Tertiary Education and Management
https://doi.org/10.1007/s11233-022-09104-9

ORIGINAL PAPER

Emergence and early institutionalization of competition in higher education: evidence from Finnish business schools

Kerttu Kettunen[1,2] · Kimmo Alajoutsijärvi[1] · John Arngrim Hunnes[1] · Rómulo Pinheiro[1]

Received: 31 August 2021 / Accepted: 15 October 2022

Abstract
This paper investigates the emergence and early institutionalization of competition in higher education (HE), specifically in business schools. First, building on key contributions from economics, management studies, sociology, and HE research, we develop propositions on competition in HE and formulate our theoretical framework. Second, we apply this framework to explore competition in Finnish business schools. We argue that business schools constitute an interesting field for studying competition in HE because they are the frontrunners and champions of competition-based views in HE. Our main contribution is a novel explanation of the preconditions, emergence, and early processes of institutionalization that drive HE institutions to compete and collectively produce the observed competitive transformation.

Keywords Business schools · Competition · Finland · Higher education institutions · Interorganizational relationships

Introduction

The nature and intensity of the rivalry among various actors in contemporary higher education (HE) are unprecedented. Individual scholars have always competed for scientific merits, status, and promotions, making competition a paramount and highly legitimized part of universities (Krücken, 2019). However, the ongoing, comprehensive transformation converting entire universities into strategic organizations, the missions of which are defined by competition in an expanding array of activities, is new and poorly understood (Whitley, 2006). Illustrative of this change in HE is the transformation of institutional logics within university organizations from professional bureaucracies to competitive bureaucracies

✉ Kerttu Kettunen
kerttu.kettunen@uia.no

1 University of Agder, Kristiansand, Norway

2 University of Turku, Turku, Finland

Published online: 02 November 2022

(Huzzard et al., 2017; Kallio et al., 2020; Wedlin, 2020). Processes of collegial consensus seeking in universities are increasingly replaced by top-down decision-making as strategic management discourses permeate contemporary HE institutions (HEIs), challenging their long-lived substructure of professional autonomy.

From a global perspective, HE is increasingly structured as a competitive hierarchy in which symbolism plays an important role, and the most prestigious universities dominate the field. Compared to “the old days,” HE today is tightly occupied by various market actors with different interests when it comes to creating and organizing competition (Pinheiro et al., 2019). The rise in prominence of global university rankings over the last 20 years has helped cement competitive hierarchies and restructure HE from a domestic enterprise into an increasingly transnational one (Kauppi, 2016). Along with other adjudicators of competition, such as regulators, evaluators, and funding bodies, ranking agencies compare competing alternatives, distribute resources, prizes, and other recognitions, and create rules for organizing and assessing competitive dynamics and outcomes. According to Werron (2015), modern university competition represents a particular type of competition in which HE institutions are motivated by public comparisons and the imagined market created by ranking agencies.

Competition among contemporary academic institutions has led organizational researchers across multiple fields to raise questions regarding universities’ transformation into corporate-like actors (e.g., Alajoutsijärvi et al., 2021; Wedlin, 2020). These questions include, but are not limited to, the following: Why are universities increasingly perceived as strategic actors in the global HE market? What are the social and organizational consequences of this framing? To what extent are strategic activities linked to shifts in university norms, values, and identities? What are the implications of this “strategic transformation” for the ways universities are managed (Fumasoli et al., 2015)? How do HE markets come to life, and “how are they imagined, made, implemented and maintained” (Komljenovic, 2020, p. 191)?

Academic institutions have become embedded in multiple types of nested and interdependent competition (Krücken, 2019; Marginson, 2006). Despite this, there is a lack of knowledge on the initial mechanisms that have enabled the formation (emergence) of and give momentum to (diffuse and institutionalize) university competition as a phenomenon that has spread across fields, institutions, and basic academic units. Some studies have discussed the initial processes and early institutionalization of competition within HE (Arora-Jonsson et al., 2020; Werron, 2015), but even these studies disregarded questions such as *when* (under what conditions) and *why* (drivers and rationales) academic institutions started to compete and *how* competition has become part of technical and institutional environments (forces of institutionalization) in which contemporary universities operate (for notable exceptions, shedding light on the construction of markets and competition in HE, see Musselin 2018; Komljenovic, 2020). To bridge this knowledge gap, we seek to answer the following question: *Why does competition among HEIs emerge, and how does it become institutionalized within the HE field?*

We take institutional theory as our starting point to explain the observed transformation of HE (Juusola et al., 2015; Huzzard et al., 2017; Kallio et al., 2020; Wedlin, 2020). However, in our attempts to understand the emergence and early institutionalization phase of competitive transformation, we need to pay close attention to actors, their relationships, and agency (Arora-Jonsson et al., 2020). Instead of directly explaining the later and more mature phases of competition in HE, we focus on university organizations and explore the preconditions and processes that motivate actors to compete and, in turn, to collectively produce this transformation.

This study develops seven propositions and a framework that explain the emergence and dynamics of the early institutionalization of competition in HE. The paper is structured as follows: First, in the section called "What is competition?" we expand our definition of competition by contrasting the three central research traditions' approaches to competition: *economics*, *management studies*, and *sociological research*. We argue that they have both directly (i.e., via HE policy and regulation) and indirectly (i.e., via less coercive processes, such as mimicking and modeling of other types of organizations) impacted the emergence and early institutionalization of competition in HE. Second, in the section called "Competition versus other social forms," we underline that our focus on competition as a social form necessitates a comparison with its alternative social forms to describe organizational relationships. Third, we move on to develop our propositions on competition in HE. We draw from the literature on the aforementioned fields to identify how various actors and their strategic agency and intentions initiate and aid in institutionalizing university competition across the board at the field level. By synthesizing key contributions emanating from economics, management studies, sociology, and HE research, we develop a set of seven generic propositions (I–VII) that are divided into three key dimensions: (1) necessary (pre) conditions for competition to emerge between two HEIs, (2) drivers and rationales that urge competitive behavior among HEIs, and (3) forces that drive the institutionalization of competitive behavior into HE structures and rhetoric. Fourth, we present our framework, which combines our findings from earlier sections and the seven propositions. Fifth, we discuss our rationale for selecting Finland as our case country, which was to illustrate how and to what extent the propositions play out in business schools, as we consider them to be the frontrunners and champions of competitive transformation in Finnish HE. Sixth, we present our case, which exemplifies the key phases in the emergence and early institutionalization of competition among Finnish business schools. Finally, we discuss our findings and the study's contributions and present suggestions for future research.

What is competition?

Research on competition and competitive behavior has long and diverse roots in the social sciences. The earliest works on competition were written by Western philosophers such as Adam Smith and John Stuart Mill in eighteenth century (Gane, 2020; Werron, 2015). Despite being designated the founding father of economics, Smith writes little about the concept and mechanisms of competition. He simply states that markets are described by price competition between buyers and sellers in relation to the supply of or demand for a particular commodity (Gane, 2020). Thus, competition between contestants can be interpreted as a process wherein two competitors attempting to attract a third party, such as a customer or supplier, provoke each other to seek to undo each other's actions (Arora et al., 2021; Werron 2015).

It was not until the latter half of the nineteenth century that the concept of perfectly free competition was introduced and mathematically advanced by several economists (Gane, 2020). Perfect competition was defined as an ideal type of market structure wherein all producers and consumers had complete and symmetric information about the object of exchange (Arora et al., 2021; Gane 2020; Werron, 2015). The aim was to develop an alternative to monopolies, the emergence of which was considered societally undesirable. Hence, perfect markets were an abstract model and ideal for advancing efficient resource allocation across industries and societies.

Later, mainstream economics focused on complex explanations of market imperfections without a clear analytical distinction between the concepts of market exchange and competition. However, competition is an entangled phenomenon that can take on a different ontology according to the particular context in which it occurs and that depends on actors and their relationships, regulations, and competition objectives (Madsen, 2021). Thus, it is important to separate competition and market exchange conceptually. In short, this means that competition between two actors can occur without exchange processes. Competition between HEIs, for instance, can be over academic achievements, status, reputation, or media attention without market exchanges. Furthermore, this analytical separation "allows for a distinction between market-based competition and competition as a governance instrument that mediates managerial decision-making in which the contestants fight to avoid top-down reform rather than fighting against their peers" (Madsen, 2021, p. 182).

While economics-based research on competition focuses on the system level, the management literature's unit of analysis is the individual firm. Such research originated with Schumpeter (1950) and the Austrian School of Economics (Jacobson, 1992). Its main aim is to analyze firms' competitive actions and reactions and how companies can gain relative advantages over their counterparts. Desired advantages can include market share (Ketchen et al., 2004), profitability (Gielens et al., 2008), or access to scarce resources (Capron & Chatain, 2008). Research on competitive behavior has primarily focused on elucidating competitive strategies among competing firms and how different strategic actions influence firm performance (Chen & MacMillan, 1992; Smith et al., 1991). The basic unit of analysis includes concrete and detectable competitive action–response chains and streams of actions taken by individual firms (Nguyen, 2021; Smith et al., 1991).

