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Decoupling policy from practice

A comparative analysis of institutional autonomy in Armenian and Finnish higher education

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PURPOSE: This study investigates the "implementation gap" in higher education governance within transition economies, utilizing a comparative analysis between Armenia and Finland (2024–2026).
METHODOLOGY: Applying a Most Different Systems Design (MDSD), the research utilizes a dual-layer protocol. It contrasts the *de jure* indicators of the EUA Autonomy Scorecard 2025 with a *de facto* analysis of governance charters and alternative reports from the "Academic City" initiative.
FINDINGS: The results confirm a phenomenon of "Mimetic Isomorphism" (DiMaggio & Powell, 1983). While Armenia exhibits anomalously high "Staffing Autonomy" (96.8 %), this acts as a reverse causality mechanism, granting broad managerial discretion rather than strengthening academic freedom. Conversely, "Organizational Autonomy" remains critically low (42.8 %) due to the increased state influence over the composition of foundation boards.
IMPLICATIONS: The study concludes that implementing European structural models while maintaining existing governance frameworks may result in institutional decoupling. To address this discrepancy, the study considers a transition toward an independent "Nominating Committee" model for leadership selection.

KEYWORDS: institutional autonomy, higher education governance, post-Soviet transition, Bologna process, mimetic isomorphism, policy implementation

1. Introduction

The discourse on higher education governance has shifted from the "state control" model to the "state supervision" paradigm, positioning institutional autonomy as a pivotal variable for academic performance. However, in transition economies (post-Soviet space), this shift often assumes a formal or nominal nature. While the global knowledge economy demands agile, self-governing entities, the actual trajectory in countries like Armenia suggests a resistance to genuine decentralization. The critical tension lies not in the absence of reform laws, but in the

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dissonance between *de jure* statutes and *de facto* governance mechanics. According to the International Association of Universities (IAU), institutional autonomy and academic freedom are not merely privileges but "basic and inalienable conditions" for universities to fulfill their societal mission (IAU, 1998).

For post-Soviet countries like Armenia, this transition has been fraught with structural and legislative challenges. Since gaining independence, Armenia has actively sought to integrate into the European Higher Education Area (EHEA) through the Bologna Process. However, despite constitutional guarantees – Article 38 of the Constitution explicitly grants HEIs the right to self-governance (Constitution of the Republic of Armenia, 1995) – the practical realization of autonomy remains contested. The legislative landscape has shifted significantly following the ratification of the 2024 amendments to the Law "On Higher Education and Science" and the operational launch of the "Academic City" (*Akademiakan Qaghaq*) Foundation in 2025. While the "State Program for the Development of Education until 2030" envisions modernization, recent assessments indicate greater centralization of governance functions accompanying infrastructure optimization. Civil society reports argue that the governance structure of the Academic City effectively centralizes administrative control, where spatial consolidation prevails over institutional decentralization. The urgency is underscored by the *Academic Freedom Index 2025*, which flags a stagnation in Armenia's scores due to continued government involvement in board appointments (Spannagel & Kinzelbach, 2025). Concurrently, the comparative context has evolved: Finland's higher education system is currently navigating the fiscal constraints imposed by the 2024–2025 government austerity measures, which challenge its historically high financial autonomy (Ministry of Education and Culture Finland, 2025). In this flux, Armenia's "autonomy paradox" has deepened: while legislation formally declares independence, new centralized infrastructures maintain heavy state leverage.

This study aims to deconstruct this paradox by conducting a comparative analysis of institutional autonomy in Armenia and Finland. Finland is selected as a benchmark due to its consistent top-tier ranking in the *European University Association (EUA) Autonomy Scorecard*, offering a stark contrast to Armenia's centralized model (Pruvot et al., 2023).

2. Literature Review and Research Framework

2.1 Theoretical Framework

To analyze the implementation gap in the 2024–2026 reform cycle, this study integrates classic organizational theories with modern higher education metrics.

First, Neo-Institutionalism serves as the primary lens for understanding the "Academic City" initiative. We utilize DiMaggio and Powell's (1983) concept of

"Mimetic Isomorphism" to explain why Armenia adopts the *nomenclature* of European foundations without fully adopting the governance practices associated with these institutional models. This theory is crucial for interpreting why the 2024 legislative changes resulted in increased spatial centralization rather than functional autonomy.

