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Institutional transformations of the European higher education field – micro-foundations of organisation change

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Abstract

The paper draws on institutional theory with special attention to recent contributions that aim at developing its micro-foundations. We address the question of how individual organisations deal with institutional pluralism. We develop an analytical framework inspired by institutional theory, the sensemaking perspective in organisation theory and strategy-as-practice to connect the macro transformation processes of the organisational field and the micro processes of organisational strategising. The organisational field of European higher education forms the empirical basis on which we develop the argument.

Introduction

Institutional theory's poorly developed micro-foundations are well-acknowledged. We take as point of departure the fact that although "organisations are creatures of their institutional environments, (...) most modern organisations are constituted as active players, not passive pawns" (Scott 2008: 178). In this paper we elaborate on the micro-foundations of organisational change seen in the context of broader institutional environments. More specifically we address the question of how individual organisations in the higher education field deal with institutional pluralism. In higher education organisations and individuals experience tensions between local needs for knowledge development and transmission and larger expectations for excellence; and tensions between catering for diversity on the one hand, and improving efficiency and value for money on the other (see e.g. Hazelkorn 2005 on contemporary university missions). Less is known on how the individual organisation deals with these tensions.

Contemporary European higher education provides a highly relevant case to explore the micro-foundations of institutional pluralism. The last three decades national governments explore new modes of governing higher education inspired of new managerialism and neo-weberianism while Europe increasingly turns into a governance level in itself. Arguably the environments of the individual organisation undergo profound transformations. Universities¹ are also fascinating organisations on their own terms, in the sense that they are formal organisations which are diverse both inter-organisationally and intra-organisationally and at the same time they reside in the same overarching idea of a university, e.g. the 'university institution'. In terms of being professional (Scott 1965) and pluralistic organisations (Denis et al. 2007) universities are truly interesting cases to institutional theory. Due to their institutional character as in Selznick's (1957) words 'infused in value', universities are resistant to change, but at the same time highly dependent of transformations in the institutional environment. Modern universities dispose goal ambiguity and divergent professional interests in addition to an increasingly competitive environment and pressure to boost managerial capacity (Jarzabkowski 2005: 70). In this context it is academically fascinating and of high policy relevance to explore how universities deal with institutional pluralism.

Strategising represents crucial organisational processes in the context of dense institutional pluralism as strategy formulation entails efforts aimed at inter-relating organisational environments and intra-organisational aspects. We address strategising in universities with the aim of exploring how institutional pluralism is tackled in the set up of the organisational strategy.

¹ In this paper we use the term university to denote universities in particular and other types of higher education institutions in general.

The paper has two main contributions. Firstly, by elaborating theoretically on the environment-organisation relationship and analyzing *how* environments ‘enter into’ strategising in organisations, the micro-foundations of institutional theory can be strengthened. Secondly, by reinterpreting the established knowledge on transformations of European higher education in the light of institutional theory, the empirical foundations of the theory can be extended. There is an extensive literature on changes in the higher education environment (see e.g. Marginson and Van der Wende 2009 for a recent analysis), but much of the literature is scattered, addressed only part of the environment (e.g. globalization or market forces) and – moreover – the literature discusses the developments largely in a-theoretical terms. The institutional approach allows for synthesizing that literature. With regard to strategy formulation, there is a lack of knowledge concerning how strategies are done in the context of higher education.

We therefore address – and this is the first aim of the paper – what kind of pluralism universities are currently confronted with. We are mostly interested in how strategic leaders and managers are dealing with that pluralism, and therefore our second aim is to – theoretically – elaborate on how choices regarding organisational strategies and positioning are made by persons in key positions within the universities.

Therefore in this context, we will address two questions in more detail:

- What actually is the institutional pluralism that individuals in higher education are confronted with?
- How are strategic leaders and managers dealing with that pluralism?

The paper consists of two parts. The first part of the paper describes how institutional change and institutional pluralism has been treated in higher education studies. Empirically we concentrate on eight European countries France, Germany, Italy, The Netherlands, Norway, Portugal, Switzerland and the UK. The countries represent a diverse sample of Western European countries departing from diverging institutional contexts as they historically have been embedded in the Humboltian university tradition as well as the Napoleon and Anglo-Saxon tradition. We reanalyse the established body of knowledge on transformations of European higher education with a particular focus on the historical development of these eight countries. We build up a framework for empirical analysis by discussing how European higher education have been characterised at different points of time during the last three decades. The closing paragraph of the section outlines the empirical knowledge on strategic planning in European universities.

In the second part of the paper we sort out theoretical underpinnings for analysing strategising in universities. We argue that these processes provide an opportunity to explore the micro-foundations of institutional pluralism.

