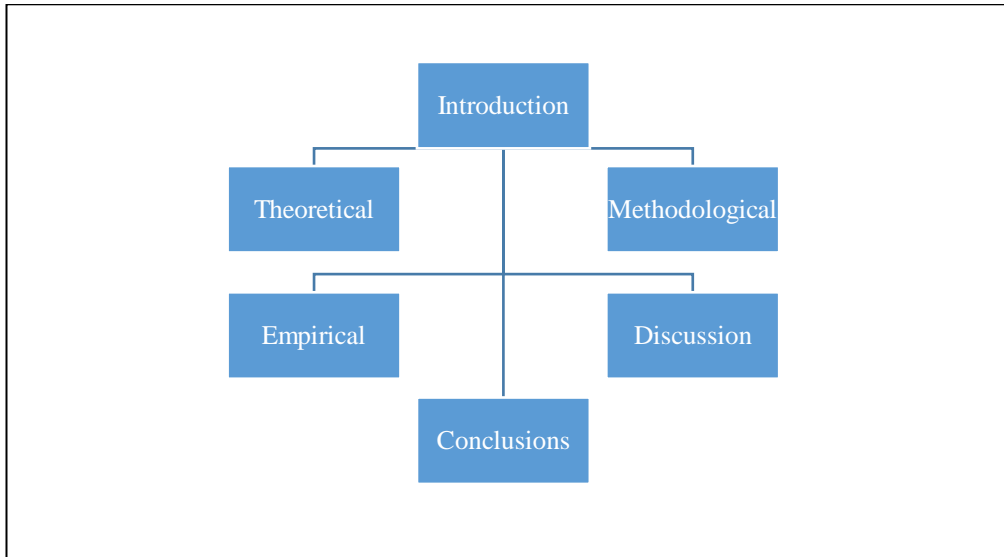


Figure 1.1. The structure of the Master thesis

II. Theoretical background

In this chapter, a conceptual framework discussed. It provides an overview of the theoretical considerations about how do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process. A neo-institutional theory applied in this study in order to explain the organizational response of the universities to the institutional pressures.

The focus of this discussion is an investigation of how the universities perceive and reply on environmental pressures at the organizational level. The forces from the environment are examined by the ongoing global trend in university funding models, which encompasses the transition from planned and input-based funding towards a more performance-based funding and demand-driven system, which embraces output-based criteria and student orientation (Benjamin Jongbloed, 2004).

In the organizational study literature, a significant number of researches have been conducted to explain and understand the responses of organizations on their environmental forces from the perspective of different theories (Bastedo & Bowman, 2011; Kirby-Harris, 2003; Siegel, 2006). However, both institutional and neo-institutional theories have become well-known and useful explanatory mechanisms in organizational studies ever since the pioneered work of Meyer and Rowan (1977).

According to the institutional theory (DiMaggio & Powell, 1991), particularly neo-institutional variation, substantial exogenous factors force higher education systems to adopt procedures, norms and models of the other higher education systems that regarded as auspicious and the best in their institutional environment. Organizations tend to imitate different practices regardless of developing their ideas and propositions in order to be legitimated by environmental groups. Because of this, global legitimacy may be considered as the leading force for institutional transitions and transformations (DiMaggio & Powell, 1991).

Nevertheless, it is crucial to understand how the changes incorporated into a particular organization. Hence, the process of institutionalization will be discussed later in order to identify to which degree organizations integrate new funding models. This process conceptualised by focusing on the three pillars such as regulative, normative and cultural-cognitive (Scott, 2003).

Similarly, the multilateral nature of the institutional environment in many cases, lead organizations to ceremonial compliance with institutional pressures (Greenwood et al., 2008). This process has been labelled as a ‘decoupling process’ (Meyer & Rowan, 1977, p. 365). Therefore, organizations are not just merely passive, and they do not easily indulge to the environmental pressures; contrary, they tend to act and operate strategically in order to prevent any instabilities and threats that can question their existence (Oliver, 1991). A significant number of environmental pressures may cause organizations to use different strategies to deal with them. That is why, it is crucial to mention a vital classification of potential strategic responses organizations may choose when they faced with institutional environmental forces, which has been made by Oliver (1991). Consequently, I will use this classification to analyse the universities responses to the changes in terms of the funding arrangements.

In any case, it is logically and essential to first debate on what kinds of changes have been taking place globally in the funding models of universities with regard to the shift from planned and input-based funding towards a more performance-based funding and demand-driven system, which embraces output-based criteria and student orientation (Benjamin Jongbloed, 2004). A brief overview is given of the increasing use of managerial practices alongside many universities, especially related to their funding mechanisms. This study assumes that this change has been adopted by a considerable number of countries regardless of the level of their development and has taken the form of New Public Management (NPM) trend. Hence, it is suitable to begin a discussion with the concept of NPM as a global reform tendency in order to be aware of the main reasons behind this direction.

2.1. NPM-driven reform as a global reform trend

In many developed and developing countries, a transition from public sector mechanisms towards private sector practices is recognized, which accompanied by changes in the style of governance and management (Csizmadia, Enders, & Westerheijden, 2008). This shift has frequently been labelled as New Public Management (NPM) or managerialism (Hood, 1991; Pollitt, 1993). NPM has globally become an attractive basis in the contemporary public sector reform agenda (Lapsley, 2008; Maassen, 2003; Pollitt, 2009) and it is useful to discover the changes in the funding of higher education through the public management perspective (Paradeise, Reale, Bleiklie, & Ferlie, 2009).

The concept of managerialism is an impression of diverse tendencies (Adcroft & Willis, 2005); that is why its opponents can perceive the sense of it in different ways. Nevertheless, despite different perceptions, it is generally accepted that NPM has core components, which seem to be similar in all contexts. Hood (1991) articulates some governance principles, which have prevailed the modern public reform agenda, in particular: a governance in the public sector by professional managers; measures of performance; output control mechanisms; a decentralization of municipal units; a higher competition between public sector organizations; an internationalization process among public sector organizations; an increase in accountability to external stakeholders as well as an increase in transparency of all public sector processes; and an austerity in resource use that mainly means do more with less.

Despite different arguments, it is commonly assumed that a transformation in higher education sector takes features of the market and business management model as a benchmark (Chandler, Barry, & Clark, 2002). The reason for such change is the perception of HEIs as ineffective, over-bureaucratized and inefficient organization structures (Enders, De Boer, File, Jongbloed, & Westerheijden, 2011). There have been many studies (File et al., 2007; Santiago et al., 2008), which have indicated that the cause of the emerged inefficiency in HEIs has been connected to the state-centred governance model, that Clark (1986)

defined as a bureaucratic oligarchy. The mentioned governance arrangement is characterised by a centralized decision-making process, which is firmly controlled by the State, particularly by the Ministry of Education. Additionally, a limited autonomy for HEIs and a resource allocation mechanism based on an incremental idea are elements related to defining a state-centered model of governance.

The components of NPM in this study are recognized through the lens of higher education funding field in order to contextualize the ideas of this trend. According to Ferlie et al. (2008), the main elements of NPM, which are connected to the higher education funding, can be described as follows: funding reforms focus on performance in core university activities, market orientation of the improvements with the objective of increasing competition, including budget reductions or introduction of the new funding models based on output criteria and more vertical distinction between HEIs.

By virtue of the fact described above, a primary element of the globalization process is the use of managerial practices in the higher education sector in order not only to increase the economy, efficiency, effectiveness and quality, but also to force HEIs to become homogeneous by inclining them to a standard model of behaviour. Therefore, by using mainstream guidelines and other global steering mechanisms, universities are reinforced to arrive at a common template (de Haan, 2015). It is crucial to mention that the homogeneous trend may be directly linked with the argument that universities are transforming into less particular organizations because of this trend. Therefore, the question may arise about to which degree universities drive towards becoming less specific organizations.

In general terms, a marketization process, which is recognized as an element of NPM reform, influences universities to compete with each other in order to attract students as final customers of their services and funding resources from the market (Engwall, 2007). The market course has first been presented in the UK (Fairclough, 1993), driving to commodification (Willmott, 1995) or McDonaldization of higher education (M. Parker & Jary, 1995). Environmental pressures for marketization are remarkably similar across Europe and beyond

(Wedlin, 2008), even though it can be adopted at a different speed (Krejsler, 2006) and taken quite diverse shapes (Czarniawska & Genell, 2002).

Additionally, a fundamental shift in funding mechanisms for HEIs has taken place (Frølich et al., 2010). It is also seen as a consequence of NPM-driven reforms that have an impact on all public sector organizations' processes. Regarding funding mechanisms for universities, it is broadly approved that main incentives for development and transition of them include increased economy, efficiency, effectiveness and transparency, strengthen internationalization course, and aim for a greater focus on students' requirements and desires. As a result, Benjamin Jongbloed (2004), who has developed categorization model for the financial governance of HEIs, states that funding mechanism development has led to the transition from planned, input-based funding towards a more performance-based funding and demand-driven system, which embraces output-based criteria and student orientation.

Notably, there is a piece of clear empirical evidence for the growing of financialization of universities' visions, strategies and missions (L. D. Parker, 2012). The minimization of expenditures and the maximization of revenues have become a vital element regarding public universities' nature and environment. Therefore, the consequences of changes in the funding of HEIs may reflect the mission and the role of the university. It is worth to mention that findings of the paper reveal that this trend is not only associated with a select group of developed countries, but also with developing countries, countries with various legal and cultural features, and HEIs across the world (L. D. Parker, 2012).

Evaluation of the impact of the funding mechanism on HEI is directly related to the level of analysis, which is considered to be taken into account in a particular study. There may be two variations, such as top-down manner and bottom-up perspective. The former one focuses on funding policies and how they are going to be implemented and put into practice. The latter one looks at the influence of the government's funding models on HEI and assumed implications, which can appear consequently. A discrepancy may be uncovered between policy

and opportunity for implementation, including the conflicts with the internal organization of HEI. Therefore, I will attempt to focus on an organizational level and identify the implications of the funding reforms in the higher education sector by exploring them from a bottom-up point of view.

Using neo-institutional theory, I will concentrate on the understanding of the organizational response of the universities to the changes, which have initiated by the government. This is the core topic of neo-institutional theory. Therefore, I will focus on neo-institutional theory and its main concepts such as legitimacy, external forces, conformity and ceremonial compliance, which will give me insights into discovering the role of both the external environment and internal context in defining the response of universities to the changes.

2.2. Neo-institutional theory

It is commonly known that institutional and neo-institutional theories have become popular descriptive instruments in exploring organizational behaviour since the pioneered study of Meyer and Rowan (1977). It is essential to begin this discussion with a brief overview of the institutional theory since neo-institutionalism, created since the 1990s, regarded as one stage of the institutional theory. According to Greenwood and Hinings (1996, p. 1023), the institutional theory explained: "not only as a theory of the organizational change, but also as an interpretation of the similarities, generally known as an isomorphism, and a consistency of the organizational behaviour in a particular institutional environment". In general, the institutional theory is considered as a complex and multidimensional theory, which has been developing in organizational studies (Greenwood et al., 2008).

According to Meyer and Rowan (1977), the primary concern of institutional theory is to show that institutions operate and survive in an environment ruled by taken-for-granted norms, procedures, values and assumptions that regarded as acceptable behaviour. Consequently, it leads to the homogeneity of structures and

visions, particularly setting “a recognized condition of the institutional life” (DiMaggio & Powell, 1983, p. 148).

Notwithstanding a variety of explanations of institutional theory, this Master thesis applies a neo-institutional theory, which has a direct connection to the objective of this thesis. In neo-institutional opinion, the point of departure is institutions, which recognized as rationalized myths. The central assumption here is that organizations with a passage of time and by the influence of the environmental processes modified into institutions. This mainly means that they systematically generate their specific characteristics, embracing attached values and myths, and perceive the value of their existence as conformity to the institutional environment (DiMaggio & Powell, 1991).

Moreover, it is vital to identify the ground behind the institutional environment in which organizations act. That is why it is reasonable to look at the seminal work of Scott (2003), who has marked institutions as entities that constructed of cultural-cognitive, normative, and regulative components that together identify their meaning to social existence. This construction mainly means that organizational behaviour can be shaped by external forces, including three different pillars, such as regulative, normative, and cultural-cognitive (Scott, 2003). The regulative component is related to compliance with the rules created by governmental actors, which are delineated by law, guideline or regulation and which initiate or introduce a reform. The normative pillar focuses on values and beliefs regarding how it is appropriate to act in a particular field and both values and beliefs are usually induced and provoked by other institutions. Finally, yet importantly, the cultural-cognitive pillar includes a shared vision of organizations about the meaning and value of any reform and common frameworks by which these organizations change. As a result, an institutional environment has an impact on the organization's internal dynamics and the behaviour of players within a particular organization (DiMaggio & Powell, 1983).