Second, Principal-Agent Theory (Jensen & Meckling, 1976) is reapplied to the context of the EUA Autonomy Scorecard 2025. In high-autonomy systems (Finland), the Board protects the university (Agent) from the State (Principal). Our analysis tests whether the Armenian government's "Strategic Influence" of foundation boards – a trend solidified in 2025 – constitutes a breach of this fiduciary chain, creating high "agency costs" in the form of non-economic factors.

Finally, Resource Dependence Theory (Pfeffer & Salancik, 1978) provides the framework for the financial analysis. It posits that institutional behavior is dictated by the source of critical resources. This explains the "Stagnation vs. Austerity" divergence observed in Section 4: while Finland adjusts to fiscal contraction, Armenian universities, dependent on the "Asset Monetization" of their properties, are forced to commodify their academic programs to ensure survival.

2.2 The Armenian Context and Research Gap

Scholars studying the post-Soviet space have extensively documented the early challenges of Bologna reforms (Sandoyan, 2020; Atoyan et al., 2021), identifying 'governmental interventions' and 'politicized boards' as chronic impediments to academic freedom. However, a critical temporal gap exists in the current literature regarding the radical structural overhauls of the 2024–2026 period. The rapid operationalization of the 'Academic City' and the Foundation-merger models have outpaced academic publication cycles, resulting in a scarcity of peer-reviewed studies analyzing these specific post-2024 governance architectures. Consequently, current discourse is largely confined to 'grey literature' – civil society shadow reports and government strategy papers. This study bridges this gap by shifting the analytical lens from descriptive retrospect (pre-2023) to a real-time assessment of the new 'Academic City' paradigm, applying the standardized EUA metrics to these emerging structures for the first time.

2.3 Research Questions and Hypotheses

To address the identified gap, this study poses the following Research Question (RQ 1): *How do the legislative and practical frameworks of Armenia differ from the Finnish model across the four clusters of institutional autonomy?*

Based on the preliminary review of the governance structures – specifically the composition of Boards of Trustees in Armenia versus Governing Boards in Finland – we propose the following hypotheses:

- **H1 (Organizational Centrality)**: The low level of *organizational autonomy* in Armenia, driven by the state-dominated composition of governing boards, acts as the primary constraint that negatively impacts all other forms of autonomy (financial, staffing, and academic).
- **H2 (The Funding Trap)**: Unlike the Finnish model, where public funding supports autonomy through performance-based indicators (European Commission, 2023), the Armenian model of tuition-dependency combined with state-controlled "free places" creates a leverage mechanism that reduces institutional independence.

3. Materials and Methods

3.1 Research Design and Methodological Approach

To address the complexity of governance reforms in transition economies, this study employs a comparative case study design rooted in the principles of Comparative Education. We utilize a mixed-methods approach, combining qualitative legislative content analysis with quantitative benchmarking. The study adopts a Most Different Systems Design (MDSD) to control for systemic variation. **Sampling Strategy**: To ensure the validity of the comparative analysis, the study employs purposive sampling. The unit of analysis is restricted to the "Foundation-status" public universities in both countries. In Armenia, the sample is strictly defined by the 'Academic City Master Plan' (Government Decree, 2024). It encompasses the 8 state universities explicitly designated as consolidation targets within the 'Arts', 'Technology', and 'Educational' clusters. This purposive sampling is essential as these specific institutions – representing ~80 % of total enrollment – are the exclusive subjects of the Foundation-status reforms, unlike regional or intergovernmental universities which operate under different legal regimes. This exclusion of private and intergovernmental institutions is necessary to isolate the specific impact of state policy on public governance reform. To mitigate the risk of *conceptual stretching* – where Western definitions of autonomy may not fit the post-Soviet context – we triangulate the quantitative EUA Scorecard data with qualitative legal analysis, treating Finland not merely as a benchmark, but as a control case for "high-trust" governance versus Armenia's "low-trust" control mechanisms (Harutyunyan, 2023).

3.2 Instrumentation and Limitations

The study utilizes the European University Association (EUA) Autonomy Scorecard 2025 as the primary comparative instrument. However, we critically acknowledge the limitations of this tool in post-Soviet transition contexts. The EUA Scorecard primarily measures *formal* institutional autonomy (laws and statutes) but fails to influence *informal* governance practices, such as clientelism, shadow state interference, or self-censorship (Helmke & Levitsky, 2004). Therefore, applying this metric to Armenia without adaptation risks producing "false positives" (high legislative scores masking low de facto autonomy). To maintain methodological rigor, the study distinguishes between nominal and functional autonomy. The reported percentages (e.g., 96.8 % for Staffing) represent the 'Nominal De Jure Score' derived strictly from the EUA Scorecard algorithms based on the legislative framework. These quantitative baselines are not mathematically adjusted but are qualitatively contextualized through the 'De Facto Gap Analysis' to demonstrate where formal rights are neutralized by informal practices:

- **Organizational Autonomy**: Measures the capacity to determine academic structures and leadership models. Key indicators include the selection procedure of the executive head and the composition of the governing body (Estermann, 2023).
- **Financial Autonomy**: Evaluates the ability to manage financial resources, including setting tuition fees, accumulating reserves, and borrowing funds (European Commission, 2023).
- **Staffing Autonomy**: Assesses the freedom to recruit academic and administrative staff, determine salaries, and manage dismissals without external interference (Pruvot et al., 2023).
- **Academic Autonomy**: Focuses on the authority to select student intake, define admission criteria, and design curriculum content (Holmén, 2022).

3.3 Data Collection and Legal Sources

Data collection relied on data triangulation across primary legal documents, quantitative indices, and qualitative monitoring reports to ensure validity.

Primary Legislative Framework: The analysis examined the foundational legal acts in both jurisdictions.

- *For Armenia:* We analyzed Article 38 of the Constitution of the Republic of Armenia (1995) , the Law on Higher Education and Science (2004), and Government Decree N 975-N (2005) regarding university council formation.
- *For Finland:* The primary source is the Universities Act 558/2009, particularly Section 3, which grants universities independent legal status (Ministry of Education and Culture, Finland, 2009).

Quantitative and Qualitative Data: To ensure temporal relevance, statistical indicators are drawn from the updated EUA Autonomy Scorecard 2025 and the Eurydice Structural Indicators 2025/2026 (European Commission, 2025). Recognizing the latency in international comparative data, these metrics are triangulated with primary national sources: the 2025 Fiscal Execution Reports of the Ministry of Finance of Armenia and the 2026 Strategic Funding Review of the Ministry of Education and Culture of Finland. The assessment of *de facto* autonomy has been updated to incorporate the Corruption Prevention Commission's Integrity Check (2024) and the governance statutes of the newly formed "Academic City" Foundation, replacing outdated monitoring reports.

3.4 Analytical Procedure: A Dual-Layer Protocol

To bridge the gap between policy and practice, the analysis followed a rigorous three-step protocol:

- **Layer 1: De Jure Coding (Formal Analysis)**. The charters of the selected Armenian universities and the 2024 Law amendments were coded against the 30 indicators of the EUA Scorecard to generate the "Nominal Autonomy Score."
- **Layer 2: De Facto Verification (Gap Analysis)**. To assess the *implementation gap*, the nominal scores were cross-referenced with shadow reports from civil society monitoring bodies (TIAC, Corruption Prevention Commission 2024–2025). Specifically, we analyzed the minutes of Board meetings for the pre-merger universities where archives were open. However, regarding the newly formed 'Academic City' Foundation, direct access to internal Board protocols was restricted due to the institution's closed operational status in the 2024–2025 transition period. Consequently, for this specific entity, the de facto verification relies on secondary proxy data: the Corruption Prevention Commission's integrity checks (2024) and TIAC's monitoring reports, rather than direct primary archival analysis.
- **Synthesis**. A discrepancy was recorded whenever a *formal right* existed but was functionally neutralized by *informal constraints* (e.g., the "State Influence" of Board appointments discussed in Section 4.1).

4. Results: A Multidimensional Comparative Analysis of Institutional Autonomy

This section presents the findings of the comparative study utilizing the *Most Different Systems Design (MDSD)* framework. By applying the operational indicators of the *EUA Autonomy Scorecard* to the legislative landscapes of Armenia and Finland, the research identifies systemic divergences that go beyond mere statistical

variances. The results are structured to explicitly address the research gap regarding the "implementation deficit" in post-Soviet higher education reforms.

The analysis demonstrates that while Armenia has formally adopted the nomenclature of the European Higher Education Area (EHEA), the underlying governance logic remains heavily centralized, creating a phenomenon of "legislative isomorphism" – where institutions adopt the external forms of autonomy (Boards, Rectors) without the functional independence required for modernization.

4.1 Organizational Autonomy

Organizational autonomy constitutes the backbone of university independence, defining the capacity of the institution to self-organize and maintain institutional stability under changing policy environments. The comparative legislative mapping reveals the most profound systemic dichotomy in this cluster.