We conclude the paper with an elaboration of an analytical framework to address the environment-organisation relationship through strategising. The model suggests four ideal types of strategic options that the individual organisation confronts as well as suggestions on who the key strategists are. An underlying idea of the framework developed is that how institutional pluralism is dealt with depend on how the organisation’s environment is shaped.

Dealing with institutional pluralism in higher education

A view of the field - developments in European higher education

Universities confront increasing institutional pluralism. In the recent past higher education institutions, being largely public or not-for-profit, had to deal with a largely homogeneous environment in which one particular stakeholder – the state – was a dominant player. The higher education institutions enjoyed a certain level of institutional autonomy and academic freedom (Karran 2007), its room to manoeuvre was limited by governmental regulation. But, from roughly the 1980s on, four important developments took place that made the institutional environment more complex and plural. First, governments shared their steering tasks with a broader set of agencies, most of these still under the control of the government (funding bodies, research councils), but over time many of these organisations developed into quasi-non-governmental actors. Second, governments granted more institutional autonomy to higher education institutions (Neave and Van Vught 1991). Third, related to the former, government transferred a number of its responsibilities to the market (Teixeira et al. 2004). As a consequence, competition as a regulatory device became probably as important as national regulations. Fourth, globalisation and improved technologies have made the world flat (Friedman 2006) opening up the environmental scope to a much larger extent than previously. Fifth, despite governments stepping back, a new layer in higher education policy-making became evident in the 1990s. At the supranational level, the European Commission's policies regarding research – and to a lesser extent education – became much more important for higher education institutions. And another supranational and intergovernmental phenomenon, the Bologna process, left its marks as well. Based on this we suggest that over time institutional pluralism in European higher education seemingly has increased.

To explore development over time in European higher education more in detail we build on established accounts of higher education systems at different points of time. It is however not evident that the literature on higher education systems can be translated into descriptions of European higher education as an organisational field. We pick up on this issue later in the paper.

Clark's analysis of the higher education system was published in 1983 and we take his analysis as a description of the state of affairs until 1980. Kyvik (2004) published an article on the European higher education systems covering the development from 1960 until 1990s. We take his account as a description of the 1990s. Huisman and Van Vught (2009) explore diversity in Europe and give amongst others an account of some European countries development after implementation of the Bologna declaration. We draw on their account to sketch out the development in the first decade of the new millennium.

The literature reviewed aims at describing national systems of higher education. Higher education systems are defined fairly pragmatic as “an aggregate of formal entities” like universities, colleges and other providers of postsecondary education or as “any of the population when engaged in postsecondary educational activities either as controllers, organizers, workers or consumers” (Clark 1983: 4-5). The definition directs the attention at the type of higher education institutions that provide higher education (most notably universities and colleges), their activities (research, teaching and third mission activities), the mix of activities performed by the institutions (basic/applied research – subject mix – undergraduate/postgraduate/vocational education and training– type of third mission activities), the level of education (certificates, diplomas and degrees) and so on (see Huisman, 2000; Huisman et al., 2007).

Higher education systems in the 1980s

According to Clark (1983) Europe consisted of several different higher education systems during the 1980s. In some countries the higher education system consisted of one ministry and mainly public universities catering for general as well as professional education in which the large majority of students were enrolled. To Clark (1983: 53) *Italy* and *Portugal* formed part of this type of higher education system, the Netherlands (with the *hogescholen* not yet formally part of higher education) would be among this group as well.

In other countries higher education institutions remained under the hegemony of one level of government, the system itself was however differentiated into two or more types of institutions² (Clark 1983: 54). Differentiation is depicted as driven by the particular configuration of the relationship between the market, the state and the academic profession in each country. These systems consisted often of two distinct sectors of higher education, e.g. universities catering for general education and a non-university³ sector catering for professional education and training. All sectors were funded primarily by the national government, often by several ministries. *France* during the 1980s was one prominent example of this type of higher education system.

The third type of higher education system consisted of several types of higher education institutions within more than one formal public subsystem: in these higher education systems there are a federal governmental structure or strong regional public authorities in higher education. (*West*) *Germany* and *the UK* are among Clark's (1983: 56) examples referring to this type. In Germany public control of higher education is divided among the *Länder* and the state. The German system according to Clark (1983: 58) since 1970 consists of the university sector which contains two types of universities (classical and technical), a professional sector (*Fachhochschulen*), a third type of sector containing the teachers' colleges. There was also one sector containing new comprehensive higher education institutions that contain combinations of the above mentioned institutions. The UK had at the time also several types of institutions: universities, non-universities, teachers' colleges and "a diffuse set of institutions of "further education"" (Clark 1983: 58).