As it is stated before, organizations need to correspond to the institutionalized environment, filled with generally accepted rules, norms and

beliefs in order to legitimate themselves. According to Diogo, Carvalho, and Amaral (2015), if organizations ignore or fail to accept standard rules, norms and beliefs, it may consequently set a conflict regarding the legitimacy of their existence. Therefore, the implementation process of reforms is determined by the extent to which particular change is institutionalized by an organization (Tolbert & Zucker, 1999). The institutionalization process is a dynamic process, and it “is usually an issue of degree” (Powell, 1991, p. 195). Moreover, the mentioned process has two stages, such as implementation and internalization (Kostova & Roth, 2002). If an organization adheres to the formal rules set by the external actors, this compliance can be regarded as implementation. However, if an organization understands and believes that this compliance is valuable, here an internalization process occurs. The institutionalization process is challenging to observe, and its investigation will be based on opinions of the actors (in my case, actors within an organization), through which the degree of the institutionalization will be identified.

In addition, according to Greenwood et al. (2008), from time to time organization may correspond to the institutional pressures in a ceremonial manner because of a multidimensional and dynamic nature of the institutional context. This implies that an organization can be forced to act strategically in order to legitimate its existence in terms of the institutional circumstances (Oliver, 1991). Meyer and Rowan (1977, p. 365) have discovered this process and have labelled it as ‘decoupling’. Decoupling means that organizations do not adopt changes completely if these changes contradict the interest of main actors or the internal efficiency needs (Christensen, Lægreid, Roness, & Røvik, 2009). To put it another way, decoupling means that organizations only imitate the adaptation of any change, but in reality, they omit to do so.

Broadly speaking, there is a diversity of possible strategic organizational responses to the external pressures. Oliver (1991) has discovered a crucial classification of possible strategic reactions organization may show when influenced by the institutional environment. The classification includes elements

such as manipulation, defiance, avoidance, compromise and acquiescence (see Appendix 4), which are ordered from the most active reaction to the most passive.

To begin with, manipulation, as it is stated above, is the most dynamic and active response of an organization to the institutional environment. The main features of this strategy are self-selection, influence, and control of environmental pressures. This implies that organizations tend to manipulate changes by adding influential elements to the institutionalization process. The second response strategy to external stresses is defiance, which is represented by using ignoring, challenging, and forcing tactics in order to resist changes. This strategy is more active than avoidance since it tries to affect the process of implementation of any change.

The third strategic reaction to institutional pressures is avoidance, which is characterized by accepting the necessity of complying with the forces, but at the same time trying to escape them. In this case, an organization tends to show both compliance and avoidance, consequently demonstrating a selective acceptance of changes. The avoidance reaction consists of three tactics, such as hiding, hampering and escaping.

Going further, a compromise strategy occurs, and it is defined as a strategy that is dealing with balancing or calming the environmental pressures and trying to identify bargain power within all stakeholders. According to Oliver (1991), an organization usually is regarded as an active player, and therefore, it inclines to partial conformity of the institutional pressures. Last but not least is acquiescence strategy that mainly means voluntary compliance with taken-for-granted rules, norms, values and beliefs in order to ensure environmental legitimacy and it is divided into three tactics: habit, mimicry and compliance.

2.3. Neo-institutional theory and higher education field

Talking about a higher education field, a neo-institutional theory has gained attention only in the 1990s. Since then, there has been a gradual growth in a higher education research agenda in terms of applying the mentioned theory, particularly

paying great attention to the institutionalization process, external pressures, as well as the relationship between an organization and institutional environment (Cai & Mehari, 2015). According to many academics (Bernasconi, 2006; Dobija, Górska, & Pikos, 2019), a significant number of transformations in HEIs has been perceived as a strategic reaction to environmental pressures, that is why the reform process has been given much observation. A general assumption amongst these academics is that HEIs are recognized as a part of the extremely institutionalized environment, ruled by taken-for-granted values, beliefs and norms.

During a couple of decades, different researchers have used neo-institutional theory to understand the responses of HEIs to external forces (Jenniskens & Morphew, 1999; Maassen & Gornitzka, 1999). These academics believe that transformations in the higher education field in most cases are shaped and caused by taken-for-granted values. As an illustration, Siegel (2006) has studied organizational responses of the professional schools in an American university to a wide variety of environmental pressures. Consequently, he found out that external expectations and requirements mainly forced the reactions.

Furthermore, Dobija et al. (2019) have examined a change in a research-related performance measurement system and changes regarding the use of the performance information by two Polish business schools. A primary finding of this study reveals that the main reason behind the difference in the university system is influential stakeholders, who have a considerable influence on organizational processes.

Additionally, Canhilal, Lepori, and Seeber (2016) consent that external pressures are changing universities from the use of administrative practices towards managerial mechanisms, with a stricter central leadership role. However, this study discovers not only external influence but also internal logic, including academic and managerial one. Sometimes the pluralism in logic may cause a dysfunctional environment in the organization, but from time to time the difference in logic may cause a compartmentalization phenomenon that is

understood as selective compliance regarding decision-making process (Pache & Santos, 2013).

Moreover, Cai (2010) has studied the importance of global pressure (isomorphism) concerning a transformation of a governance model and a funding mechanism in HEIs. He has found out that Chinese HE sector is strongly affected by a global trend, encompassing homogeneous ideas and practices, which are recognized internationally. The global isomorphic power also explains a tendency to modify the funding model of HEIs by adopting output-based mechanisms (Ferlie et al., 2008).

Generally speaking, many issues are discovered in the higher education sector utilizing neo-institutional theory. For example, Henry, Lingard, Rizvi, and Taylor (2001) have delivered a fruitful work regarding the OECD's efforts to distribute the principles of global capitalism into public universities, as well as a research of Salmi et al. (2002) in the higher education field has revealed an orientation of all universities towards needs of the global knowledge economy. The mentioned pressures are an excellent example of isomorphic power, appeared in higher education reform agenda. Nevertheless, according to Carney (2006), powerful managerial interventions in the university's processes may cause danger because of neglecting its culture and context.

Last but not least, it is crucial to note that not only developed countries have a monopoly on the implementation of managerial practices into universities' processes. According to Oleksiyenko (2014), Ukrainian universities have been confronted with neo-liberal reforms pushed by the West supporters, including an internationalization orientation, a marketization of the higher education sector, introducing managerial practices, as well as output-based funding schemes.

By considering the different vision of changes, Saiti, Abbott, and Middlewood (2018) argue that it is unreal to identify only one the best system for all organizations, searching for the high level of performance. This mainly means that individual features of HEIs may fail to get due attention because of the following homogeneous trends (Maassen & Gornitzka, 1999). Undoubtedly, the

micro-foundations of the universities can create a considerable impact on capability and opportunity of their transition.

Many scholars study the individual features and characteristics of public universities in terms of cultural peculiarities (Maassen, 1999), academic identities (Kallio et al., 2016), and complexity (Gornitzka, 1999). Hence, it is logical to pay attention to the specific characteristics of HEIs since they can explain that institutions evolve over the years and that this evolution is formed by their culture, values and beliefs (Maassen & Gornitzka, 1999).

As a result, in the next section, I will discuss the unique features of HEIs, which, without any doubts, have an influence on the development and transformation of HEIs during ongoing global trends.

2.4. The special features of HEIs

It is vital when studying the response of the organization to external pressures, to take into consideration a specific context related to an internal environment of the organization. As Gornitzka (1999) stated, a micro-foundation of the organization can have a significant impact on any organizational transformation and development.

Nonetheless, according to Maassen and Gornitzka (1999), specific features of HEIs in many cases are overlooked and disregarded, creating a considerable gap in understanding the response of the organization to the changes. Therefore, I will put the due attention in order to fill this gap and completely comprehend the ground behind the organizational response. This is accomplished since essential features of HEIs may affect their opportunity, ability and power for change (Clark, 1986).

It goes without saying that HEIs possess unique characteristics, which are observable in terms of the institutional complexity (Clark, 1986), organizational purpose (Duderstadt, 2007) and cultural beliefs, values and visions (Maassen, 1999). Therefore, according to Fairweather and Blalock (2015), it is a commonly

accepted opinion between academics that the development of universities usually takes place in a very unique and nuanced way.

To begin a discussion about the distinctive features of HEIs, it is reasonable to look at the findings of Birnbaum and Snowdon (2003), who have concluded that some structural characteristics of universities make them unable to respond quickly to some changes and transformations. To put it simply, universities are hard to move because of their diverse nature, structure and purpose. Additionally, this can be explained by the fact that HEIs are recognized as loosely-coupled organizations with a great extent of structural diversity and complexity (Weick, 1976). This mainly means that a significant number of the internal academic departments work and operate independently in terms of their activities and a relationship between them is usually considered weak. Moreover, Clark (1986) has defined HEIs as bottom-up organizations, which have a decentralized decision-making process. In this regard, according to Reale and Primeri (2015), universities may, in some cases, be less rational because of looser relationships and use indistinct approaches when they face any change.

The other specific feature of HEIs that may have a significant impact on many elements of their activities is an organizational complexity. Organizational complexity regularly influences the implementation process, making it a hard task and acting as an instrument of understanding the drivers and causes of any development, change or transformation (Hall & Tolbert, 2016). Furthermore, organizational complexity is considered to identify the speed and way in which reform will be implemented and applied (Pollitt, Birchall, & Putman, 2016). From this perspective, the linkage and cooperation between the organization and its institutional environment can be influenced by the organizational complexity, which shapes internal processes and procedures within the organization (Hall & Tolbert, 2016).

The organizational culture of universities is another vital element that should be taken into consideration when a particular organizational response to the external pressures is studied, since it may have a considerable effect on the

capacity of the university to implement any changes. According to Sporn (1996), cultural peculiarities should be paid due attention to the context of organizational development, particularly in the higher education area. This can be explained by the fact that universities are considered as one of the most complicated social structures with a unique culture environment (Sporn, 1996). In this study by the organizational culture of the university, I mainly mean "a set of beliefs, rules, values and norms that form human behavior in organizational context" (Hackett, 1990, pp. 242-243).

All in all, this study assumes two main dimensions, particularly the institutional environment, which is characterized by a wide variety of pressures, and the organizational context, which takes into consideration specific features of HEIs. The mentioned two dimensions form the reaction of the university to the external influences in the higher education sector (see Fig. 2.2).

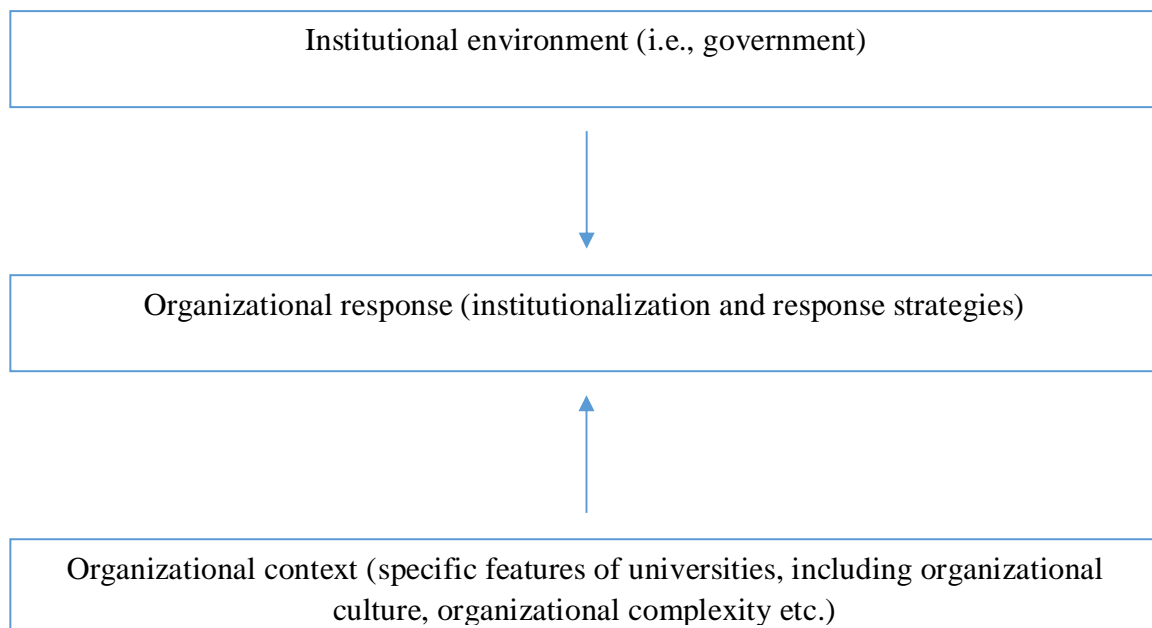


Figure 2.1. Conceptualized theoretical framework (Siegel, 2006, p. 468)

III. Methodological part

This part consists of methodological assumptions and considerations employed during this study, as well as research design, philosophical foundations, data collection and data analysis methods of this Master thesis. To begin with, this chapter introduces the development of the research problem and research question that consequently explain a methodological choice. Further, it presents the research design used in this Master thesis, including both data collection and data analysis sub-chapters. Finally, the trustworthiness of the research will be presented and discussed.

3.1. Timeline of the research

Scheduling the work is an essential element of writing a Master thesis since it helps researchers to organize and systemize their study efficiently. The timeline of my Master thesis has covered a period from January 2019 until May 2019, and it has been divided into six phases such as identifying the topic, designing the research, the interviewing process, analyzing of the data, verifying the results, and reporting of the work (Gubrium & Holstein, 2001).

