

Strategic decision making in higher education *An analysis of the new planning system in Dutch higher education*

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Abstract. One of the main objects of the recently developed policy for Dutch higher education regards the creation of a more diversified higher education system with flexible and adaptive institutions. The nature of the proposed system should, among other things, reveal itself in meaningful and discriminating institutional profiles, based on strategic institutional choices. This article reflects on the degree to which these objects are realized. After the introduction of the new planning system in Dutch higher education, the article deals with the possibility of strategic planning in higher education institutions in general. Three different, but not necessary independent, models are distinguished: the linear strategy model, the adaptive strategy model and the interpretive strategy model. It is argued that the latter model can be applied best to higher education institutions. Some evidence on strategic planning in Dutch higher education illustrates the practice in this field. Empirical evidence shows that the governmental aim to increase the diversity in Dutch higher education is not very successful up till now. On the contrary, it seems that various homogenizing developments emerge. The concept of institutional isomorphism helps to explain some of the problems institutions encounter when trying to formulate and implement their strategies.

1. Introduction

In the late 1970s and early 1980s the Dutch higher education system was confronted with various government initiated restructuring projects, intended to increase the efficiency and effectiveness of higher education by fixing the large problems the system had to contend with at that time. In the mid-eighties central government thought restructuring as such was not enough; the reforms had to be complemented by the development of a higher education policy that would open a new perspective for the field. This policy should not be developed and prescribed by the government solely, as was the normal procedure up till then, it should instead be based on a dialogue between the government, the higher education institutions and all other actors involved in higher education. The dialogue should be institutionalized on the basis of a new planning system for the Dutch higher education system.

In order to be able to develop the new policy, the government announced in 1985 a change in the way higher education was steered. The proposed new way of steering can be described as 'remote government control and increased institutional autonomy'. An important element of this 'remote government control' strategy is that instead of controlling the activities of the institutions beforehand, the government wants to evaluate these activities afterwards.

Through the new policy the government aims at creating a more diversified higher education system with flexible and adaptive institutions. The government

assumes that in a more diversified system the institutions will be better able to achieve the goals of the higher education system than in the present more or less homogeneous system. The nature of the proposed system should, among other things, reveal itself in meaningful and discriminating institutional profiles, based on strategic institutional choices. As a consequence, at the institutional level the interest in the concept of strategy in general has been growing rather considerably in the second half of the past decade. A number of higher education institutions, for example, have produced an institutional strategic plan and more can be expected to follow in the coming years.

Keeping the above considerations in mind, in this article several aspects of the emerging new planning system for the Dutch higher education system will be discussed. First attention is focused on the recently introduced biennial planning cycle that has to play an important role in the dialogue mentioned above. Strategic decision making at the institutional level, as well as the governmental aim at a more diversified higher education system, can be considered as some of the main elements of this planning system. We will continue with a general discussion on some of the basic characteristics of higher education institutions. These characteristics are of relevance in the light of the question to what extent the concept of strategy, as developed in business literature, can be applied successfully in the field of higher education. Some evidence on strategic planning in Dutch higher education illustrates the practice in this field. The concept of isomorphism as developed in organization literature, will be used in order to explain some of the problems higher education institutions encounter when trying to formulate and implement institutional strategies.

2. The new planning cycle as part of the new governmental strategy towards higher education

The new governmental strategy towards higher education in the Netherlands was introduced in 1985 (Maassen and Van Vught 1989). An important element of the new strategy is a proposal to change the way higher education is steered. The government will no longer try to steer the higher education system at the institutional level through stringent regulations and extensive *ex ante* control mechanisms. Governmental steering will take place at 'sector level'. Sector is a term used by government to indicate a collection of coherent subjects. Nine different sectors are distinguished: Arts, Science, Law, Economics, Health, Behavior and Society, Technology, Education, and Agriculture. This rather general level is supposed to be an expression of the wish of government to develop a global and more remote position in the steering networks of the higher education system. For government-funded education, for instance, the number of sectors assigned to an institution indicates the boundaries within which the institution is more or less free to act.

By strengthening the autonomy of the institutions the government wants to enlarge the adaptive power and flexibility of the institutions. A central aim of the

Dutch government is to diversify the higher education system. This is expected to raise the levels of quality in the higher education system as a whole.