In the fourth type of higher education system there are several types of institutions funded by the State as well as by private funding. Higher education systems in which at least 15 to 20 per cent of the students are enrolled in higher education institutions that receive most of their funding from non-governmental sources and have boards of control selected through private channels formed part of the last type of higher education systems according to Clark. The US and Japan are prominent examples of this group.

Higher education systems in the 1990s

Kyvik (2004) discuss the extent to which national systems for higher education in Western Europe converge to a common structural model from the 1960 until 1990, most notably a higher education system consisting of two different types of institutions (universities and non-universities) or a higher education system consisting of one type of institution – universities – but in which the universities are hierarchically ranked as in the UK.

Some countries dispose a university-dominated system of universities or university-level specialised colleges only. In these systems short-cycle vocational programs are not considered

² In the higher education literature higher education institutions is often shortened to the term 'institution' referring more or less 'organisation' in organisation theory.

³ The term non-university denotes a number of other types of higher education institutions than the university, university colleges and others alike.

as part of the higher education system. By 1960 the model was dominant throughout Europe, by 1990 only *Italy* fits into this type (Kyvik 2004: 394).

Dual systems consist of universities and non-universities in which the universities are regarded as entirely different from other post-secondary education institutions. The non-university group consists of several institutions subject to a diverse set of public regulations. This model was over-arching during the 1960ties and 1970ties. According to Kyvik (2004: 394) *Switzerland* by 1995 forms part of this type of higher education system.

Binary systems are more formalised than dual systems in which the colleges sector is subject to common regulations. Compared to dual systems in which there are several non-universities, in binary systems the non-university sector is often organised in regional centres. By the 1990s *Germany, the Netherlands, Norway, and Portugal* are among countries in this group (Kyvik 2004: 394-395). *The UK* went from a dual to a binary system by 1965 before moving into a unified system in 1992 (Kyvik 2004: 398).

In *unified systems* the majority of higher education is offered in universities consisting of both traditional academic studies and vocational training. *The UK* after upgrading the polytechnics to universities form part of this group (Kyvik 2004: 395).

In *stratified higher education systems* there is a hierarchy of HEIs rather than clearly defined higher education sectors. The higher education system consists of several groups of HEIs that are clearly ranked. Besides the US, *France* were at the time the only European higher education system within this type (Kyvik 2004: 395).

Kyvik (2004: 405) point out that the main trend in Europe has been to upgrade professional programmes to higher education, to integrate small and specialised institutions into larger multidisciplinary and multi-purpose colleges and to develop a unified college sector within a binary higher education system.

Higher education systems since 2005

Huisman and Van Vught (2009) discuss the recent developments in European higher education. The Bologna process can be regarded as a policy development that push both in the direction of increased hierarchical and vertical diversification of the higher education systems in Europe, although the tendencies towards stronger hierarchies are the most evident.

According to the authors traditionally the French higher education system was strongly horizontally diverse. *France* experienced in the aftermath of the Bologna process a certain blurring of boundaries between different types of HEIs. Universities and *the Grand Ecoles* both deliver master's degrees and some of them deliver co-masters. Also the establishment of certain overarching structures stimulates *the Grand Ecoles* and the universities to collaborate more closely concerning graduate schools and research projects. Other initiatives push the French universities more in the direction of research and promotes co-operation between the universities and the research institutions. At the same time as the horizontal differences seem to diminish, there are signs of stronger hierarchical diversification in so far as there are league tables among the *Grandes Ecoles* and the universities increasingly seek to distinguish themselves from each other (Huisman and Van Vught 2009: 28-29).

In *Germany* hierarchical diversification has been strengthened by the introduction of *the Excellence Initiative* at the same time as the boundaries between the non-university sector and

the universities become blurred as a consequence of the introduction of masters degrees in the non-university sector (Huisman and Van Vught 2009: 29-30).

Also in *the Netherlands* new dynamics in the higher education system can be observed. The Bologna process introduced the opportunity for the non-university sector to develop master programmes and to become involved more in research. Hence, the clear binary system is less evident than before the Bologna process (Huisman and Van Vught 2009: 30-31).

Norway departs also from a binary system into the Bologna process. However, according to the authors Norway hardly disposes a vertical dimension while to pressure from the colleges to obtain university status is gaining importance. Hence, Norway experiences blurring boundaries between the two sectors - mainly pushed by academic drift (Huisman and Van Vught 2009: 31-32).