The key difference between the economics and management streams is that while economic research focuses on theorizing about perfect markets and market imperfections, managerially oriented studies concentrate on clarifying the impacts of competition on specific firms. In other words, while economists tend to see competition as an abstract structure, management scholars approach it as a strategic challenge (Arora et al., 2021). Although it operates at a fine-grained level and is preoccupied with action/reaction- and firm-specific studies, strategic management research is typically too under-contextualized to be straightforwardly applied to all types of organizations (Nguyen, 2021). Although researchers in the competitive dynamics stream occasionally implicitly or explicitly acknowledge connections between contextual features and firms' competitive behavior, in most studies, the main focus is on firm-level factors. These include organizational characteristics such as size, age, bureaucracy, internationalization, and resources, as well as managerial features including experience, background, team dynamics, and cognition (for reviews, see Chen & Miller, 2015; Nguyen 2021; Smith et al.,).

The third stream of research on competition considers competition a specific type of social form or a social relationship (Arora et al., 2021; Werron 2015) and has starting points in the writings on "social circles" of classical sociologists like George Simmel (1903/2008) and Max Weber (Gane, 2012; Simmel, 2008) delineates three types of competition. In the basic form of competition, actors desire a win under a running race type of rivalry wherein only one of the contestants can attain the first prize, and the winner can be declared without a third-party evaluation. The pseudo type of competition (Simmel, 2008, p. 966), by contrast, emerges when at least two actors desire something that is equally available for both or all the actors through a third-party evaluation. An example of pseudo-competition would thus be the competition that occurs in a religious group when members try to outperform each other in obtaining salvation; one person gaining a “place in heaven” does not preclude another from gaining access. Finally, real competition emerges when two actors strive for something that cannot be obtained by both in parallel and when “any specific gain will be withheld from one precisely because it is acquired by the other” (Simmel, 2008, p. 966). What makes this type of competition sociologically most complex (and interesting) is when the desired object is under the control of a third party, such as customers, government agencies, or funders.

Competition versus other social forms

Sociological studies have had a great impact on research on organizational relationships and networks (Granovetter, 1985), wherein scholars have continued to categorize and contextualize relationships between organizational actors. Early research on organizational relationships and networks focused on dyadic relationships in supply channels inspired by social-exchange theory (Anderson & Narus, 1984; Dwyer et al., 1987) and empirical studies of industrial relationships by scholars related to the Industrial Marketing and Purchasing (IMP) Group (Håkansson, 1982). These approaches concentrate on market exchange relationships between two organizations, mainly business firms. Later researchers interested in the emerging networks of organizations criticized the focus on dyadic relationships for not considering the network of relationships encircling each dyad (Alajoutsijärvi et al., 2001; Anderson et al., 1994; Axelsson & Easton, 1992). The main conclusion from the debate was that business relationships should be studied in the larger context of the surrounding organizational relationships that form the ever-widening business network to understand the activities of buyers and sellers and the development of their relationships (Alajoutsijärvi et al., 1999).

In the early 1990s, some initial research was published on the relationships between competitors in horizontal settings (Easton & Araujo, 1992). Relationships between competitors were studied using the IMP framework or by combining traditional economics/management models of competition with the IMP tradition (Bengtsson & Kock, 2014). New insights came from empirical studies exploring competitor interactions and relationships between competitors, which were discovered to be not only competitive but also *cooperative* or a mixture of these behavioral modes termed *coopetitive* in nature (see, e.g., Gernsheimer et al., 2021).

As a result, interorganizational relationships were found to vary greatly, both with respect to their form and time. They could be mutual or opportunistic, symmetrical or asymmetrical, consistent or inconsistent, and involve economic exchange or not. A variety of social forms (such as the ones with the prefix “co”) that defined organizational relationships were discovered. These include imitation (copying), cooperation (mutually dependent objectives), coexistence (independent objectives), coopetition (mix of competition and cooperation), and conflict (actors strive against each other, i.e., an opponent-centric view; Easton & Araujo 1992; Simmel, 2008; Werron, 2015).

Table 1 Differentiating the three approaches to competition

	Approach to competition	Key challenge to be tackled	Primary mechanism	Relationships between competitors
Economics (mainstream)	Abstractions and axioms that describes perfect markets	Explaining market imperfections	Invisible hand – self-organization via market exchanges	Irrelevant or not in focus
Management studies	Strategic challenges	Strategy or strategic move that will enable actors to outperform their competitors in the competitive game	Strategic intentions of rational actors – managers as key agents	Players in the strategic game focus on their own actions and responses to those of their competitors
Sociological research (on organizations)	A specific type of social form and relationship type that can exist with or without other types	Emergence and consequences of competition as opposed to other social forms and relationship types	Social embeddedness and co-evolution – formal and informal rules or institutions	Potentially complex and multifaceted; defined by other social forms besides competition

Table 1 summarizes the key differences between economics, management studies, and sociological research approaches to competition and competitive relationships between actors.

Emergence and early institutionalization of competition among academic institutions

In this section, we develop our propositions about the emergence and early institutionalization of competition among HEIs by combining the insights from the three theoretical approaches to competition discussed above and applying them to the HE context. Owing to our focus on the early phases of competitive transformation in HE and among HEIs, our main theoretical angle relies on sociological research on organizations and interorganizational relationships. On a conceptual level, we attempt to explain why competition as a relationship type appears to be an increasingly relevant heuristic for describing and explaining the relationships between contemporary academic institutions.

(Pre)conditions for competition

Actors, fields, and categories

For competition to emerge, two or more actors in an organizational field are needed. The "pure" form of competition is assumed to emerge when "two actors have objectives that are in conflict, but the locus of their objective is under the control of a third party" (Easton & Araujo, 1992, p. 72); that is, competition can be defined as a struggle for the favor of a third party (Simmel, 2008; Werron, 2015).

In organizational fields or markets, competitive dynamics (and disruptions and changes to these dynamics) are often a result of a certain type of categorization (Granqvist & Siltaoja, 2020), i.e., the perception that the two actors belong to the same field and that they compete for the favor of the same "third party," such as customers. Business history is full of examples of companies that vanished due to not only the emergence of new entrants in the same markets but also a surprising redefinition of these markets (Gans, 2016). As a response to recategorization, previously distant actors may be put into the same category and thus in a competitive position with one another.

Regarding HE, academic organizations have traditionally been categorized as *professional bureaucracies* (Mintzberg, 1983). For a long time, competition was not a salient or even desirable social form for organizations in this category because other forms, such as cooperation among professionals across institutional boundaries, were dominant and considered more beneficial for the fulfillment of HEIs' missions and social functions (Engwall, 2020). At a more fundamental level, the primary driver of academic institutions was the "pull to professionalize" (Gornitzka & Larsen, 2004), which did not necessarily lead HEIs to compete against each other because the quest to become more professional could be obtained without the favor of a third party. Today, the variety of different ranking schemes challenges the status quo, offering a league-table-based view of the strategic global relationships and positions among HEIs. Comparisons enable new organizational categories (e.g., TOP 100, TOP 50, and TOP 10 lists) to be created or produced for the purposes of an "imaginary third party" (such as prospective students, who arguably benefit from the information provided by these rankings), thus driving HEIs to compete for favor (Brankovic et al., 2018).

- Proposition I: *Competition in HE emerges when two or more actors are categorized as belonging to the same field and incentivized to struggle for the favor of a third party.*

Agency of the strategic apex

According to Mintzberg (1983), modern organizations consist of five parts: the operational core, the strategic apex, middle management, the technostructure, and support staff. An endogenous precondition for competition is that the strategic apex is denoted by agency. Compared to stereotypical for-profit corporations, the ability of multidisciplinary and loosely coupled HEIs to develop university-level competition strategies as united (tightly coupled) organizations is limited by the great variety of institutional logics across the board and the research priorities and evaluation standards of the respective scientific communities (Musselin, 2007).

Hendrickson et al., (2013) adapted Mintzberg's (1983) categorization to HE and associated faculty members with the operational core, rectors and vice-rectors with the strategic apex, deans and department heads with middle management, administrative staff with the technostructure, and information technology (IT) and maintenance staff with support staff. This categorization clarifies the groups of actors involved in organizational decision-making and the degree of their involvement. In most professional bureaucracies, the central part was formerly their operating core; in the case of HEIs, the faculty now takes on this role (Clark, 1987). The faculty's decentralized work is coordinated by the standardization of skills, involving much education and indoctrination for incoming members. Simultaneously, despite slight national variations, traditional forms of bureaucratic command and control are minimal, and organizations rely on trust in professionals' skills and their willingness to operate in the organization's best interests (Kallio et al., 2020).

