

Higher Education Governance in the Netherlands: from a Janus-head to a Trimurti

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An equivocal approach

In 1988 Maassen and Van Vught's 'intriguing Janus-head' article was published, in which they analyzed the new governmental strategy towards higher education in the Netherlands. For several reasons the Dutch ministry of education and science believed that as regards steering the higher education system it was a time for change. Changing political realities and ideologies (the advent of new public management), disillusion with and distrust of etatism and top-down steering and pressures on the level of public expenditures due to the massification of higher education in combination with economic recessions, induced the ministry to reconsider its steering philosophy towards higher education. The concept of 'steering from a distance' was launched. Instead of governmental micro-management with stringent regulations and extensive control mechanisms, the government should step back and allow the higher education institutions more room to take their own decisions while responding to the needs of society. Remote government control and enlarged institutional autonomy to increase system performance were the elements in this new governmental steering approach that attracted much attention, even when accountability (quality control) and openness to society (stakeholder approach) were part and parcel of the new approach as well. Furthermore, the government wished to enhance the differentiation of the system.

Maassen and Van Vught (1988) questioned the government's intention to step back: "to what extent is government willing to give away its authority to control the system?" Based on the three phases of variation, selection and retention of the model of natural selection, Maassen and Van Vught (1988, 72-74) concluded that the government was only partially stepping back and that it remained to be seen "whether the higher education institutions are really being allowed to become more autonomous. (...) The government is stepping back in some areas, but is enlarging its control activities in others."

They argued that the new governmental steering philosophy is based on two fundamentally different models, leading to 'a strange hybrid'. It contains elements of the natural selection model as well as elements from the traditional strategy of detailed planning and control. The selection principle through competition between the institutions requires a modest government role, namely consumer protection and monopoly or oligopoly prevention. However, according to the new governmental strategy, laid down in the white paper Higher Education: Autonomy and Quality ('beleidsnota HOAK'), the government's role is far more active and restrictive towards the institutions. They may, as Maassen and Van Vught (1988) argue, operate as autonomous organizations to the extent that the government lets them. Institutions take decisions in the shadow of hierarchy. In the new planning system, a biannual dialogue, institutions must respond to the government agenda, indicating that the government largely sets the direction of the system (in contrast to the natural selection model). Funding becomes conditional on the institution's mission and strategic plan ('negative statement of financing' and 'mission budgets'). Quality control and evaluation systems will be developed and become mandatory. Thus, as Maassen and

Van Vught (1988, 75) stated, like the Roman god Janus, in 1988 steering from a distance had two different faces, one looking back, and one looking forward. What has happened since?

Governance models

Elsewhere we have described a governance model as a set of general postures, assumptions and guidelines that appear to be followed when a government, without necessarily excluding other stakeholders from the equation, steers the decisions and actions of specific societal actors according to the objectives the government has set and by using instruments the government has at its disposal (Van Vught and De Boer 2015, 38).¹ From the huge number of governance, steering and coordination models, we distinguish two classic governance models (see also Van Vught 1989, 1995; Neave and Van Vught 1991; Van Vught and De Boer 2015). These two classic models also underlie Maassen and Van Vught's analyses of the steering philosophy published by the Dutch ministry in 1985.

The first model, *the model of rational planning and control* rooted in a rationalist perspective on decision-making, assumes that there is firm knowledge of the object of regulation, complete control over the object of regulation, and a holistic self-image of the regulating subject. The government's steering capacities are 'limitless' and the model implies centralized decision-making and significant control both over design and implementation of policy. The second model, the *model of self-regulation* assumes that knowledge is highly uncertain, control over the object should be avoided and regulating subject's self-image is atomistic instead of holistic. It emphasises the self-regulatory capacities of decentralized agents. The government, being an arbiter and 'game designer', is watching the rules of a game played by relatively autonomous players and interferes only when the game no longer is leading to satisfactory results.

In higher education these classic models are in consonance with the *state control model* and *the state supervising model* (Van Vught, 1988, 1995; Goedegebuure et al. 1993). In the state control model, typically found for a long time in continental Europe, higher education is approached as a homogeneous system, micro-managed by the government. Government controls nearly all aspects of the dynamics of the higher education system and regulates for example institutional missions (mandates), access, curricula, degrees, (academic) staff appointments, employment conditions, owned physical assets, and prescribed in detail how public funds were to be spent (line item budgeting). The state supervising model, rooted both in the US and UK, shows far less governmental influence and leaves substantial space to the institutions. The government uses 'broad terms' of regulation, stimulating the self-regulating capabilities of the higher education institutions. Fundamental decisions about missions and goals are the province of the system and its individual institutions (Goedegebuure et al. 1993, 328).

