

This is an electronic reprint of the original article. This reprint may differ from the original in pagination and typographic detail.

Please cite the original version: Linna, J. (2023) Staff Representative on Board of University of Applied Sciences - How to Defend Education and Interests of University Community, INTED2023 Proceedings, pp. 327-330.

doi: 10.21125/inted.2023.0119

STAFF REPRESENTATIVE ON BOARD OF UNIVERSITY OF APPLIED SCIENCES - HOW TO DEFEND EDUCATION AND INTERESTS OF UNIVERSITY COMMUNITY

J. Linna

Laurea University of Applied Sciences (FINLAND)

Abstract

The purpose of this paper is to investigate the position of the staff representative in the top management of an educational organization. The specific goal is to point out the possibilities and the methods of the staff representative on the board of the university of applied sciences (UAS) to influence the structure of education and the resources used for it.

The article presents practical actions with which the staff representative can increase the effectiveness of his or her work on the board.

The theme interviews of the UAS board members elected by the staff build the basis for the proposals presented in the article. Experiences, views, and visions are examined in the light of the laws governing the matter and other official documents, especially the government proposal for the University of Applied Sciences Act (932/2014).

According to the law, all universities of applied sciences (except the Police UAS under the Ministry of the Interior) had to be transformed into limited liability companies (LLCs). The purpose of an LLC is to generate profits for the shareholders. The core task of the UAS, in turn, is education based on applied sciences. This creates tension that is present in the work of the UAS board.

The staff representative has a special responsibility to bring pedagogical perspectives to the discussion and to the agenda. On the other hand, he or she is also expected to defend the working conditions of teachers and other staff.

At the same time, the form of a limited company brings significant financial responsibilities and risks to an individual member of the board. In addition, the staff member has a dual position: he or she is a member of the body that directs and supervises the work of the rector-CEO, and at the same time, he or she is subordinate to the rector.

This setup makes the status of the staff representative challenging, but also exceptionally interesting.

The elected person must have access to the knowledge that the previous staff representative has gathered. The considerations presented in this paper may also be of interest to a wider audience, especially those working in the field of higher education administration.

The theoretical basis is resource dependency theory. Moreover, the main themes of the principal-agent theory are considered.

Keywords: University of Applied Sciences, Limited Liability Company, Board Member.

1 INTRODUCTION

In Finland, higher education is offered by universities and universities of applied sciences (UAS). There are 13 universities. The universities are listed in the University Act (558/2009). Altogether 22 UASs operate under the administration of the Ministry of Education and Culture. UASs are subject to permission. The permission is granted by the Government.

Both sectors have profiles which complement each other. Universities emphasize scientific research and education based on it. UASs adopt a more practical approach. Their mission is to provide higher education for vocational professions that require expertise [1]. UASs offer bachelor's and master's studies. Universities offer also doctoral studies.

Higher education leading to a degree is free of charge for those coming from EU/EEA countries.

Municipalities own the majority of UASs. In a few cases, the biggest owner is a university or a private foundation.

The shareholders, on the other hand, elect most of the board members of the UASs. The members of the board of the UAS must represent diverse expertise related to social life and the tasks of the UAS. The board must also have members with practical experience and knowledge of working and business life.

The board has two members from the UAS community, one of whom belongs to the staff and the other to the students.

The purpose of this paper is to investigate the position of the staff representative in the top management of the educational organization. The specific goal is to point out the possibilities of the staff representative on the board of the UAS to influence the structure of education and the resources used for it.

2 LEGAL AND THEORETICAL CONSIDERATIONS

The starting point for the research is the law. Based on the legislation on UASs and limited liability companies, I examine the position of the member elected by the staff on the board of the UAS. Of particular interest are various legal tensions and potential conflicts.

I also briefly considered the position of the board member in terms of the agent-principal theory and the resource dependence theory.

In Finland, a new UAS Act (932/2014) entered into force in 2015. According to it, all UASs (UAS) (except the Police UAS under the Ministry of the Interior) had to be transformed into limited liability companies (LLCs).

UASs are expressly educational organizations. This is recorded in Chapter 1 Section 4 of the UAS Act 16/2015. After the educational task, other tasks have been added using the wording "in addition to this".

A limited liability company was not the only possible solution for the organizational form of a UAS [1]. The purpose of a limited company is usually to generate profit for its owners through its operations. The structure of the limited liability company is, as it were, tuned for this.

The UAS Act, on the other hand, expressly states that its purpose must not be the pursuit of profit (UAS Act Section 1:5.2). It must not generate a financial benefit for shareholders or other participants in the activity.

This solution creates a special tension in the activities of UASs, especially when they operate in a kind of quasi-market.

The state is mainly responsible for the funding of both universities and UASs. In the state funding model for UASs in use in 2023, 82 % per cent is based on criteria describing educational dimensions.

According to the Limited Liability Companies Act 624/2006, the company's board shall see to the administration of the company and the appropriate organisation of its operations (general competence). The Board of Directors is responsible for the appropriate arrangement of the control of the company accounts and finances (Limited Liability Companies Act, Chapter 6 Section 2.1).

In addition to this, Chapter 4 Section 16 of the UAS Act gives the board many separately defined tasks. First, it is stated that the board determines the main objectives of the UAS activities and finances, and the strategy and guidance principles.

