The Changing Roles of Stakeholders in Dutch University Governance

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Introduction
The Netherlands is often regarded as offering an interesting frame of reference for the adaptations of other national higher education systems in Europe because of the reforms it introduced in the early 1980s. These reforms led to major adaptations of its higher education policy. Important innovations, such as a new steering approach, a new comprehensive law, new quality assessment mechanisms, a new structure for the teaching programmes of the universities, a new institutional landscape for the higher vocational education sector, etc., have been introduced over a relatively short period. With hindsight, the structural ‘work out exercise’ of the late 1970s and the 1980s is seen as successful and as having given the Netherlands a major advance compared to other European countries in making its higher education system more effective and efficient.

The 1993 law on higher education did not include a new funding structure for higher education, nor a new governance structure for the universities. Yet the Minister of Education, and to a lesser extent the university Executive Boards, felt that a structural innovation was needed in the latter case. Generally speaking, the democratic, internally oriented and driven governance structure introduced in the early 1970s was criticised for its inefficiency and ineffectiveness from the start (De Boer et al., 1998). But it took until 1997 before this heritage from the struggles in the 1960s for more intra-university democracy was formally replaced by an externally-oriented, management-driven structure (De Boer et al., 1999). One of the elements in the new structure is the strengthening of the position of external stakeholders. Generally speaking, the university governance structure has developed from being mainly based on a democratic, collegial model to being more a market-driven, stakeholders-oriented structure. The main aspects of this model will be discussed in this article.

The Changing Steering Approach
In 1985, the Dutch government introduced a new higher education steering approach (Maassen & Van Vught, 1989). It meant more freedom, but also more responsibilities for the universities and colleges. Until then, the steering approach was governmental and academically dominated, with hardly any formal authority for the governance actors at the central level of the establishments (Maassen, 1996). The new approach assumed that the best position for the government was
‘at a distance’. The government’s role should be to develop a framework within which the universities and colleges could operate fairly autonomously. The government granted this freedom because it believed the establishments would become more effective and efficient, would introduce a formal quality assessment system, and would become more responsive to societal needs. For the universities to live up to these expectations, they had to adapt their governance structure to encourage more direct interactions with society.

Some authors have pointed to the inconsistencies and ambivalences of the new steering approach (Kickert, 1986; Maassen & Van Vught, 1988; Gornitzka & Maassen, 2000b). Yet the changes introduced since 1985 have modified the governance practice in Dutch universities and colleges. The role of external stakeholders has, for example, changed in a number of ways. Before addressing these changes from a theoretical perspective, we shall first discuss some characteristics of Dutch society.

Some Social Characteristics of the Netherlands

All societies have specific characteristics that affect their dynamics and influence the nature and pace of their socio-economic changes. It is impossible to outline these in detail and to analyse validly the way in which they have an impact, for example, on the dynamics of higher education. Yet a general indication can be given of some Dutch societal characteristics that are of relevance to understand the changes in the university governance structures.

First, while the Netherlands is politically and economically very internationally oriented, it is unsure about its position in the world in general and in Europe in particular. Is it the smallest of the large countries or the largest of the small countries of the European Union? Should it try to adapt its social and political developments to the large countries, or should it try to become one of the guiding lights for the small countries? With its almost 16 million inhabitants and its GDP of more than EURO 350 billion in 1999 it is in a middle position in the EU. Hence, it is following very closely the political debates and policy developments in the other EU countries. In general, the European context is regarded as being so important for the Netherlands that developments in other EU countries are generally used as an input to political debates and policy developments for a number of sectors, including higher education. The Netherlands not only tries to understand what is going on in both the larger and the smaller EU countries, but it also wants to incorporate this understanding in a structured way in its own policy processes. This does not mean that foreign examples are imitated blindly. The outcome of socio-economic and political change processes is, in general, ‘typically Dutch’. It is more a combination of factors, such as the feeling that, for a country that is economically so dependent on international trade, it is important to step in line socially and politically with your most important trade partners. Or the conviction that can be observed in many Dutch ministries that it is not necessary to try to re-invent the wheel, leading to a ‘let’s see how others have dealt with this policy problem’ approach. Whatever the underlying reasons, there is no other country in Europe that invests so much in analysing policy developments in other European countries, including higher education developments, as the Netherlands.