As a consequence of the new steering conception the institutions will have greater freedom to shape a number of their own activities; they themselves will for example be responsible for the quality of their own teaching and research activities. More autonomy is expected to result in more scientific and technological breakthroughs and in better educated professionals (Van Vught 1989). Detailed government regulations concerning the institutional activities will be abandoned. New legislation for higher education that fits the steering conception will be established in the near future.

With the publication of a draft version of the first Dutch Higher Education and Research Plan (the Dutch abbreviation for this plan is 'HOOP') in 1987, the Ministry of Education and Science started the first cycle of a new biennial planning system. In this system in year one a draft version of the government plan called HOOP will be published and in year two institutional documents, called development plans are to be published. The start of the first planning cycle can be considered as an important step in the development of the new governmental strategy towards higher education. The HOOP document includes all governmental higher education documents that previously appeared separately, and it offers an image of the future of the higher education system as desired by the government. In the new planning system a great deal of prominence is given to planning by means of dialogue based on expressions of intent of both the government and the institutions. These expressions are written down in the two planning documents: the government's HOOP document and the institutional development plans. The latter are to be a reflection of the institution's intensions, of the influences of their environments (that include governmental policies) and of their internal activities and developments. In other words, the development plans are expected to contain important strategic elements.

Some of the main assumptions underlying the new planning system can be summarized as follows. The Ministry of Education and Science makes information on the higher education system and its environment easily accessible to the institutions. Information on threats and opportunities in the environments of the institutions can be found in several parts of the HOOP document. Institutions only have to add information that is specific for their task environment. In addition, they have to add actual information on their performance in teaching and research. Internal strengths and weaknesses have to be taken into account. Institutional profiles result that lead to distinctions between the institutions. A more diversified system is assumed to be more likely to improve the quality of higher education and scientific research. These profiles are to be based on strategic choices of the individual institutions. Facts and arguments given by the government in the HOOP documents will color the perceptions of the universities with respect to the needs for planning in such a way that their plans and activities will fit the new steering conception. Furthermore the Ministry of Education and Science sets an example. The HOOP document itself can be regarded as a strategic planning document: the higher education system and its environment are analyzed, goals and targets are set

and procedures for implementation and monitoring are traced out.

In order to analyze strategic decision making and strategic planning in higher education some basic characteristics of higher education institutions that are of relevance for the analysis, are presented in the next section.

3. Some basic characteristics of higher education institutions

Higher education institutions are unique organizations. By characterizing them as professional bureaucracies they can be distinguished from most other organizations. But even as professional bureaucracies higher education institutions show a number of characteristics that justify the statement this section started with.

The activities of a professional bureaucracy are arranged primarily around experts. Coordination takes place through the standardization of skills and knowledge, while its basic operating process is described as 'pigeonholing'. People are categorized and placed into pigeonholes because it would take enormous resources to treat every case as unique and requiring thorough analysis (Perrow 1970). Because of pigeonholing, professionals do not need to waste much time on coordinating their activities with their colleagues. According to Mintzberg (1983) pigeonholing simplifies matters enormously. It requires of the professional two basic tasks:

1. to categorize the client's need in terms of a contingency, which indicates which standard program to use, a task known as diagnosis; and
2. to apply, or execute, that program (Mintzberg 1983, p. 192).

Hardy *et al.* (1988), have indicated that in higher education institutions pigeonholing processes can be found in the organization of courses and programs. They are isolated from one another, thereby minimizing the need for coordination across tasks and maximizing the discretion of the specialists who carry out these tasks. Standardization of skills and knowledge of professors takes place through training and communication with peers.

Professional bureaucracies are unique because they are democratic, they disseminate their power directly to their professional workers, and they provide them with extensive autonomy, freeing them even of the need to coordinate closely with their peers, and all the pressures and politics that such coordination entails. However, in the main characteristics of democracy and autonomy lie also the major problems of coordination, of discretion, and of innovation.

The problem of coordination is a consequence of the nature of the process of pigeonholing. First, there is the problem related to the need for coordination between the professionals and the supportive staff. The latter receive orders from the professionals but also from the vertical power of line authority above them. More serious is the problem related to the need for communication between the professionals themselves. 'Professional bureaucracies are not integrated entities. They are collections of individuals who come together to draw on common resources and support services but otherwise want to be left alone' (Mintzberg 1983, p. 207). It will be clear that major coordination conflicts are waiting just around the corner.

The problem of discretion is related to the fact that not all professionals are competent and conscientious. 'Discretion not only enables some professionals to ignore the needs of their clients; it also encourages many of them to ignore the needs of the organization... They are loyal to their profession, not to the place where they happen to practice it' (Mintzberg 1983, p. 208).