The UK remains a strongly hierarchical system in the aftermath of the Bologna process which is not much debated. Recently new interest coalitions have been founded, among the research-intensive universities, and among the former polytechnics, which can be taken as a sign of new dynamics in the British higher education system (Huisman and Van Vught 2009: 33-34).

The three accounts of higher education systems in Europe reviewed above can be seen as a description of the development of higher education in Europe the last three decades. Taken together the story told is one of an overall development in higher education from several more or less national contingent higher education systems to an increasingly European system in which the higher education institutions are interrelated differently than previously.

In the higher education literature change in higher education systems and organisations have been depicted as differentiation. Major drivers of differentiation in academic systems are historic-institutional and embedded in Academia itself. Clark (1978: 251) states that “much can be learned by analyzing the historical origin, and especially the persistence over long periods of time, of the major forms that compromises existing structures”. He suggests that the persistence of a higher education system is rooted internally in the apparent effectiveness of the academic organisations to stay in control regarding internal affairs (institutional autonomy, academic freedom), effectiveness to suppress competition from other organisational forms and in the strong normative bonding of these organisations. In addition, differentiation may stem from the public administration and the market. In many European higher education systems the state has played a buffering role in safeguarding the monopoly of the higher education institutions in the realm of public administration. “Appearing most deeply in the European mode of academic organization, the public university financed by national government has had such dominance in role that it has acquired overwhelming dominance in prestige” (Clark 1978: 252). By contrast, the American higher education system is characterized by “a mix of sectors that have different bases of financial support” (Clark 1978: 249) e.g. a division between private and public higher education institutions in which market forces historically impacts on the diversity of the higher education system.

Clark (1978: 254) notes also that organizational forms can be imported from other national systems of higher education. He (1978: 254) points out that “nations, sometime in response to ambitions, often in response to a worsening international position (..) question the efficacy of their institutions (..) and look abroad for solutions”. Change in the structure of the higher education system stems also from growth, most notably as a response to mass higher education (Clark 1978: 255 - 256).

Accounts of university strategising

We intend to explore the relationships between institutional pluralism and the micro-foundations of these transformations. In so doing we suggest that strategising at the level of the individual organisation provide a lens through which micro-foundation can be explored.

However, empirical studies of strategy processes in European universities are largely lacking (with exception of work in and on the UK, see e.g. Jarzabkowski and Wilson 2002; Shattock 2003) despite the fact that state policies towards higher education entail improved conditions for independency on behalf of the individual university. Bonaccorsi and Daraio (2007) make the case that shifts in the environment of higher education institutions, most notably the Bologna process accompanied by increased mobility among students and staff require actions for maintaining attractiveness. Internally located processes, competition among researchers for scientific breakthroughs or industrial cooperation alike potentially push higher education institutions in the direction of prioritising resources for departments and type of industry to align with. Increased competition for resources (economic and HR) and increased competition on the output side (quality of education and research, and industrial innovation) require also priorities to be set. They define university strategy as “an emergent pattern of configurations of university outputs that depend on (relatively) autonomous decision making by universities, supported by appropriate combination of resources (inputs)” (Bonaccorsi and Daraio 2007: 11).

Rossi (2009) explores also how shifts in the environment might impact on university strategising. The study demonstrates how Italian universities adapt to new funding regimes for research, and concludes that Italian universities cannot be considered a collection of loosely coordinated departments. Rather, it is concluded that the features and behaviour of the university influence what happens in the departments. A recent study of universities in Finland demonstrates how national policies towards increased competitive funding have resulted in some clustering of this country’s universities towards three groups, each with a specialised focus; broad universities oriented towards academic research, universities oriented towards applied research and services towards business innovation, and universities oriented towards education (Tammi 2009). From this study it cannot be concluded that the emerging structures are a result of university strategies, rather it can as well be an (un)intended outcome of changes in the funding system.

Strategic planning in universities has in some countries been put in place by the state. France introduced four-year contracts between the universities and the state in the late 1980thies based on strategic plans formulated by the universities. To some extent those planning processes strengthen the strategic level of the universities and soften the traditional power of the French faculties (Musselin 2001). Recently the power of the contracts increase as all resources granted by the state are included in the four-year contract negotiation (Frølich et al. forthcoming). In Germany all *Länder* introduced contracts between governments and universities to improve the conditions for long range planning. Also a large number of decisions regarding staff, appointments, examinations and internal management have been assigned from government to the universities (Frølich et al. forthcoming). In Norway strategic planning was introduced as part a state policy in the late 1980s. The state lessened its detailed budget steering of universities and in turn universities were obliged to write up a plan specifying objectives and measures for the next years activities (Frølich 2005).