Second, the Netherlands can be regarded as a ‘consultation society’. There is a long tradition of negotiation and consultation between the main ‘pillars’ of Dutch
society, be it with a religious, political or socio-economic basis. In the early 1980s, a specific Dutch consultation model known as the polder-model was developed for socio-economic affairs. It has received quite a lot of attention in Europe and is seen as having potential relevance for other countries that are dealing with problems related to the welfare state. Typically, the core of the polder-model consists in organising consultations and giving a voice to all stakeholders in important socio-economic processes. These consultations are time-consuming, but they have proved their effectiveness over the last two decades.

Third, countries can be ‘caricatured’ on the basis of the following ‘tolerance-categories’. The first group consists of countries where everything is allowed, even if it is forbidden. In the second group one will find the countries where everything is allowed, unless it is forbidden. The third group comprises countries where everything is forbidden, unless it is allowed. The fourth group includes the countries where everything is forbidden, even if it is allowed. The Netherlands has a reputation of being a tolerant country and belonging to the first group. This, to a large extent, is due to its legal approach to social innovation. Whether concerning soft drugs, euthanasia, or higher education steering, the general basis for innovation is that experiments are allowed, if not stimulated. These experiments are evaluated after a while. On the basis of the findings and experiences a new law will be elaborated which incorporates the ‘new social reality’. In practice, this often implies taking three (experimental) steps forward, followed by one (legal) step back.

These three aspects of Dutch society can be seen as having an effect on the innovation of the universities’ governance structures, leading to a different role for stakeholders. Specific elements of developments in other countries have been introduced in the Dutch discussion. In addition, the adaptation of the university governance structure is a very interesting case of trying to combine notions of the consultation society with a more direct type of decision-making. Finally, the 1995 law allowed the universities to experiment and introduce new governance structures, even though there was not (yet) a legal basis for them.

How can the ways in which the universities reacted to the external pressures to increase their responsiveness to society by innovating their governance structures be interpreted? How did they balance the internal and external pressures for change and stability? What changed in the role of stakeholders and how can this be explained?

**Organisational Strategies for Dealing with Institutional Pressures**

In this article, the core problem concerns the relationship between (changing) environmental institutional pressures and organisational strategies to respond to these. According to neo-institutional theories, organisational structures are shaped by institutional environments (Meyer & Rowan, 1977). Early studies that apply the neo-institutional perspective assumed that organisations react passively to institutional pressures from their environment. The notion of varied strategic organisational behaviour was not explicitly included. The differences between organisations in the way they responded to environmental pressures were gradually included in neo-institutional studies (Zucker, 1988). It has been suggested that a neo-institutional perspective can ‘readily accommodate a variety of strategic responses [of organizations] to the institutional environment’ (Oliver, 1991, p. 173). By combining neo-institutional and resource dependence theories Oliver identifies five organisational strategies to deal with environmental

In his seminal book on institutions and organisations, Scott (1995) elaborated on Oliver’s typology of organisational strategies on the basis of a conditionalisation and amplification of her arguments. Scott’s condition for using Oliver’s typology is the recognition that, just like organisational structures, organisational strategies are also shaped by environmental institutions: ‘… institutional environments influence and delimit what strategies organizations can use’ (Scott, 1995, p. 124). He points to the fact that they are limited to individual organisations, while responses made by groups of organisations can be equally important (Scott, 1995, p. 125). I will come back to the notion of collective responses below. Since the discussion here focuses on the level of individual organisations, Scott’s condition is important. Taking Scott’s interpretations as a starting-point, the five strategies can be typified as follows:

1. **Acquiesce**: refers to extreme forms of conformity to institutional pressures in the form of habit, imitation and compliance. According to Scott (1995, p. 128), this strategy is emphasised by most institutional theorists.
2. **Compromise**: involves balancing, pacifying, or bargaining with external stakeholders. This strategy is very common in conflicting environments and in situations where there is an inconsistency between external expectations and internal organisational objectives.
3. **Avoidance**: can be defined as an organisation’s attempt to disguise its non-conformity, buffer itself from institutional pressures, or escape from institutional rules and expectations (Oliver, 1991, p. 154). Scott (1987; 1995, p. 130) suggests that it should be evaluated empirically whether various forms of avoidance are practised as a response to institutional pressures stemming from legitimate sources of authority or from sources exercising unauthorised power.
4. **Defiance**: refers to organisations that publicly resist institutional pressures. This strategy will be used when the norms and interests of an organisation are very different from those incorporated in the requirements that are imposed on it (Scott, 1995, p. 130). The tactics of defiance are dismissal, challenge and attack.
5. **Manipulation**: is the most active strategic response to environmental pressures. It consists of co-opting, influencing or controlling the environment (Oliver, 1991, p. 157).