The problem of innovation is related to the inflexible structure of a professional bureaucracy. New programs cut across existing specialities; they require a rearrangement of the pigeonholes. But the nature of a professional bureaucracy implies that new problems are forced into old pigeonholes. 'As a result, the reluctance of professionals to work cooperatively with each other translates itself into problems of innovation' (Mintzberg 1983, p. 209).

The problems mentioned above will in certain circumstances lead to a reaction by outsiders, e.g., clients, non-professional administrators, representatives from the government. These outsiders see the problems as resulting from a lack of external control of the professional. So the obvious reaction is that they try to control the work of the professionals with some kind of mechanism. A well-known example from the field of higher education is the recent attempt by governments, especially in Western Europe, to try to control the functioning of higher education institutions through a set of general performance indicators.

Furthermore some basic characteristics of higher education institutions can be distinguished that partly refer to these institutions as professional bureaucracies. On the basis of an exploration of the literature on higher education, Van Vught (1989) has formulated the following fundamental characteristics of a higher education institution.

The most crucial activity in higher education is the handling of knowledge, which is related to the following characteristics.

1. Knowledge areas form the basic foci of attention inside higher education institutions.
2. The organizational structure of higher education institutions is heavily fragmented.
3. The decision making power is extremely diffused in higher education institutions.
4. Inside their pigeonholes higher education organizations are very innovative and adaptive, although most innovations are incremental (Van Vught 1989).

In addition to these characteristics that apply to all higher education institutions, a characteristic of Continental European higher education institutions is the specific way authority is distributed within these institutions, i.e., limited power at the central level of an institution and almost autonomous professionals in the basic units of the institutions (Clark 1983).

These basic characteristics of higher education institutions have important consequences for the applicability of the concept of strategy, as developed in business literature, in the area of higher education.

4. Strategy and higher education

Although it will be obvious that trying to transfer business instruments and systems

to higher education is a perilous matter, again and again in the past 25 years higher education institutions have 'borrowed' practices developed in business. According to Chaffee (1985) the introduction and utilization of practices like planning-programming-budgeting systems (PPBS), management by objectives (MBO), and zero-based budgeting show a specific pattern.

1. The system or instrument will be widely acclaimed in the higher education literature; institutions will eagerly ask how best to implement it.
2. The publication of a number of case studies will appear, coupled with testimonials to the system's or instrument's effectiveness.
3. Both the term and the system or instrument will gradually disappear from view.

Is the concept of strategy the next borrowed concept and will it disappear in time like its apparent predecessors, or is 'Strategic planning here to stay' as Baldrige (1983) has declared? In order to shed some light on this matter we will first discuss the concept of strategy in some detail after which it will be confronted with the basic characteristics of higher education institutions as described in the previous section.

4.1. The concept of strategy

In the 1960s the original military term 'strategy' was first combined with the term planning in business organizations by Chandler, who defined strategy as '...the determination of the basic long-term goals and objectives of the enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals' (Chandler 1962, p. 13). The expression strategic management was introduced by Ansoff and Hayes (1976) as more promising than the concept of strategic planning.

The literature on the usefulness of the concept of strategy in higher education is still based on strategic planning. According to Chaffee (1985), the main reason that strategic planning in higher education might go the way of PPBS and MBO is that academic practitioners have had little to rely on in the way of empirically derived generalizations about either the comparability of business and higher education organizations or specific ways to define and use strategy in higher education.

As was the case with previous instruments and systems that were transferred from business to higher education, the application of strategic planning in higher education has many strong supporters. They stress the value of the concept for higher education institutions, among other reasons, because it has value for business, and because higher education institutions are or should become similar to business organizations (Schendel and Hatten 1972; Keller 1983). Next to the supporters there are authors who point to the enormous differences between higher education institutions and business. According to them these differences make it very complicated to apply business instruments successfully to higher education institutions (Van Vught 1989; Schmidtlein and Milton 1989; Kelly and Show 1987).

Without wanting to side immediately with either the advocates or the opponents, it is striking that very little empirical evidence is available to answer important questions related to the applicability of the concept of strategy to higher education.

Chaffee (1985) has suggested the existence of three different, but not necessarily independent, strategy models.

