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Restructuring Higher Education. A Comparative Analysis between Australia and The Netherlands*

LEO C. J. GOEDEGEBUURE & V. LYNN MEEK

> It must be considered that there is nothing more difficult to carry out, nor more doubtful to success, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who profit by the new order, this lukewarmness arising partly from fear of their adversaries, who have the laws in their favour; and partly from the incredulity of mankind, who do not truly believe in anything new until they have actual experience of it. (Machiavelli)

I. Introduction

In many countries, governments are changing the structure and funding basis of their higher education systems. Past methods for controlling and directing higher education are being transformed and individual institutions are being asked to engage in new tasks and assume new responsibilities. Governments are simultaneously devolving more control over programmes and budgets to individual institutions while directly intervening in higher education systems in order to ensure greater economic efficiency, quality of outcome, student access and accountability—the magic words of modern day higher education policy-making. Although situated at practically opposite poles of the globe and within historically different higher education traditions—the Anglo-Saxon and the continental mode—there appear to be striking similarities in the recently adopted policy approaches to higher education reform and restructuring in Australia and The Netherlands. Both countries appear to be emerging as clear-cut examples of two basic international trends which can be observed in the changing relationship between government and higher education:

(1) the movement away from higher education systems consisting of many small, specialised, single-purpose institutions towards systems consisting of smaller numbers of large, multi-purpose, multi-discipline institutions; and

(2) the trend for national governments to retain the prerogative to set broad policies, particularly budgetary ones, while increasingly transferring the responsibility for growth, innovation and diversification in higher education to individual institutions.

Traditionally, the higher education system in both countries has been characterised by strong, centralised bureaucratic control resulting in elaborate regulatory frameworks to which institutions had to adhere in order to secure their funding. However, in recent years a major shift in the overall policy direction has occurred, moving the respective higher education systems more towards self-regulation. This shift has been accompanied by major restructuring operations. In Australia, the binary system has been abolished and replaced by the Unified National System (UNS), resulting in a complete overhaul of the organisational landscape through cross-sectoral amalgamations. In The Netherlands, the sector of Higher Vocational Education has been restructured through a massive merger operation. These changes were deemed necessary by government to create a viable structure and framework for the overall change in the steering of the higher education system.

In this article, the way in which the higher education systems in Australia and The Netherlands have been restructured is analysed in the light of the changing policy paradigms in both countries. First, the processes through which the restructuring has taken place are described, with a focus, among other things on the similarities of both policy approaches. It should be noted that we limit our attention to those restructuring processes which accompany the shift in the governmental steering approach; the restructuring operations which took place in both countries during the early 1980s are beyond the scope of this article (see e.g. Harman, 1986; Maassen & Van Vught, 1989). The apparent success of these approaches is then analysed from a policy perspective, in which an analytical framework is presented to explain why, contrary to the general assumption in the literature that profound, large-scale change in higher education is most likely to fail, the attempts in Australia and The Netherlands appear to succeed to a large extent.

II. The Reconstruction and Redirection of Higher Education: Australia and The Netherlands

Sociologists and political scientists have long been fascinated with the problem of social order: how it is created and maintained, produced and reproduced over time and space. They have also concerned themselves with change, and the amount of literature on change and innovation is quite daunting. But for the most part, change is treated in terms of small-scale, incremental adjustments to established patterns and systems. Moreover, it is often examined in terms of the degree of resistance it attracts from the status quo, leaving the impression that change and order are juxtaposed phenomena, theoretically and empirically. Much of the writing in the field of higher education is about the remarkable normative and social stability exhibited by the university organisation despite attempts by governments and others to transform it. Clearly, academia has been a rather stable, socially cohesive and resilient institution since its inception in medieval Europe. But there are occasions when entire higher education systems have been knocked off-balance and extensive, fundamental change has taken place.

A concentration on order and small-scale incremental change creates explanatory problems when such events do occur, for it becomes difficult to explain why change is so extensive, and what new order of things may emerge. Part of the difficulty lies with the perception of change as the antithesis of order, instead of looking at established structures and systems themselves for an explanation of change. If change is regarded as the antithesis of order, or as small-scale adjustments to established patterns, then explanations of change logically lead to the imposition of external forces as the main, if not sole, determinant of change. In the case of higher education, this usually means the imposition of government policy.

The extent and complexity of the recent change occurring in Australian and Dutch higher education, however, does not lend itself to such a simple explanation, even though many of the government's critics would argue otherwise. In centrally funded, national systems of higher education, like those in Australia and The Netherlands, government is the most significant actor. But government is itself part of the system, and its policies are either constrained or furthered by the values and interests of other parties within the system. By focussing their attention on government policy as 'the enemy', some critics may fail to realize that the system itself, of which they are part and parcel, is also driving change and transforming the rules of the game which ultimately determine 'winners and losers'. In order to more fully appreciate and understand the nature and extent of change in Australian and Dutch higher education, we will first give an overview of more or less recent developments in both systems. After this, an explanation for the rapid occurrence and adoption of change is presented, focussing not only on the role of external, governmental forces, but also on the overall ideological and political context and the changes therein, and on the basic values, attitudes and interests of those who constitute the system.