4.1.1 Governance Architecture

The primary indicator of organizational autonomy is the composition of the highest governing body.

In the Finnish model, grounded in the Universities Act 558/2009, the Governing Board is constructed as a buffer against external interference. It operates on a stakeholder model where the internal community (professors, staff, students) holds the majority or parity, and external members are selected by the university to serve the institution's strategic interests.

In stark contrast, the Armenian model has evolved from the regulation of Decree N 975-N to the statutory rigidity of the 2024 Amendments to the Law on Higher Education. While the reform reduced the inflated board sizes (from 32 down to 9–12 members) to mirror European efficiency, it paradoxically strengthened government influence over governance arrangements. The analysis of the post-2024 governance charters reveals a shift from "numerical dominance" to "strategic influence". Under the new "Academic City" (*Akademiakan Qaghaq*) framework operationalized in 2025, the governance of merged universities is overseen by a Foundation where the state retains the state retains the primary authority for appointing board members. Government representation remains substantial in a more concentrated form: the majority of the Foundation's supervising board is designated by the government, effectively thereby reducing the role of the university senate in strategic decision-making.

The Principal-Agent Asymmetry: This legislative architecture creates an altered accountability relationship. In the Finnish model the Board functions as an institutional safeguard, protecting the university (Agent) from direct state (Principal) interference. In Armenia, the 50 % government quota effectively collapses the Principal-Agent distinction; the state's role becomes embedded within the

university's governing structure. This represents not merely an internal mechanism of state presence, but structurally embedded state influence that restricts the Board's ability to fulfill its primary function—ensuring strategic accountability independent of political cycles. As illustrated in Figure 1, this arrangement creates a governance model in which the university's supreme governing body operates in close alignment with the government rather than acting as an independent fiduciary.

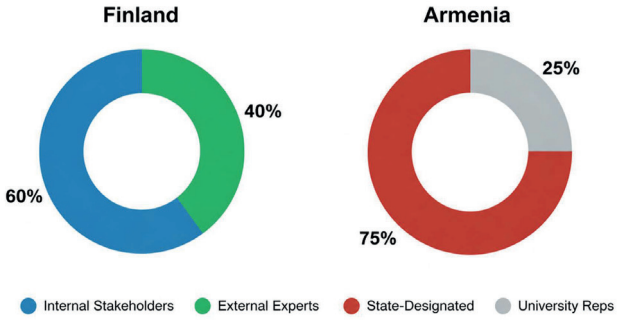


FIG. 1 *Comparative Governance Architecture (2025). The chart contrasts Finland's large, representative stakeholder model with Armenia's new consolidated 'Foundation' structure (reduced to 912 members), illustrating the shift from numerical representation to executive centralization. (Source: Authors' compilation based on 'Academic City' Charter 2025 & Finnish Universities Act 558/2009)*

4.1.2 Leadership Selection

The potential consequence of this structural arrangement is the greater exposure of executive management to external political influences. In Finland, the Rector is selected by the Governing Board through professional, often international, recruitment processes.

In Armenia, while the Rector is formally elected by the Board of Trustees, the state-dominated composition of the Board ensures that the "elected" candidate is almost invariably the government's preferred choice. The analysis indicates that this mechanism results in a strong dependence of executive appointments on the political context, aligning rector selection with national electoral cycles rather than academic meritocracy. Consequently, Armenia's score of 42.8 % (Medium Low) in this cluster is not just a statistic; it represents a structural veto that the state holds over the university's strategic direction.

4.2 Financial Autonomy

Financial autonomy is analyzed here not as the sheer volume of funding, but as the *diversification of revenue* and the *freedom of allocation*. The results confirm Hypothesis 2, demonstrating that the Armenian funding model creates a vulnerability that compromises academic integrity.

4.2.1 Public Funding Dynamics: Structural Austerity vs. Asset Monetization

The 2024–2026 fiscal period reveals a critical divergence in how both nations address funding gaps, moving beyond simple "investment vs. subsistence" dichotomies.

- **Finland (The Austerity Turn)**: The "Orpo Cabinet" austerity measures have interrupted the decade-long stability of higher education financing. By freezing the university funding index in the 2025 budget, public expenditure has effectively contracted from 1.02 % to 0.94 % of GDP. This "strategic austerity" forces universities to pivot toward private R&D partnerships, shifting the autonomy model from state-guaranteed security to market-dependent competitiveness (Ministry of Finance Finland, 2025).
- **Armenia (funding stagnation)**: In contrast, the Armenian higher education system exhibits a stagnation of public investment. Despite the ambitious "Academic City" master plan, the 2025 State Budget allocates only 0.28 % of GDP to higher education – a regression from 2021 levels. Crucially, the financing of new infrastructure is not derived from fiscal expansion but from the "Asset Monetization Model" – the planned sale of existing university real estate in Yerevan's center. This renders institutional financial autonomy volatile, dependent not on state commitment or performance, but on the fluctuations of the commercial real estate market (Ministry of Finance of Armenia, 2025).