The agency of the strategic apex maintains that management can influence HEIs' strategic direction, processes, and offerings (Geschwind et al., 2019). Organizations and their competitors must be internally cohesive (legal) entities subject to rational design (Ramirez, 2010) and thus manageable. Otherwise, HEIs as organizations do not compete, even if individual researchers, research groups, or disciplines compete internally with each other (e.g., for resources) or with similar units located elsewhere (e.g., for prestige). However, individual HEIs or their subunits can be co-creators of competition within multidisciplinary settings between two market contenders (Alajoutsijärvi et al., 2018) or among specific subunits, such as business schools. Thus, competition can be both an endogenous force and an exogenous force that shapes HEIs and their respective organizational fields (Arora-Jonsson et al., 2020).

- Proposition II: *The more internally coherent and manageable HEIs are, the more likely they are to embrace competition as a modus operandi and to be the target of it by other players in the industry.*

Competition drivers and rationales

Awareness of competitors

After the two previously presented (pre)conditions have been met and there is (i) a sufficient number of actors in the field and (ii) an identifiable strategic apex that is able to function and make decisions for the entity (organization), this strategic apex needs to become aware of its competitors in the respective organizational category or field and become motivated to respond to their competitive actions (Hölttä & Karjalainen, 1997).

Awareness implies the perception of information, which drives both strategic motivation and desire. The traditional awareness-motivation-capabilities (AMC) theory (Chen et al., 2007) strives to capture competitive dynamics and explains the key behavioral drivers of actions and responses. In brief, an organization will not be able to act unless its strategic apex is aware of the competitive moves in the field and is motivated and capable of undertaking such acts. AMC proponents argue that competitive action is predicated on three key conditions: the extent of awareness, the level of motivation, and the capability to respond. Thus, "external" competitive behavior is partly "internal" in nature because competitive behaviors can be considered outcomes of the intentions, perceptions, and motivations of decision-makers (Chen & Miller, 2015). A key issue in competitive dynamics research is the extent to which organizations facing the same technical and institutional environments act and react differently, even if that also implies mimicking their competitors in certain domains (Hüther & Krücken, 2016). The organization needs to both identify with and be identifiable by its field-level competitors and their actions. In other words, HEIs need to balance the ongoing need to be simultaneously different (e.g., have a distinct national identity) and similar (e.g., copy international role models).

- *Proposition III*: *The more aware an HEI's strategic apex is of other like-minded actors (competitors) in the field, the more likely it is to monitor their actions.*

Competition over resources

To survive, organizations develop and modify their resource base and competitive capabilities over time (Eisenhardt & Martin, 2000). To act as an entity when responding to the competitive actions of other actors, an organization must have sufficient initial resources and perceive that the opportunity or threat of competition is worthy of upgrading its resource base (Chen & Miller, 2015). As part of this process, organizations may evaluate whether their resources are superior or inferior in relation to their counterparts and sufficient for competitive moves. Subsequently, they may decide how to utilize or transform their resource base to proceed with competitive actions.

Despite their unique characteristics, contemporary HEIs are not so different from other types of organizations; they can, for instance, leverage their existing resources to maintain their competitive positions in the field, both domestically and globally (Hazelkorn, 2009). HEIs may try to deploy new resources to advance their competitive position, for example, by joining forces (merging) to improve their strengths and leverage their competitiveness (Pinheiro et al., 2016). They can also release or re-allocate existing resources to avoid direct competitive pressure by cutting or deferring capital spending and nonessential maintenance, reducing working capital, staff, and faculty members, or divesting assets.

The most desired resource for HEIs is the scarcest: *prestige*. HEIs aim to enhance their market positions or field-level prestige via competitive actions (Goldman et al., 2004; Wedlin, 2020). Prestige appears as and elicits voluntary deference and intersubjective perception in the form of shared beliefs, expectations, and widespread recipes between and among HEIs and their respective market audiences (Mohrman, 2008). In HE, prestige is positively affected by multiple factors, such as publications in top journals, research funding, and the quality of students and faculty (De Fraja & Iossa, 2002). The same applies to users and consumers, as HE degrees (graduates) and scientific publications (staff) are increasingly considered "positional goods" in the context of a highly competitive marketplace (Alajoutsijärvi et al., 2018; Halliday 2016). Most importantly, prestige is often transformed into authority, agenda-setting power, and access to scarce resources, such as influential people and funding (Brewer et al., 2001). In the context of markets, prestige and performance or efficiency are often decoupled; in a prestige economy, what really counts is "the appearance of doing what highly regarded institutions do and the relative comparison to prestigious institutions" (Eckel, 2008, p. 176).

- *Proposition IV*: *The scarcer the commonly desired resource, the more intense the competition among HEIs.*

Drivers of early institutionalization

Quasi-markets and shifting social contracts

Pro-market proponents argue that the challenge of underperforming public sector organizations can be addressed with a simple solution: intensifying competition among organizations, equating their market with other more conventional industries, and governing them like ordinary corporations (Ritzen, 2010). According to this pro-competition line of thinking, incentivizing public sector organizations like HEIs to behave as strategic actors benefits national and global competitiveness, among other things, by enhancing efficiency. In the European HE context, the model established by US Ivy League universities has gained much policy attention since the 2000s ("Lisbon Agenda," cf. Pinheiro, 2015), not only due to their apparent links to national economic performance and global competitiveness but also their high visibility in global university rankings (Slaughter & Cantwell, 2012). As is the case in other highly institutionalized fields, such as health care (Ramirez et al., 2016), national HE policies have started to echo the competition-enhancing agendas (e.g., "world class" and "best practices") of transnational governing bodies such as the European Union (EU), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the World Bank, as well as accreditation agencies and evaluation schemes such as the Association to Advance Collegiate Schools of Business (AACSB) and the Research Assessment Exercise, respectively.

Marketization has become an integrated part of national HE policy discourses alongside a wave of organizational restructuring that has affected recruitment, staff promotion, and research (Enders et al., 2015). Traditional state control has shifted to state supervision, while competition and quasi-markets have become stronger steering mechanisms, with decreased direct funding being allocated to HEIs (Hüther & Krücken, 2016). As a result, a new social contract has emerged, with central governments acting as market enablers rather than serving in their previous roles as protectors or buffers from external stakeholders' interests (Maassen, 2014). That said, given their social and economic importance, governments have not retreated from the governance of the HE sector but have instead complemented their traditional approaches with market mechanisms, which has aided ex-post performance management. In other words, governments have enabled the rise of quasi-markets in HE by defining them as competitive sites (Niklasson, 1996; Taylor et al., 2013). Under these conditions, HEIs have responded by transforming their internal, managerial, and administrative structures to improve market efficiency and foster social accountability (Pinheiro & Stensaker, 2014).

- <u>*Proposition V*</u>: *The creation of quasi-markets in HE results in the transformation of HEIs into strategic actors that are increasingly motivated, disciplined, and organized by and around competition.*

Rhetoric of competition

Competitive behavior, we argue, includes concrete and detectable actions as defined not only traditionally in mainstream competitive dynamics research (Porter, 1980) but also rhetorically using verbal communication (Gao et al., 2017). Hence, competition in HE can entail not only concrete acts, such as establishing new study programs or research positions, but also speech or written acts, such as strategic plans in the form of rhetoric or symbolic devices (Fumasoli et al., 2015). In real life, intense competitive interactions primarily manifest in the form of verbal communication from HEIs' representatives. Such language-based competitive behavior may or may not be followed by concrete competitive actions (Gao et al., 2017); in politics, speech can be an important act that signals present and future strategic priorities (Kettunen, 2013). Thus, depending on the context, competitive behavior may contain an important rhetorical element that manifests itself in the corporate-borrowed concepts and language employed. Examples of this type of rhetoric applied in HEIs are mission statements, strategies, action plans, branding, and student (customer) satisfaction, which illustrate the salience of competition (Hazelkorn, 2009; Alajoutsijärvi et al., 2022).

- *Proposition VI*: *Competition among HEIs is diffused and institutionalized through the extensive and repeated use of corporate language by actors in the HE environment.*

The Matthew effect

The Matthew effect (Merton, 1968) refers to a phenomenon in which the rich get richer, and the poor get poorer. Minor differences in money, prestige, or other desired resources among organizations in the initial stage can result in larger differences in terms of possessing scarce and valuable resources, and this effect is then reproduced and magnified over time. The Matthew effect explains the impact of prestige on organizations' rewards and opportunities in the marketplace and, specifically, on the inequalities of rewards associated with occupying different positions in a hierarchy or field (Gould, 2002).