Policy Change in Australian Higher Education

In December 1987 John Dawkins, Federal Minister for Employment, Education and Training, published the Green Paper *Higher Education: a policy discussion paper.* Whether this was received as a Christmas present by the higher education community is questionable, but it is beyond doubt that it marked the beginning of a new era for those within the community. Profound changes were proposed. Higher education was to become more adaptive and responsive to social needs and demands, and more instrumental in bringing about the economic upturn deemed necessary to retain Australia's competitive position in the world market. Reactions and responses were invited, resulting in sometimes hectic discussions on the Federal Government's philosophy and restructuring policies.

In July 1988 the White Paper *Higher Education: a policy statement* was published, showing a virtually unchanged government perspective on the future direction of the higher education system. The policy initiatives of the Australian Federal Government are significantly affecting the management, research function and funding base of universities and colleges of advanced education (CAEs) as well as transforming the structure and direction of the higher education system itself. Moreover, the extent and rapidity with which change is occurring in Australian higher education are unprecedented. While change is not foreign to the Australian system, never before has so much been transformed in so short a period of time. Harman (1989, p. 26) provides a useful summary of the items on the government's reform agenda:

- Abolition of the so-called binary system, which made a clear distinction between universities and CAEs with respect to roles and funding, and replacement by a new unified national system of higher education.
- Major consolidation of institutions through amalgamation to form larger units.
- Substantial increases in the provision of student places and various efforts to improve student progress rates in order to increase the output of graduates.
- Increased emphasis on fields such as applied science, technologies, computer science and business studies, perceived to be of crucial importance to economic recovery and economic growth.
- A more selective approach to research funding, with increased emphasis on research on topics of national priority, and substantial increases in research funding.

- Changes to the composition of governing bodies to make them more like boards of companies, and strengthening of management of universities and colleges, particularly to give much greater power and authority to chief executive officers.
- Major changes in staffing, particularly aimed to increase the flexibility of institutions, improve staff performance, and enable institutions to compete more successfully in staff recruitment in priority areas.
- Changes to achieve greater efficiency and effectiveness of the higher education system, including reduced unit costs in teaching, improved credit transfers and rationalisation of external studies.
- Moving of some of the financial burden for higher education to individuals and the private sector, and encouraging institutions to generate some of their own income.

The increase in student places is in response to a growing unmet demand from year-12 school-leavers. The provision of new student places will probably favour younger qualified applicants rather than older part-time and external students, where the proportion of all enrolments is already sizeable (about 40% in 1987).

If not fact, it is at least believed in Government circles that most of the reforms can only be accomplished within larger institutional units and the most obvious manifestation of change in Australian higher education is institutional amalgamation. In order to bring about amalgamations, the Commonwealth is employing a subtle and politically powerful approach: to be part of the new unified system, institutions must meet minimum student loads. Thus for many institutions amalgamation is the only alternative. In order to join the unified national system, i.e. to be eligible for federal funding, institutions must achieve a student load of at least 2000. Institutions with a student load of at least 5000 will be funded for a broad teaching profile with some specialised research activity. In order to receive financial support for a comprehensive involvement in teaching and research, institutions need at least 8000 full-time equivalent student enrolments.

Immediately following the release of the Green Paper in late 1987, institutions fell over one another to find amalgamation partners. Grand schemes, such as the federated university of New South Wales—which was to incorporate nearly every higher educational institution in the state—were proposed, and serious negotiations at the institutional level were underway. As 1988 wore on, many of the more grandiose proposals were shelved and several of the negotiations at the institutional level began to lose impetus. Dawkins kept saying that the Government did not intend to force amalgamation on anyone and that merger was a matter best left to individual states and institutions. But once he realised that people were starting to take him at his word, the power of the purse was again invoked. In a policy speech delivered on 9th February 1989, Dawkins had this to say:

> There are ... some important decisions still to be made which will bear on the future structure of the system ... The Government has yet to allocate some $218 million for capital works in 1990 and 1991. ... It is my objective to ensure that those funds are used to support and develop sensible institutional arrangements, particularly where there is a case for institutions to merge or consolidate ... Institutions which choose to stand apart from this process are entitled to do so. But, they must be prepared to live with the consequences in a system which will be more competitive than in the past.