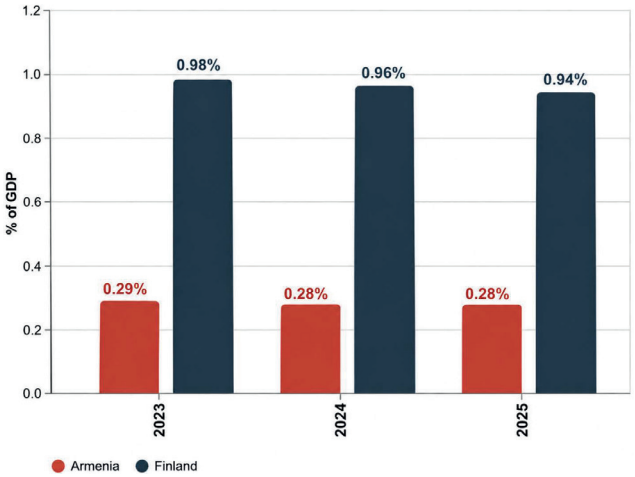


FIG. 2 *Comparative Dynamics of Public Expenditure on Higher Education (2021–2025)*

The data reveals a divergent negative trend. In Finland, the 2025 fiscal austerity measures (Orpo Cabinet) have reduced public investment in higher education from 1.02 % to 0.94 % of GDP, driven by the freezing of university funding indices. In Armenia, despite the "Academic City" reform agenda, direct public spending

on higher education has stagnated and slightly regressed to 0.28 % of GDP in the 2025 State Budget, confirming that the new infrastructure projects rely on "asset monetization" rather than increased state liability *(Source: Author's calculation based on Statistics Finland, 2025 & Ministry of Finance of Armenia, 2025 Budget Law)*.

4.2.2 Tuition Fees

The most alarming finding of the financial analysis is the dependency on tuition fees in Armenia.

In Finland, education is tuition-free for EU citizens, ensuring that access is determined by talent, not solvency. Students receive direct state support (grants and loans).

In Armenia, only 16.3 % of students receive state funding (free tuition). The remaining ~84 % pay tuition fees, which constitute the primary revenue source for universities. This creates a distinctive "Financial Paradox":

- To survive financially, Armenian universities must maximize enrollment.
- Maximizing enrollment often requires lowering admission standards and retaining underperforming students.
- Consequently, financial autonomy (the need to generate internal revenues) inadvertently compromises academic quality, as financial capability takes precedence over academic performance metrics.

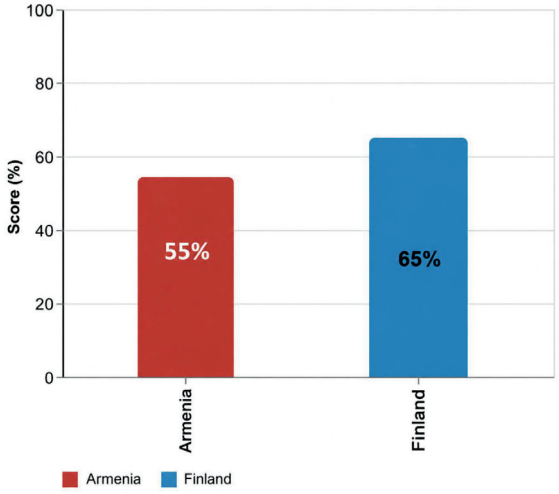


FIG. 3 *Comparative Financial Autonomy Scores (EUA Index)*
(Source: Updated based on EUA Autonomy Scorecard 2025 metrics & Harutyunyan, 2023)

4.3 Staffing Autonomy

This section presents the study's most counter-intuitive finding, addressing the "false positive" paradox in the data. Statistical analysis of the EUA Scorecard places Armenia in the "High" cluster for Staffing Autonomy with a score of 96.8 %, ostensibly outperforming Finland (92 %).

However, a qualitative "deep dive" reveals that this high score is deceptive and illustrates the limitations of purely quantitative benchmarking in transition economies.