In the agent-principal theory, the board members of a limited company are seen above all as representatives of the shareholders. The board's task is to hire and fire top management (in Finland, this applies to the CEO) and organize their salary and other benefits. The board also supervises the operations of the CEO and confirms important decisions. [2]

The resource dependency theory sees the matter more broadly. Board members connect the company to factors which create external risks and dependence; this link to the external environment helps the company to reduce uncertainty. The members of the board also bring resources to the company, such as knowledge, skills and connections with significant actors and partners: suppliers of goods and services, decision-makers and various social groups. They also bring legitimacy. [3]

In the UASs, the rector is also the CEO of the limited liability company. The rector is not a member of the board but attends all the board meetings and is the key person in the preparation of decision-making.

The staff member has a dual position: he or she is a member of the body that directs and supervises the work of the rector-CEO, and at the same time, he or she is subordinate to the rector.

Chapter 22 section 1.1 of the Limited Liability Companies Act, which defines the executive's liability for damages, states that a member of the board of directors and the CEO must compensate for damage that he or she has deliberately or negligently caused to the company in violation of the duty of care.

A limited company, i.e. also a UAS, can go bankrupt. For example, in such a situation, the board member's responsibilities may be materialized, and substantial damages may be payable.

The board's activities can be limited by its members' constant concern about financial responsibility and doubt about the ability to properly resolve various legal and financial conflict situations. Also, the dual role of a member elected by the staff to the board without the termination protection offered by the Employment Contracts Act 55/2001 to the employees' representatives can affect the activities of this board member.

3 METHODOLOGY

The main research method in this study is an interview. I interviewed six board members elected by the staff to the boards of different UASs. The interviews took place on January 9-11, 2023. The UASs were from different parts of Finland and of different sizes, both in terms of student numbers and budgets.

Three of the members interviewed belonged to education staff, and three to other staff. Membership on the board had lasted from half a year to two years.

The themes for the interviews were based on the legal and theoretical considerations introduced in section 2.

In 2017 the staff elected me to the board of Laurea UAS - and again in 2019. My own experiences and observations of board work create the background for the paper.

4 RESULTS

In the interviews, many ways to provide know-how and other resources to the board and thus support the operation of the university came up. In particular, the members of the teaching staff felt it was important – and possible – to influence education, which is the main mission of the UAS justified in this article. Decisions on the number of students and fields of study, but also on the strategy and budget were seen as closely related to the main task.

One of the interviewees aptly stated: "My task is to anticipate the future: to familiarize myself with the megatrends of society and especially education and to bring them into the board discussion." A board member also has the opportunity to bring issues to the board's agenda.

Based on the interviews, the member chosen by the staff works on the board independently, promoting the interest of the UAS – as it is stated by the law. At the same time, he or she brings to board work pedagogic skills and possibly knowledge and networks according to her or his professional expertise. This corresponds to the view of resource dependence theory.

Communicating the staff's working conditions, well-being and moods to other members of the board were seen as particularly important. Some had regular contact with teachers' and other staff's trade unions and their special representatives. Information was given on the board's work, e.g. in blog posts on the intranet, which increased the staff's interest in issues processed by the board and made it easier to contact the board member.

The cooperation with the student member of the board was of varying degrees. Some of the interviewees discussed the matters to be decided regularly with the student member, and for some, the cooperation was more random. The cooperation of the board members belonging to the higher education community seemed to increase the effectiveness of the work.

Everyone saw the board as a strategic-level body. Individual problems are not raised, but the focus is on the consistent handling and commenting of key themes.

Many members of the board had found cooperation and information transfer with their predecessors to be useful. The opportunity to network with other board members elected by the staff also came up. Knowledge and good practices could be shared in the network.

It was recommended that the board member chosen by the staff and also the student member should participate in the target and finance discussions with the ministry. This would open a direct channel between the higher education community and the ministry.

The board member's financial and legal risks were treated calmly. One's careful preparation, activeness in board work and communication with the staff were seen as key ways to avoid problems arising from responsibility. However, one interviewee had thought about the possibility of liability insurance as a prerequisite for joining the board.

The limited company form, and the common profit-making purpose of a limited liability company were not seen to directly cause problems. The share majority of some UASs has been transferred to universities as the limited company form was introduced. Especially in the responses of non-education board members, the emphasis was on board tasks other than those related to education. Whether the reason is the limited liability company form, cannot be concluded based on this study.

The dual role as a member of the body that directs the work of the rector-CEO and being at the same time subordinate to the rector-CEO mainly raised theoretical considerations. In practice there did not seem to be a problem. One of the interviewees stated: "The management chain from the principal to me is healthy. If the situation changes, some degree of a problem could arise."

Training in good governance and company law did not notably increase conformism but was warmly recommended to all applicants for a similar position.

5 CONCLUSIONS

The interviewees resolved in different ways legal and theoretical tensions, which were presented in section 2. Possible explanatory factors were educational and experience background, but also the situation of the UAS, the management culture present and the composition of the board.

The effectiveness of the board work was increased above all by the determined nature of the activities, initiative-taking ability and effective connections and cooperation with the entire higher education community.

The observations collected in this paper can be useful for current and future UAS board members elected by the staff and, more broadly, those working in the field of higher education administration.

REFERENCES

- [1] Government proposal for Universities of Applied Sciences Act 26/2014.
- [2] J. Linna, Yhtiöstä opettaja? Systemiteoreettinen tulkinta ammattikorkeakoulujen yhtiöittämisestä. Doctoral dissertation. Helsinki: Unigrafia, 2016.
- [3] J. Mähönen & S. Villa, Osakeyhtiö I. Yleiset opit. Porvoo: WSOYPro, 2006.
- [4] V. Kohtamäki, Financial Autonomy in Higher Education Institutions – Perspectives of Senior Management of Finnish AMK Institutions. Doctoral dissertation. Tampere: Tampere University Press, 2009.