The first model distinguished by Chaffee is the linear strategy model. This model is related to Chandler's definition of strategy. It is linear and concentrates on planning. According to this model, strategy consists of integrated decisions, actions, or plans oriented towards setting and achieving viable organizational goals. Both goals and the means to achieve them are subject to strategic decisions. To reach their goals, organizations vary their links with the external environment by changing their products or markets. The environment is assumed to be composed mainly of competitors. Terms associated with the linear model include 'strategic planning', 'strategy formulation' and 'strategy implementation' (Chaffee 1985).

The major assumptions underlying the model are that the organization needs to be tightly coupled, that the organization's environment is relatively predictable or the organization is well insulated from the environment, that the organization has goals and that achieving goals is the most important outcome of strategy.

The second model is the adaptive strategy model. It can be linked to Hofer's (1973, p. 3) definition: 'strategy is concerned with the development of a viable match between the opportunities and risks present in the external environment and the organization's capabilities and resources for exploiting these opportunities'. Ansoff and Hayes (1976) indicated that the need for a different strategy model was caused by the insight that the strategic problem was more complex than the linear strategy model suggested.

The main assumptions underlying the adaptive model are that the organization and its environment are very open to each other. The environment consists among other things of stakeholders. Organizational action is considered mainly as a response to consumer preferences. The model borrows heavily on an evolutionary biological model of organizations (e.g., Beer 1979). Instead of dealing with the environment, the adaptive model assumes that the organization must change with the environment. Associated measures are, for instance, marketing, product differentiation and uniqueness of products.

The third model, the interpretive strategy model, is based on the idea that the relation between an organization and its environment is complex in other ways than those assumed by the adaptive strategy model. The interpretive model is based on a social contract, rather than on an organismic view of organizations. In this model strategy might be defined as 'orienting metaphors or frames of reference that allow the organization and its environment to be understood by organizational stakeholders. On this basis, stakeholders are motivated to believe and to act in ways that are expected to produce favorable results for the organization' (Chaffee 1985, p. 145). The development of this model parallels recent interest in organization culture (Peters and Waterman 1982; Morgan 1986).

An important difference between the linear model and the interpretive model is that the former is oriented towards goals, while the latter is focused on desired relationships, such as those involving sources of inputs or customers. Just like the linear model, the interpretive model emphasizes dealing with the environment. The interpretive strategy, however, deals with the environment through symbolic actions

and communications, while linear strategy emphasizes organizational actions that are intended to affect relationships instrumentally.

The main assumptions underlying the interpretive model are that reality is socially constructed, that the organization is a collection of cooperative agreements entered into by individuals with free will, and that the organization is an open system.

The three models can be summarized as follows.

In linear strategy, leaders of the organization plan how they will deal with competitors to achieve their organization's goals. In adaptive strategy, the organization and its parts change, proactively or reactively, in order to be aligned with consumer preferences. In interpretive strategy, organizational representatives convey meanings that are intended to motivate stakeholders in ways that favor the organization (Chaffee 1985, p. 147)

In the higher education literature various authors deal explicitly or implicitly with strategy. Regarding the three models distinguished by Chaffee it can be argued that most higher education authors writing on strategy refer to elements of all three models with an emphasis on adaptive model ideas.

4.2. The concept of strategy and the basic characteristics of higher education institutions

The three models distinguished by Chaffee can be confronted with the basic characteristics of higher education institutions in order to shed some light on the applicability of the concept of strategy to the field of higher education. It should be kept in mind that the models are not mutually exclusive, each provides a way of describing a certain aspect of organizational functioning to which the term strategy has been applied.

Clearly most basic assumptions that underlie the linear strategy model do not apply to higher education institutions. Higher education institutions are heavily fragmented instead of tightly coupled, and they are not product, but knowledge oriented. Besides, higher education institutions do not have competitive forces as their salient environment, most higher education institutions do not have a viable set of goals, and pigeonholing makes it very difficult to change markets or products.

The model of adaptive strategy is, as was mentioned above, the most frequently used model in higher education literature. Not all variables, however, 'fit' higher education institutions. Consumer preferences are not the only concern of institutions and not all of the measures apply to higher education institutions, e.g., most institutions offer a number of programs for which there is relatively little market demand. Pigeonholing makes the need for achieving a viable match less obvious and it also makes it difficult to concentrate on organizational change. It seems that a strong emphasis on the adaptive strategy, that does not have a complete fit with the nature of higher education, may be one of the main reasons for the problems higher education institutions have encountered when using the concept of strategy.