In order to present and describe the main phases of my Master thesis, I have created a Table 3.1. It should be noted that both designing the research and the interviewing process have been the most time-consuming and complex phases because it has been complicated to contact relevant respondents and to comprehend the relevant theory.

Table 3.1. Timeline and the main steps of MOPP

No.	Duration	Steps	Stage
1	10-15.01.2019	Identifying the topic and developing the research question	<i>Identifying the topic and designing the research</i>
2	17.01.2019	1st MOPP seminar, explaining the chosen topic, defending the selected theory, discussing the research question	
3	18.01-05.03.2019	Paying due attention to the advisors' comments, writing a draft version of the theoretical and methodological elements, preparing the	

		interview guide, contacting the relevant participants	
4	05.03.2019	Sending a draft version of both theoretical and methodological parts	
5	17.03.2019	2nd MOPP seminar, presentation of the done work, defending the chosen theory and methodological choice, listening to the comments	
6	18.03-04.05.2019	Rewriting the draft according to the given comments, testing and editing the interview guide, conducting the interviews, analyzing the primary data and documents, writing the empirical part, implications, and conclusion	<i>The interviewing process, analyzing the data, verifying the results</i>
7	05.05.2019	Sending a pilot version of the MOPP	
8	10.05-15.05.2019	Taking into account final remarks from the supervisor, correcting the paper and ending it	
9	20.05.2019	Delivering the MOPP	<i>Reporting</i>
10	05-06.06.2019	Defending the MOPP	

All stages have been discussed during MOPP seminars and meetings (face-to-face or via Skype) with my supervisor. It should be noted that all comments, given by Public Sector course lecturers, have been taken into consideration. Moreover, it is vital to mention that the ‘Research Methods’ course has helped me in the understanding of how to choose the appropriate methodology and how to conduct the research.

3.2. The research question development

It goes without saying that a point of departure in every research is considering the problem statement and developing the research question. This stage is vital since it provides a researcher with the aim of the study and identifies the point of destination. Additionally, it sets boundaries of the research and considers main assumptions, as well as approaches and methods that will be employed during a Master thesis.

The research problem of my Master thesis is: *How do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process?* The field of higher education has been chosen because of its

relevance and my interest in this research area. The relevance of this study can be explained by the fact that a significant number of literature focuses on grounds of managerialism in higher education sector, including such elements as accountability, transparency, efficiency, effectiveness, as well as concepts like performance-based budgeting, both input-based and output-based criteria of the funding and demand-driven funding system (Frølich et al., 2010; Benjamin Jongbloed, 2004; Ben Jongbloed et al., 2008; Kallio et al., 2016; Kehm & Teichler, 2012). Many of the mentioned studies had more focus on the causes of changes, the implementation process and its both intended and unintended effects on the university activities. According to Gornitzka (1999); (Leisyte, 2007), the changes in funding arrangement models and notably the response of universities to them are still under-researched field.

More importantly, the context of this study may be of great interest when studying higher education reforms in the Nordic region and more exceptional in Central Eastern Europe (CEE) countries. Most academics have examined universities in Western Europe or America, mainly focusing on highly ranked HEIs (Boitier & Rivière, 2013; Ter Bogt & Scapens, 2012). Therefore, this Master thesis can add new insights regarding the reforming of the higher education sector in CEE – a region that is still not well researched and that is experiencing economic, political and social transformation. According to Suspitsin (2007), the context of post-Soviet countries is considered as a new call for academics in examining higher education sector reforms.

Consequently, the aim of this thesis is to understand and explain organizational responses and perceptions of both Taras Shevchenko Kyiv National University and Nord University to external environmental pressures regarding the changes in the funding mechanisms. This research question is relevant to the problem statement; that is why it is logical to go further, discussing the research design of this Master thesis.

3.3. Methodological choice

It is commonly known that both a research topic and a research question directly influence the methods that are considered to be employed for conducting the research (Johnson & Duberley, 2000). In order to reach the previously set goal of the Master thesis, the study applied a qualitative research methodology. According to Merriam (1988), the focus of qualitative analysis is to understand and explore meanings, ideas and values in their context.

The research problem in qualitative approach can be discovered from the perspective of the individuals, who hold relevant information, in particular settings and circumstances. To put it simply, the qualitative method offers an excellent opportunity for academics to understand entirely the opinions of people, who possibly have different visions towards any social phenomenon in its context. Therefore, the main advantage of using a qualitative approach is that it can provide a complicated explanation of attitudes that people possess regarding any issue in a real-life environment (Yin, 2014). Consequently, the aim and the research question of this Master thesis leads to the choice of the previously mentioned approach. The primary purpose of the Master thesis is to investigate how the universities perceive and reply on the environmental pressures regarding the changes in funding arrangement models at the organizational level.

3.4. Philosophical foundation

The philosophical foundation is a vital part of every study because it defines in which way research should be conducted and structured. Since the topic of this Master thesis refers to the higher education field, it enters the area of social science research, where the perceptions of individual academics, rather than the exploration of objects, are examined. It is generally accepted that, in social science qualitative scholars conduct their research with a particular world viewpoint (Creswell & Poth, 2017). According to Easterby-Smith, Thorpe, and Jackson (2015), there are three philosophical backgrounds to explore the social world such as internal realism, nominalism and relativism. I assume that relativism may be a

proper ontological position to examine the topic of this Master thesis; that is why it is employed in this study.

A relativist ontology states that each and every individual may discover and perceive a particular phenomenon differently. In the case of this Master thesis, a diversity of opinions and perceptions can occur about the changes in the funding arrangements of universities. According to Easterby-Smith et al. (2015), observers can possess various views of the world; therefore, it is hard to state that there is only one single truth, which can be examined. In other words, the central ontological assumption here is that there is a diversity of realities. In this regard, this Master thesis assumes that the opinions of interviewees would be considered as equal elements, which would describe the realities from the various standpoints.

An epistemological choice is, without any doubts, directly influenced by both the nature of the topic and the ontological position. According to Easterby-Smith et al. (2015), there are two opposite theoretical views of how social phenomenon should be studied: positivism and social constructionism. Academics agree with the statement that differences between these theoretical views lay in their ontological foundation, which identifies the nature of knowledge, epistemological choice, which refers to the shape this knowledge would have, and methodological base, that relates to the way by which the knowledge would be gained (Corbetta, 2003). From my point of view, it would not be relevant to use the grounds of positivism for this Master thesis since it defines social processes as an external phenomenon, which are not determined by social players. In addition, social events in the positivistic research can be measured only using objective methods, as well as facts about the social world exist independently of any social group.

On the contrary, social constructionism is considered as a relevant epistemological belief because it is based on the perceptions and opinions of individuals about the social world (Easterby-Smith et al., 2015). In social constructionism, the main aim is to understand and comprehend personal

knowledge. Hence, according to Kezar (2006), qualitative researchers, who employ social constructionist ideas, focus on discovering meanings, not on the examining correlation between variables as in the positivistic study.

According to Kuhn (2012), key ideas of social constructionism are the following: reality is agreed upon by people; focus on what people believe and think; focus on how people cooperate and perceive the world. Social constructionism can be explained by the features presented in Table 3.2 (see Table 3.2).

Table 3.2. Features of social constructionism (Easterby-Smith et al., 2015)

<i>Feature</i>	<i>Social Constructionism</i>
<i>Human interest</i>	The primary force of science
<i>The observer</i>	Is a part of the observation
<i>Explanations</i>	Focus on a general understanding of the phenomenon
<i>Research progress through</i>	Gathering data through which ideas are produced
<i>Concepts</i>	Include actor perspectives
<i>Units of analysis</i>	Consider the complexity of the phenomenon
<i>Generalizations</i>	Are made through theoretical abstraction
<i>Sampling</i>	A small number of specific cases

Considering the mentioned before paradigm, I can identify a research strategy that will be suitable for my study. In my case, the point of departure is questions that should be answered to gather necessary data. In the Master thesis, data sources are presented as two cases (Taras Shevchenko Kyiv National University and Nord University), which will be treated equally and compared carefully. Therefore, the study employs a qualitative methodology and comparative case study approach. Taking into account the chosen methodological root, it is essential to state that reality is interpreted based on the communication between the researcher and the participants (Corbetta, 2003). Hence, it gives a great opportunity to understand a phenomenon from the point of participants.

Moreover, it is crucial to understand the advantages and disadvantages of the chosen paradigm. On the one hand, the strengths of the social constructionism

lay in the ability to understand social processes and meanings of people, to collect data less artificially, and to accept the value of various data sources. On the other hand, problems can exist with the harmonization of inconsistent information, or data collection may be very time consuming, or access to the data sources can be difficult, or data analysis process, particularly the interpretation of participants' opinions, can provide some difficulties. Consequently, the weaknesses of this paradigm will be given due attention and the methods of gathering and verifying data will be checked thoroughly.

3.5. Research design

This Master thesis applied a comparative case study design in order to understand and comprehend the organizational responses of two universities (Taras Shevchenko Kyiv National University and Nord University) to the external pressures regarding the changes in funding arrangement systems. To begin with, according to Yin (2014), the main aim of the case study approach is to discover phenomenon, in my case, organizational responses, in a real-life context. It is commonly accepted that case studies focus on expanding knowledge of an individual, social, organizational, and other modern relative phenomena (Yin, 2003).

It is reasonable to start with the discussion of the benefits of employing a case study design. It is widely known that there is a wide variety of benefits for the researcher when a case study approach is used. According to Yin (2014), the case study design provides a researcher with a great opportunity to examine and comprehend the features of a phenomenon entirely in a specific real-life context. Moreover, it is crucial that it does not depend on a particular data collection or data analysis method (Merriam, 1988). The lack of dependency allows the researcher to use different data sources such as interviews, documents, etc. (Gray, 2006).

A case study design is regarded as an appropriate method to discover and examine qualitative data and to deal with the questions 'how' and 'why' (Yin,

2014). The opinions of the participants are vital elements for interpreting the organizational responses to the environmental pressures regarding the changes in funding models, and here the role of a researcher is to listen to and comprehend participants' stories. In addition, it is vital to mention that the Master thesis focuses on the events, which cannot be influenced by the researcher, that is why the role of the researcher is limited only to the mentioned activities.

It is crucial for the researcher to understand the unit(s) of analysis, specifically the suitability of it(them), and the kind of case study that will be applied and used in particular research (Gray, 2006). This Master thesis employs a comparative case study, which focuses on the examination of two cases, leading to the identification of similarities or differences between them. A comparative case study is considered as an essential and useful instrument for studying social phenomena in cross-national and cross-cultural contexts (Walliman, 2017). As it is stated before, I am going to explore two universities (Taras Shevchenko Kyiv National University and Nord University), which are located in different countries (Ukraine and Norway, respectively), that is why it is crucial to take into account contrast national contexts. Besides, it should be noted that differences in terms of culture are as well critical in this study since each and every country has its peculiarities and characteristics, which influence the response of the organization to the institutional environment (Clark, 1986).

According to Merriam (1988), it is essential to pay due attention to a case selection process because it is a vital element of the case study research design. It is clear that any researcher should thoroughly understand and explicitly identify the context, the phenomenon and sources of data that are going to be set, discovered and analyzed respectively in order to reach the goal of the research (Merriam, 1988). According to Miles and Huberman (1994, p. 25), “any case is a phenomenon that occurs in a bounded context”; therefore, the boundaries should be constructed. In this regard, the organizational response of the universities to the external pressures is chosen as the case of my Master thesis. The selection of the universities is directly influenced by two criteria, such as accessibility and

convenience (Yin, 2003). I have been studying at both Taras Shevchenko Kyiv National University and Nord University; consequently, I have an excellent opportunity to examine my topic through the perspective of the mentioned universities. The connections with universities gave me a great opportunity to access relevant information in order to investigate my topic.

3.6. Data collection

As it is mentioned before, a case study research design provides a researcher with a great opportunity to employ different data collection and data analysis methods (Merriam, 1988; Yin, 2003). The absence of dependency on a particular method creates a possibility to use multiple sources of data, which consequently leads to the data triangulation (Patton, 2002; Yin, 2003). Data triangulation means that it is more than one method, which is going to be used in order to collect relevant data (Yin, 2014). According to Creswell and Poth (2017), in general, in-depth interviews and written documents are the primary data sources that are applied in qualitative research. The combination of data types creates an advantage for the researcher since different data sources may build a more profound picture in the understanding of a chosen case. Besides, it is vital to mention that a variety of data collection methods leads to its better reliability and credibility (Patton, 2002). Consequently, this Master thesis uses two data collection methods to completely comprehend the organizational response of the universities to the external environmental pressures.

According to Merriam (1988); (Yin, 2014), interview, as a method of collecting primary data, is considered as the most popular method in qualitative research. It is generally known that interviews produce a profound knowledge of understanding the participants' opinions and standpoints on particular issues (Creswell & Poth, 2017). In this regard, the first data collection method that is employed in this Master thesis is an interview method. In general, the interviewing process is based on a dialogue between researcher and participant, where the researcher asks relevant questions and participant answers on them.