4.3.1 The "Civil Servant" Variable

The high score in Armenia is derived from the fact that university staff are not civil servants, and the university has the legal right to hire/fire without Ministry approval. In Finland, a small portion of staff retains civil servant status, which technically lowers the autonomy score due to stricter regulation.

4.3.2 De Facto Control via Management

The divergence in scores exposes a flaw in the quantification of autonomy in transitional democracies. Although the absence of civil servant status for academic staff in Armenia increases its staffing autonomy score to 96.8 %, this reduction of institutional protections for personnel functions as a mechanism of control rather than genuine freedom. Unlike systems with strong tenure protections or robust collective bargaining agreements (such as in Finland), this high degree of institutional autonomy concentrates substantial managerial authority within executive leadership. In environments where executive appointments align with broader political factors, this dynamic can create tension with established models of faculty governance. Thus, the metric measures managerial discretion rather than academic independence, creating an environment of professional precarity that stifles dissent and innovation.

Thus, the study concludes that Staffing Autonomy in Armenia is high de jure but compromised de facto by the lack of Organizational Autonomy. The absence of tenure systems further exacerbates this, making staff vulnerable to arbitrary dismissal, contrasting with the robust academic unions and tenure tracks in Finland.

4.4 Academic Autonomy

Academic autonomy – the core mission of the university – is where the Armenian system exhibits the most significant deviation from European standards, falling into the "Low" cluster (39.7 %) compared to Finland's "High" cluster (90 %). The research identifies three specific regulatory constraints.

TAB. 1 *Matrix of Academic Autonomy Constraints*

Regulatory Domain	Finnish Model (Trust-Based)	Armenian Model (Control-Based)	Impact on System
Student Admission	**Decentralized**: Universities set criteria and intake numbers.	**Centralized**: State Assessment & Testing Center controls exams and procedures.	Universities cannot select students fitting their specific profile.
Program Design	**Flexible**: Universities design curricula within broad frameworks.	**Rigid**: Limited to Ministry-approved list of licensed specialties.	Constrains interdisciplinary innovation and adaptability.
Quality Assurance	**Enhancement-led**: Focus on self-evaluation and audit.	**Compliance-led**: Focus on meeting state standards.	Administrative regulations take precedence over academic initiative.

4.4.1 The Centralization of Admissions

The most substantial constraint on academic autonomy in Armenia is the centralized admissions system. Unlike Finland, where universities determine admission criteria based on their specific program requirements, Armenian universities are recipients of students selected by a state agency. This separates the teaching institution from the selection process, severing the link between an applicant's aptitude and the program's specific demands.

4.4.2 Licensing

The analysis shows that Armenian universities operate in a "permitted-list" environment. They can only offer programs that are pre-approved and licensed by the Ministry. This contrasts sharply with the Finnish model, where universities can rapidly introduce new degree programs in response to emerging scientific fields without awaiting heavy bureaucratic validation.

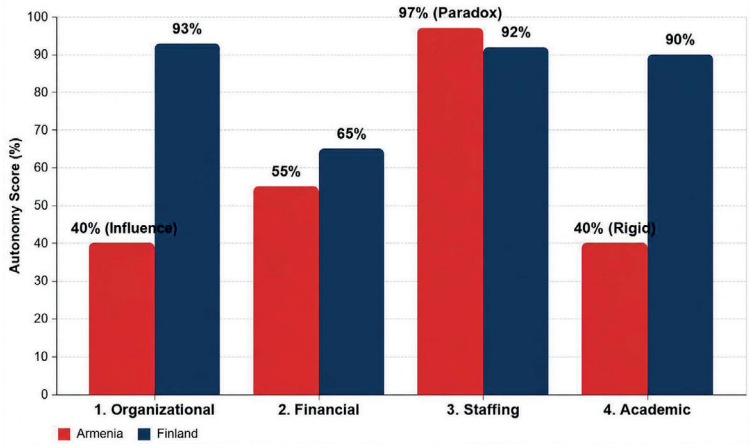


FIG. 4 *The "Autonomy Gap" visualized (2025)*

The comparative bar chart exposes a structural imbalance across all four dimensions. While Staffing Autonomy in Armenia appears anomalously high (96.8 %) due to deregulation, the critical pillars of Organizational (42.8 %) and Academic (39.7 %) autonomy lag significantly behind the Finnish benchmarks (>90 %). Financial Autonomy occupies a middle ground (55 % vs. Finland's 65 %), creating a deceptive appearance of stability that masks the structural vulnerability associated with high reliance on tuition revenues discussed in Section 4.2. This creates a structural imbalance among autonomy dimensions where hiring freedom exists without the governance and academic freedom to support it (Source: Authors' calculation based on updated EUA 2025 metrics).