As is very convincingly formulated by Scott (1995, p. 132) ‘[O]rganizations are creatures of their institutional environments, but most modern organizations are constituted as active players, not passive pawns’. They can and will use one or more of the above strategies in dealing with environmental pressures.

Various studies have applied Oliver’s conceptualisation of organisational strategies in a number of fields. In the field of higher education, an interesting study was carried out by Huisman & Meek (1999) who analysed the behaviour of establishments with regard to curricular innovations.

Oliver’s five strategies offer an interesting frame for analysing the ways in which Dutch universities have responded to the attempts of the Minister of Education to introduce a new governance structure in which both external interests and internal values and objectives should be represented.
The New Dutch University Governance Structure

While in most European countries university structures were adapted as a result of student revolts in the 1960s, few went as far as the Netherlands in democratising university governance (De Boer et al., 1999). The Dutch Parliament accepted the Act on University Governance in 1970, thereby introducing a system of representative leadership which was modelled on the representative governance structure of Dutch local counties. For universities, this meant a governance system that gave academics, non-academic support staff and students the right to elect their representatives in university and faculty councils (De Boer et al., 1998). University councils could also include external laypersons who represented the general public. It is striking that not all universities used this opportunity to include such ‘promoters of public interests’ in their council.

The university and faculty councils became the centres of power. While the 1970 Act foresaw a balanced structure with authority shared by the councils and the university and faculty boards, the control function of the councils led to a balance of power in favour of the councils (De Boer et al., 1998, p. 155).

The 1986 Law on University Education redistributed the powers between university and faculty boards and councils. This led to a form of mixed leadership in which the powers of the board were strengthened. Yet the role of the councils was not altered. They remained representative control bodies with considerable power in the university governance structure.

As indicated above, the governmental steering approach introduced in 1985 aimed at stimulating the universities to become more responsive to social needs by adapting their governance structure. The 1986 Act on University Education was replaced by a new comprehensive Law on Higher Education in 1993, but the university governance structure was largely left untouched, except for the above mentioned shift from representative to mixed leadership. In the consultations at the beginning of the 1990s between the Minister of Education and the universities concerning the working of the then university governance structure, a clear difference in perception came to the fore. The Minister wanted to change the nature of the governance structure from a system of mixed leadership to one of executive leadership (De Boer et al., 155, p. 154, p. 162–163). He felt that the mixed leadership system introduced in 1986 prevented the universities from developing more direct interactions with society. The main problems the Minister perceived as characterising the mixed leadership form of university governance were:

1. The governance structure is inadequate for the organisation of teaching.
2. The teaching responsibilities are not clear. Due to the (collective) collegial mode of decision-making no one seems to feel responsible.
3. The formal separation of academic and management powers is, especially at the faculty level, ineffective and inefficient.
4. It is not clear who (formally and in practice) is accountable for the quality of teaching.
5. The strong emphasis on research has a negative effect on the quality of teaching.
6. Communication between the various decision-making levels is inadequate. In addition, there is not enough ‘vertical coherence’ in university decision-making (De Boer et al., 1998, pp. 162–163).
The universities, i.e. especially the university councils, opposed this view by claiming that their governance structure had in practice already been adapted. These adaptations had streamlined the internal procedures, thereby strengthening the decisiveness of the universities. Nonetheless the Minister proposed a new bill on university governance in 1995 that was accepted by Parliament in 1997 in which the formal balance of power was tilted in favour of the boards. The new Act introduced a system of executive leadership both for the university as a whole and for the faculties (De Boer et al., 1998). The role of the councils changed from that of control bodies to that of advisory bodies. In addition, the Act provided for the formal inclusion of a strong, separate body for external stakeholders in the university governance structure. The main changes contained in the 1997 Act can be summarised as follows:

1. The powers of the university and faculty boards are strengthened. In addition, power is concentrated by strengthening the position of certain collective or individual actors in the governance structure.
2. The university and faculty councils become advisory bodies (with students and staff as members) instead of control bodies.
3. Academic and management responsibilities are integrated.
4. The department level (vakgroepen) loses its legal basis.
5. A governing body, the Raad van Toezicht (a Supervisory Board that is comparable to a Board of Trustees), is created (De Boer et al., 1998, p. 163).