It should be noted that there are different types of interviews, including structured, semi-structured, and unstructured, that can be used in qualitative research to obtain a vital primary data (Creswell & Poth, 2017). This Master thesis applied semi-structured interviews as the primary method of data collection. A semi-structured interview means that the interviewer utilizes an interview guide with particular questions that should be discussed during the interviewing process (Merriam, 1988). In a semi-structured interview, it is not expected that an interviewer leads a respondent towards an optimistic or pessimistic answer; on the contrary, the interviewer should try to address previously set questions flexibly, without any influence on the interviewee. A flexible and open manner of interviewing process causes the interviewees to express their opinion and experience most reasonably and prudently (Easterby-Smith et al., 2015). According to Harrell and Bradley (2009), a semi-structured interview style can be beneficial if the interviewer has a goal to obtain an in-deep picture of a particular phenomenon, using answers from the interviewees.

As for the purpose of the Master thesis, the investigation of the organizational response of the universities is done at the university level since the universities in this study are considered as individual entities. In total, six interviews, three from Taras Shevchenko Kyiv National University and three from Nord University, have been conducted from April 2019 until May 2019 to grasp the response of two universities from the perspective of managers and academics.

Firstly, the interview guide was created based on the framework of the study. Then, a pilot interview has been conducted in order to check the interview guide and to ensure its quality. After the pilot interview, some editions were made to reduce the complexity of the interview guide and to ensure the logical sequence of questions. After the careful checking process, I contacted primary respondents via telephone or email to request the interview with them. The request form consisted of the interview guide, where the participants could read the research question and become familiar with all questions that were going to be asked, and the information sheet, where the respondents could find an explanation and

purpose of this study. The final variant of the interview guide is displayed in Appendix A (in both English and Ukrainian languages).

As it is mentioned before, the interviews were conducted from April 2019 until May 2019 at both Taras Shevchenko Kyiv National University and Nord University. The interviews were carried out in two languages, namely English and Ukrainian. The choice of the language was based on the personal preferences of the participants. All conversations started with the explanation of the topic and purpose of the study in order to increase credibility and overall understanding of the Master thesis. The ethical issues were covered in the interview request form and the information sheet. All respondents were notified that the interviews were going to be recorded and transcribed. It is vital that all participants approved that the interviewer could tape, transcribe and use their information until the Master thesis would be reviewed. Besides, all interviewees were aware that all their information would be kept confidentially and would be destroyed after the final stage of the Master thesis. Moreover, the respondents were informed that they could withdraw from the study at any time they want and that the participation was a deliberate choice.

It should be noted that all transcriptions were made right after the interviewing processes to ultimately deliver and keep the whole picture of the respondents' opinions about the discussed topic. Additionally, the process of taking field notes complemented the transcription process in order to grasp all relevant information.

I decided to concentrate on the Business School at Nord University and Faculty of Economics in Taras Shevchenko Kyiv National University. I was acquainted with the central "figures" in both units, with whom I had my first interviews. Then I applied snowball sampling, which means that future participants would be recruited based on the advice from the past participants (Easterby-Smith et al., 2015). I asked the leading "figures" to assist me in finding the relevant participants, who could provide me with relevant data, and they gave me recommendations at each university. Consequently, I carried out six

interviews, three per each university. The interviews lasted on average one hour, depending on the available time, knowledge of the participants, and the relevance of gained data. The interviews with Norwegian respondents were conducted via Skype. Other discussions, particularly with Ukrainian participants, were carried out personally in the comfortable and familiar for the participants' place.

Nevertheless, it is vital and reasonable to rely on several sources of data. Therefore, in this study, document analysis complemented the interviews, which had been gathered initially. The Master thesis relied on the official documents, which were associated with the reforming process. The texts incorporate the policy description documents, the strategic plans of the universities, legislation and annual reports from the universities. I acquired the secondary data from the Internet, particularly from the official web sites of the universities. The main advantage of the document analysis was that it helped me to understand the ground behind the reform processes, and it helped to formulate relevant questions, which were asked to the respondents. According to Easterby-Smith et al. (2015), the benefit of using secondary data is that a researcher may obtain it in a fast way and the quality of secondary data is higher in most cases than the quality of primary data. Consequently, using secondary data sources was considered a useful method for collecting relevant information for this Master thesis research.

3.7. Data analysis

It is widely accepted that the development of the research question, research design, data collection and data analysis processes are connected and have a sequence order (Burgess, 1984). This implies that data analysis is a component of the research design in a qualitative study (Stake, 1995). According to Merriam (1988), the data analysis process means that a researcher looks through and browses data, organizing the data in order to categorize it, and presenting it in a clear way to the audience.

Data analysis process in qualitative research can be divided into two categories (Braun & Clarke, 2006). The first group indicates data analysis as a

process that arises from a specific theoretical framework, namely narrative analysis (Murray, 2003), conversation analysis (Wooffitt & Hutchby, 1998), and grounded theory (Strauss & Corbin, 1998). The second group considers data analysis as a process that can be employed among various theoretical frameworks and epistemological positions (Braun & Clarke, 2006). To put it simply, in the second group, data analysis does not depend on the specific theoretical grounds or epistemological foundations. The example of such a data analysis process is a thematic analysis (Attride-Stirling, 2001; Tuckett, 2005).

Thematic analysis is considered as one of the most popular approaches in social science research (Attride-Stirling, 2001; Boyatzis, 1998); that is why this study applied a thematic analysis technique. According to Boyatzis (1998), thematic analysis is an approach for organizing, analyzing and presenting categories and themes, which are created and gained from the data. In general, thematic data analysis incorporates six steps, namely to become acquainted with data, develop codes, identify themes, revise themes, define and label themes, and present the analysis (Braun & Clarke, 2006). Therefore, the data analysis process has been made, using the mentioned six steps, just after the data collection process.

During the first step, the collected audiotaped data was transcribed. Secondly, the data was translated into English since half of the interviews had been conducted in the Ukrainian language. During the third step, codes were created from the sentences that were considered as relevant information for the purpose of the Master thesis. Fourthly, the themes were generated from the codes and then they were revised to increase their quality. After that, the themes were defined and labelled, considering the research question and the goal of the study. Finally, yet importantly, the themes were presented and produced for future analysis.

Additionally, as it was mentioned in the data collection section, document analysis is the second data collection method that has been applied in this study. In this regard, documents were essential sources of data for the Master thesis.

During the document analysis process, appropriate materials were chosen and found. After the initial stage, they were examined, and particular information was coded following the purpose of the Master thesis. It should be noted that document analysis was a complementing process to the primary data analysis.

3.8. The trustworthiness of the research: credibility, transferability, dependability and confirmability

According to Merriam (1988), it is crucial for every researcher to produce pieces of evidence that are trustworthy and credible. In this study, trustworthiness means “that the findings of the research are valuable to paying attention to” (Lincoln & Guba, 1985, p. 290). Despite the fact that some academics employ the quantitative concepts, such as validity and reliability, in their qualitative study (Silverman, 2006) in order to address trustworthiness issues, I decided to use four criteria produced by Guba (1981), including credibility, transferability, dependability and confirmability.

First and foremost, credibility addresses the issues related to the coherence and consistency of the results with reality, based on collected pieces of evidence (Merriam, 1988). To put it simply, it deals with the connection of the results with the collected data. This Master thesis employed suitable and well-known research methods and triangulation technique to guarantee the credibility of the results. The application of appropriate research methods means that a researcher adopts relevant measures for the examination of a particular phenomenon (Shenton, 2004). Generally, academics use well-recognized research methods that have been employed in previous similar studies (Shenton, 2004). A triangulation method is usually applied to increase the quality, robustness and comprehensiveness of the research (Patton, 1990). Methodological triangulation, which means that the researcher uses different data collection methods, is one of the most popular triangulation approach (Patton, 1990). Hence, methodological triangulation has been applied in this Master thesis, and it was achieved by using two data collection methods such as interviewing process and document analysis.

Moreover, an investigator triangulation has been used, which means that different specialists take part in reviewing the gained results (Patton, 1990). This was reached by involving experts from both universities in order to revise my study and provide me with critical comments, which consequently have been considered.

Secondly, in qualitative research, as well as in quantitative, it is crucial to take into account the applicability of particular results to the other contexts; therefore, the transferability concept is presented (Guba, 1981). The problem here is that every qualitative research has its limitations to a specific context and settings, that is why it is hard to show that the results are suitable to the other patterns (Shenton, 2004). In order to ensure a high level of transferability, a researcher should provide appropriate contextual information about the study to help the other academics to transfer pieces of evidence (Lincoln & Guba, 1985). Consequently, this study supplied and discussed the relevant background information about two case universities and applied research methods.

Thirdly, dependability is a component for assessing the trustworthiness of the qualitative research, and it relates to the permanence and stability of the study over a passage of time (Lincoln & Guba, 1985). To put it simply, the more stable and consistent the research process is, the more reliable the findings are (Webb, Campbell, Schwartz, & Sechrest, 1999). Hence, this Master thesis provides a thorough conceptual model of the research process, discussing in detail all theoretical and methodological issues, in order to explain potential readers the sense of the study and make it possible for them to scrutinize the paper.

Last but not least, confirmability means that the researcher should secure the objectivity of the study, trying to produce independent pieces of evidence (Patton, 2002). It is commonly accepted that it is a difficult task for the researcher to guarantee the objectivity of the research process since researcher biases are unavoidable (Patton, 1990). As a result, this Master thesis applied a variety of the techniques in order to ensure the confirmability, namely a triangulation, an acceptance of the researcher's assumptions, the detailed description of the

methodological issues, and the use of various references to the results of other researchers.

IV. Empirical part

In order to understand the organizational response of two universities (Taras Shevchenko Kyiv National University and Nord University) to the changes in funding mechanisms, empirical findings of the Master thesis are presented in this chapter. Firstly, I examine the main features of the funding systems that are employed in universities. Additionally, contexts of both Ukrainian and Norwegian higher education sectors are discussed. After that, I explore the organizational response of the universities to the changes in the funding systems. In this respect, I analyze the ground of the responses and the reactions strategies the universities have applied in order to institutionalize the new funding models. Consequently, I try to connect Oliver's response strategies to the ways in which the universities have implemented new funding mechanisms.

4.1. The funding system of the Norwegian higher education

It is essential to state that the Norwegian higher education sector has started to develop back in the 1950s with introducing Norwegian welfare state model (Kwiek & Maassen, 2012). In general, this model proclaimed that all educational entities are opened for society, and every individual has a right to access all education levels. Consequently, the higher education sector in Norway has expanded, and demand for the reforming process has occurred.

According to Kwiek and Maassen (2012), national commissions play a significant role in the policy-making process in Norway. In most cases, the Ministry of Education and Research establishes a national commission to address a particular problem that should be resolved. The commission issues a report that can be considered as a white paper, discussing how it will cope with the existed problems. In my case, it is interesting to look at Mjøs commission, which has been created by the end of the 1990s, because its report formed the ground for one of the most significant reforms in Norwegian higher education sector – the Quality Reform 2002 (Kwiek & Maassen, 2012). After the setting up the commission, the focus in Norwegian higher education sector has moved from traditional

bureaucratic style to managerial one, but without neglecting the welfare state configurations (NOU, 2000:14).

The report of the Mjøs commission addressed many aspects, which were incorporated in the Bologna Declaration. In this regard, the Quality Reform was seen as an external legitimization of the Bologna process (Kwiek & Maassen, 2012). The Bologna process has spread across Europe in order to harmonize and integrate higher education systems (COE, 1999). In general, the Bologna process is associated with the Lisbon Declaration (2000), which has planned to spread the idea of a knowledge-based economy in Europe. The purpose of a knowledge-based economy can be defined as a set of ideas related to the production of neo-liberal policies that incorporate concepts like competition, marketization, and managerial orientation of the global higher education sector (Fairclough, 2007).

The Quality Reform focused on the comprehensive set of issues, including structural, organizational, financial and quality aspects (Stortingsmelding, 2000-2001). The mentioned issues started to be discussed after the beginning of the fast expansion of Norwegian higher education sector. Generally, the Quality Reform caused an increase in the institutional and financial autonomy; a development of a new governance model with an introduction of university boards; an internationalization process; a presentation of the new funding mechanism, consisting of a basic component (60%) and performance-based component (40%) oriented on the universities' results (UFD, 2005). Despite a significant number of changes introduced by the reform, this study focuses on the changes in the funding model because of the purpose of the research.

The new funding model in Norwegian higher education system was presented and implemented in order to address issues related to the efficiency and effectiveness of Norwegian universities. The main reason for the reforming the old funding system was a structural disbalance between education and research funding (UFD, 2005). In this regard, the new formula-based funding model has been divided into three components, including an education component (25%), a research component (15%) and a basic component (60%). In general, the

education component is based on the production of students, particularly on the number of graduate students and international exchange programs. The research component primarily based on the number of publications produced by employed academics.