4.5 Synthesis of Results: The "Autonomy Gap" Model

Synthesizing the data from all four clusters, this research constructs a model of the "Autonomy Gap" in Armenia. The findings provide empirical evidence that the challenges in the Armenian higher education system are not isolated issues but systemic failures caused by the interconnectedness of the autonomy clusters.

- **Organizational Dominance**: The low organizational autonomy (State-controlled Boards) acts as the independent variable that negatively influences all other clusters.
- **Resource Dependency**: The lack of diverse funding sources (Financial Autonomy) forces universities to prioritize tuition revenue over academic standards.
- **Regulatory Rigidity**: The state's micromanagement of admissions and programs (Academic Autonomy) prevents the system from responding to market needs.

Comparison with Finland validates that genuine autonomy requires a holistic approach. Finland's success is not due to high scores in one area, but the synergy of independent governance, sufficient performance-based funding, and academic trust. Armenia's "mixed" profile – with high staffing scores but low organizational scores – indicates a fractured system that requires not just incremental adjustment, but the "meaningful reforms" suggested by the gap analysis .

5. Discussion

The comparative analysis of the institutional autonomy landscapes in Armenia and Finland reveals a profound systemic dichotomy that extends beyond mere legislative differences. The results of this study not only confirm the proposed hypotheses regarding organizational centrality (H1) and funding traps (H2) but also expose a deeper phenomenon of "mimetic isomorphism" in the Armenian higher education system. This section interprets the findings within the broader context of the European Higher Education Area (EHEA) and discusses the implications of the "autonomy gap".

5.1 Institutional Decoupling

Interpreted through the lens of Neo-Institutionalism, the organizational deficit in Armenia represents a classic case of "policy-practice decoupling" (Meyer & Rowan, 1977). The findings indicate that the adoption of the board of trustees model was largely driven by mimetic isomorphism – specifically, the need to establish external legitimacy within the European Higher Education Area (EHEA) framework – rather than by internal efficiency considerations. Consequently, the formal governing structure exhibits a degree of decoupling, serving primarily an institutional representation function while core operational practices remain guided by informal governance mechanisms. This explains why the 2024 legislative reforms, despite changing the *composition* of the boards, failed to alter the *logic* of control. This structural alignment reflects an effort to balance compliance with Bologna Process guidelines alongside existing institutional oversight practices. The result is a hybrid system where autonomy is performed in reports but denied in practice. Unlike Finland, where the state acts as a facilitator establishing broad frameworks, in Armenia, the state acts as a micromanager. This confirms the warning by Estermann (2023) that without organizational independence, universities cannot effectively fulfill their societal mission. External political factors surrounding leadership selection in Armenian higher education introduce distinct challenges to maintaining a balance between state oversight and academic independence.

5.2 The Political Economy of Survival vs. Excellence

The juxtaposition of financial models reveals a disturbing trade-off in the Armenian context. While Aghion et al. (2008) argue that financial autonomy drives research quality, our results suggest that in transition economies, financial autonomy without public investment leads to the commodification of education.

The Armenian model represents a "market-driven survivalism". With state funding at only 0.3% of GDP, universities are forced to view students primarily as revenue sources. This dependency explains the reluctance to decentralize admissions: centralized exams guarantee a predictable flow of "customers", whereas institutional admissions would introduce market risks that fragile universities cannot absorb. In contrast, the Finnish model demonstrates that high autonomy is sustainable only when underpinned by robust state funding (1% of GDP) that follows the student rather than the institution.

5.3 Deconstructing the "Staffing Paradox"

The statistical anomaly where Armenia scores higher than Finland in Staffing Autonomy (96.8 % vs. 92 %) warrants a critical re-evaluation of how autonomy is measured in non-democratic contexts.

In Finland, lower staffing autonomy scores reflect the high level of social protection and civil servant status enjoyed by academics. In Armenia, the "high autonomy" to hire and fire effectively translates into a lack of labor protection for academic staff. Combined with the governance framework (Section 4.1), this operational discretion allows leadership to streamline staffing decisions, bypassing traditional checks like tenure or union representation to align faculty composition.