Two elements are of particular interest. First, the developments between the launching of the bill in 1995 and the enactment of the Act in 1997. As discussed above, the Netherlands can be regarded as a ‘consultation society’. Already before the introduction of the 1995 bill the Minister and the University representatives discussed the Minister’s wish to adapt the university governance structures at various meetings, conferences, etc. The Minister of Education was very much in favour of replacing the university councils by a structure based on the Ondernemingsraad (‘Works Council’) which is included in the law on business firms. It is composed of employees and plays an advisory role. The Minister wanted the universities to choose a governance structure with a ‘Works Council’ for staff members and a separate council for students. Given the reactions of the universities to this proposal it became clear in the Dutch consultation and lawmaking tradition that it made sense for the Minister to look for a compromise. Hence, the Law of 1997 gave the universities a certain amount of freedom to develop their governance structure. They could choose, for example, between the structure of separate councils for staff and students (the divided structure) and a joint council (the united structure). The latter was a continuation of the existing structure with a university council in which all internal parties are represented, even though the Council lost some of its most important powers. The 1997 Law was also adapted on the basis of the consultations between Minister and universities.

Second, the Raad van Toezicht (Supervisory Board) introduced by the 1997 Act cannot be compared to the inclusion of laymen in university councils provided for by the 1970 Act. The latter concerned individuals who did not necessarily represent directly external sectors or interests. They acted in a private capacity (see also the case of University A below). The new Supervisory Board consists of individuals representing external stakeholders, such as industry and unions.
There are no internal academic staff members included in the Supervisory Boards. It is positioned between the Minister and the Executive Board of a university. In practice, each university nominates the members for its Supervisory Board, but the Minister of Education appoints the members. The Board is accountable to the minister.

The Universities' Reactions to the 1997 Act on University Governance

In the next sections I shall present the responses by the universities collectively and then use case study material from the TSER/HEINE study (Gornitzka & Maassen, 2000a) to reflect in more detail on the responses of two universities to these external institutional pressures. These universities are presented here as University A and University B.

General University Reactions

In the Dutch tradition of allowing the main actors to launch experiments before a new law is enacted, the universities were also allowed to experiment with new elements in their governance structure. It is striking that none actually did so. There are a number of reasons for this. The most important could be the position of the University Councils in the experiments. The nature and functioning of the Councils were the main elements of the external criticism of the functioning of the university governance structures. However, given their control function, any experiment had to be approved by the University Council. It did not come as a surprise that none of the councils was very eager to cooperate in orchestrating its own demise. Another reason was that the Executive Boards of many universities had already adapted some functions of and procedures concerning the internal governance practice. Therefore, the external criticism was not necessarily shared inside the universities. Finally, concerning stronger involvement of external stakeholders in the university governance structures, the universities were not able or willing to adapt their governance structure.

Another Dutch tradition is the consultation tradition. Before and immediately after the launching of the 1995 bill, the Minister consulted the universities about the proposed university governance structure. In line with some ‘collective responses studies’ presented by Scott (1995, pp. 125–128), between 1995 and 1997 the Dutch universities were able to respond collectively to the proposed regulative regime in such a way that it was redefined. Instead of being a rather prescriptive and strict regulative structure, the 1997 Act granted the universities great autonomy in the adaptation of their governance structures.

An important choice provided for in the 1997 Act was mentioned above, i.e. the choice between a separate or a joint council structure. It can be argued that the separate council structure is closer to a business-like management structure than the joint structure. Of the thirteen Dutch universities, three are private, even though they generally come under the same regulations and are publicly funded in the same way and at the same level as the other ten universities. The private status of the universities has to do with their denominational background. One area where a difference occurs is the governance structure. Given their private status, two of the three denominational universities have chosen a structure with a separate university council for staff members. Of the ten public universities, four
originally chose a separate university staff council. Seven decided to retain the joint council for staff and students. Recently, one of the four universities with a separate council structure decided to integrate staff and students. Hence, only three regular public universities are left with the more business-like divided university council structure.

Two Universities' Reactions

University A

At the central level of University A, the main bodies in the governance structure are the Supervisory Board (Raad van Toezicht), the Executive Board (College van Bestuur), the University Council (Universiteitsraad), and the Board of Deans (College van Decanen). The Supervisory Board consists of five external members, appointed by and accountable to the Minister of Education. The most important policy plans are submitted for approval to this Board. Furthermore, the Board arbitrates in cases of disputes between the Executive Board and the University Council.

