The focus of this chapter is on the interaction in higher education systems between environmental pressures and organisational strategies for responding to these pressures. This general focus will be exemplified by a discussion of the way in which Dutch universities have responded to a new law on university governance structures.

An important frame of reference for examining changes in university governance structures can be found in the nature of the relationship between society and higher education. The university has contributed in many ways to the social, cultural, technological and economic development of modern societies. As such it can be regarded as a key social institution. However, as argued, for example, by Gumpert (2000) and Olsen (2000), the traditional contract or pact between society and higher education has come under serious pressure. The discussion on the role of social institutions is not limited to higher education only. Many societies are in a period of transformation (Castells 1996) in which attempts are made to adapt key social, political and economic structures and institutions. A core issue is the redistribution of authority and power in society (Olsen 2000), which also leads to the search for appropriate new forms of governance, organisation and steering at all relevant levels, including new university governance structures.

In the first decades of the nineteenth century the Continental European states took upon themselves the regulatory and funding responsibilities for higher education. This "state-control" governmental steering strategy has continued for almost 200 years. It was only in the 1980s that this strategy was seriously questioned and gradually replaced by alternative approaches. While in the USA, Canada, Australia, and the UK the relationship between society and higher education is driven more and more by a form of academic capitalism (Slaughter and Leslie, 1997) relying on market-type interactions, in Continental Europe the emerging new relationships between higher education and society can be characterised as network-types of relationships with the state continuing to be an important actor. Market elements have also been introduced in the steering of higher education in Continental Europe, but they are not as radical and far-reaching as in the Anglo-Saxon countries.

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The Netherlands is often regarded as offering an interesting example for the adaptations of other national higher education systems in Continental Europe. This view is mainly based on the higher education reforms of the first half of the 1980s. They have led to major adaptations of the policy arrangements for, and the social institutional contexts of, Dutch higher education (Maassen 1996; Jongbloed et al., 1999). Important innovations, such as a new governmental steering approach, a new comprehensive higher education 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 realised over a relatively short time period. The Netherlands was the first Continental European country to translate the changing social expectations with respect to higher education into reform initiatives. As such the reforms have given the Netherlands a major advantage over other European countries in making its higher education system more effective, efficient, and responsive.

The comprehensive framework law for higher education, passed by Parliament in 1993, neither included a new funding structure for higher education, nor a new governance structure for the universities. These two topics were too complicated, too sensitive and to some extent too controversial to be dealt with satisfactorily in the time frame between the launching of the new governmental steering strategy (1985) and the acceptance of the new law by Parliament in 1993. More time, consultation, discussion, reflection, and experimentation was needed before the Minister of Education was able to propose major innovations with respect to these two areas. Of course, this was not a unique position to be in given that in any higher education reform the issues of how the allocation of public funds to higher education relates to the aims of the reform and who is going to be responsible for the main academic and administrative decisions within the higher education institutions are crucial.

While the discussion on the innovation of the allocation model is still going on², in 1997 the Dutch Parliament accepted the new act on university governance³. The new act addressed many of the criticisms of the democratic, internally oriented university governance structure introduced at the beginning of the 1970s (De Boer et al., 1998). Compared to the old structure, the new structure is less democratic, more managerially driven, more centralised, and more externally oriented (De Boer et al., 1999).

Even though the 1997 act was rather prescriptive, it did offer the universities a number of choices in terms of some of the core elements of the new governance structure. The responses of the institutions to these choice options will be discussed in this chapter. In doing so, also the underlying rationale of the new governance structure will be analysed, as well as the way in which institutional realities played a role in the change process, and the extent to which dominant patterns can be observed in the introduction of the new governance structure. First an important contextual aspect will be discussed, i.e. the way in which the Dutch governmental steering approach with respect to higher education changed in the 1980s and 1990s.
2. THE CHANGING STEERING APPROACH

In Continental Europe, universities were traditionally allowed to steer themselves in academic matters. Academic self-steering was part of a large democratic social order, with partly autonomous institutions. Constitutional regulations specified these institutions and their roles, competence, social and political relationships, and responsibilities. From this perspective institutional autonomy in higher education is a condition for legitimate governmental steering and a peaceful co-existence with other institutions (Olsen 2000).

National debates about social institutions are not new. They have regularly taken place and have led to many threats concerning the autonomy of universities and other social institutions in the national context. However, currently the notion of institutional self-steering in higher education is challenged by the effects of international reform ideologies. According to the underlying ideas and assumptions associated with these reform ideologies, universities and colleges should be externally controlled, their activities should be formally evaluated, they should be held accountable for their performance, they should be steered by market forces and not by governmental or state mechanisms, they should be included as service industries in regional and global trade agreements, and they should be run by professional leaders and managers instead of by academic *primus inter pares*. In a world were institutional success is more and more assumed to be dependent upon the institution’s competitive power, representatives of the academic staff are in general regarded as being poorly equipped for running their own institutions (Olsen 2000; Maassen and Cloete 2002).

The reforms resulting from the acceptance and application of these ideas and assumptions at the national level differ from country to country. While the reform agendas in general include the goals of efficiency, effectiveness, responsiveness and competition, the way in which national authorities transform their public higher education systems in practice depends to a large extent on national institutional realities and social expectations. In the USA and Australia current reforms are, for example, characterised by the underlying assumption that the role of the state should be minimized, while Continental European reform efforts aim at changing the role of the state instead of minimizing it. In the latter case a government steering ‘at a distance’ is not the same as an absent or minimal government role (Maassen 1996). This can be illustrated by referring to the way in which the Dutch Ministry of Education has adapted since the mid-1980s its steering strategy with respect to higher education.

In 1985 the Dutch government introduced a new governmental higher education steering strategy (Maassen and Van Vught, 1989). This approach implied more freedom, but also more responsibilities for the institutions. Until that time the steering approach could be characterised as being dominated by the government and academia, with a rather weak position for the central institutional leaders (Maassen 1996: 107). The new steering approach assumed that the best position for the government in the steering of higher education is ‘at a distance’. The government’s role should consist of developing a framework within which the institutions can operate rather autonomously. The main conditions for granting this freedom to the
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