In general, national governance arrangements including the introduction of market steering in higher education and organisational strategies are assumed to affect the higher education systems (Bleiklie 2007; Huisman et al. 2007; Meek et al. 2000; Meek et al. 1996). Yet robust evidence of how governmental policies, market strategies and individual organisations' responses influence on the diversity of the field is limited (Teichler 2007). Based on this review we can conclude that seemingly institutional pluralism increase in European higher education the last decades. The literature indicates that the changed circumstances influence on the 'set up' of the individual higher education in Europe. However, less is known of the relationships between institutional pluralism and organisational change. There is little evidence on how the individual organisation deals with institutional pluralism.

Institutional theory on institutional pluralism and organisational change

Institutional theorists tend to address the relationship between an organisation and its environments in two broad ways: according to one strand of research the organisation is describes as embedded in the local community and according to another the organisation is seen as embedded in an organisational field, sector or society (Powell and DiMaggio 1991: 13). In the former perspective institutionalisation processes are located in the organisation itself, while in the latter, institutionalisation 'stems' from the organisational field or society more broadly. The former perspective places emphasis on the organisation's informal structure; the latter points out the symbolic role of the formal structure. Regarding the micro-foundations of these two broad perspectives, the former explains institutionalisation at the level of individual actors as a consequence of socialisation and commitment and the latter as attribution and habit or practical action (Powell and DiMaggio 1991: 13).

In this paper we take as point of departure the latter perspective, which means we see strategy processes in universities as practical actions undertaken by actors with restricted rationality. We combine the two perspectives on the sources of institutionalisation processes seeing them as generated within the individual organisation and stemming from the organisational environment. Hence the organisational field provides environments that universities must meet in such a way that their base of legitimacy is sustained and at the same time the individual organisation's value basis cannot be overruled. Strategies are formulated in this highly dense interplay between environmental claims and organisational values.

In this paper we use the concept higher education system largely in line with institutional theory's concept organisational field, which is not a clear-cut exercise. Organisational field denotes "a recognised area of institutional life: key suppliers, resources and product consumers, regulatory agencies and other organisations that produce similar services and products" (DiMaggio and Powell 1983: 145). DiMaggio and Powell (1983: 145) emphasise that their approach addresses not only competitors or networks – but the totality of relevant actors. Importantly, the structure of an organisational field cannot be determined a priori – it is an empirical question (DiMaggio and Powell 1983: 145). The field concept points in the direction of addressing "a system of organisations that are related and share cultural rules and meaning systems" (Scott and Davis 2007: 117) because "a field only exist to the extent that it is institutionally defined" (DiMaggio and Powell 1983: 145). Fields become institutionally defined through the process of structuration which consists of an increased extent of interaction among organisations in the field; the emergence of sharply defined intra-organisational structures of domination and patterns of coalitions; an increase in the information load with which organisations in the field must contend; and the development a mutual awareness among participants in a set of organisations that they are involved in a common enterprise (DiMaggio and Powell 1983: 145; see also Scott et al. 2000).

It is more evident how organisational fields develop than how they change once institutionalisation has been accomplished. Organisations within an organisational field converge over time and become more similar – e.g. organisational diversity becomes reduced – through homogenisation and isomorphic institutionalisation due to competition not only for resources and customers but also for political power and institutional legitimacy (DiMaggio and Powell 1983: 145 - 147).

Micro-foundations of institutions

One central contribution of institutional theory has been its convincing demonstration of how institutional processes impact on organisational fields rendering the individual organisations of the field to converge into more or less homogenous organisational units with regard to their formal structure. Hence institutional theory is better at explaining organisational homogeneity due to institutionalisation than is the case with organisational diversity. According to institutional theory organisations may experience institutional pluralism – “a situation faced by an organisation that operates within multiple institutional spheres” (Kraatz and Block 2008: 243). These organisations confront diverging or several institutional logics embedded in different regulatory regimes, normative orders and cultural logics (Kraatz and Block 2008: 243). In recent contributions we find suggestions for how to tackle diversity in the realm of institutional theory. The contributions discuss substantial issues explaining organisational response to institutional diversity and methodological perspectives enable exploring them.

One of the essential questions of our paper deals with institutional pluralism and strategic choice. Institutional theory emphasising the influence of organisational values and norms on organisational perceptions of the environment and institutional theory demonstrates how institutional environments impact on strategic choice to some extent ‘locks in’ variation in organisational fields, however recent contributions offer alternative suggestions on how institutionalism and strategic choice link (Delmas and Toffel 2008; George et al. 2006; Heugens and Lander 2009; Schneiberg and Clemens 2006). Two broad options exist, to explain how institutional environments may become contested and multiplex and/or to explain how organisations may relate differently to seemingly coherent environments. We explore recent transformation in higher education and individual organisations’ strategic choice in line with these conceptualisations.