The Executive Board consists of three persons appointed by the Supervisory Board. One of the members is the Rector Magnificus, chosen from among the current and former deans of the university by the Supervisory Board on the suggestion of the Executive Board which is, in turn, advised by the Council of Deans. Figure 1 shows the main actors and groups involved in the governance structure of University A.

![Governance structure in University A](image)
The Council of Deans consists of the Deans of the faculties. It is responsible for awarding doctorates and advises the Executive Board. The rector is both a member of the Executive Board and the chairman of the Council of Deans.

The current University Council is to a large extent a representative advisory body, consisting of students and staff members chosen by the respective communities. University A has chosen to adopt the undivided option of governance for the university council (consisting of 12 students appointed for one year and 12 staff members appointed for two years).

At the faculty level, the Dean is responsible for governance issues with respect to education and research. He is part of the Faculty Board (Faculteitsbestuur), consisting of two other members, one of whom is the opleidingsdirecteur (Educational Director). A student with advisory power (nominated by the students in the Faculty Council) also participates in the Faculty Board. Competences of the Dean can be delegated or mandated to other members of the Faculty Board, especially the Educational Director. While the Dean advises the Executive Board, it is the Executive Board which appoints the Dean.

The Faculty Council (Faculteitsraad), chosen by staff members and students, resembles the University Council at the central level. The university chose the undivided structure for the Faculty Council which comprises between 10 and 24 members, depending on the size of the faculty. The Educational Committee (Opleidingscommissie) is required by law. Half its members are students. Each study programme within the faculty has such a committee, advising the Dean and evaluating the implementation of the regulations with respect to education and examinations.

A point of debate at University A during the implementation of the new governance structure was whether the Deans should be part of a central management team. Most faculties were in favour of the present situation. Integrating the Deans into a central management team was expected to lead to ‘collegial problems’ at the faculty level. Another point of debate concerned the reallocation of competences. The former University Council wanted to adhere to the ‘model of harmony’, in force for two decades, in which staff members and students were accepted as equal partners in the policy discussions at the central level and in which delegates from three sections of the then University Council (students, academic staff, support staff) participated in the regular meetings of the Executive Board. With the introduction of the new structure, the Council claimed it should have additional powers to those included in the formal regulations. The Executive Board, however, would only grant the formal legislative powers to the new University Council. As a compromise, a two-year covenant has been drawn up in which ‘rules of conduct’ for all parties were laid down.

Involvement of External Stakeholders in Internal Processes at University A

The 1970 Act on University Governance allowed the inclusion of external stakeholders in the University Council. They were to be appointed for two years, but could opt for continuation. When the new governance structure was implemented at University A in 1972, the Council had to develop a procedure for selecting and nominating external members. The first Executive Board developed a procedure to select the external members of the University Council. They should (based on the suggestions of the Minister of Education) be representatives...
from regional or local government, business, education and science, and higher professional education, as well as former students and those involved in post-initial higher education. In fact, the university was looking for persons who represented important societal groups, but were not members of the academic community. They should, however, be familiar with university life and have administrative skills. Candidates were recruited through advertisements in local and regional newspapers. Unlike the other parties in the University Council that acted mostly as a coalition, the external members acted mostly on an individual basis.

An analysis of the background of external members through time does not reveal specific patterns but most fulfil the criteria set by the University Council. During application procedures in the 1980s it was stressed that candidates should live in the region of the university, add to its activities because of their social position, and have some insight in its main processes. The distribution across the types of positions is fairly regular.

If we consider the present governance structure, one can observe similar patterns of societal representation. However, the Supervisory Board is a separate, powerful body with no internal members. In addition, the current members of the Supervisory Board have more prestige than the former members of the University Council. They often have (had) more than one position.

One of the main issues during the period in question relates to the problem of finding representatives in the University Council (but also in the Executive Board) who combine three qualities. First, the external members should represent a specific group outside the university. Second, they should be familiar with university affairs. Third, they should have administrative skills. Sometimes, these qualities could not be found in one person or, even worse, the combination of these qualities led to an ambiguity of roles. Also, the external members are often criticised for their lack of knowledge of academic affairs. Two incidents in University A’s history provide examples of the problems related to the mixture of necessary qualities and the ambiguity of external membership.

In 1976, one of the members of the Executive Board who was responsible for university building activities was also a commissioner of a large Dutch building firm. Although the University Council asked him to abandon his activities as a commissioner, he refused.