Reverse Causality Dilemma: This creates a compelling case for reverse causality. The high "Staffing Autonomy" score (96.8 %) is likely not a remnant of negligence, but a deliberate design feature of the political economy. By deregulating academic employment and foregoing formal civil servant protections for university staff, the state significantly expands the scope of managerial discretion for rectors. Thus, in this specific cluster, high institutional autonomy appears to encourage compliance rather than independence, indicating that deregulation in low-trust environments risks being leveraged to limit academic freedom.

6. Conclusions and Recommendations

6.1 Summary of Findings: The Anatomy of Limited Institutional Autonomy

This comparative analysis of the 2024–2026 reform cycle confirms that the modernization of Armenian higher education has resulted in a paradoxical "Institutional Decoupling". By testing the "Academic City" and Foundation models against the Finnish benchmark, the study substantiates the following structural shifts:

- **Organizational Autonomy (Strategic Government Influence)**: Validating *H1*, the analysis reveals that the reduction of Board members (to ~9–12) has not increased efficiency but facilitated "Strategic Government Influence". The state's control over the new Foundations is no longer maintained through numerical dominance, but through the direct appointment of the executive majority, creating a structural veto point that neutralizes the nominal autonomy score of 42.8 %.
- **Financial Autonomy (Asset Monetization)**: In contrast to Finland's austerity-driven public funding adjustments, Armenia's system exhibits a reliance on "Asset Monetization". The financial sustainability of the new university clusters is predicated on real estate liquidation rather than increased state liability (*H2*), creating volatile market dependencies that prioritize commercial solvency over academic quality.

- **Staffing Autonomy (Reverse Causality)**: The study identifies a critical "Reverse Causality" mechanism. The statistically high staffing autonomy score in Armenia (96.8 %) reflects not academic freedom, but rather the flexibility of employment agreements under low institutional safeguards. In the absence of tenure, this deregulation empowers politicized management to exert arbitrary control over faculty, contrasting sharply with Finland's union-protected civil servant model.
- **The Autonomy Gap**: Consequently, Armenia lags significantly behind Finland in the Academic dimension (39.7 % vs. 90 %). The transition to the "Academic City" model exhibits a manifest form of mimetic isomorphism, where European terminology is implemented alongside persistent executive centralization.

6.2 Policy Recommendations

To bridge the "autonomy gap" and achieve genuine integration into the EHEA, Armenia requires radical structural reforms rather than cosmetic adjustments. Based on the Finnish benchmark, we propose the following policy shifts:

- **Governance Reform (The "Nominating Committee" Model)**: Recognizing the political risks of immediate deregulation, we propose a phased transition. Instead of direct appointments by the Prime Minister (which ensures influence) or exclusive internal selection (which risks stagnation), the Law should mandate the creation of an independent Nominating Committee. Composed of international experts, private sector representatives, and academics, this Committee would vet and propose Board candidates, which the Government would then formally confirm. This "buffer mechanism" maintains state oversight while breaking the direct patronage link.
- **Shift in Funding Paradigm (Financial)**: The "State Order" system should be abolished in favor of a student-centered funding model. Public funds should be allocated directly to students via merit-based and need-based scholarships, allowing them to "vote with their feet". This will force universities to compete on quality rather than government quotas.
- **Decentralization of Admissions (Academic)**: The state Assessment and Testing Center should transition from an exam-administering body to a quality-monitoring agency. Universities must be granted the right to define their own admission criteria and select students, enabling them to build specialized academic profiles suitable for the new clusters.
- **Tenure Systems (Staffing)**: To transform broad management discretion into institutionalized staffing autonomy, a national framework for academic tenure should be introduced. This is essential to protect scholars from political dismissal and to foster the "high-trust" environment observed in the Finnish model.

6.3 Limitations and Future Research Agenda

Limitations & Mitigation

A primary limitation was the restricted access to internal documents for the newly formed "Academic City" Foundation. To mitigate the risk of formalism bias inherent in the EUA Scorecard, the study triangulated official data with secondary proxy data from civil society monitoring reports (TIAC, Corruption Prevention Commission), providing a validated *de facto* assessment.

Future Research

Future scholarship should move beyond binary comparisons. A critical avenue is to test the "Asset Monetization Hypothesis": Does the shift to Foundation status in post-Soviet states (e.g., Georgia's 2024 reforms vs. Armenia's Academic City) lead to genuine financial diversification or merely replace state subsidies with volatile real estate revenue? Additionally, longitudinal studies are needed to measure the impact of the proposed "Nominating Committee" model on research output over a 5-year cycle.

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