With the introduction of the new funding arrangement, Norwegian universities received a better financial autonomy, allowing them to decide how exactly they want to allocate public funding between different types of their activities (UFD, 2005). This implies that there was a transition of responsibilities from the Ministry of Education and Research to HEIs. In this regard, considering the education component, a limitation ceiling of the revenue production was terminated, which consequently lead to the growth of the revenues in the higher education sector (UFD, 2005). Considering the research component, it was proclaimed that one-half of the funding would be allocated on the performance basis, taking into account publication output, and one-half would be allocated to strategic purposes like funding of PhD students. As to the basic component, the aim was to satisfy all operational and maintenance needs, considering differences regarding the disciplines, geographical positions, and fluctuation in the student number (UFD, 2005). Moreover, it is vital that HEIs in Norway have access to external funding from the Research Council of Norway and other research organizations. It created an excellent opportunity for them to support their research activities and become more autonomous from government control.

Moreover, the Quality Reform gave considerable freedom to universities regarding the choice of subjects and programs that the university would like to offer. However, the performance of any HEIs is monitored by the government in order to control the quality of universities' activities. The result of the evaluation directly influences the resource allocation mechanism, using the new formula-based funding system (UFD, 2005).

It should be noted that the relationship between basic funds and result-based allocations may vary between different HEIs (MoER, 2019). For this reason, an executive board of the university should consider to what extent the national

performance incentives for three core activities (education, research, and cooperation with society and business sphere) would be applied in the internal allocation system. Furthermore, the executive board should decide, whether the university should create additional performance incentives to support its own goals and strategies (MoER, 2019).

It is essential that the Norwegian funding model has been evolving since the Quality Reform. The latest change, considering the time of writing the Master thesis, has been presented in 2017 by the Ministry of Education and Research. The Ministry introduced some corrections to the result-based component, adding some new indicators to develop the existed system. In this regard, performance-based funding has become a result of eight quantitative indicators that try to measure the achievements of HEIs (MoER, 2019). The result-based allocation of funds is distributed based on the following indicators (see Table 4.1).

Moreover, the performance-based funding has indicators with opened and closed budgetary framework. The opened frame means that HEIs receive more funds if they have more credits, graduates, doctoral candidates and exchange students in comparison with the previous individual performance. The closed framework means that the allocations for the individual university depend on collective results in the higher education sector.

Table 4.1. Eight quantitative indicators that are related to result-based component (MoER, 2019).

<i>No.</i>	<i>Indicator</i>	<i>Framework</i>
1	Number of credits	Opened
2	Number of exchange students (including Erasmus+)	Opened
3	Number of graduates	Opened
4	Number of doctoral candidates	Opened
5	Funds from the EU	Closed

6	Funds from Norway Research Council and Regional Research Fund	Closed
7	Income from grant and commission activities (BOA)	Closed
8	Number of scientific publications (publication points)	Closed

According to Kwiek and Maassen (2012), the Quality Reform was considered as a successful reform in Norwegian higher education sector, leading to the improvement of the efficiency and effectiveness of the universities. Besides, according to Gornitzka (2003), in general, the Norwegian higher education sector has faced many improvements and developments since the introduction of the Quality Reform. In addition, Rokkan Centre at the University of Bergen made an evaluation of the Quality Reform and the main findings of this evaluation have been presented in an official report (MoER, 2007). The report underlined the complexity of the reform and the variety of different effects that appeared after it. According to Bleiklie, Tjomsland, and Østergren (2006), the change had mixed evaluations and produced many discussions, but an overall perception of it was positive. Nevertheless, it was evident that some academics and, in general, participants of the reform had a critical overview, highlighting the further development of the higher education sector (Hjellbrekke, 2006).

4.2. The perception of and response to the new funding model by Nord University

To begin with, it is essential to state that all participants accepted the change in the institutional environment. In this regard, some themes were created from the codified interviews and documents, namely a background behind the transformation from the old system to the new one, appropriateness of the change, a role of stakeholders during the reforming process and an implementation approach. Furthermore, due attention was given to the response of Nord University to its environmental demands and pressures. Therefore, the response strategy Nord University applied to institutionalize the new funding model was

discovered. Here, the aim was to present how the university replied on the new funding model by using Oliver's categorization of the response strategies. This section includes quotations, which are opinions of the interviewees, and they are labelled from I1 to I3.

First and foremost, it is crucial that all informants from Nord University highlighted that there was a need for the development of the university's funding model. All interviewees agreed on the rationale behind the change in the funding allocation mechanism. The main reasons for the change were the increasing number of students, the inefficiency of the university and the demand for more accountability. According to Interviewee 2:

“So, the funding had to be increased in accordance with the growing number of students. Therefore, in 90s universities started a discussion with politicians regarding the change of funding mechanism, particularly with the Ministry of Education and Research. The main question was whether they should increase funding to universities and whether universities should become more accountable for the use of money. But then, after a while, the idea came up that the model of funding should be changed because of its inefficiency. That is why it was a big discussion between national politicians and universities leaders about this issue”.

Besides, the Interviewee 1 supported the comment of the Interviewee 2 and commented:

“We needed this change because it makes us better. We started to use money in a better way. Of course, money goes from people and we have to be accountable for this money. We need to spend money well. It is a control function that should be in every public institution. Moreover, we were over-bureaucratized and, in some way, inefficient, that is why we needed some change in order to become more efficient”.

It is interesting to look at the answer of the Interviewee 3 since (s)he highlighted the importance of overall understanding as a primary driver for the successful transformation process. The Interviewee 3 stated:

“The main causes of this change were politics and economies. Regarding economies, this cause relates to the efficiency and effectiveness issues. By politics, I mean that we

needed an overall understanding of the central government that efficiency was a vital element regarding the university existence”.

Overall, from the pieces of evidence, all informants acknowledged a need for the change and its appropriateness, confirming that the change was an inevitable part of the future development. Interviewees supported an introduction of the performance-based funding, and they argued about the relevance of this system to the university’s values and beliefs. For example, “the new system created incentives to be more efficient, and that is always good for all public institutions” (Interview 3). It is vital that for all informants the relevance of the new funding model was a critical aspect. They assumed that a successful implementation depends on the general understanding of the change. It implies that interrelation between content and context of any reform is a vital component of its effective implementation.

All respondents indicated that the government was a main initiator and producer of this change. However, the new funding model was seen as a tool for improving the university’s performance regardless of the fact who had initiated the change. Generally, they confirmed that whoever was an initiator the rationale behind this change played a decisive role in supporting the reforming process. For instance, according to Interviewee 2, “it was mainly initiated from above, but many institutions agreed on this change”. Moreover, one informant considered that the government did not pressure the university to adopt the new funding model; instead, it was a common desire to do so. As Interview 3 stated, “I will not call this a pressure. The university is part of the society, and having resources from the state, means that you need to document that your production is efficient, and the new funding system makes that easier”. This opinion was also supported by the Ministry, who stated, "performance-based funding is relevant since society needs to know where the money is spent or invested in the higher education sector" (NOU, 2000:14).

Talking about the implementation process, in general, many discussions have taken place during the initial stage of the implementation process. It is

crucial that dialogue between all stakeholders has been built because it might be useful to consider all opinions and feedbacks. It is evident that if all actors discuss issues that are related to the change, a common understanding of the nature and relevance of this change can be established. In this regard, the Interviewee 2 commented:

“The discussions about it have been since the implementation stage. It is important that there were always discussions about details because details are a very tricky part. I think that it is good when discussions are on the way because through them we try to improve the system if there is a need for doing so. However, in general, in my opinion, all parties were ready for this change and more important that they understood the change”.

This view was promoted by the Interviewee 3:

“I consider that it was a good example of the discussion and then the implementation of the new funding model. It is important that it was a dialogue between universities and politicians. I cannot remember that there was any struggle or fight; it was rather a good discussion”.

All respondents agreed that the adoption of the new funding model showed the hierarchical system among all actors, beginning with the government and ending to the individuals. Despite this top-down system, interviewees shared the opinion about mutual trust between all players and their cooperation at all levels. Most informants consented that the government drove the change with the agreement of the university community, and this was considered as a crucially important factor in the effective implementation of any initiative (I1, I2).

Significantly, many discussions were held not only on the national level but also on the university level. Therefore, despite the direct role of the government, many initiatives were established by the university leaders in order to connect all players. In general, the implementation process was a top-down, but with the significant involvement of the university leaders, managers and academics. As Interviewee 2 stated:

“Yes, there were many meetings regarding this issue. I remember we had a lot of faculty meetings with professors, where we were discussing the changes. I was quite sure that all professors had a feeling that "I should do this, not this" because then we could increase the production, perhaps, having more money to the faculty. So, we discussed this, also, on the faculty level with professors and staff”.

This statement was supported by the Interviewee 3, who said:

“We explained for everyone that we are on the same boat and we should cooperate and understand the new ways of improving our way to the land”.

It is interesting to notice that a top-down approach of the implementation of the new funding model was seen as not a pressure; instead, all interviewees considered this approach as relevant because of the need to change the old way of funding allocation (I1). More importantly that the university did not resist to follow a top-down approach, rather it preferred the way in which the new funding arrangement was presented.

The other important topic during the interviewing process was a discussion of the institutionalization process regarding the new funding model. It is essential that all participants shared an idea that proper institutionalization of the reform initiative was connected with the universal recognition of it by the university collective. It mainly means that if the university community realizes that the change is valuable and useful, the institutionalization process will not be decoupled. Notably that all interviewees agreed on the regulative pressures, the government applied to initiate the change, as well as cultural-cognitive elements that were represented by the common understanding of the value of the change. As the Interviewee 2 stated, “all parties were ready for this change and more important that they understood the change”.

Regarding the regulative pressure, which is related to legislative frameworks (laws, rules, etc.), it had a significant influence on the implementation process because the role of the government was a decisive one. Regarding the normative pressure, it was difficult to identify this element since the Master thesis

based on one case study in a particular context. Therefore, an examination of the expectations of other universities should be done in order to add new insights to this topic.

The institutionalization of this change hardly could be labelled as a symbolic one; on the contrary, it was more voluntary compliance with an acceptance of the change. From the view of the respondents, the government and the university set a fruitful dialogue and elucidated the shift to all actors. As Interviewee 1 explained:

"Obviously, they (academics) participated in the implementation process because they are one of the most significant players, who produce knowledge. They were involved in the developing of this new system. There were many assemblies, if I can say so, in which there were discussions about the introduction of the new funding model and academics were the part of it. But we should not forget about the administrative staff and leaders because they participated much more. For example, leaders had many discussions with the politicians about this model and how it should be implemented in the university. They put some corrections if it was needed. Generally, I can say that it was a dialogue between all parties because they wanted to understand all possible visions on this change".

In general, respondents agreed on the compliance strategy to institutionalize the performance-based funding, including a common view of the necessity of the reform. Despite a big bang approach of introducing the change, many discussions were held, and all details were given due attention. For instance, "since the implementation process, many pieces of training and discussion were held to explain the need for change" (I1). The university tried to carry out regular educational pieces of training, rather than to use only coercive approaches in order to force the university units to comply with the new funding system. It seems that both pieces of training and discussions created a feeling of engagement and connection within the majority of the university community. In this regard, the university and the government showed preparedness and readiness to handle this change, introducing the new funding model.

Considering a response strategy to the changes in the institutional environment, it is essential to look at activities, actions, and initiatives applied by the university when it faced the new funding system. The response strategy relates to how the university has relied on new demands and requirements. As it was discussed in the theoretical part, the study employed Oliver's categorization of strategic responses to the changes in the institutional environment, including manipulation, defiance, avoidance, compromise, and acquiescence. In order to reduce the complexity of this categorization, it can be split into three categories, such as manipulation (active), symbolic compliance (decoupling), and compliance (acceptance).

With the introduction of the Quality Reform, the university implemented a new degree system that assumed a transition to the Bachelor and Master degrees. Furthermore, the university applied new the ECTS system and modern system of grades (from A to F). Besides, new quality considerations and evaluations were set in order to assure a high quality of education and research. More importantly, the university introduced a new performance-based funding model, which consisted of many incentives and financial rewards. For instance, the university began to monitor ECTS production and student exchange flow since the incentives were created regarding these issues, and this was perceived positively by the university (I1).

Moreover, the new system was based on measuring and comparing the outputs from the universities, while the old one was based on a calculation of what the different universities needed in inputs to run their operations. This means that the new one created incentives for the institution to be more efficient and effective in production. In general, the stimuli were perceived in the right way because the university community understood that incentives are always right for the improvement of efficiency and effectiveness (I2).

Nonetheless, it is impossible that the new system had only benefits and positive impacts; therefore, it is reasonable to look at the research activity. For

example, a three-point list was created in order to evaluate the production of the research publications (I2). Interview 3 commented on this:

“When it comes to research, there is a three-level system of measuring performance. Some researchers look at the publication list and try to publish an article at the three-point journal, ignoring the fact that they can publish three articles in the lower-ranked journals. This list is considered an exact measure of your research performance. However, it is not that way how it works in reality. Measuring the quality of research is a hard task because knowledge production is not something material”.