Delmas and Toffel (2008) point in the direction of exploring the impact of different organisational departments on strategising. The authors address how institutional forces lead to heterogeneity rather than homogeneity within an organisational field. The authors point out that “few have employed institutional theory to understand questions of strategy, which focus on persistent differences among organisations that share common organisational fields” (Delmas and Toffel 2008: 1048). They suggest that the functional departments of an organisation relate to different external constituencies and that heterogeneity in response to institutional pressure stem from how the functional departments succeed in impacting on the organisational strategies. The perspective seems promising in the context of exploring strategising in the context of institutional pluralism in higher education. Higher education institutions contain by definition a plurality of different disciplines and professions with more or less strong unique relationships that cut across the borders of the individual HEI (Clark 1983).

George and Chattopadhyay (2006) point in the direction of psychology and suggest looking at the cognitive underpinnings of key decision makers’ perceptions of environmental pressure.

The authors examine how key decision makers' interpretations of environmental pressures are translated into organisational actions that can potentially change institutions or help maintain them. The authors aim at contributing to a better understanding of the cognitive underpinnings of institutional theory (George et al. 2006: 359). They suggest that different responses to institutional pressure stem from the key actors framing of environmental pressure as a threat or an opportunity (George et al. 2006: 348). Key actors' perceptions of the organisational environment clearly form part of how strategising come about in higher education institutions. The cognitive underpinnings – e.g. the conceptualisations or framing of each organisation's particular position with regard to the environmental circumstances comes into account in strategising.

Scheinberg and Clemens (2006: 206) suggest that analysing organisational field as federated or multi-community systems can lead to exploring how fields subject organisations to multiple, competing and even contradictory logics. They also point out that institutional effect can be analysed as time-dependent focusing on sequences of distinct legal-moral orders and qualitative shifts in logics or regulatory regimes by drawing on event-history methods. The perspective points in the direction of taking into account the story the individual organisation tells about its own development over time and the strategic choices that have been made. The perspective point also in the direction of looking at how contradicting logics have been sought combined as the individual organisation reposition itself in the environments.

From the methodological angle, Heugens and Lander (2009: 76) document that how organisations experience isomorphic pressures, interpret them and learn to manage them is rarely explored. They suggest that qualitative process work, especially ethnographic or grounded theory studies could make a profound contribution to the present understanding of institutional processes (Heugens and Lander 2009: 76).

The practice turn in organisation studies point out that ethnomethodology, phenomenology and pragmatism are promising paths to explore what people 'do' in organisations when managing, strategizing and making decisions (Miettinen et al. 2009). Taken together the perspectives address the doing of everyday organisational life as constituting a foundation for social order and institutions. These perspectives also overcome well established dichotomies like micro-macro, agency-structure by taking as point of departure the practical aspects of actions – people in organisations are engaged in practical actions that constitute them and 'reality' as well. In this perspective the outcomes of practice are 'enactments of the future that emerge as the actors anticipate the likely outcomes of their social actions. These anticipatory acts shape actors choices regarding their ongoing conduct and ultimately shape their worlds as well' (Simpson 2009: 1338).

We take these recent developments in institutional theory as our starting point when we explore how higher education institutions 'do strategy'.

Strategising as the link between micro and macro?

In the context of higher education the notion of strategy is a slippery concept. Strategy could be conceived of as a *plan (an intended or unintended pattern of activity)* and *position* with regard to the environment (Mintzberg 1987). According to this instrumentalist view of organisations, strategy is a consequence of a plan which results in an intended pattern of activity and an intended position with regard to the environment. In line with an institutional view, strategy is more of a process characterised by myth and ceremony loosely coupled to the intended pattern of activity and loosely coupled to position with regard to the

environment. However, we see strategy as an empirical question – a matter of how the individual HEI engages in tackling institutional pluralism from ‘within’ and from ‘without’. This parallels the description of organisational governance as “the process through which an ‘organisational self’ selects, prioritises, and or integrates its various institutionally-given identities” (Kraatz and Block 2008: 246)

Studies in higher education have argued that higher education institutions are pluralistic almost by default. The organisation is built around disciplinary silos based on specific disciplinary norms and values, which are often only loosely connected to each other (Becher 1989; Becher and Trowler 2001; Clark 1983; Mintzberg 1979). The explicit implication is that because of these differences, disciplines perceive organisational environments differently. Moreover, higher education institutions are multi-task organisations characterised by a poorly understood relationships between objectives and outcomes regarding the rather intangible tasks of higher education institutions (teaching, research and third mission) which lead to goal ambiguity (Cohen et al. 1972). Because of goal conflicts at the sub-organisational level, objectives at the organisational level become – in an attempt to reach organisational consensus – ambiguous and vague.