For HEIs, this mechanism means that prestige—as a positional good in a competitive marketplace (Baltaru et al., 2022)—creates more prestige: Organizations with higher status benefit not only from easier conditions for producing outputs (e.g., better funding for research) but also from greater rewards than their lower-status counterparts (e.g., for producing teaching and research outputs considered of the same quality). Whether prestige is, by its nature, a scarce resource is a topic of debate (cf. Birnbaum, 2007). However, whenever prestige is measured, it becomes a scarce resource. This happens because measuring tends to denaturalize and reduce its object, which in turn creates opportunities for explicit comparisons.

In the realm of HE, the best-known measurement systems for prestige are global rankings or league tables that use different methods and data points (Ya-Wen & Jacob, 2017). Rankings create and accelerate competition by globalizing HE and decontextualizing competition (Ramirez et al., 2016). They create the impression that HEIs located in northern Europe compete head to head with those located elsewhere, when in reality, the HEIs in question often have minimal association. Because only one HEI can assume a certain ranking position at a time, rankings create extreme scarcity. Furthermore, league tables illustrate the perceived qualitative differences among different HEIs but exaggerate their magnitude. Moreover, annual ranking releases create the impression that HE competition is dynamic and everchanging, even though positions remain rather stable over time (Brankovic et al.,

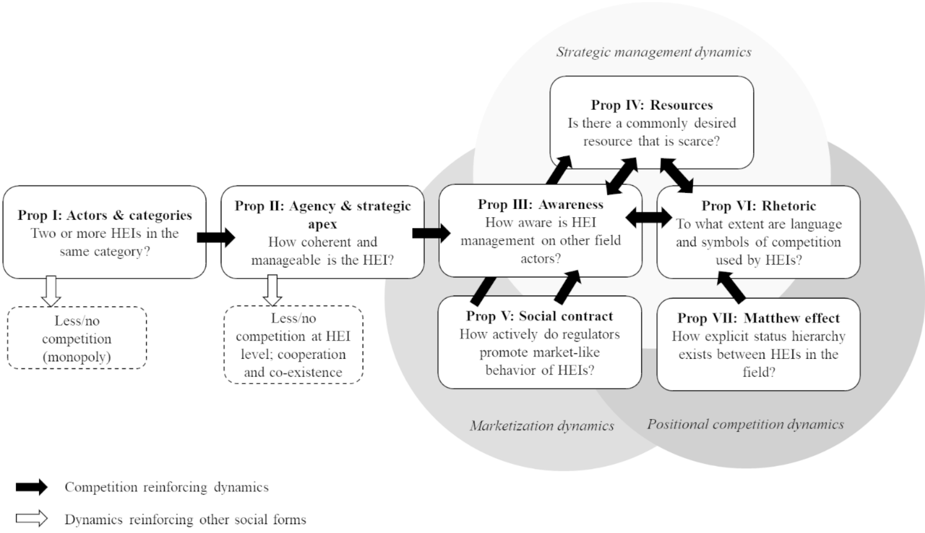

Fig. 1 Dynamics impacting the emergence and early institutionalization of competition

2018). This illusion of dynamism is part and parcel of the creation of a (quasi-)market environment in which competitive players are continuously expected to (re)act strategically.

- Proposition VII: *Over time, prestigious HEIs become even more prestigious and cement their position in national status hierarchies and global rankings.*

Figure 1 summarizes the seven propositions (I–VII) that explain the emergence and early institutionalization of competition among HEIs.

Methodology

Using the propositions presented above as a starting point, this paper aims to provide empirical evidence of how framing HE as a market, students as customers, and education as a positional good lead to a process of competition (Arora-Jonsson et al., 2020; Bloch, 2022). More specifically, as alluded to at the outset, there is a need to "understand the details of how markets are put to work" and "to unmask market-making processes as a deeply ambivalent endeavor, which is never finished and always challenged" (Komljenovic, 2020, p. 202).

The method used in this study was that of a single in-depth case study (Yin, 1984). In studying an industry-level phenomenon such as university competition, we benefited from a research approach that highlights identifiable actors and facilitates observation of their relationships and actions in their natural settings. Using our theoretical frame and seven propositions, we found that context, actors, and categories play important roles in how competition is perceived in HE (see *Proposition 1* in particular). Therefore, we decided to focus our empirical study on a specific national HE context (Finland) and a specific field of education (Finnish business schools). Owing to some relatively recent (post-2010) changes in Finnish HE policy, we believe Finland constitutes a particularly suitable context for studying the emergence and early institutionalization phases in competitive transformation. These changes can be observed and explored in research terms, but they have not yet completed or matured as in many Anglo-Saxon HE contexts. Furthermore, business schools are interesting because they are frontrunners and champions of competition-based views within HE. With the chosen approach and methodology, we can analyze the entire process of the transformation of Finnish business schools up to the present state—from the organizational forms of professional bureaucracies (Mintzberg, 1983) to the current structure of competitive bureaucracies (Kallio et al., 2020).

The first phase of data collection was conducted as part of a research project that studied the history of business schools in Finland (Kettunen, 2013). This phase consisted of about a dozen interviews with business school rectors and deans as well as an extensive number of published speeches of business school leaders. In addition, several business schools' authored histories and annual reports were studied. In the second phase, the data were complemented by updated documentation, reports, and scholarly articles written on the status of Finnish academia and business schools, as well as retrospective analyses of the merger leading to the establishment of Aalto University, which, upon its establishment in 2010, "swallowed" three stand-alone institutions, one of which was the oldest Finnish-language business school—the Helsinki School of Economics (e.g., Aula & Siltaoja 2021; Aula et al., 2015). The data were structured and analyzed according to the seven propositions presented above.

What follows is a brief but easily relatable case narrative of the emergence and early institutionalization of competition in the Finnish business school field, as experienced by the actors involved. More specifically, we use the Finnish business school field for the following purposes: First, we motivate our research question. The case shows that competition in HE should not be taken for granted or as a natural course of events in the path of progress. In our case, competition was created and co-constructed by the actors in the field and in their interactions with the surrounding institutional environment. Second, we employ our case as an illustration to help the reader imagine how the theoretically informed propositions we presented might evolve in practice. In this sense, we utilized the case for tentative theory construction.

Competitive transformation of the Finnish business schools

The history of the establishment of the Finnish business school field dates to the early twentieth century, when the two first (*Proposition I*) business schools were founded in Helsinki in nearly consecutive years. One of the special features of the field stems from Finland's long history under the rule of Sweden (from the 1200s until the early 1800s) and its being a bilingual country (Kettunen, 2013). Due to the population being divided into Swedish- and Finnish-speaking HEIs, the first HEIs were also split by language, with Swedish being the traditional upper-class language. Swedish-speaking businessmen were educated at the Swedish School of Economics (Hanken, est. 1909), whereas the Finnish-speaking aspiring business elite headed to the Helsinki School of Economics (HSE; later, the Aalto University School of Business, est. 1911). Despite the aims for university status, both institutions were initially strongly defined by their teaching focus (Alajoutsijärvi et al., 2012).

During this early stage, the two schools' rivalry focused on the language issue but was directed against other professional groups in society; both Swedish- and Finnish-speaking businessmen needed a university-like institution to upheave the status of their profession in relation to the elite of the time—namely lawyers, doctors, and engineers (Kettunen, 2013). Hence, the relationship between the two schools was best described as co-existence: although they were aware of each other's activities in Helsinki's small business circles, they did not really cooperate with one another (*Proposition III*). By contrast, the more traditional research universities at the time (primarily the University of Helsinki) belonged to a different category that represented Humboldtian traditions. These institutions were both disinterested in business studies and reluctant to accept these vocational schools as universities, whether in the physical or symbolic sense.

Compared to multidisciplinary universities, the early business schools were stand-alone and relatively coherent institutions whose subjects and disciplines were first closely connected to the tasks of a practicing business manager, such as languages, typewriting, and contract law. This later expanded to more theoretical topics related to the functions of a business firm, such as accounting, marketing, and management. The schools possessed a straightforward leadership structure (the principal and board), which was easy to manage from a competition point of view (*Proposition II*).

Nearly 20 years later, in 1927, a small-scale business school was established in Turku within the Swedish-speaking Åbo Akademi University. After World War II, the Finnish-speaking Turku School of Economics (TSE) emerged from local businessmen's initiatives. Like the Helsinki-based schools, the TSE was a stand-alone institution. Both Hanken and HSE resisted the expansion, questioning the academic capacity of the new institution and fearing that a new, poor-quality business school would negate the status-building efforts they had invested in for some time. In terms of awareness, all existing and emerging actors in the field were aware of each other's whereabouts and strategic aspirations and worried about collateral prestige damages (*Proposition III*).