Although the model of interpretive strategy is not well developed yet, it can be argued that this model might be more meaningful for higher education institutions than the other two models. The main characteristics of professional bureaucracies, democracy and autonomy make it necessary to motivate behavior and to improve interactions and relationships internally and externally. Besides, stakeholders' perceptions are an important aspect of higher education institutions' environment in many countries.

All in all it can be argued that the interpretive strategy model is more neatly suited for higher education although there are at times some elements of the other models that seem to fit specific higher education decision-making situations, leading to 'mixed strategy approaches'. In the next section this argument will be discussed in the framework of recent developments as regards the changing relationship between the government and the higher education field in the Netherlands.

5. Strategic decision making in Dutch higher education

It was argued that the interpretive strategy model best fits the characteristics of higher education institutions. As regards recent policy developments in Dutch higher education, we observe that from a government perspective the proposed biennial planning system for higher education seems to fit the elements of the interpretive model and it invites institutions to plan within the interpretive mode as well. First, the way in which institutions are stimulated to plan within the interpretive mode fits with the model. The concept of 'dialogue' refers to communication among all kinds of actors that are some way or another involved in Dutch higher education and it also refers to the generation of legitimacy for the governmental policy. The government consults with the institutions and the intermediary bodies in the higher education system, and with labor organizations, business organizations, and other organizations that take an interest in higher education. By involving these 'outsiders', the planning system copes *a priori* with societal needs for controlling professional organizations that face problems of coordination, discretion and innovation. There is yet another way in which the biennial planning system accords with the interpretive mode. By disseminating information on the higher education system and its environment, images that institutions hold of their internal and external environment, are influenced and perhaps modified.

A second fit lies in the way the planning system stimulates institutions to formulate a profile, or a mission, in their development plans. Before the planning system came into being, these plans only had an external function. That is, they were mainly meant to inform the Minister of Education and Science on the allocation of funds among the institutions. Since the publication of the first HOOP document the plans have an internal function as well as an external one (Potman *et al.* 1989). The institutional profiles, as substantial parts of the development plans, can fulfill the functions of 'strategic norms (that) involve the establishment of maps of reality or images held of organizations and environments' (Dirsmith and Covalski 1983, p. 137).

The question remains, however, what role the formulated profiles play in the internal planning processes of the institutions. A major research project on planning in Dutch higher education reveals that the profiles are mainly formulated at the central level. This is consistent with research findings elsewhere (for example, Schmidlein and Milton 1989). That is, they are formulated by the central administrators and central planning offices. The professionals inside the faculties focus on their disciplinary areas. It is hard to connect the content of a faculty plan with that part of a development plan that deals with the institutional profile. The relatively short two year planning cycle leaves little room for interactions among the various levels inside the institutions. Central guidelines that are formulated with respect to the 'HOOP' planning process are taken as loose constraints in the development of faculty plans. Most institutional development plans are aggregations of these faculty plans, with a few central sections added on, such as the institutional profile (Potman *et al.* 1989).

Now let us assume that the institutional profiles adequately indicate the strategic niche in which an institution can be found. Then the question remains whether the central aim of the government to establish diversification in the higher education system does succeed. Are institutions successfully stimulated to find their respective evolutionary niches? It can be argued that this is not the case. Teaching and research programmes as well as organizational structures tend to become similar to each other (Potman *et al.* 1989).

To illustrate this, let us consider the Dutch universities. As Table 1 shows there are thirteen universities that differ in age, size and nature. Analysis of the recent development plans shows some initiatives to lessen the differences among the institutions. Both specialized universities of Enschede (Twente) and Wageningen want to become known as more general institutions. Each of the four traditional, old universities wants to penetrate sectors that up till now belong to more specialized institutions. The universities of Amsterdam and Groningen want to enter the niche of the technical universities. The University of Leiden wants a business school, and the University of Utrecht wants to enter the niche of 'economics'. Nearly all universities have recently developed courses on computer and information sciences and on public and business administration and management sciences as well. This tendency to expand and move 'up' the status scale can be found in most higher education systems. It sometimes is referred to as 'academic drift' (Burgess and Pratt 1974; Cerych and Sabatier 1986).

Furthermore, the major topics in the institutional profiles look alike; they do not discriminate among the universities at all. For example, all institutional policies are market oriented these days, nearly all courses and research programmes are moving toward interdisciplinarity, all profiles stress initiatives on internationalization and quality control. Except for a few institutions that are traditionally more or less 'unique' (Nijmegen, Delft, Wageningen and the Free University) the institutions stress their regional function. This not only concerns the attraction of students, but the market for graduates, and the economic and cultural spin-off effects of the university as well. The niches found here, are derivatives of the regions in which the universities are located (Potman *et al.* 1989).