With the introduction of financial rewards in the research activity, there has been an increase in the number of publications (I2). However, an increase in publications does not mean an increase in quality (I2). In this regard, a quantification of the research might appear, and some academics worried about this (I1). Nevertheless, it is vital that the system has been evolving from the initial stage of the implementation process. That is why details, as it was stated before, were given due attention because they were considered as very tricky part (I2). It is interesting to look at the Ministry comment on this, "quality aspects in both research and education are best protected by the orientation of funding system on results" (Stortingsmelding, 2000-2001, pp. 62-63).

All in all, the changes that have been made and introduced within the university highlighted that the university has complied with the demands of the reform. The pieces of evidence imply that the university has implemented the new funding model with a shared understanding about the relevance of this change at all levels, beginning from the national level and ending on the individual level. It should be noted that all informants were utterly agreed on the compliance of the university to the performance-based funding as an appropriate transformation for the whole higher education sector. The results indicate that the critical element in the successful implementation of such kind of reform is a common understanding between politicians, bureaucrats and the university collective (I2). Therefore, having open discussions between all groups is a vital part of the implementation process.

4.3. The funding system of the Ukrainian higher education

As the first consideration, for decades Ukrainian higher education sector, as a part of the socio-economic context, has been shaped by colonial dependencies and powers (Subtelny, 2009). Some academics believe that the Soviet Union establishment might have provided a rise in Ukraine higher education and social development (Subtelny, 2009). Nevertheless, from the time passed, society realized that the establishment of communism governance arrangement tightened a colonial dependency. It is notable that during the Soviet time, the higher education sector of Ukraine was actively censored and there was no room for independent science (Cummings, 2011). The economic and military demands forced decision-making processes in Ukrainian universities, setting particular ways of their development (Oleksiyenko, 2014). For example, according to Oleksiyenko (2014), Ukrainian R&D sector was pressured entirely by the Soviet military-industrial complex, which caused a disbalance in research activity.

The collapse of the Soviet Union offered an excellent opportunity for Ukraine to set up a new independent higher education system, leading to social, cultural and educational developments and improvements. From that time, universities were suddenly confronted with the demand to rearrange their strategies and activities, focusing more on modern independent systems of governance induced by the Western partners (Oleksiyenko, 2016). For instance, after the Orange Revolution of 2004, the government tried to build a new governance model in universities, but, in general, it failed when neo-Soviet political forces returned to power (Oleksiyenko, 2014).

Nevertheless, it should be noted that during those times, the new funding model was introduced, changing the old command-administrative principle to the more managerial way of budgeting. The new model, labelled as a targeted-program approach, has been presented at the beginning of the 2000s, and it has been evolving since the implementation stage. In general, according to Benjamin Jongbloed (2004), this system is a traditional form of funding, based on the allocation claims from universities to the budgetary authorities. The system is

characterized by the negotiated nature of the allocation process and incremental principle, which means that funding is calculated based on the previous year's allocations. Moreover, it is a common practice that the budget in this system is divided into separate items, which are negotiated between two sides of the process (HEI and government), meaning a line item funding base. It is essential that the allocation of funds is not forecasted and it is basically based on cost projections (Benjamin Jongbloed, 2004).

As it is stated above, financing of HEIs in the Ukrainian higher education sector is carried out according to targeted-program approach. Depending on the status, type, license and accreditations, the amount of funding is determined by the following main programs (see Table 4.2).

Table 4.2. Main programs of the financing of HEIs (MoF, 2011).

<i>No.</i>	<i>Code</i>	<i>Name</i>
1	KPKV 2201040	Research, scientific and technical developments, execution of state target programs and government orders, training of scientific personnel, financial support of the press, development of scientific infrastructure, scientific objects that contribute to the national heritage, and ensuring the activities of the State Fund for Fundamental Research.
2	KPKV 2201160	Training of personnel at higher educational institutions of III and IV levels of accreditation and ensuring the activity of their practice bases.
3	KPKV 2201100	Provision of education in secondary schools of social rehabilitation, general lyceum-boarding schools, gymnasium-boarding schools with increased military-physical training and other public education institutions.
4	KPKV 2201150	Training of higher educational institutions of the 1st and 2nd accreditation levels and ensuring the activity of their practice bases.

5	KPKV 2201380	Implementation of Ukraine's commitments in the field of international scientific and technical cooperation.
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It should be noted that Taras Shevchenko Kyiv National University, which has a status of a self-governing (autonomous) research national higher educational institution, is provided with the increased financing of programs of long-term development of the university. Therefore, the university has separate budget lines in the State Budget of Ukraine and its separate budget programs, which are financed together with the mentioned above programs: KPKV 2201280 (Training of personnel at Taras Shevchenko Kyiv National University) and KPKV 2201290 (Research, scientific and technical developments, conducting scientific events by the Taras Shevchenko Kyiv National University, financial support of scientific objects that contribute to the national heritage). Moreover, the university has its budget passport that mainly is considered as a document defining the purpose, tasks, responsible executors, performance indicators and other characteristics of the budget program (MoF, 2014).

According to VRU (2014), sources of funding for public universities are divided into the following funds: general fund (budget funds) and special fund (extrabudgetary funds). Own and attracted funds are those receipts that form a special fund and are used to realize the main functions of public universities in accordance with the legislation. The main types of revenues of the special fund of public universities are: funds received in the form of tuition fees; from the implementation of additional (economic) activities and commercial services; from the sale and lease of property; charitable contributions, grants, donations, sponsors' money; credit resources; international assistance and others (VRU, 2014). According to CEDOS (2018), the primary source of funding for public universities is currently state budget funding (48-85%), which is used to train personnel and carry out scientific research and technical development. Another vital element in the formation of financial resources of state universities is their revenues received from the provision of paid services (15 - 52%).

Since 2009, a broad public debate on higher education reform has taken place in Ukraine. The ageing of many legislative norms and practices has become evident. The existing system of higher education financing has risen much criticism for several reasons. First, the budget allocations of public universities were not transparent. It is a common practice that the information on their distribution remained unavailable to the public. Secondly, the question of determining the value of one place of public order has remained controversial. This implied that the price of education of one student has remained unregulated.

The new Law on Higher Education adopted in July 2014 almost did not change the system of higher education financing. The only innovation it introduced concerns the procedure for distributing state orders for bachelor programs, which, according to the law, should have been changed in the summer of 2016. This was about introducing some of the elements of the so-called "money goes for student" approach. This approach of financing is broadly known as a voucher system. According to Benjamin Jongbloed (2004), it is assumed that a student receives a right to a certain amount of money which is transferred to the account of the institution where the person decided to acquire education. A vital element of the voucher model is a demand-driven orientation, not supply. This means that the government focuses on individual consumers, allowing them to choose whatever university, course they want.

According to CEDOS (2016), despite the desire to introduce the new model of financing, many challenges have taken place after the introduction of the new Law on Higher Education. Hence, in practice, the law was not able to guarantee the desired transparency and efficiency of state financing of HEIs and publicity of this process entirely depended on the university will, which confirmed the experience of the competitions in 2013-2015 (CEDOS, 2016).

4.4. The perception of and response to the new funding models by Taras Shevchenko Kyiv National University

To begin with, it is reasonable to observe two changes regarding the funding model that have taken place in the Ukrainian higher education sector because the current funding model is in the middle of the transformation. However, the study paid more attention to the second change since it has appeared later. The first is related to the introduction of targeted-program approach at the beginning of the 2000s. The second change is associated with the initiation of "money goes for student" approach or so-called voucher system. It is notable that the second system has not been completely applied and the reasons for the failure would be discussed further.

All interviews shared the view that the targeted-program approach was a necessary step towards improving the existed situation. According to Interviewee 4, before the introduction of the mentioned model, the Soviet system of funding was applied. This system was characterized by an over-centralized perspective without any concerns regarding the performance of public universities. Everything was forced by the central-planning mechanism (I5). For example, there was a plan of how many students the university should educate (I4). Undoubtedly, the system had many disadvantages, such as over-bureaucratization, lack of efficiency and effectiveness, disbalance in decision-making process etc. (I4). For these reasons, the targeted-program model was introduced at the beginning of the 2000s.

Not surprisingly, the change was directly taken by the government because all informants agreed that universities could not initiate and introduce any considerable changes by themselves. As the Interviewee 6 stated, "it is important that the change in funding model was forced directly by the government. So the implementation has totally proceeded in a top-down manner. But there was no another way of doing this because universities were not ready to set any significant reform". This was also supported by the statement of the Interviewee 5, "it does not matter who has initiated the reform, and more importantly, only the

government had a power to introduce such change”. Consequently, all respondents considered that it was reasonable and relevant that the government initiated the transformation towards the targeted-program model. The perceptions of respondents were similar regarding the dominant role of the government in the introduction of the reform, and they agreed that it did not have any detrimental effect on the successful implementation.

Since the implementation stage, the new system has evolved. It is crucial that the process of the implementation was steady, and the phases were proceeded gradually (I4, I5). Many discussions were held on issues related to the appropriateness and relevance of the change (I5). Therefore, the main actors consciously accepted the change because they understood the nature behind it, and there was no alternative (I6). As the Interviewee 4 stated, “so it was not a “big bang” initiation; instead, the initiation moved by stages with many discussions”.

The institutionalization process was also discussed with the respondents, and they all agreed that the successful institutionalization of the change was directly related to the common recognition of all actors about the importance and usefulness of the introduced reform. The interviewees shared the opinion that the government applied regulative pressures in order to initiate the change. Moreover, they identified that the cultural-cognitive element was a part of the transformation process because a common understanding of the value of reform was set. As the interviewee 4 commented:

“Everybody understood that we needed this change. It was a common idea to change the way in which we work because the old system was significantly aged and inefficient. At that time, we had many discussions on all levels regarding the transformation process, which were established in a top-down manner”.

Therefore, during the implementation of the targeted-program approach, there was a support of the regulative pressures by the cultural-cognitive elements, which consequently provided satisfaction and compliance with the change. In this

regard, all informants shared a viewpoint that the university support the compliance of the reform, and it did not resist this change.

The system of targeted-program approach has been working since the 2000s. According to all respondents, the existing financing model has much criticism for several reasons. First, the budget places between universities were not transparent; information on their distribution remained unavailable to the public. Secondly, the question of determining the value of education of one student has been a controversial issue. Besides, the existing model has been characterized as out-of-date, inefficient and ineffective funding mechanism concerning the global trends (CEDOS, 2016). Therefore, since 2009, broad public discussions about the reforming of the higher education sector have taken place in Ukraine. After the discussions, the new Law on Higher Education was introduced in July 2014, and it almost did not change the existed funding model. The only development was related to the procedure for allocation of state orders for bachelor programs, which, according to the law, should have been changed in the summer of 2016. This was about introducing some of the elements of the so-called "money goes for student" approach.

All respondents agreed that the “money goes for student” approach (so-called voucher system) has not worked in practice during these years. The laws have been under development, and several bills are already passing the review process (I5). It is essential to look at the comment of the Interviewee 4, who said:

“The question here is that there has been a discrepancy between what is written on paper and what is really happening. We have understood how this process of change should have taken place from the old system of financing to the new, but our bureaucratic machinery has not allowed us to do this”.

It is vital that interviewees highlighted the necessity for the reforming of the funding mechanism because they considered it an out-of-date system. In this regard, the Interviewee 6 commented:

"The university is characterized by the large bureaucratic system, focusing mainly on inputs or activities. As for me, this system of negotiated funding or as we call it targeted-program approach is ineffective if we compare it to the international trends or trends, which are appeared in our neighbors".

The Interviewee 5 also supported this comment and stated:

"The system is ancient, and the resource allocation mechanism is characterized as very hierarchical. In reality, there is no competition and funding model that provides universities with the equitable allocation of resources".

Moreover, respondents argued that the change had not been considered as a direct reply on the needs of the HEI. This transformation was a part of the national process of the reforming of the public sector. The higher education sector has been regarded as a part of the whole reforming process (I5). Therefore, both the national and international agendas played a significant role in the introduction of any reforms related to Ukrainian higher education sector. As the Interviewee 6 commented:

"In 2014 Ukrainian higher education sector has seen neo-liberal reforms induced from the international trends, including managerialism, performance criteria in the funding, financial autonomy etc".

All interviewees had a similar viewpoint that the reform of the funding model was totally initiated in a top-down manner as well as the improvement of the targeted-program model. Moreover, they agreed that there was no alternative to introducing such change because of the complexity of the issue. The university was lack of resources and competence to set the reforming process of the funding model alone. However, the difference has occurred about the discussions of the introduction of the new model. All interviewees stated that there was a little number of discussions, and the government tried to push the change without setting a dialogue. For instance, Interviewee 4 said:

"The government was the main initiator, and it is good because we all understood that such kind of change could not be processed without a lead actor. However, formally,

there are reports that various meetings of stakeholders were held, that there was a discussion of the process of changing the financing system, but, in fact, these meetings might not be held. It turns out that people did not want to take the extra work on themselves. Plus gathering all stakeholders to discuss changes in university funding is not easy”.