In the 1960s, the Finnish business school field experienced another wave of expansion, as three new schools were established in more rural cities: one stand-alone institution in Vaasa and two departments within the multidisciplinary universities in Tampere and Jyväskylä. The only way to staff these new schools was by recruiting both permanent and part-time staff (colloquially referred to as "suitcase professors") from the established business schools, creating a network that relied on personal relationships among colleagues. This network created the foundation for decades-long administrative and academic collaborations between different institutions. Examples of joint arrangements created during this period included student admission systems, entrance examinations, supervision of PhD students, research collaborations, and co-publications. The benefits of collaborating and appearing to be a cohesive HE field (in competition against other expanding fields such as engineering) outweighed the occasional schisms between individual academics and institutions.

The 1970 to 1980 s was a period of steady growth for business schools in Finland. State funding, which accounted for the majority (90–95%) of revenue, was distributed according to the size and structure of each HEI. The university department-based business schools received funding from the Ministry of Education through their mother universities, while funding for stand-alone schools came from the Ministry of Trade and Industry. Eventually, the latter were also incorporated under the authority of the Ministry of Education, which grew and broadened its jurisdiction in society. Despite the constant scarcity of financial resources (*Proposition IV*), there was no clearly identifiable third party to carry out performance assessments between the different business schools. In addition, state-level rhetoric encouraged collaboration, whereas fomenting competition among HEIs was against the spirit and intent of the steering mechanisms at the time (*Proposition VI*).

In the early 1990s, two more business schools were established in connection with two technology-focused universities in Oulu and Lappeenranta. By that time, New Public Management (NPM) had spread to HE across Europe and manifested in several reforms implemented by Finnish universities from the late 1980s onwards (*Proposition V*). NPM stood for a gradual abandonment of the Humboldtian ideal and an increasing application of business practices, concepts, and models—such as Management by Objectives (MBO)—as university administration tools. Since the 1990s, Finnish universities have created their own budgeting system in which the money available for each university was determined based on quantifiable outputs (e.g., credit units and degrees), the quality of education and research evaluated through different types of auditing processes and the amount of external funding acquired by the universities. At business schools, the promotion of the supremacy of open market ideals in public sector administration resonated particularly well. The concept of market competition was at the core of the curriculum for many subjects taught at business schools. In addition, the global business school industry was experiencing enormous growth, and the results-based allocation of the state budget rewarded business studies over shrinking and less-popular fields, such as the humanities.

Optimization in accordance with the state funding model paid off, and Finnish business schools experienced strong growth in the 1990s. However, direct competition between the schools was not evident, as the revenue streams were still largely dependent on university-level performance, which tied business schools' revenues to the performance of other schools and institutes. Furthermore, the status and prestige of the 1990s business schools were largely based on their history (the oldest schools were considered the most established and thus the best) and location (capital city-based schools were considered the most centrally located and thus the best). Research merits, for example, were mainly considered personal rather than institutional merits.

Since the mid-1990s, the Finnish HE sector has expanded by approximately 20 new universities of applied sciences, increasing the pressure of research-based HEIs to differentiate themselves from these more practice-oriented regional colleges. However, what began in the late 1990s as a vision of making HSE into a high-quality European business school (*Proposition VI*) developed toward the latter half of the 2000s into a quest to become a world-class graduate school of business in its own league. In this new strategy and vision, HSE would enjoy a financially strong and independent position as part of a multidisciplinary foundation university competing globally for the best researchers and students (*Proposition VII*). One of the HSE's most important first steps toward gaining Europe-wide recognition was its EQUIS accreditation in 1998 and membership in the European elite business school network (the Community of European Management Schools), which followed in the same year. Hanken joined the accreditation race shortly after and became EQUIS accredited in 2000.

On the media ranking front, the *Financial Times*' ranking of European business schools' MBA programs was first published in 1998. By 1999, it had developed into an international business school ranking list. In Finland, a business magazine (*Talouselämä*) published its first business school ranking in 2012. Despite a short-lived and awkward perceived experiment, the ranking made the internal hierarchy within the national business school field explicit for the first time. Principals, business school deans, and corporate stakeholders read the article carefully, which raised awareness of national status hierarchy (top-middle-low categorization of schools) within the field (*Proposition III*).

Throughout the 1990 and 2000 s, the governance of the Finnish HE industry was characterized by the gradual adoption of corporate-world logistics and practices in the form of NPM-inspired government-mandated reforms (Hölttä, 2000). Reforms in university legislation have, for instance, allowed universities to introduce external members to their decision-making boards and to charge tuition fees for non-EU degree-seeking students. In 2010, the entire Finnish HE system underwent profound reform (Universities Act 2009), which encompassed a change in the legal status of universities as independent legal and financial entities. Two models were stipulated: foundations under private law (two HEIs, one of which was Aalto) and corporations under public law (all the others). Under the new regime, universities assumed full financial liability when it came to their property and operations, and their staff ceased to be part of the civil service (Pinheiro et al., 2019, pp. 83–84). The new Universities Act also forced universities to adopt a stronger professional model of strategic management, giving university rectors a more powerful position to act as the executive managers of university corporations with the board (consisting of at least 40% external members) and an externally appointed Chair as their highest decision-making bodies.

The business school field was impacted rather dramatically by the reform. Parallel to the change in university legislation, Aalto University was established in 2010 (in the plans inaugurated in 2007, Aalto enjoyed a distinctive status and was referred to as the national flagship or innovation university). In practice, Aalto University was a merger of three previously stand-alone schools focusing on technology, arts, and business (all of which were recognized as the top national institutions in their respective fields prior to the merger). In the new vision for HE in Finland, the merged entity possessed both a large endowment fund and confidence in its capabilities to raise and cement Finland's position among countries with top universities. According to Aula & Siltaoja (2021), the meaning of Aalto University was constructed through two discourses—HE and market economy—which were mobilized with the labels "top university" and "innovation university." The strategic purpose of this rhetoric was to position Aalto among a group of elite international universities and simultaneously differentiate it from peer universities in Finland. Meanwhile, in its communication with industry stakeholders, the university promised to deliver commercial innovations, patents, and other industrial benefits.

For other business schools, the 2010s were marked by an intense race for accreditation (AACSB, EQUIS, and AMBA; Alajoutsijärvi et al., 2018). Which schools have already received it? Which schools are in the process of seeking it? Which schools have not even started yet? As of today (May 2022), six of the 10 university-based business schools in Finland have one or more of the three aforementioned business school accreditations. Aalto (formerly HSE) and Hanken distinguished themselves with the "triple crown" status (see Table 2 on the respective sizes and accreditations of the 10 university-based business schools).

In the past few years, with its increased financial inputs and special status, Aalto in particular has aimed to actively improve its position in global university and field-based rankings and has notably been explicit about these goals in its strategy rhetoric and marketing communication (Aalto University, 2021). As the national flagship HEI, Aalto is generously funded by the state and the national business elite, openly comparing itself to the world's

Table 2 Business schools and their respective sizes in Finland

Business school name	Year founded	Academic staff*	Students**	Accreditations (AACSB, EQUIS, AMBA)
Swedish School of Economics (Hanken)	1909	143	2,511	EQUIS (2000), AMBA (2008), AACSB (2015)
Aalto University School of Business (formerly HSE)	1911	184	3,846	AMBA (1997), EQUIS (1998), AACSB (2007)
Handelshögskolan vid Åbo Akademi	1927	42 (includes law)	774	In AACSB process
University of Turku	1950	194 (in-cludes law)	2,280	AACSB (2019)
University of Tampere	1965	79	1,077	In AACSB process
University of Vaasa	1966	155	2,910	In AACSB process
University of Jyväskylä	1967	108	1,311	AMBA (2012), AACSB (2018)
University of Oulu	1991	93	1,263	AACSB (2013)
University of Lappeenranta	1991	100	1,527	AACSB (2022)
University of Eastern Finland	2010	161 (in-cludes law)	1,293	in AACSB process

** Person years in business, administration, and law; staff with PhD student contracts to professors in 2021*

*** Students in business and administration; all degree levels from bachelor's to doctorate in 2021*

leading universities and business schools: Harvard, Stanford, and MIT (*Propositions VI* and *VII*). Along with the top-university benchmarks sought primarily from the United States, nationally, the perception of "Aalto playing in its own league" has strengthened. Indeed, compared with its national business school counterparts, the Aalto University School of Business has, for example, been able to pay its faculty higher compensation for international, A-level publications and transform its substantial resources into outputs that add to the already established status of the institution (*Proposition VII*). Table 3 summarizes our case analysis, key events, and examples of competitive transformation in Finnish business schools.

Discussion and conclusions

The aim of this paper was to address the following question: *Why does competition among HEIs emerge, and how does it become institutionalized within the HE field?* Building on key contributions from economics, management studies, sociology, and HE research, we developed seven (I–VII) propositions on competition in HE. The propositions are summarized in Fig. 1 and illustrate that the institutionalization process and all the propositions working together result in a virtuous—or vicious—cycle of competitive transformation in HE. The propositions were empirically exemplified using Finnish business schools as a case study. The Finnish case describes several events of integration of competition as the new field-level policy, practice, and reality by HE policy actors as well as business schools themselves.