During the last twenty-five years the distinction between the state control and state supervising models has proven to be a useful tool for the analyses of governance reforms in higher education. With reference to these two models, several studies have described and analysed the shift from state control to state supervision in continental Europe as well as the intrusion of state control

¹ Because of limited space for this chapter we will leave aside an elaborate discussion about definitions of 'governance', 'steering' and 'coordination'. Here we will treat them by and large as synonyms, just as for example Pierre and Peters (2000, 1) who say that thinking about governance means thinking about how to steer society and how to reach collective goals.

aspects in the traditional British mode of state supervision. These studies also suggest that in reality combinations of elements of the two extremes are found. In fact, Maassen and Van Vught's analyses of the 'new' government strategy toward Dutch higher education already hinted at that when they qualified the 'HOAK-philosophy' as a hybrid of different models.

Some authors have argued that a dichotomy of governance models is too limited to adequately map and conceptualize reality. Next to 'hierarchy' and 'market' other concepts of governance would exist. Network governance is for instance often referred to as an alternative governance concept (e.g. Powell 1990; Thompson 1991). Also Adler (2001, 215) as well as Ouchi (1980), argues that alongside the market, the ideal type relying on the price mechanism, and the hierarchy, relying on authority, a third form of coordination exists: the community or clan, which rely on trust. These three types are blended in the real world: "empirically observed arrangements typically embody a mix of the three ideal-typical organization forms and rely on a corresponding mix of price, hierarchy, and trust mechanisms" (Adler 2001, 215).

Other authors such as Bradach and Eccles (1991), Lindblom (1977, 1990) and Williamson (1991) however maintain the position that there are two fundamentally different modes of coordination, 'centralism and mutual adjustment' or 'hierarchy and market', but based on these two extremes hybrids can be conceptualized. Lindblom (1990, 250) distinguishes for example with respect to coordination in addition to top down steering by specialised and standardized authoritative assignments (centralism) and coordination through perfect markets (disjoined mutual adjustment), also joined mutual adjustment as a coordination mode. The latter means that autonomous actors come together to discuss their differences and preferences and to reach agreements on their collective goals.

Also Williamson (1991, 280) argues that markets and hierarchies are polar modes and that hybrid modes such as long-term contracting and reciprocal trading can be located in relation to these polar modes. Transactions, he argues, which differ in their attributes, are linked to governance structures, which differ in their costs and competencies. The factors that determine these costs and competencies of governance structures are i) two types of adaptability, ii) incentive intensity, and iii) administrative controls. To compare hybrid modes of governance with markets and hierarchies Williamson (1991) discusses these four distinguishing factors.

We label the two types of adaptability, in Williamson's terms the performance attributes of governance structures, as 'autonomous adaptability' and 'cooperative adaptability'. Autonomous adaptability relates to the virtues of (perfect) markets, in which consumers and producers respond independently to price changes so as to respectively maximize their utility and profits. In this constellation incentive intensity is high —driven by self-interest and being self-responsible for gains and losses, both consumers and producers have strong incentives to reduce costs and behave efficiently. Markets are however not always perfect, for example because actors may behave strategically by distorting information and disclosing it in an incomplete and selective fashion (e.g. Van Vught and de Boer 2015). And in long-term dependency relationships transaction costs arise. The adaptation mechanism to respond to strategic behaviours and high transaction costs of frequent and repetitive activity, as in the case of long-term interdependent relationships, is cooperation. To craft a coordination mechanism, in which hierarchy supplants autonomy, conscious, deliberate, purposeful and orchestrate action is worthwhile to be taken. "The authority relation (fiat) has adaptive advantages over autonomy for transactions of a bilaterally (or multilaterally) dependent kind" (Williamson 1991, 279). Bilateral dependency, particularly in the

long run, introduces an opportunity to realize gains through hierarchy, but at a cost. Hierarchy degrades incentive intensity and increases bureaucratic costs. Hierarchies breed management and administrative controls, which dampen the incentive intensity as well as the adaptability (flexibility) to external changes.

The hybrid mode of governance, such as long-term contracting, takes a middle position with respect to the four factors attributed to governance structures (Williamson 1991, 281). The incentive structure is not as prominent as in markets, one might speak of 'quasi markets'. The administrative controls are not as heavy as in hierarchies. It preserves autonomy to a large extent, providing possibilities to adapt adequately to external change, and it needs some kind of joint cooperation (see Lindblom's joined mutual adjustment) to reach and monitor agreements, requiring an administrative apparatus.

This conceptualization of governance structures, distinguishing hierarchies, hybrids and markets and its logic can also be applied to governance models in higher education. In higher education we would label such a hybrid as 'the state contract model'. As compared with the state control and state supervision model, which are polar opposites, the state contract model is positioned between these two traditional models, as depicted in table 1.