Hence, in universities strategising is undertaken in a context of organisational complexity. The multi-dimensionality of the objectives is taken to hinder the implementation of clear strategies with well-articulated goals and suitable measures. The argument that strategising is mainly window-dressing, myth and ceremony (Meyer and Rowan 1977) may be related in part to the complexity of the organisations involved. Moreover, the loosely-coupled character of the organisations permits the formal structure to be detached from the actual organisational behaviour, which is presumed to be only slightly affected by strategising. Based on this reasoning, strategising in universities is heavily influenced by the demands of the environment to which the organisation must (formally) conform in order to warrant its legitimacy (DiMaggio and Powell 1991). On the other hand, March and Olsen’s version of institutionalism (March and Olsen 1996) posits that the normative foundation of the organisation (Selznick 1957) has an equally weighty impact on its goals and objectives – this is not a case of anything goes. Accordingly, strategising involves acknowledging the claims of the environment, the normative basis and the identity of the organisation concordantly (Frølich and Stensaker 2009). Accounting for strategising in universities must also take into consideration the multifaceted aspects of the organisation, most notably the divergent professional cultures that coexist.

We draw the attention to strategy formulation as the empirical terrain in which the micro-foundations of institutional pluralism are spelled out and handled. In so doing we build on the strategy-as-practice perspective (Jarzabkowski 2003) which point out that strategy is something that is done, a kind of work in combination with Weick’s concept of sensemaking (Weick 1995). The term strategising builds on the strategy-as-practice approach. In the strategy-as-practice approach, practice refers both to the micro-level (i.e. the doings of actors) and to the macro-level (i.e. different socially defined practices on which the actors draw when “doing strategy”) (Jarzabkowski et al. 2007: 7). Strategic activity is activity, related or unrelated to the formal, intended strategy, and it impacts “the strategic outcomes, directions, survival and competitive advantage” (Jarzabkowski et al. 2007: 8) of the organisation. In line with Weick we see strategy as *historical path-dependent*, strategy conditions as *enacted*, and we address how organisational choices are *retained* in terms of development of organisational routines and rules (i.e. strategies). Sensemaking is an interactive process between actors and their environment based in actors’ values and priorities (Frølich and Stensaker 2009). This

way of reasoning is in line with the argument that the micro-motor of institutionalism “involves theories that attend to enactment, interpretation, translation and meaning” (Powell and Colyvas 2008: 277).

Conclusion: Towards an integrative framework

The main contribution of the paper is the linkages between macro developments at the field level and the organisational processes at the micro level that take place at the interface between the individual organisation and its environments. Our main argument is that strategising represents an essential organisational process that mediates the relation between the field and the organisation, and therefore offers an empirical terrain to explore micro-foundations of institutional pluralism. Our argument that strategising is an empirical question also represents a suggestion to go beyond the divide between rationalistic and institutional perspectives on organisational strategy.

In developing a more coherent and concrete link between field-level developments and micro-based change processes we build on two central tenets of institutional theory (Kraatz and Block 2008: 253). First, that much governance takes place outside the boundaries of the individual organisation. Second, that much governance work is done by cultural and cognitive mechanisms. Empirically, the first argument is supported by the fact that most higher education systems in Europe have been, and still are heavily influenced by a state that either provide regulative frameworks or normative ideals establishing the discretionary space and room for strategic actions by universities. The second argument addresses an important but often neglected issue within institutional theory – how and in what forms do “external pressure” take place?

As shown above, higher education in Europe can be regarded as an organisational field where the state has set the rules of the game concerning the overall structure and roles of the organisations. Hence, the state has a key role in deciding whether the field could be decomposed into various ‘sub-fields’ (e.g., binary systems, etc), providing the possible templates, models or identities – and hence, the external pressure - that higher education institutions may adapt. In accordance with insights from contributions within the sense-making area, these templates, models or identities are subsequently ‘enacted upon’ by the individual organisation (see Weick 1995). In this way, the relationship between macro-change and the micro-foundations related to that change is seen in a more balanced way: while early institutional theory rightly has been criticised for ‘over-socialization’, one could also argue that recent interest in sense-making and more practise-based approaches perhaps ignore the structural aspects of the organisational field.