Table 3 Summary of the Finnish business school case analysis

Proposition	Illustrative events/examples	Implications of competitive transformation
I: Actors and categories	Categorizations emerged over time among business schools: • Swedish- vs. Finnish-speaking (1910–1920 s) • Capital city vs. rural/regional (1950–1980 s) • International vs. national (1990–2000 s) • Accredited vs. non-accredited (2010–2020 s) • Flagship vs. others (2010–2020 s)	Differentiation between the categories becomes increasingly ranking-based and dependent on third-party perceptions (as opposed to language or geographical location, for example)
II: Agency and strategic apex	• University legislation reform 2010; reforms in mgmt. structures and board composition • Stand-alone business school tradition/model and its revival in the AACSB accreditation boom in the 2010s • University mergers creating business schools need to protect their "territory" from within and outside	Increased and more explicit boundary definitions both at the organizational and individual levels, leading to "us/our" vs. "them/their" thinking (vs. the old metaphor of academia as agora)
III: Awareness	• First national media ranking attempts (e.g., Talouselämä magazine in 2012) • New institutions (universities of applied sciences) entering the business education field in the mid-1990s • University mergers around 2010 driving the search for benchmarks abroad • AACSB process-related search for comparable and aspirant peers	Implicit national hierarchy among business schools becomes more explicit upon schools' attempts to signal status and improvement via international accreditation
IV: Resources	• State funding cuts combined with simultaneously increased result objectives (since the mid-1990s) • Prestige becoming "reserved by" Aalto University School of Business through explicit flagship (*the* top Finnish school) status claims (since the Ministry of Education's innovation university project, which started in 2007)	Requirement to produce more with less; state funding turning into a zero-sum game (one HEI getting a larger amount of funding means that others get less); same logic applies to status claims
V: Social contract	NPM-inspired reforms in Finnish HE (since the mid-1980s): • Management by objectives (MBO), tying funding to the production of research and educational outputs • 2010 university legislation that made universities legal persons (as opposed to state agencies) • Requirement to staff 40% of university boards with external/private sector members • Increased pressures for the acquisition of external funding	New legislation and funding model as powerful manifestations of (quasi-)market aspirations; direct implications for strategies, goals, and action plans at the HEI level
VI: Rhetoric	• Flagship and top-university rhetoric applied in the communications and mission statements of Aalto University (since 2007) • Explicit references to leading global players such as Harvard, MIT, and Stanford	Rhetoric in which one business school "resigns" from both cooperation and competition at a national level creates distrust and cements thinking wherein each business school is a strategic actor and hence the maker of its own success in the status game
VII: Matthew effect	• National journal ranking scheme introduced (early 2010s); funding model generously rewarding top publications and external, competitive funding • Aalto attracts domestic and overseas funding from public and private sources (since 2007)	National funding (market-based) model incentivizes and multiplies rewards for those who succeed in publication and funding applications more than others; the more prestigious the journal or funding source, the bigger the respective slice of the national "funding cake"

To begin with, we assumed that business schools constitute an interesting HE field owing to their having been particularly accepting of NPM-based ideas of markets and competition being applied to HE policy and HEI management. From a broader perspective, the Finnish business school case depicts a narrative of interorganizational relationships between HEIs transforming from co-existential and cooperative to competitive. The empirical evidence from Finnish business schools supports all the propositions, but it is worth reflecting on *how* and *why* this is the case.

Emergence of competition

Our case study shows that competition can be an endogenous feature of the business school field, with market-related elements being present from the outset. Any event of expansion or entrance of new actors in the field can be experienced as competition over scarce resources, such as state funding, qualified students, staff resources, or status and credibility among incumbents. In Finland, one could argue that at the time of the establishment of new institutions (be it HSE in 1911 or its rebirth as Aalto University School of Business a hundred years later), the business school environment is shaken by (i) the entrance of new competitors, which results in resource redistribution and thus losses for existing HEIs, and (ii) rhetoric that represents new competitors as saviors that will succeed where others have failed. Despite this competitive setup, competition was not actually fueled from within the field: once established, the "self-emphasizing" rhetoric have ceased, new HEIs have become immersed in the existing field dynamics, rather than shaking them up. In HE resource competition, for example, it has been more advantageous for business schools to join their efforts (to save resources and benefit from the global growth trend of business education) against other competing fields (such as engineering) than to compete against one another.

In other words, although propositions I–VI were present in the business schools' strategic management from early on to a certain extent, it was not until the entrance of third parties that competition started to emerge as a self-reinforcing loop (see Fig. 1). The key third parties in the competitive transformation of Finnish business schools were (1) the State/Ministry of Education, which actively promoted NPM, marketization of HEIs, and a location-based hierarchy between business schools; (2) international accreditation agencies, such as AACSB, which encouraged positional competition races between business schools (Alajoutsijärvi et al., 2018); and (3) national and international rankings, which made the national business school hierarchy explicit and cemented it as a part of the global hierarchy.

To illustrate the workings of the self-reinforcing competitive loop shown in Fig. 1, let us take a closer look at the business schools' accreditation race (the AACSB "boom" since the late 2000s that has resulted in six out of 10 university-based business schools getting accredited by 2022) and related rhetoric in Finland. When an HEI enters into an accreditation process, its organizational identities and boundaries become defined and explicitly communicated in strategy rhetoric: it is *us* versus *them*, and *our* mission should be distinct from those of *others* (see Ojansivu et al., 2021). This aspirational, future-driven strategy talk rarely leads to any direct determination of collaborative agreements between HEIs. However, it increases awareness of different actors in the industry and sets some requirements for selecting future collaborators. At the same time, intense periods of strategy formation and talk tend to add to the internal cohesion within HEIs, making them strategically more manageable. The latter becomes particularly evident when business schools seek to start the AACSB accreditation process: for a relatively brief (yet meaningful) 4–5-year period, the HEI (management, faculty, administrative staff, and students) becomes united under one mission.

Early institutionalization of competition

For the competitive loop to go through a full cycle, third-party initiatives and incentives need to be responded to by HEIs' strategic management. Our study, as well as previous studies, has indicated that business schools are inherently sensitive to all kinds of endogenous and exogenous "nudges" of competition that can emerge from individuals (e.g., competitive deans; Alajoutsijärvi & Kettunen 2016; Lejeune & Vas, 2014; Parker, 2018), individual departments, or changes in resource allocation. There are at least two obvious reasons for this sensitivity to competitive nudges. First, at the individual level, competition in research has a long and fierce tradition in these organizations compared to many other professional bureaucracies (e.g., national bureaucracies and primary schools). Second, NPM and neoliberal ideas and practices have been enthusiastically accepted by business schools because they study, teach, and promote them (Parker, 2018). Compared to their academic peers in the social sciences and humanities, business schools have been the least reluctant to accept neoliberal ideas and practices.

Thus, our data suggest that it is essential to differentiate between competition among different HE fields and competition among HEIs in the same field. In the latter case, the scope includes competition among well-defined actors and for well-defined resources, which is thus context dependent and particular in nature. Therefore, competition does not always follow the same logic across HE fields. Our findings point to the obvious fact that competition intensity tends to be higher when providers are more homogenous and compete for more homogeneous resources, as in the case of international accreditation or higher positions in certain rankings. For example, Finnish business schools have recently competed for international accreditation within their field, while earlier, the focus of these institutions was much more on competition with other fields, such as engineering. Competition in this respect acts as a key differentiator between fields (Hüther & Krücken, 2016). However, some empirical evidence also suggests that when faced with a dynamic and complex environment, HEIs tend to respond to the behaviors of other HEIs, engaging in imitative behavior or mimetic isomorphism (Stensaker & Norgård, 2001).

Implications for HE actors, fields, and societies

Cooperation between Finnish business schools has long been a fruitful activity for individual institutions and the entire industry. However, the cooperative mode of organizing seems to have been increasingly left behind and abolished from future-oriented, aspirational talk. It has been argued that increased corporatization, commercialization, and commodification of HE in Finland leads to increased competition and thus the gradual abandonment of the traditional equalitarian principles that organize HE (Alajoutsijärvi et al., 2018). Over time, competition-related rhetoric reinforces the notion of a competitive marketplace (emergence and early institutionalization), which leads to a sense among policymakers and academic leaders that there is no alternative (long-term environmental determinism) and that agents need to behave accordingly (strategic choice or no choice) if they are to secure their objectives and future ambitions, including survival (cf. Stensaker & Benner, 2013).

Our departure from the idea that competition is not given but an emerging context-specific construction calls for additional explanations and a more complete theory of university-level competition. Finland is by no means the only country that has transformed from an equality emphasizing to a ranking favoring society. HE policies across European countries have increasingly constructed HEIs and their subunits as competitive actors (Krücken 2019; Musselin 2018).