Table 1. Thirteen Dutch universities

University of	Size ^a	Age ^b	Nature ^c
Leiden	large	before 1800	general
Groningen	large	before 1800	general
Utrecht	large	before 1800	general
Amsterdam	large	before 1800	general
Rotterdam (Erasmus)	medium	20th cent.	general
Maastricht (Limburg)	small	20th cent.	general
Amsterdam (Free Univ.)	large	19th cent.	general/private ^d
Nijmegen	large	20th cent.	general/private ^d
Tilburg (Brabant)	medium	20th cent.	general/private ^d
Delft	large	19th cent.	technical
Eindhoven	medium	20th cent.	technical
Enschede (Twente)	small	20th cent.	technical
Wageningen	medium	20th cent.	agricultural

^a This column indicates roughly whether an institution can be considered as a large, a medium or as a small one.

^b This column indicates roughly when an institution was founded.

^c The status or nature of an institution discriminates between specialized institutions like the three technical ones and the agricultural one on the one hand and institutions with several discipline areas on the other hand.

^d These three universities are private universities although they are financed by the Dutch general government the same way other institutions are financed.

Institutions for higher vocational education show similar patterns. The elements of the institutional profiles look alike. Because of the recent large scale merger operation in this sector of Dutch higher education (Goedegebuure 1989), it is hard to get a clear picture at present. In the past, nearly all institutions were unisectoral. Now that many have become multisectoral, their organizational structures increasingly look like those of the universities.

All in all it looks like the governmental aim to diversify the Dutch higher education system in order to improve its flexibility and to be better able to achieve the goals of the system, so far has not been very successful. The differences that already existed may continue, but innovations all seem to go into the direction of homogenization. As far as the development plans are concerned, the institutions have not succeeded in establishing meaningful and discriminating profiles. On the contrary, it seems likely that various homogenizing developments will emerge. In the next section the concept of institutional isomorphism will be used in order to explain and understand this paradox.

6. The concept of institutional isomorphism

In organization literature most authors focus on the differences between organiza-

tions and they try to explain variation in, for example, organizational structure (e.g., Child 1972; Hannan and Freeman 1977). A striking feature of many populations or systems of organizations, however, is the homogeneity of structures and practices. Developments in organizational fields like the American college textbook publishers, the radio industry, and hospitals, have led DiMaggio and Powell (1983) to the assumption that organizational fields emerge and structure as a result of the activities of a diverse set of organizations, and furthermore, the homogenization of these organizations and of new entrants as well, once the field is established. They have formulated the paradox that rational actors make their organizations increasingly similar as they try to change them. '(A)fter a certain point in the structuration of an organizational field, the aggregate effect of individual change is to lessen the extent of diversity within the field' (DiMaggio and Powell 1983, p. 149).

The concept of isomorphism is suggested to best describe the process of homogenization. Hawley (1968) has described isomorphism as a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions. DiMaggio and Powell (1983) mention two types of isomorphism. In the first place competitive isomorphism, that concentrates on market competition, niche change, and fitness measures. DiMaggio and Powell suggest this view to be 'most relevant for those fields in which free and open competition exist' (Hannan and Freeman 1977). In fact the assumption of competitive isomorphism underlies the new steering conception of the Dutch government. Institutions are stimulated to find their own niche that discriminates from niches of the other institutions (Maassen and Van Vught, 1988). However, this assumption ignores the fact that the higher education system has characteristics that deviate from those of competitive markets. First, at least in the Netherlands, there is a far reaching degree of government intervention. Central government regulates and finances higher education and controls its quality. Beside the fact that government intervention as such is disturbing the working of market forces, it leads to an orientation of educational institutions toward the ministry instead of towards each other, as well as toward clients. Second, clients consider things other than price and quality of academic products. The regional position of an institution and its traditional status are important as well. Third, the professional character of an institution leads to an important orientation toward the accepting by the professionals of institutional strategic policies. Finally, the higher education field is highly structured and has shown a rather steady structure throughout many decades, despite the steady growth of the number of institutions especially in this century.

As an alternative to competitive isomorphism institutional isomorphism can be distinguished. Institutional isomorphism takes into account that organizations compete not just for resources and customers, but also for political power and institutional legitimacy, for social as well as economic fitness.