In 1989, the University Council discussed adaptations to the governance structure with the Executive Board. Following University A’s ‘harmony model’, implying close cooperation and influence of the different constituencies, it was proposed to form a presidium of the University Council that would be admitted to the meetings of the Executive Board. Its members would be encouraged to be involved in discussions during such meetings, even though they would not be granted voting rights. A point of debate was whether the external members should be given a place in the presidium, next to a delegate from the students, the academic staff and the support staff. Although the external members were in favour of such a solution, the other parties — a majority of the Council — were against.

The power of the external members of the former University Council was relatively weak compared to the current formal position and role of the Supervisory Board. First, the external members of the University Council were confronted with ambiguities in their roles. Second, they often had very different backgrounds (business, education, administration). Third, the external party was always the
smallest. As from the mid-1980s, it consisted of four or five members; the other parties consisted of eight members each. Fourth, the external members were not, by definition, motivated in the same way as the internal members for whom much more was at stake.

University B

This University has a long history in experimenting with its governance structure. For Dutch standards, it had a rather unique governance structure at the beginning of the 1970s that disappeared when the new national Act on University Governance was implemented. The new Act did not meet the most radical ‘one person, one vote’ demand for direct democracy, but it ensured the participation of all university community members in decision-making. The law introduced representative democracy at both the central and the faculty level. Corporate groups (students, academics, support staff, and the ‘general public’) could select or elect their representatives in an assembly or council. These university and faculty councils had considerable power in matters of budget, staffing, curricula and research programmes.

This democratic structure existed at University B until 1998. At the central level, the main decision-making bodies were the Executive Board and the University Council. They ruled the university together (‘co-determination’). The Executive Board consisted of three members: the Rector Magnificus who was an ex officio member and two appointed members. The Minister of Education appointed all three members, and the Board reported directly to the Minister. The main powers of the Board concerned policy design, financial advice, building and grounds, personnel matters, and policy execution. The University Council consisted of 25 members from the university community: at least one third were academics, a maximum of one third were support staff, and a maximum of one third were students. The number of council members could be extended by a maximum of five external lay members. All members, except the lay members, were elected by and from the university community. Members served for at least two years, except students who served for one year. The University Council had the final say with respect to the budget, institutional plans, annual reports, academic procedures, and university’s rules and regulations. At the faculty level, the main bodies — besides two standing committees (the research committee and the education committee) — were the Faculty Board and the Faculty Council. Their role and the relationship between them were analogous to that between the board and council at the central level. At the basic unit level — the third level of the pre-1998 governance structure in the university — the vakgroep (department) was the most important governing body. Vakgroepen were small clusters of professors and staff working in the same discipline (they also included non-academic staff and students). Their main function was the management of study and research programmes.

Since 1989, the Executive Board of University B has launched ideas to improve the working of the governance structure of the university. It asked the Minister to give permission to develop a governance structure that would deviate from the national law in certain respects. The Minister refused because at that time he was working on alternative designs for all universities’ governance structures. In the following years, the Executive Board made various proposals to
change the governance structure of University B, but they were all turned down by the University Council which had the final say.

In 1995, the Minister proposed a bill that was implemented in 1997. This new Act incorporated a fundamental change in university governance. Many elements were in keeping with ideas expressed by the Executive Board of University B in the early 1990s. The University Council, however, strongly opposed the new Act (as most University Councils in the Netherlands). Hence, from the introduction of the new governance structure at University B the Executive Board and the University Council had very different views on this subject, thus creating many conflicts.

After the turmoil caused by the implementation of the 1997 Act at University B, the main governing bodies at the central level of the university are first the Raad van Toezicht (Supervisory Board of ‘Board of Trustees’) consisting of five members from outside the university and appointed by the Minister. Its main functions are the supervising of governance and administration matters and the approval of strategic documents. It is accountable to the Minister. Second, the College van Bestuur (Executive Board), consisting of three persons, including the Rector Magnificus. The Supervisory Board appoints all members of the Executive Board after consultation with the Deans. Third, the College van Promoties (‘Doctoral Degree Board’), which consists of the Deans and the Rector, who is the chairman. It has legal authority with respect to the granting of doctoral degrees. Fourth, the Raad van Advies (Advisory Council) which advises the Executive Board on strategic issues. It consists of approximately ten members from outside the university, invited by the Executive Board. Fifth, the powerful University Management-team. Unlike University A, University B decided to form a Management-team consisting of all the Deans and the members of the Executive Board. This team, where central and faculty level meet on a monthly basis, is important because most of the main decisions are discussed here. Though it has no formal decision-making powers, the ‘code of conduct’ at University B is that both the executive Board and the Deans are committed to the outcomes of the discussions of the management team.