Although there are plenty of studies on the multiple forms of competition among HEIs (Alajoutsijärvi et al., 2021; Huzzard et al., 2017; Kallio et al., 2020; Musselin, 2018; Slaughter & Cantwell, 2012; Wedlin, 2020), the current knowledge base does not properly cover the entire life cycle of university competition. In other words, while much is known about the mature stages of competition in different contexts, we lack research on both the early emergence and potential decline of university competition. Our study is an initial (albeit partial) attempt to fill the former stage, while taming or declining university-level competition is almost entirely a nonexistent area of research.

Moving forward, there is a need to further analyze competition in European HE by resorting to multiple case studies and longitudinal designs that also consider the views of key system-wide agents within and outside HEIs (through semi-structured interviews, for example). In terms of managerial implications, this study suggests that HEIs' managers should critically analyze the evolving nature of competition within and beyond their fields rather than simply adopting strategies that are widely shared (in fashion) or seen by influential external stakeholders such as the state or key funders as "modern" or "progressive."

Finally, it is noteworthy that competition creates organizational boundaries that hamper research collaboration and the spread of good practices, for example. Furthermore, at least in the Finnish context, organizing contests (e.g., annual external funding) and competition (e.g., performance analysis by external scrutinizers) as well as surviving the race (e.g., for accreditations) are financially expensive societal endeavors, the costs and benefits of which have not yet been fully uncovered. Would it be possible to isolate competition within area-specific (e.g., teaching excellence) or time-related (e.g., specific calls for external funding) aspects of interorganizational relationships and activities, or does competition inevitably spread throughout institutions and across relationships and fields? Most importantly, the following question for future research remains: once competition has been institutionalized, can it be organized away?

Funding Open access funding provided by University of Agder.

Declarations

Conflict of interest On behalf of all authors, the corresponding author declares that no conflicts of interest exist.

References

Aalto University (2021). Rankings. https://www.aalto.fi/en/aalto-university/rankings

Alajoutsijärvi, K., & Kettunen, K. (2016). The 'Dean's Squeeze' revisited: A contextual approach. *Journal of Management Development*, *35*(3), 326–340

Alajoutsijärvi, K., Alon, I., & Pinheiro, R. (2021). The marketisation of higher education: Antecedents, processes, and outcomes. In J. D. Branch, & B. Christiansen (Eds.), *The marketisation of higher education: Concepts, cases, and criticisms* (pp. 17–45). Springer International Publishing

Alajoutsijärvi, K., Eriksson, P., & Tikkanen, H. (2001). Dominant metaphors in the IMP network discourse: 'The network as a marriage' and 'the network as a business system'. *International Business Review*, *10*(10), 91–107

Alajoutsijarvi, K., Kettunen, K., & Sohlo, S. (2018). Shaking the status quo: Business accreditation and positional competition. *Academy of Management Learning & Education*, *17*, 203–225

Alajoutsijärvi, K., Kettunen, K., & Tikkanen, H. (2012). Institutional evolution of business schools in Finland 1909–2009. *Management & Organizational History*, *7*, 337–367

Alajoutsijärvi, K., Möller, K., & Rosenbröijer, C. J. (1999). Relevance of focal nets in understanding the dynamics of business relationships. *Journal of Business-to-Business Marketing*, *6*(3), 3–35

Alajoutsijärvi, K., Kettunen, K., & Siltaoja, M. (2022). Grandiose branding: World-class aim and its organizational consequences. *Scandinavian Journal of Management, 38*(4), 101245

Anderson, J. C., & Narus, J. A. (1984). A model of the distributor's perspective of distributor-manufacturer working relationships. *Journal of Marketing*, *48*, 62–74

Anderson, J. C., Håkansson, H., & Johanson, J. (1994). Dyadic business relationships within a business network context. *Journal of Marketing*, *58*, 1–15

Arora-Jonsson, S., Brunsson, N., & Hasse, R. (2020). Where does competition come from? *Organization Theory*, *1*, 1–24

Arora-Jonsson, S., Brunsson, N., & Hasse, R. (2021). *Competition: What it is and why it happens*. Oxford: Oxford University Press

Aula, H., & Siltaoja, M. (2021). Praised from birth: social approval assets in the creation of a new university. *Baltic Journal of Management*, *16*(4), 638–657

Aula, H. M., Tienari, J., & Wæraas, A. (2015). The university branding game: Players, interests, politics. *International Studies of Management & Organization, 45*(2), 164–179

Baltaru, R. D., Manac, R. D., & Ivan, M. D. (2022). Do rankings affect universities' financial sustainability? – Financial vulnerability to rankings and elite status as a positional good.Studies in Higher Education,1–13

Bengtsson, M., & Kock, S. (2014). Coopetition—quo vadis? Past accomplishments and future challenges. *Industrial Marketing Management*, *43*, 180–188

Birnbaum, R. (2007). No world-class university left behind. *International Higher Education* (47)

Bloch, R. (2022). Performing size. On the effects of 'critical mass' in science. *Globalisation, Societies and Education, 20*(4), 450–462

Brankovic, J., Ringel, L., & Werron, T. (2018). How rankings produce competition. *Zeitschrift für Soziologie*, *47*, 270–288

Brewer, D. J., Gates, S. M., & Goldman, C. A. (2001). *In pursuit of prestige: Strategy and competition in US higher education*. Transaction Publishers

Capron, L., & Chatain, O. (2008). Competitors' resource-oriented strategies: Acting on competitors' resources through interventions in factor-markets and political markets. *Academy of Management Review*, *33*, 97–121

Chen, M., & MacMillan, I. C. (1992). Nonresponse and delayed response to competitive moves: The roles of competitor dependence and action irreversibility. *Academy of Management Journal*, *35*, 539–570

Chen, M. J., & Miller, D. (2015). Reconceptualizing competitive dynamics: A multidimensional framework. *Strategic Management Journal*, *36*, 758–775

Chen, M., Su, K. H., & Tsai, W. (2007). Competitive tension: The awareness-motivation-capability perspective. *Academy of Management Journal*, *50*, 101–118

Clark, B. R. (1987). *The academic profession: National, disciplinary, and institutional settings*. University of California Press

De Fraja, G., & Iossa, E. (2002). Competition among universities and the emergence of the elite institution. *Bulletin of Economic Research*, *54*, 275–293

Dwyer, F.R., Schurr, P.H. and Oh, S. (1987): Developing Buyer-Seller Relationship. *Journal of Marketing*, 51, April, 11–27

Easton, G., & Araujo, L. (1992). Non-economic exchange in industrial networks. In B. Axelsson, & I. Easton (Eds.), *Industrial networks: A new view of reality* (pp. 62–88). Routledge

Eckel, P. D. (2008). Mission diversity and the tension between prestige and effectiveness: An overview of US higher education. *Higher Education Policy*, *21*(2), 175–192

Eisenhardt, K., & Martin, J. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, *21*, 1105–1121

Enders, J., Kehm, B., & Schimank, U. (2015). Turning universities into actors on quasi-markets: How New Public Management reforms affect academic research. In D. Jansen, & I. Pruisken (Eds.), *The changing governance of higher education and research* (pp. 89–103). Springer International Publishing

Engwall, L. (2020). *Missions of universities past, present, future*. Springer

Fumasoli, T., Pinheiro, R., & Stensaker, B. (2015). Handling uncertainty of strategic ambitions – The use of organizational identity as a risk reducing device. *International Journal of Public Administration*, *38*, 13–14

Gane, N. (2012). *Max Weber and contemporary capitalism*. London: Springer

Gane, N. (2020). Competition: A critical history of a concept. *Theory Culture & Society*, *37*(2), 31–59

Gans, J. (2016). *The disruption dilemma*. The MIT Press

Gao, H., Yu, T., & Cannella, A. (2017). Understanding word responses in competitive dynamics. *Academy of Management Review*, *42*, 129–144

Gernsheimer, O., Kanbach, D. K., & Gast, J. (2021). Coopetition research – A systematic literature review on recent accomplishments and trajectories. *Industrial Marketing Management*, *96*, 113–134

Geschwind, L., Aarrevaara, T., Berg, L. N., & Lind, J. K. (2019). The changing roles of academic leaders: Decision-making, power, and performance. In R. Pinheiro, L. Geschwind, H. F. Hansen, & K. Pulkkinen (Eds.), *Reforms, organizational change and performance in higher education* (pp. 181–210). Palgrave Macmillan

Gielens, K., Van De Gucht, L., Steenkamp, J., & Dekimpe, M. G. (2008). Dancing with a giant: The effect of Wal-Mart's entry into the United Kingdom on the performance of European retailers. *Journal of Marketing Research*, *45*, 519–534

Goldman, C. A., Goldman, C., Gates, S. M., Brewer, A., & Brewer, D. J. (2004). *In pursuit of prestige: Strategy and competition in US higher education*. Transaction Publishers