Institutional isomorphism occurs through three mechanisms: coercive isomorphism, mimetic processes and normative pressures.

Coercive isomorphism results from formal and informal political and other pressures

put on organizations by other organizations upon which they are dependent. A common law for an organizational field, for example, influences the structure and behavior of the individual organizations to a considerable extent.

Pfeffer and Salancik (1978) suggest that politically constructed environments have the following characteristics: 'political decision makers often do not experience directly the consequences of their actions; and political decisions are applied across the board to entire classes of organizations, thus making such decisions less adaptive and less flexible'.

The Dutch Ministry of Education and Science puts more or less pressure on the institutions to behave according to its wishes. The higher education institutions have a common legal environment within the country. To be more specific, in the near future one common law for the entire higher education and scientific research field will replace the present higher education laws. This may increase coercive isomorphism further. Furthermore the most important policy issues presented in the first HOOP document were applied to all institutions. The institution-specific issues were underdeveloped in the first episode of the new planning system (Potman *et al.* 1989).

On the other hand, in the new steering conception and the planning system that goes with it, central regulation and funding are to be less prominent and coercive than before. Coercion is aimed to be lessened by the replacement of the direct regulation and funding at the institutional level by persuasion and via stimulating missions and profiles. As was stated above, the planning system occurs in an interpretive mode. The characteristics of that mode do not fit with coercive isomorphism.

In sum, the absence of differentiating profiles and missions may be attributed to characteristics of the higher education system as such, but not to most aspects of the new planning and steering system.

Mimetic processes stand for a kind of imitation between organizations with respect to, for instance, their structure. These processes result from uncertainty. For instance when organizational technologies are poorly understood, when goals are ambiguous, or when the environment creates symbolic uncertainty, organizations may model themselves on other organizations. An assumption underlying this mechanism is that a skilled labor force of experts may encourage mimetic isomorphism.

Further, mimetic isomorphism may stem from the fact that there is little variation to be selected from. New organizations are modelled upon old ones, and managers actively seek models upon which to build (Kimberly 1980).

Higher education institutions are confronted with internal and external uncertainties. This suggestion can be underlined further by the notion that these institutions have ambiguous goals. In the Dutch higher education system especially institutions for higher vocational education are confronted with uncertainty. Most of them were recently established as multisectoral institutions; they still have to find their way (both internally and externally). Furthermore these institutions for the first time face a comprehensive national planning system. These uncertainties

stimulate imitation behavior. The higher education system as a whole is confronted with fast economic, technological and social developments that create uncertainty and hence stimulate mimetic isomorphism.

Further, in the new steering conception the government has some instruments to intervene more directly at the institutional level in order to correct processes it thinks have gone wrong. One major instrument is called the 'negative statement in financing'. To be more specific, the government has the right to terminate a part of the financing of an institution. The instrument can be applied if an institutional activity, regarded by government as being undesirable, is not modified or stopped. The criteria used by the government to determine whether or not it will intervene are not very clear, however. The central criterion is called 'macro efficiency', which stands for the aim that institutional activities should in one way or another match with governmental ideas and intentions with respect to the desirable development of the higher education system. The question that is central to this criterion is: does the system as a whole generate a socially desirable product and can the organization of the system be considered as efficient? Although at this moment it is unclear whether the rather heavy instrument of cutting a budget on the basis of a judgement of an institution's contribution to macro efficiency will be actually used, the instrument may generate a high level of uncertainty, especially because it is applied afterwards. It is uncertain whether pioneering on a certain field of interest by a group of academic workers, will be sanctioned positively or negatively. This uncertainty may encourage imitation. When institutions look alike it is harder for government to decide on which basis the budget of a specific institution should be cut.

Normative pressures stem primarily from professionalization. Various kinds of professionals within an organization may differ from one another, they may exhibit however much similarity to their professional counterparts in other parts in other organizations. Institutional isomorphism is caused here by professionalization through the training of specialists, and through communication and affiliation of specialists in professional networks (Van Vught 1989). These mechanisms create a pool of almost interchangeable individuals who occupy similar positions across a range of organizations. Personnel flows are further encouraged by structural homogenization, for example the existence of common career titles and paths with meanings that are globally understood, for example, assistant, associate and full professor (DiMaggio and Powell 1983).