In 1998, University B introduced the divided system of participation in decision-making for students and employees. This meant that, at the central level, there was a representative Advisory Council for Students (Centrale Studentenraad/CSR) and a representative ‘Works Council’ for Employees (Central Ondernemingsraad/COR). The CSR had nine student members; the COR had thirteen members (more or less one per faculty). The CSR and COR had the right to make proposals and to give advice with respect to the budget and reorganisations, the right of approval regarding the strategic plan, the system of quality assurance, work conditions (COR only), personnel policies (COR only), and student ordinances (CSR only). Strikingly, it was decided in 1999 that University B would change its participation system from a divided one to an undivided one.

The most powerful officeholder at the faculty level is the Dean who is appointed by the Executive Board for a fixed five-year term. Compared to the former situation at University B, it is fair to speak of the professionalisation of the dean function. The Dean is responsible for all faculty matters and is accountable to the Executive Board.

Every Dean appoints an Opleidingsdirecteur (education director). The appointment must be approved by the Executive Board. This person coordinates all teaching activities (e.g. evaluation of courses, curriculum development). In addition, at the faculty level, there is the Programme Committee (one for each
programme), consisting of 50% students and 50% academics, all appointed by the Dean. This Committee advises and negotiates the implementation of the regulations regarding the curricula and examinations with the Dean.

Each Dean of University B has also set up his own faculty management-team whose composition and tasks differ per faculty. Most consist of a dean, an education director, a research director and an administrative director. Student members in these management-teams are rare at University B.

Involvement of External Stakeholders in Internal Processes at University B

Over the years, people from outside the university have participated in the decision-making processes at University B. A direct involvement of external stakeholders in the internal governance of the university only came with the introduction of the Supervisory Board. Until 1998, external stakeholders did not interfere in the university’s affairs. Generally speaking, they had an advisory role.

The University Governance Acts from 1971 to 1997 (first the WUB-Act; later the WWO 1981, WWO 1986 and WHW 1993) allowed for lay members to be part of the University Councils. Between 1980 and 1997, about five of the total of 30 seats in the University Council of University B were held by lay members. Additionally, people from outside the university participated in the Governing Boards of research institutes and in Advisory Councils at the faculty level with respect to research.

An ‘Advisory Council’ was created in 1996 at the central level. It advises the Executive Board on strategic issues and consists of 10–14 members (representatives from multinationals, politicians, and senior civil servants). As indicated, the new Act on university governance introduced the Supervisory Board (Raad van Toezicht). Its members represent external stakeholders and it consists of five people from industry or the public sector (e.g. former politicians). Since it was only set up in 1997, it is not possible yet to assess its functioning and role in the university’s policy making. What can be said, however, is that, while it was expected to act as an intermediary body between the Minister and the university’s Executive Board, in practice it sees itself more as an ‘arm of the Minister’ than as a protective buffer for the university.

University Strategies

While the universities were able to have the proposed regulative regime concerning their governance structure redefined between 1995 and 1997, this did not mean that their individual responses were identical. As was illustrated by the two case studies, each university has dealt differently with the choices provided for by the 1997 Law. While it put the same institutional pressure on all universities (at least on the ten public universities), the university strategies for responding differed somewhat.

However, the Dutch social context and traditions offer a frame where the defiance, manipulation and acquiescence strategies are rarely used by universities to change regulative regimes. The period for experimentation and consultation, built into most lawmaking processes, removes the sharp edge of differing views and positions in the interactions between the lawmaker and (in our case) the universities. Therefore, it comes as no surprise that the strategies used most by Dutch universities are compromising and avoiding. The Dutch practice of experimentation and consultation encourages the reaching of compromises, both
with external lawmakers as well as internally in the implementation of the externally reached compromises, to which all parties involved generally feel committed. This commitment implies that a passive conforming to the external pressures is rare. But in case of (serious) conflicts between the reached compromise and internal objectives and expectations, the strategy of avoidance seems to be preferred to defying or manipulating the compromise. This implies blocking parts of the organisation from the impact of the external pressures, or developing symbolic behaviour by creating new bodies or structures to deal with the external pressures or demands, without affecting the rest of the organisation.