The templates, models and identities found in the institutionalised environment can be seen as affecting strategising in two important ways. First, the state influence on the missions the higher education institutions may adopt either by strictly regulating these, or by offering considerably institutional autonomy. Second, the state also influences which markets higher education institutions may enter either by opening up for competition or by upholding a tighter regulative regime. This creates four strategic choice options for the higher education institutions within the field (see table 1):

Table 1: Strategic choice options

		MISSIONS	
		Few	Many
MARKETS	Few	Option 1: Limited strategic space (Homogenisation)	Option 2: Moderate strategic space (Vertical differentiation)
	Many	Option 3: Moderate strategic space (Horizontal differentiation)	Option 4: Much strategic space (Institutional diversity)

Our claim is first that any dynamics between the different options in table 1 is dependent on the accompanying cultural and cognitive templates, models and identities that are ‘offered’ for enactments in the various strategic choice situations. Of course, the twist here is that higher education institutions also may face a situation where there might be uncertainty about whether all missions or markets are allowed or not. Second, key strategists will depend on the complexity of the strategic choices the organisation confronts. Hence, the more uncertainty regarding strategic choice, the more different groups of actors get involved in strategising. Here we build on the suggestion that different groups of actors in the organisation relate to different (external) constituencies hence bringing divergent micro-foundations and institutional pluralism into strategising. “Institutional logics are instantiated and carried by individuals through their actions, tools and technologies” (Powell and Colyvas 2008: 277). On this basis, we can – based on our literature review – formulate the following hypotheses:

H1: In a situation with few missions and markets to choose between, HEIs’ strategies will be status quo oriented, and aimed at eliminating institutional pluralism (and by a focus on efficiency)

Micro-foundational expectations: key group active in strategising: administration

H2: In a situation with many institutional missions but few markets to choose between, HEIs strategies will be oriented towards institutional status and legitimacy, and aimed at climbing in the status hierarchy

Micro-foundational expectations: key group active in strategising: university board, rector

H3: In a situation with few institutional missions, but many markets to choose between, HEIs strategies will be oriented towards market niches and market specialisation, and aimed at creating eliminating competition

Micro-foundational expectations: key group involved: students, various stakeholders, rector

H4: In a situation with many institutional missions and many markets to choose between, the HEIs strategies may be related both to status and specialisation, aimed at balancing different interest groups

Micro-foundational expectations: key groups involved: administration, board, rector, academics, stakeholders, etc

Here, of course, we can also perhaps identify a paradox exemplified by yet another hypothesis:

H5: In a situation with many institutional missions and many markets to choose between, the HEIs strategies will be a compromise among various stakeholders, resulting in greater homogenisation among the HEIs within a given field.

Micro-foundational expectations: strategising becomes a power battle between various interest groups

Unresolved issues

The framework presented above offers a theoretical perspective on how external environments can be linked to specific organisational change processes. In particular, we predict that the (lack of) plurality of markets and missions are important – if not the most important – variables that impact how HEIs will strategise. These variables will affect the level of diversity in the organisational field and consequently result in insights on how organisations tackle institutional pluralism.

We are well aware that “only” the first steps of our journey have been set out, i.e. the theoretical underpinnings for strategic action in contemporary higher education. Much work needs to be done to operationalise the key variables in the hypotheses. Most important however – at this stage – is to critically test the theoretical arguments and formulation of hypotheses.

There are several tricky issues underneath the argument we develop. One concerns the underpinnings of the idea of a higher education system. The system concept is in the literature we refer deeply ingrained in system functionalism which builds on an organic view of how national universities and university colleges interrelate. More over the state is pictured as the master designer of higher education systems – hence they seemingly are set up and steered by the state. It is not self evident that this way of reasoning can be as easily reframed in line with institutional theory’s concept of an organisational field as we argue here.

The second issue relates to the concept of strategising. We have made clear that our point of departure is the strategy-as-practice approach which emphasises the practical doings of everyday organisational life. More over we emphasise that how strategy is done is an empirical question. Hence we seek to nuance both the rationalistic view of strategy and the institutional view. Still more work needs to be done singling out the terms strategic choice, strategy plan, strategic planning, strategy process, strategy formulation and strategy implementation which we apply not tight up and strict in this paper. One promising research strategy lies in the sensemaking perspective which point in the direction of following organisational actions.

The third issue relates to the point we make on who the main strategist are. We suggest that the number of key actors in strategising increases with the complexity of the task – e.g. the extent of institutional pluralism. It may well be the other way around: the more actors from different ‘constituencies’ of the organisation that are involved in strategising – the more institutional pluralism are there to ‘see’ but this remains essentially an empirical question.

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