In this regard, despite all actors realized the need for changing the old system, there was a lack of communication between all of them. The meetings were not held in reality, which consequently created a disbalance between stakeholders about the understanding and value of the reform. It should be noted that most players of the reforming process had limited knowledge about the new funding system (I5). Therefore, it created many questions about the relevance and appropriateness of such introduction of the change when many people did not comprehend what was going on (I4). In general, according to all interviewees, there was a problem in common understanding that relates to changes in financial models. In this regard, it is reasonable to look at the comment of the Interviewee 4, who stated:

"Lack of understanding and competence applied not only to public discussions but also to all stakeholder's meetings. Globally, there was a lack of knowledge. I am sure that the rector would not answer the question: what is the financing model of your university? In other words, they did not have basic knowledge in this area to discuss any changes, namely, adjustments or corrections to these changes. Usually, rector of the university relies on financial-planning departments, delegating functions related to financing to them. From my point of view, this is bad. Each participant in this process must be aware of the change, and must be competent in this issue in order to build a fruitful dialogue".

Despite the fact that in the reports the government stated that there were many discussions regarding this issue, in practice, the situation was different (I4). This mainly means that the government has tried to decouple the requirements that it had established before. From the point of the Interviewee 5, the university had a desire, as the whole higher education sector, to take part in the process of

the transformation. However, for the government, it was difficult to organize such discussions, and it just considered to rely on their experts, neglecting in some way a big part of other stakeholders (I5). During the initiation stage, rare discussions were held between the university leaders and the academic community on issues connected to the nature of this change (I5). Therefore, many stakeholders simply did not understand what is behind the new funding approach.

It is crucial that the university was forced to adopt the new system, and it did not have an opportunity to adjust or reject the change (I6). However, according to Interviewee 6, the pressure from the government was not significant and, in practice, the system did not change a lot. Some pilot versions of the new demand-driven funding systems were set, but it was done only to show some movements (I6). The hierarchical system was seen as a detrimental effect since the government tried to push the reform without the relevant knowledge of the university community (I5). This can be explained by the comment of the Interviewee 4, who stated:

“...because the question of financing has always been the most difficult and debatable. Right now, the ministry is also considering the possibility of introducing a university financing approach based on a formula that will calculate financial resources for each university. Such changes require national discussions, as well as changes in budget legislation. This implies that we are dependent on the bureaucratic system that exists at the moment. To some extent, we can say that it binds our hands”.

It is notable that respondents shared the viewpoint on the regulative pressures from the government as well as they agreed on the low extent of institutionalization of the new funding approach. Moreover, informants agreed that the university applied just regulative pressures, neglecting normative and cultural-cognitive elements. From the point of the Interviewee 6, excessive focus on the regulative forces resulted in symbolic compliance of the new funding approach. Therefore, the government failed to set a common understanding between all players regarding this change (I6). According to Interviewee 5, the failure of the new reform, I think, was related to the ways the government tried to

introduce it. I consider the regulative pressures were not enough because there was a lack of the training approaches that might provide stakeholders with the appropriate feeling about this change". The same situation was revealed within the university because it failed to provide extensive and regular pieces of training within all internal community (I5). Hence, it is difficult to say that university support compliance with the new change (I5). According to Interviewee 4:

"In reality, nothing changed. There were some movements within the university, but not a considerable one. From my point of view, this reform in some way was a political game. There was no real desire to change something, just to show the change".

Regarding the response of the university to the changes in the funding model, there were some attempts and pilot steps to look how the new system would work, but, in reality, the funding model remained targeted-program (I6). From the point of Interview 6, the university and the government should look at the implementation process of the targeted-program approach. This was also supported by the Interviewee 5, who commented, "... for example, the program-target method was introduced gradually, taking into account all possible risks, advantages and disadvantages. It is also worth acting now".

All in all, the problem was that there was a lack of a common understanding of the nature of the reform. According to all interviewees, there were only attempts to look committed to the regulative pressures without any efforts to solve the real problem regarding the funding model. To put it simply, from both sides, there were only attempts to show the change; however, in reality, nothing significant has been made.

V. Discussion

The main goal of this Master thesis was to discover the organizational response of two universities to the change in the funding model. Besides, there was an intention to comprehend how these perceptions influenced the implementation process of new funding arrangements. The Master thesis was a comparative case study employed semi-structured interviews with main respondents, such as departments heads, deans, and academics, and document analysis. This study was followed by the research question, that is:

- *How do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process?*

The question considered the following issues: the nature of the responses (relevance and appropriateness of the change), the response strategy employed regarding the change (Oliver, 1991), and the level of institutionalization of the new funding model (Scott, 2003). The relevance and appropriateness of the change were examined taking into consideration the opinions of the respondents and strategic orientations of the universities stated in the strategic documents.

Regarding the response strategies employed by the universities, the analysis was done based on Oliver (1991) categorization of the response strategies, which vary from active manipulation to passive compliance. According to Oliver (1991), there are five organizational response strategies, namely manipulation, defiance, avoidance, compromise and acquiescence.

Finally yet importantly, the institutionalization process was discovered by identifying the regulative, normative and cultural-cognitive elements universities and governments applied in order to introduce and implement the new funding model.

5.1. The nature of responses

According to Siegel (2006), the nature of the response relates to the initiatives and actions that are made by the universities when faced with the pressures and external demands associated, in this Master thesis, to the

introduction of the new funding model. In this regard, the response of universities was directly connected to the implementation of the new funding arrangements, which focused on the improvement of the efficiency and effectiveness of the universities' activities.

The pieces of evidence showed that the introduction of the performance-based funding in NU (Nord University) and the introduction of the targeted-program approach in TSKNU (Taras Shevchenko Kyiv National University) were seen as an appropriate and relevant change regarding the existed situation at those moments. It is crucial that in both cases, there was a need for the development of the applied funding model. The main reasons for the change in the first case were the increasing number of students, the inefficiency of the university and the demand for more accountability. In the second case, before the introduction of the targeted-program model, the Soviet system of funding was applied. The system was characterized by an over-centralized perspective without any concerns regarding the performance of the university (Oleksiyyenko, 2014, 2016). Everything was forced by the central-planning mechanism. This implied that the university was lack of autonomy, creating detrimental consequences for the university's activities.

It is notable that both funding models highlighted the necessity of performance indicators and orientation on the improvement of efficiency and effectiveness. Therefore, the adoption of the performance-based funding and targeted-program approach may be regarded as a transition from academic self-governance models to more managerial models, which are guided by private sector values (Clark, 1986). Consequently, the study confirmed the idea that a transformation in higher education sector takes features of the market and business management model as a benchmark (Chandler et al., 2002; Kallio et al., 2016; L. D. Parker, 2012). Also, the pieces of evidence validated that the main reasons for such change were the perception of HEIs as ineffective, over-bureaucratized and inefficient organization structures (Enders et al., 2011).

It is notable that funding mechanism development has led to the transition from planned, input-based funding towards a more performance-based funding and demand-driven system, which embraces output-based criteria and student orientation (Benjamin Jongbloed, 2004). From the empirical evidence, this statement is confirmed by the performance-based funding model applied by NU because this system is oriented on the output criteria. However, regarding the TSKNU case, despite the fact that the system employs performance indicators, it is directly oriented on inputs rather than outputs. There was an attempt to change this situation by introducing a “money goes for student” approach, which should have changed the orientation from inputs towards outputs, but as it was stated in Chapter 4, the new system was not implemented in practice.

The study examined that performance-based funding in NU has become a result of eight quantitative indicators that try to measure the achievements of HEI (MoER, 2019). The result-based allocation of funds is distributed based on the following indicators: number of credits, exchange students (including Erasmus+), graduates, doctoral candidate funds from the EU and Norway Research Council, income from grant and commission activities (BOA) and number of scientific publication (publication points). Therefore, the introduction of the mentioned indicators showed the intention of the university to follow the government-initiated change.

Regarding TRKNU, with the introduction of the targeted-program approach, the university applied the program system that is practically still used. The program system was evolved and, in 2014, the passport approach was introduced, meaning the creation of budget program passports. To put it simply, the passport of the budget program is a document defining the purpose, tasks, directions of using budget funds, responsible executors, performance indicators and other characteristics of the budget program according to the budget purpose (MoF, 2014). From that time, the university created passports of different programs related to all university activities that are financed by the government.

Moreover, it is notable that many discussions and pieces of training were held during the introduction of the performance-based funding at NU. From the pieces of evidence, setting a dialogue between all parties was a primary driver of the successful implementation of the reform. The necessity of discussions between all possible stakeholders was also considered as crucial when the targeted-program approach was introduced at TSKNU. In both cases, the study identified that the overall understanding of the change is a vital element in the successful implementation of any change. As an example, when the “money goes for student” approach was introduced, there were no discussions about this change in practice, and this created a considerable reason for the unsuccessful introduction of the change. As it was discussed in Chapter 4, some pilot projects regarding the new funding mechanism were set, but, in practice, the university did not follow requirements because it did not comprehend the change.

5.2. Response strategies

In both cases, a necessity for change and reform funding models was on the agenda of universities and authorities. Even though universities understood the need for change, the authorities predominantly dictated the introduction of new funding arrangements. In general, according to Oliver (1991), when the government totally forces the change, it is a common practice that the organization may resist the change. However, regarding the implementation processes of the performance-based funding at NU and targeted-program approach at TSKNU, there was total compliance and support of the change, despite the top-down manner of introducing the changes.

According to Oliver (1991), the most appropriate response strategies regarding the mentioned two cases might be acquiescence response strategy. As it was stated in the theoretical chapter, this response strategy can be divided into three sub-strategy, namely compliance (acceptance of rules), mimic (imitation of a model), habit (operation in a taken-for-granted environment) (Oliver, 1991). If we look at the Cambridge dictionary, the word acquiescence mainly means “to

accept or agree to something, often unwillingly” (CD, 2019). Therefore, despite this strategy identifies compliance with the requirements and demands, it also involves the unwillingness nature of the compliance.

Nevertheless, according to empirical pieces of evidence, in both cases, the tendency of significant support of the reform was traced. The overall understanding of the meaning and value of the improvement and a necessity for the development of the inefficient and ineffective funding models that were applied at both universities explained the support of the reforms. It is hard to state that both universities have followed changes unwillingly because of the overall acknowledgement of the change. Therefore, it is reasonable to say that, in both cases, universities have applied an acceptance strategy as a new additional strategy to Oliver’s categorization of the strategic response strategies. The new approach can be characterized by the compliance nature of the response with an intended desire of acceptance of the change.

Despite the fact that universities had an understanding for the need to change the existed funding models, they also wanted to be legitimate in the eye of authorities and other stakeholders because, according to pieces of evidence, universities depended on government initiatives and resources. This confirms the idea that the organization’s conformity to the institutional environment is influenced by coercive, normative and mimetic pressures (DiMaggio & Powell, 1983). This implies that universities complied with the new institutional requirements not only for the reasons of efficiency and effectiveness but also for the purposes of expanding their environmental legitimacy and ability of survival (DiMaggio & Powell, 1991; Meyer & Rowan, 1977). Consequently, values and requirements of the external pressures considerably influenced the implementation processes of both performance-based funding at NU and targeted-program approach at TSKNU.

Nonetheless, it is essential to pay due attention to the desire of introducing “money goes for student” approach at TSKNU because it provided new insights regarding the topic. The lack of common understanding regarding the introduction

of the new funding approach was found to be dysfunctional. Consequently, the lack of understanding and the need to follow coercively institutional requirements provoked the university to applied defiance response strategy, particularly ignorance sub-strategy, which is characterized by overlooking the evident rules and values (Oliver, 1991). The university tried to set some pilot projects in order to check the new approach, but, in reality, there was no intention to do so. This validated that the multilateral nature of the institutional environment in many cases lead HEIs to ceremonial compliance with institutional pressures (Greenwood et al., 2008). This process has been labelled as a ‘decoupling process’ (Meyer & Rowan, 1977, p. 365). Therefore, HEIs are not just merely passive, and they do not easily indulge to the environmental pressures; contrary, they tend to act and operate in a strategic way in order to prevent any instabilities and threats that can question their existence (Oliver, 1991).

However, it is more interesting to look at the fact that the government also decoupled the introduction of the new funding approach. According to empirical evidence, many discussions should have proceeded regarding the introduction of the “money goes for student” approach, but, in practice, there were no discussions at all. They were only on paper. Therefore, this created a new insight regarding the implementation process of the new funding model.

5.3. Institutionalization process

As it was discussed in the empirical part, both performance-based funding and targeted-program approach were forced to the universities by the authorities with the construction of a dialogue between all stakeholders. It was discovered that authorities chose different methods to introduce funding models such as forcing and convincing approaches. Forcing practices were related to regulative processes, including setting rules, requirements, and controlling the implementation process. Convincing methods were associated with cognitive processes, embracing the overall understanding of the value of introduced changes by universities’ communities. To put it in another way, the institutionalization

process of both funding models was guided as taken-for-granted, and it was considered that accepting new funding arrangements would provide universities with the best result and consequences (Scott, 2003).