The case universities presented above offer interesting examples of both strategies. How to balance the external pressures and demands with the internal expectations and objectives? University A has a strong tradition of internal democracy. It has a traditionally weak involvement of external stakeholders in internal governance affairs. The ‘harmony model’ that allowed the various internal stakeholders to participate in the discussions (and to some extent decision-making) of the Executive Board is an example of this. When it was introduced, the internal groups decided to keep the external stakeholders out of it. This model created an internal conflict when the university had to balance the external demands concerning the ‘new style University Council’ with the internal expectations of continuing the harmony model. The strategy chosen is a combination of internal compromise (two-year covenant) and external avoiding. The latter implies a disguise of non-conformity by not openly formalising or continuing the harmony model, but creating a covenant, allowing the democratic participation to continue by preserving it from the impact of the 1997 Act demands.

University B, as a technical university, has a greater tradition of involving external stakeholders in its internal affairs than University A. While it has, as all Dutch universities, a 30-year democratic history, its internal expectations and objectives were somewhat different to those at University A. It could therefore introduce a university management-team, a divided central council structure, and set up a Supervisory Board with a strong business orientation. However, University B is also part of the Dutch higher education system and it looks carefully at the decisions and developments at the other Dutch universities. This was one of the reasons for deciding to integrate the two separate central councils. As such, this can be interpreted as a combination of internal compromise and external conforming.

Oliver’s five strategies offer a useful structure to analyse the responses of organisations which operate in one organisational field when it comes to understanding how they deal with changes in regulative regimes that apply to the field as a whole. More research is needed to further investigate these kinds of responses. In addition to regulative changes, normative and cognitive changes leading to institutional pressures for organisations in one field, e.g. universities, should also be examined. It will be interesting to see empirically in which way Oliver’s strategies also apply to other institutional changes.

**Conclusion**

The rise of the Stakeholder Society is also visible in Dutch universities. The attempts of the Minister of Education to strengthen the governance structures were based on his conviction that the universities should be more responsive to society’s
needs. How to do that better than to involve society more directly in the university’s internal affairs? The 1997 Law on University Governance provided for a stronger involvement of external stakeholders. The universities’ responses to the Law did not initially consist of conforming to these provisions or defying or manipulating them. The Law can be seen as a compromise between the collective body of universities and the Minister, while the universities’ implementation of the Law can be regarded as consisting of internal and external compromising and avoiding.

The outcome until now is that the democratic nature of the internal university governance structures has generally decreased. The University Councils have changed from control to advisory bodies; the involvement of support staff and students in university decision-making is reduced; and the position of individual actors, such as deans, has been strengthened. However, the democratic decrease is not the same in all universities. Some, such as University A, have managed to continue their democratic practices and traditions through avoidance strategies. Others, such as University B, have changed much more in line with the intentions of the Law. They have introduced strong decision-making bodies, dominated by a new style of managers, such as professional deans, and provided for an involvement of students and staff in decision-making strictly in an advisory way.

Second, the involvement of external stakeholders in the internal university’s affairs has changed rather dramatically. This is also the case in the universities where the 1997 Law was not implemented to the degree intended by the lawmaker. The new Supervisory Board has a central position in the university governance structure. In practice, it has taken over part of the role of the ‘old style University Council’. Given that it only consists of representatives of external stakeholders it is a clear example of the consequences of the rise of the Stakeholder Society for Dutch universities. This conclusion can be supported by pointing to the relationship of the Supervisory Board to university and Minister. While it was originally intended to be a kind of buffer body, in practice most members interpret their role as being a part of the ministerial apparatus rather than as a body that protects the university from outside influences, such as an interfering Minister or Parliament. It is still too early to formulate more definite conclusions about the role and impact of the Supervisory Board. But one can say that the interactions between university decision-makers and the members of the Supervisory Board are offering fascinating examples of the complexities, challenges and problems related to the interactions between universities and the Stakeholder Society on a more general scale.

NOTES
1 See Scott (1985, pp. 128–131) for an overview of the most important of these studies.
2 The sections on University A and B are based on internal CHEPS case study reports produced for the TSER/HEINE project. The report on University A is written by Jeroen Huisman, the report on University B by Harry de Boer.
3 This was the situation after the introduction of the 1986 Act. Until 1986, the Executive Board of University B had five members.
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