Gornitzka, Å., & Larsen, I. M. (2004). Towards professionalisation? Restructuring of administrative work force in universities. *Higher Education*, *47*(4), 455–471

Gould, R. V. (2002). The origins of status hierarchies: A formal theory and empirical test. *American Journal of Sociology*, *107*, 1143–1178

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, *91*(3), 481–510

Granqvist, N., & Siltaoja, M. (2020). Constructions, claims, resonance, reflexivity: Language and market categorization. *Organization Theory*, *1*, 1–32

Halliday, D. (2016). Private education, positional goods, and the arms race problem. *Politics Philosophy & Economics*, *15*(2), 150–169

Hazelkorn, H. (2009). Rankings and the battle for world-class excellence: Institutional strategies and policy choice. *Higher Education Management and Policy*, *21*(1), 1–22

Hendrickson, R. M., Lane, J. E., Harris, J. T., & Dorman, R. H. (2013). *Academic leadership and governance of higher education: A guide for trustees, leaders, and aspiring leaders of two- and four-year institutions*. Styles

Huzzard, T., & Johnston, A. (2017). Being branded by the business school. In T. Huzzard, M. Benner, & D. Kärreman (Eds.), *The corporatization of the business school: Minerva meets the market* (pp. 128–145). Routledge

Håkansson, H. (Ed.). (1982). *International marketing and purchasing of industrial goods: An interaction approach*. Wiley

Hölttä, S. (2000). From ivory towers to regional networks in Finnish higher education. *European Journal of Education*, *35*(4), 465–474

Hölttä, S., & Karjalainen, K. (1997). Cybernetic institutional management theory and practice. *Tertiary Education and Management*, *3*(3), 229–236

Hüther, O., & Krücken, G. (2016). Nested organizational fields: Isomorphism and differentiation among European universities. In E. Berman, & C. Paradeise (Eds.), *The university under pressure* (pp. 53–54). Emerald Group Publishing Limited

Jacobson, R. (1992). The "Austrian" school of strategy. *Academy of Management Review*, *17*, 782–807

Juusola, K., Kettunen, K., & Alajoutsijärvi, K. (2015). Accelerating the Americanization of management education: Five responses from business schools. *Journal of Management Inquiry, 24*(4), 347–369

Kallio, T. J., Kallio, K. M., & Blomberg, A. (2020). From professional bureaucracy to competitive bureaucracy – Redefining universities' organization principles, performance measurement criteria, and reason for being. *Qualitative Research in Accounting & Management*, *17*, 82–108

Kauppi, N. (2016). Ranking and structuration of a transnational field of higher education. In R. Normand, & J. L. Derouet (Eds.), *A European Politics of Education* (pp. 92–103). Routledge

Ketchen, D. J., Snow, C., & Hoover, V. (2004). Research on competitive dynamics: Recent accomplishments and future challenges. *Journal of Management*, *30*, 779–804

Kettunen, K. (2013). *Management education in a historical perspective: The business school question and its solution in Finland* [PhD thesis, University of Oulu]

Komljenovic, J. (2020). Commodifying higher education. The proliferation of devices for making markets. In C. Callender, W. Locke, & S. Marginson (Eds.), *Changing higher education for a hanging world* (pp. 191–204). Bloomsbury

Krücken, G. (2019). Multiple competitions in higher education. *Innovation*, *23*(2), 163–181

Lejeune, C., & Vas, A. (2014). Institutional pressure as a trigger for organizational identity change: The case of accreditation failure within seven European business schools. In A. M. Pettigrew, E. Cornuel, & U. Hommel (Eds.), *The institutional development of business schools* (pp. 95–125). Oxford University Press

Maassen, P. (2014). A new social contract for higher education? In G. Goastellec & F. Picard (Eds.), *Higher education in societies* (pp. 33–50). SensePublishers

Madsen, M. (2021). The configurative agency of metrics in education: A research agenda involving a different engagement with data. *Journal of Education Policy*, *36*(1), 64–83

Marginson, S. (2006). Dynamics of national and global competition in higher education. *Higher Education*, *52*(1), 1–39

Merton, R. K. (1968). The Matthew effect in science: The reward and communication systems of science are considered. *Science*, *159*(3810), 56–63

Mintzberg, H. (1983). *Power in and around organizations*. Englewood Cliffs, NJ: Prentice-Hall.

Mohrman, K., Ma, W., & Baker, D. (2008). The research university in transition: The emerging global model. *Higher Education Policy*, *21*(1), 5–27

Musselin, C. (2007). Are universities specific organisations?. In G. Krücken, A. Kosmützky, & M. Torka (Eds.), *Towards a multiversity? Universities between global trends and national traditions* (pp. 63–84). Transaction Publishers

Musselin, C. (2018). New forms of competition in higher education. *Socio-Economic Review*, *16*(3), 657–683

Nguyen, K. (2021). *Adding context into competitive dynamics research: Strategy and evolution in the global paper and pulp industry*. JYU Dissertations. University of Jyväskylä, Finland

Niklasson, L. (1996). Quasi-markets in higher education – A comparative analysis. *Journal of Higher Education Policy and Management*, *18*(1), 7–22

Ojansivu, I., Kettunen, K., & Alajoutsijärvi, K. (2021). At the temporary-permanent interface: Overcoming knowledge boundaries with boundary objects. *Scandinavian Journal of Management*, *37*(2), https://doi.org/10.1016/j.scaman.2021.101150

Parker, M. (2018). *Shut down the business school: What's wrong with management education*. Pluto Press

Pinheiro, R. (2015). Citius, altius, fortius: Mobilising the university for the 'Europe of Knowledge'. In B. Culum, F. Robeiro, & Y. Politis (Eds.), *New voices in higher education research and scholarship* (pp. 1–17). IGI-Global

Pinheiro, R., & Stensaker, B. (2014). Strategic actor-hood and internal transformation: The rise of the quadruple-helix university? In J. Brankovik, M. Klemencik, P. Lazetic, & P. Zgaga (Eds.), *Global challenges, local responses in higher education. The contemporary issues in national and comparative perspective* (pp. 171–189). Sense

Pinheiro, R., Geschwind, L., & Aarrevaara, T. (Eds.). (2016). *Mergers in higher education: The experience from Northern Europe*. Springer

Pinheiro, R., Geschwind, L., Hansen, H. F., & Pulkkinen, K. (2019). *Reforms, organizational change and performance in higher education: A comparative account from the Nordic countries*. Palgrave

Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press

Ramirez, F. O. (2010). Accounting for excellence: Transforming universities into organizational actors. In L. Portnoi, V. Rust, & S. Bagely (Eds.), *Higher education, policy, and the global competition phenomenon* (pp. 43–58). Palgrave

Ramirez, F. O., Byrkjeflot, H., & Pinheiro, R. (2016). Higher education and health organizational fields in the age of "world class" and "best practices". In R. Pinheiro, L. Geschwind, F. Ramirez, & K. Vrangbæk (Eds.), *Towards a comparative institutionalism: Forms, dynamics and logics across health care and higher education fields* (pp. 35–57). Emerald

Ritzen, J. (2010). *A chance for European universities: Or: Avoiding the looming university crisis in Europe*. Amsterdam University Press

Schumpeter, J. A. (1950). *Capitalism, socialism, and democracy*. Harper
Simmel, G. (2008). Sociology of competition. *Canadian Journal of Sociology*, *33*, 957–978
Slaughter, S., & Cantwell, B. (2012). Transatlantic moves to the market: The United States and the European Union. *Higher Education*, *63*(5), 583–606
Smith, K., Grimm, C., Gannon, M., & Chen, M. (1991). Organizational information processing, competitive responses, and performance in the U.S. domestic airline industry. *Academy of Management Journal*, *34*(1), 60–85
Stensaker, B., & Benner, M. (2013). Doomed to be entrepreneurial: Institutional transformation or institutional lock-ins of 'new' universities? *Minerva*, *51*(4), 399–416
Stensaker, B., & Norgård, J. D. (2001). Innovation and isomorphism: A case-study of university identity struggle 1969–1999. *Higher Education*, *42*(4), 473–492
Taylor, B. J., Cantwell, B., & Slaughter, S. (2013). Quasi-markets in US higher education: The humanities and institutional revenues. *The Journal of Higher Education*, *84*(5), 675–707
Wedlin, L. (2020). The idea of a global market for universities. In L. Engwall (Ed.), *Missions of universities: Past, present and future* (pp. 179–192). Springer
Werron, T. (2015). Why do we believe in competition? *Journal of Social Theory*, *16*, 186–210
Whitley, R. (2006). *The intellectual and social organization of science*. Oxford University Press
Ya-Wen, H., & Jacob, J. W. (2017). What contributes more to the ranking of higher education institutions? A comparison of three world university rankings. *International Education Journal: Comparative Perspectives*, *16*(4), 29–46