Table 1: distinguishing attributes of the state control, the state contract and the state supervision model (adapted from Williamson 1991, 281)

attributes	governance model		
	state control	state contract	state supervising
incentive intensity	0	+	++
administrative controls	++	+	0
autonomous adaptation	0	+	++
cooperative adaptation	++	+	0
contract law*	0	+	++

++ = strong; + = semi-strong; 0 = weak
 *for reasons of limited space this attribute is not discussed in this chapter

The third face

Since the analysis by Maassen and Van Vught (1988), what has happened with the general governance model in the Netherlands? Has the governmental view on steering the Dutch higher education system still two faces?

Certainly, the general approach of allowing more autonomy to the higher education institutions has continued over the decades following the introduction of the 'HOAK-philosophy' (e.g. de Boer et al. 2006). Universities (both research universities and universities of applied science) appear to have enjoyed increasing levels of autonomy, for instance in the areas of personnel polices, financial

matters and ownership of property and estate. At the same time, 'control mechanisms' and accountability requirements remained in place or were even strengthened. Quality control by means of formal accreditation and system level efficiency tests for institutions that intend to launch new educational programmes are clear examples of the other face of the Janus-head. Thus, while various new policies were aimed to strengthen institutional autonomy, the government did not hold back from intervening. The number of rules set by the government was still impressive. In 2006, de Boer et al. (2006:91) argued that "within this type of control shifts have been taken place from strong direct regulation toward softer forms of hierarchical control".

But more recently there appears to have been a major change of perspective. And this is where the 'state contract' model has made its entrance into the world of higher education governance in the Netherlands. In 2000, the government announced that "against the background of further deregulation it has been suggested and discussed to develop the relationship between the government and the higher education institutions into the direction of a contractual relationship" (HOOP 2000), a suggestion that was effectuated about ten years later.

Largely under the political pressure from parliament and echoing a growing societal sentiment, the steering perspective has changed towards a stronger recognition of the needs and positions of the clients of higher education, particularly students. In the 2000s, a lack of trust in the overall governmental steering philosophy emerged when some higher education institutions appeared to display strategic (and even opportunistic) behaviour, particularly regarding quality and enrollments. Higher education institutions appeared to be sensitive to the temptations of budget maximalisation (reacting to the indicators in the funding models) by lowering quality standards (in order to 'produce' higher numbers of graduates and faster 'times to degree') and by providing inflated information about their programmes (in order to increase enrollment numbers). When some of these excrescences came out in the open and were reported by the media, feelings of mistrust and even crisis were the result. Political responses like 'higher education institutions apparently have too much autonomy' and 'a stronger governmental steering of the higher education system needs to be introduced' were loudly voiced.

In this changing political context government invited the associations of both higher education sectors, representing the research universities and universities of applied science, to jointly design a general 'framework contract', in which both sides agreed to try to reach a number of system level performances. These collective agreements (2008-2011) at the sector level however were not sufficiently aligned with the strategic targets of higher education institutions. For some institutions the national targets were unrealistic because they were too high, while for others they were too low and therefore not challenging. Agreements with sub sectors as a whole did not have sufficient ownership from the higher education institutions (de Boer et al. 2015, 27). The government clearly communicated that these general contracts would bring along the introduction of specific contracts between the minister of education, culture and science and each individual institution. This view was further underpinned by the recommendations of the Veerman-committee, which among other things recommended a gradual introduction of mission-based funding operationalized by means of so-called performance agreements (Veerman-committee 2010). In 2011, the minister actually launched the instrument of performance agreements in his strategic agenda for higher education, research and science called "Quality in Diversity". These performance agreements set out the agreed upon specific goals that each institution will seek to achieve in a given time period. They specify clearly itemized performance targets (the ambitions of an

institution) and, a novelty in Dutch higher education, these targets are directly linked to funding. The institutions receive ex-ante funding for the targets set, but may lose part or all of this funding in the next round of budget if the targets are not met. Achieved performances, corresponding to the individual missions developed by the institutions, will be rewarded, while underperformance will be financially punished.

As a result of the introduction of these performance agreements, the Dutch higher education governance model has substantially changed. The performance contracts clearly mark the introduction of the 'state contract' model in Dutch higher education policy. Not only is the current Dutch governance model a Janus-head of two combined steering approaches, comprising elements of state control and state supervision, it now also incorporates a third perspective, i.e. that of 'state contract'. The newly established contractual relationship between the government and the individual institutions constrain the institutional autonomy to some extent and still has substantial costs in terms of administrative control (compared to the state supervising model), but at the same time it addresses some imperfections of the market and it offers opportunities for joint 'decision-making', flexibility and leaves an incentive structure largely in place (compared to the state control model). This shift in steering orientation of the Dutch government towards higher education implies that the 'intriguing Janus-head' appears to have taken on the appearance of a Trimurti, the Hindu triad of gods, showing a combination of three faces for three combined steering models.

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