Nevertheless, regarding the “money goes for student” approach, a picture of the implementation process was totally different. This approach was pushed to the TSKNU by the authorities without consulting and discussing the university. Only forcing methods were applied by the government, namely regulative pressures of the setting the rules and controlling activities. Therefore, the institutionalization process of the voucher system at TSKNU was indicated as obligatory compliance with the new requirements. Consequently, this mandatory nature of the pressure created resistance from the university collective in the implementation process of the new funding mechanism. Accordingly, the empirical pieces of evidence confirmed that the resistance of the university community to the new changes could negatively influence the successful institutionalization process (Scott, 2003).

Finally, the implementation process of the “money goes for student” approach at TSKNU validated the fact that the decision makers sometimes do not comprehend the complexity of the higher education sector and from time to time they may neglect to establish consistent and shared goals between all stakeholders (Hall & Tolbert, 2016; Sporn, 1996). Therefore, the empirical evidence affirmed the fact that regulative, normative and cultural-cognitive pressures should be connected in order to create relevant conditions for the successful implementation and internalization of any change (Dobbins & Knill, 2017; Kostova & Roth, 2002; Mauro, Cinquini, & Grossi, 2018; Scott, 2003).

VI. Conclusion

6.1. Implications

Despite considerable dissimilarities in values, beliefs and practices between private sector organizations and public sector entities, particularly universities, this study confirmed that funding mechanism development has led to the transition from planned, input-based funding towards a more performance-based funding and demand-driven system, which embraces output-based criteria and student orientation (Benjamin Jongbloed, 2004). Some academics stated that such transitions are the results of the concept of a global knowledge economy, which led countries to use more managerial practices in the higher education sector (Enders et al., 2011; Ferlie et al., 2008; Henry et al., 2001; Salmi et al., 2002). It is crucial to note that not only developed countries have a monopoly on the implementation of managerial practices into universities' processes (Oleksiyenko, 2014, 2016) and this was affirmed by the empirical evidence provided from this study.

The NPM trend has become an alternative course to the 'traditional' one in terms of management of public entities, focusing on increasing the efficiency and effectiveness in the public sector (Budding, Grossi, & Tagesson, 2014). Despite much criticism of the NPM concept (Lapsley, 2009; Pollitt, 2009), it is indicated that many management practices and business tools are still introducing in all fields of the public sector (Lapsley, 2008; Mauro et al., 2018), including the new funding models oriented on performance indicators and output criteria (Benjamin Jongbloed, 2004).

The business-oriented changes induce HEIs to increase their efficiency, effectiveness, accountability as private companies do (Ferlie et al., 2008). This tendency towards a 'corporatization' of HEIs, which is recognized as an element of the NPM reform, influences universities to compete with each other in order to attract students as final costumers of their services and funding resources from the market (Engwall, 2007). The market course has first been presented in the UK (Fairclough, 1993), driving to commodification (Willmott, 1995) or

McDonaldization of higher education (M. Parker & Jary, 1995). Environmental pressures for marketization are remarkably similar across Europe and beyond (Wedlin, 2008), despite the fact that it can be adopted at a different speed (Krejsler, 2006) and taken quite diverse shapes (Czarniawska & Genell, 2002).

The trend toward the ‘corporatization’ of HEIs has seen much criticism and resistance from the university community and many academics from the higher education field (Frølich et al., 2010; Gornitzka, 1999). Nevertheless, from this study, it was indicated that there would not be resistance to such market-oriented changes if a fruitful dialogue would be established. The dialogue between all parties would provide without any doubt an overall and comprehensive understanding of the value and appropriateness of any change, in this case, change to the new funding model.

Some academics agreed on the fact that changes caused by the NPM trend may be considered as inconsistent with the values and practices of a particular organization and may motivate a resistance from it (Christensen et al., 2009). This implies that the successful implementation of any reform is directly influenced by the understanding and matching of values between the new reform tool and an organization’s environment (Christensen et al., 2009). In this regard, as discussed in the empirical part, in both cases, when NU implemented the performance-based funding and TSKNU implemented the targeted-program approach, there was a common understanding regarding the value of the introduced changes. Consequently, the universities successfully implemented new funding arrangements.

Nonetheless, a different situation was seen when TSKNU tried to introduce and implement “money goes for student” approach. The lack of a shared understanding of the value of the reform caused resistance from the university community, and the new funding model was not adopted. This validated the fact that the organization define the success of any institutional change (Christensen et al., 2009). The pieces of empirical evidence indicated that policy-makers tried to introduce change without consulting the university, and this approach was

identified as the ‘government knows better’. The system did not perceive TSKNU as an equal stakeholder in the process of the implementation of the new funding approach. This meant that the university was considered a simple implementer, not as a key actor. In this regard, TSKNU and the government should have developed the university-wide awareness of the value and nature of the new funding model since it is commonly known that both normative and cognitive components of the institutional environment form organizational behaviour and may cause internalization of any institutional change (Mauro et al., 2018; Oliver, 1991; Scott, 2003).

6.2. Contributions of the study

This study falls under the umbrella of the higher education field and focuses on funding models of the HEIs. Many similar types of research have been conducted in developed countries, particularly in Europe and North America. However, it is crucial to note that not only developed countries have a monopoly on the implementation of managerial practices into universities’ processes, particularly the application of new funding models. According to Oleksiyenko (2014), Ukrainian universities have also been confronted with neo-liberal reforms pushed by West supporters. It goes without saying that most of the analyzed studies have served for this Master thesis as a conceptual framework and guideline of its analysis. The contextualization of findings of the examined studies was done regarding two countries chosen for this study, namely Ukrainian and Norwegian.

More importantly, it was identified that a comparative analysis regarding the implementation process of the new funding models in two different contexts had not been studied from the perspective of universities and their relationships with the external environment. It should be noted that in this Master thesis, a focus was related to responses of the universities to the government-initiated changes regarding funding arrangements, rather than just to the policy analysis. Therefore, much effort has been made to give due attention to organizations’ responses to the

external environment, which were examined through the perspective of the neo-institutional theory.

All in all, the contribution of this Master thesis fills in some of the previous empirical gaps, which are related to the under-researched nature of the Ukrainian higher education sector and a pioneering comparative analysis between the Ukrainian and Norwegian higher education sectors. The main contribution shed light on the importance of key actors and their cooperation when some changes are introduced in the higher education field. It is vital to put due attention in establishing the cooperation, particularly a dialogue, between all stakeholders when a new funding model is initiated and introduced since these stakeholders will shape and form the response strategy of the university to the future changes. Consequently, the results and findings of this Master thesis may be crucial for academics, who are interested in the higher education field and particularly in the Ukrainian and Norwegian higher education sectors. Moreover, this study may be helpful for the university community, including university leaders, managers and academics, as well as authorities, when new funding models are going to be introduced and implemented.

6.3. Limitations of the study

The analysis of the organizational response to the external pressures in the higher education field is a broad notion, and it is challenging to study this process from all perspectives in one particular study. Therefore, this Master thesis has some limitations.

First and foremost, this study is conceptualized based on the studies, which have been done mostly in developed countries. This creates a limitation regarding the appropriateness and relevance of the examined findings from the studies that were conducted in different contexts. It is not an easy task to operationalize different frameworks and empirical findings to the Ukrainian and Norwegian contexts because of the existed social, economic and political differences.

Secondly, due to the time and size of the research, I examined only one university per each side (Ukraine and Norway). Undoubtedly, it creates a limitation regarding the generalization of findings to the whole higher education sector in these countries. More studies should be done, and different universities should be analyzed in order to validate empirical findings made by this Master thesis.

Last but not least, the analysis was done through the perspective of the university level, and this also set a limitation since the other aspects have not been taken due consideration.

6.4. Suggestions for further research

The findings of this Master thesis revealed that a successful implementation of the new funding model is influenced by the perceptions of individual actors within the university to the changes and that these perceptions have an impact on the response strategy the university would like to apply. However, it is difficult to find a direct connection between various variables in this study because it is a qualitative research. Therefore, it is reasonable to use mixed or just quantitative approaches in order to have a broader and more in-depth picture of the studied topic. It may be interesting to look at a causal relationship between different variables, particularly identifying which variable will have an effect on other variable and to what extent.

Furthermore, the applied conceptual framework focuses more on the relationship between an organization and its institutional environment. Nevertheless, it is interesting to look at a micro-foundation of the organization when this topic is studied. Consequently, it is reasonable to look at this research question from the other perspectives, namely from the perspective of the institutional logics, institutional entrepreneurship and work, which may relocate the focus from organizational level towards individual level. Besides, the use of other cultural or organizational theories may add new insights, analyzing the process of the implementing of the new funding models.

Finally yet importantly, it is sound to look at more examples of developing countries since more researches have been done regarding developed countries, neglecting the other angles. Moreover, trying to compare two countries with different settings and situations, it may provide new vital findings and pieces of empirical evidence. Finally, for the developing countries developed one may serve as a benchmark in implementing similar tools, that is why it is reasonable to look at such connections and matchings.

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Appendices

Appendix 1: Interview guide

Research question: *How do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process?*

Interview questions:

1. What kind of funding system is currently employed in your university?
2. When this system has been applied and used?
3. What are the main changes that have been introduced regarding the funding system?
4. How this change from old funding mechanism to the new one has been initiated and in what manner? (Top-down or bottom-up approach). Could you, please, briefly describe this process?
5. Why do you think your university has needed this change?
6. What driving forces do you consider have had the most influence on the implementation process of the funding allocation? Why do you think so?
7. To what extent could you evaluate the external pressures regarding such change?
8. Can you list the actors, who have been involved in the process of the implementation of the new funding model? Do you consider that all actors have been involved in this process?
9. How could you describe the role, involvement and reactions of the academics on the implementation process of the new funding system?
10. Did academics and managers understand the change completely when the system has been introduced?
11. Has the university had the option to refuse or adjust the implementation process of the new funding mechanism?
12. What were the main challenges that affect the implementation process?
13. What are the effects of the changes on three core university activities (teaching, research, business and social interaction)?

Appendix 2: Information sheet

Research title: *How do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process?*

My name is Polianovskyi Hlib and I am a Master student in Public Sector Finance in the NUPSEE program between Taras Shevchenko Kyiv National University and Nord University.

The main purpose of the Master thesis is to investigate to what extent changes in terms of funding mechanisms in HEIs are influenced by external pressures. Specifically, the study focuses on exploring the organizational response to national reforms, influenced by NPM-driven trends, taking into consideration specific characteristics of the university. I have chosen Taras Shevchenko Kyiv National University and Nord University as units of the comparative case study.

The results from this study are considered to provide the relevant pieces of evidence about how do universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process. This implies that this study will look at the responses of two different universities regarding changes in funding arrangements, which force universities across the world to converge. This study assumes that uncertainty exists about whether external environmental pressures or influence of specific organizational features might dominate within the adaptation process of a new funding mechanism.

Data will be collected through semi-structured interviews with university employees (primary data) and document analysis (secondary data). You are chosen to be engaged and to take part in this study in order to provide a relevant source of data. It should be noted that participation in the interview is a totally voluntary option. All personal information (i.e. name, age, etc.) will not be used in a written form in this study. Moreover, the interviews will be recorded and the recorded data will be held confidentially.

Finally, if you feel comfortable and sure about participation in this research, please fill in the agreement form, which will be given further. However, I would like to highlight that you are not obliged to participate if you do not want

to. If you have any doubts or questions regarding this study, do not hesitate and feel comfortable to contact me (e-mail: g.polianovskyi@gmail.com).

Thank you for your time,

Best regards,

Hlib Polianovskyi

Appendix 3: Agreement form

- I realize that the Master thesis is being conducted by Polianovskyi Hlib, a Master student in the NUPSEE program between Taras Shevchenko Kyiv National University and Nord University.
- I understand that the topic of this Master thesis is to explore how universities perceive changes regarding funding arrangements and how these perceptions affect the adoption process.
- I realize that the Master thesis, specifically, investigates to what extent changes in terms of funding mechanisms in HEIs are influenced by external pressures. Specifically, the study focuses on exploring the organizational responses to national reforms, influenced by NPM-driven trends, taking into consideration specific characteristics of the universities (Taras Shevchenko Kyiv National University and Nord University).
- I accept that I will be interviewed and the given information will be recorded, collected and used until the Master thesis will be completed and reviewed.
- I approve that I have understand an agreement form and confirm to participate in this interview on voluntary basis.

Participant (Name and Signature)

Place and Date

Appendix 4: Strategic reactions and tactics to external environmental pressures

Strategy	Tactic	Explanation
Manipulation	Control	Rule institutional changes
	Influence	Form values and standards
	Self-selection	Involve own powerful players
Defiance	Force	Criticize the origin of the pressure
	Challenge	Argue norms and requirements
	Ignore	Overlook evident rules and values
Avoidance	Escape	Modify aims and actions
	Hamper	Prevent institutional guidelines
	Hide	Mask a disagreement
Compromise	Bargain	Deal with institutional actors
	Calm	Pacify and adjust elements of the change
	Balance	Balance intentions of all players
Acquiescence	Compliance	Accept rules and requirements
	Mimic	Imitate institutional model
	Habit	Operate in a taken-for-granted environment

Source: Oliver (1991, p. 152)