Normative isomorphism is increased in the Dutch higher education system as a byproduct of the new steering and planning system. The planning system increases professional orientation instead of institutional orientation. Steering at the sector level (see Section 2), instead of at the institutional level, stimulates this tendency. For instance, the sum of the respective profiles of the faculties or colleges of a university do not necessarily correspond with the overall institutional mission.

Further the planning system includes consultations among professional peers, that are institutionalized in special sections of the Association for Cooperating Dutch Universities. Hence the communication of specialists in professional networks is not only directed on specific policy issues but on research and teaching

matters as well.

The quality control system that is part of the new planning system relies heavily on peer review. This means that professionals within a specific sector evaluate performance in education and research within the sector. This also stimulates a primarily discipline directed orientation of the professionals instead of a more institution directed orientation.

These isomorphic processes imply adaptation, without this adaptation being necessarily a result of a strategic manager's action in a long range sense. DiMaggio and Powell (1983) argue that the mimetic processes and normative pressures that encourage institutional isomorphism involve managerial behaviors at the level of taken-for-granted assumptions rather than consciously strategic choices. This means that stimulating strategic choices in order to differentiate the higher education system has to be directed toward these processes, rather than more directly toward explicit strategic planning at institutional level. This fits well with the interpretive mode of strategic planning.

7. Conclusions

Finally we reconsider some of the preceding arguments of this article in order to present some conclusions concerning governmental policies on higher education.

First, we can conclude that the specific characteristics of higher education institutions imply that strategies in those institutions diverge from those in other kinds of organizations. The interpretive model of strategic planning should prevail instead of the more commonly applied adaptive model. The Dutch government seems to cope with the interpretive mode even though no assumptions on the proper mode of strategic planning are made explicitly. At least the new planning system tries implicitly to stimulate the institutions to plan in the interpretive mode. However, the question remains whether the institutions will take this opportunity. The answer to this depends among other things on the relation between professionals and the administrative and planning staff of the institutions. It is possible that the existence of the planning system and the governmental strategy of enlarging institutional autonomy, strengthens the relative power position of that staff. This will give room to a planning strategy at the central level of an institution which depends less on the professional characteristics of the institution.

Analysis of the development plans of Dutch institutions reveals a rather loose coupling between the various faculty plans and the central coordinating part of the institutional plans. This may result in institutional plans that are more in line with an adaptive mode of strategic planning. The existence of two different modes of strategic planning within the practice of the new planning system can be expected to lead to a mismatch between planning efforts. The would be fruitful effort of central government to plan in a way that fits with the characteristics of institutions as such, may be undermined by the fact that institutions (that is, those administrators at the central level of the institutions who are primary involved with the development

plans) plan in a more traditional, adaptive mode. This is further encouraged by the fact that the relatively short two year planning cycle leaves little room for interactions among the various actors inside institutions.

In order to deal with these differing implicit assumptions, any governmental planning system should pay careful attention to its effects on the institution-internal positions of the different actors involved and the relations among them. Though the essential characteristics of the institutions as professional bureaucracies remain unchanged, a planning system which increases the relative power positions of the nonprofessional actors in those institutions may lead to organizations of a more hybrid type. This may influence the functioning of the planning system itself.

Second, while emphasizing the need for strategic choices in the institutions, the government should take into consideration the implications of isomorphic processes taking place in the higher education system. In order to uphold the central aim of diversification of the system, governmental policies should cope with the mechanisms that stimulate institutional isomorphism. Hence it is important that these mechanisms are analyzed carefully and that the government tries to take into account in developing and implementing its new planning approach for higher education on the one hand the influence of its various implicit and explicit pressures on the system, and on the other hand the consequences of so-called processes of 'academic drift' within the system.

A careful reconsideration of specific governmental policies seems necessary to ensure that the new governmental strategy towards higher education, which is an important element the new planning system, does not fail even before it has been translated into appropriate rules and regulations. If in the future further adjustments in the system are thought necessary, they should, among other things, be evaluated for their influence on the planning and decision making structures and processes inside institutions. Otherwise, these adjustments, instead of assuring system diversity, may strengthen system homogeneity.

The above arguments hold for governmental policies on higher education in general. All governmental steering in higher education has to take into account the professional characteristics of higher education institutions, as well as the effects of governmental policy of the functioning of these institutions as professional bureaucracies. Furthermore governmental policies have to take into consideration the specific characteristics of the higher education system as such. Goals and steering assumptions as well as specific policy instruments have to cope with these characteristics in order to prevent from dangers delineated in this article.

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