While having no institutional 'hit list' and no wish to force merger on anyone, the Minister appointed a task force to help ensure that amalgamations were implemented. This again caused a flurry of activity at the state level. The Task Force on Amalgamations presented its final report in April 1989 following an extensive review of the merger

arrangements in each state. The report praises those states and institutions where amalgamation has been or is about to be completed—such as is the situation in New South Wales—and heavily criticises others where little or no progress has been made. In its recommendations, the Task Force was prepared to back praise with cash. It concludes by stating that:

> Some institutions . . . seem to have concentrated only on possible problems associated with the new institutional system and to have limited horizons as to the potential advantages that the system would create. In such circumstances there is little point in forcing any merger. . . . The Task Force is pleased to note that the number of institutions unwilling to change their perspective and to take up new challenges is extremely small, and that increasingly the new institutions are finding opportunities that could not have been provided within their previous structures. *(Report of the Task Force . . . , 1989, p. 102)*

In all, it is most likely that as a direct result of the White Paper initiative, the very large majority of Australia's 24 universities and 47 colleges (1988 figures) will merge. On the basis of the progress reported in the Task Force Report, it is expected that the number of higher education institutions in Australia will be reduced to around 40, or perhaps even fewer, large to very large institutions.

Policy Change in Dutch Higher Education

The policy changes in Dutch higher education are slightly more complex than those which have occurred in Australia, since they involve two separate but closely connected operations. The first major change concerns the non-university sector (Hoger Beroepsonderwijs; abbreviated HBO). In September 1983, Wim Deetman, Minister for Education and Science, published the policy document *Scale-enlargement, Task-reallocation and Concentration* (STC), which marked the beginning of the most massive restructuring operation witnessed by Dutch education.

The main objectives of the restructuring were threefold:

- a considerable enlargement of the size of establishments by means of mergers between HBO institutions;
- an enlargement of the autonomy of the institutions with regard to the use of resources, personnel policy and the structuring of the educational processes; and
- greater efficiency in the use of resources by using larger groups, where possible, concentrations of expensive equipment and other provision, co-ordination and where possible a combination of course-elements.

These objectives implied a strengthening of HBO institutions in both the managerial and the educational fields. Apart from strengthening the HBO sector, there also was the retrenchment objective. The operation had to result in a financial reduction for the total HBO sector, amounting to 68 million guilders in the year 1988 and later. The expectation of the Minister was that as a result of the STC policy, a limited number of multi-purpose institutions with considerable autonomy would arise, to replace the existing multitude of individual institutions. To give rise to these multi-purpose HBO institutions, the same approach was used as in Australia: institutions were induced to merge by the imposition of three limiting conditions which the HBO institutions had to meet by the start of the educational year 1986–1987 in order to receive continued governmental funding. These

conditions were:

- an institution should have a minimum enrolment level of 600 students;
- an institution should function as an administrative and educational unit, implying one board of governors, one board of directors and one participation body (formed by staff and students); and
- there should be a 'reasonable distance' between the several sites of an institution, so that the potential (envisaged) benefits could be fully realised.

The merger process was supported by the creation of a new legal structure (the HBO Act) and a new finance-system, laying the basis for the enlargement of institutional autonomy. A tight time-schedule was laid out. Conclusive agreements on mergers had to be reached by August 1986. This implied that in two-and-a-half years' time (the process formally started at the beginning of 1984 after approval by parliament), a complete organisational restructuring had to take place within the HBO sector, a new finance system had to be designed, and the new legal system—about which debates had been going on for some years—had to be partly renewed and proclaimed.

Apart from the fact that the restructuring process appears to be quite radical (the minimum enrolment criterion of 600 students implied that for 63% of the existing institutions merger was the only viable option) and set in a short time-span, one of the most remarkable features of the operation was the way in which it was organised: the initiatives after the process was set in motion by the STC policy document, and outcomes, were left to the educational field itself. With respect to this element, the STC process differs significantly from other merger processes such as the creation of the polytechnics in Britain and the retrenchment operation in the Australian colleges of advanced education sector (the 'Razor Gang' mergers), in which institutions were designated for merger (Pratt & Burgess, 1974; Harman, 1986). In the STC policy document the Minister stated the principle that:

> ... only the absolute essentials have to be laid down at the central level and that as much as possible, the conditions have to be created for an implementation by the educational field itself. [...] The role of the minister must be remote. (STC document, 1983, p. 24; our translation)

The representative body of the HBO sector, the HBO Council, was asked by the government to act as the co-ordinating body for the process. After some discussion about the limiting conditions and the time-schedule, the Council accepted this role. This implied that it acted as the sole intermediary between the government and the institutions. The Council had to provide government with 'a reasoned and coherent survey plus comment', on the basis of which the government could make the final decisions.

The results of the merger operation are remarkable and surpass the expectations of many who were involved. There can be little doubt as to the success of the operation in terms of merger. By July 1987, 314 of the 348 HBO institutions had merged into 51 new institutes, while 34 remained independent. The mergers have resulted for the most part in multi-purpose HBO institutions, while some 15% of the institutions preferred single purpose mergers. The resulting size of the merged institutions varies widely. For instance, the smallest merger resulted in an institution with a student enrolment of 310, while the largest merger resulted in an institution with an enrolment of 15,800. The majority of institutions now have a size between either 600–2500 students (20) or 2500–8000 students (18).

The very strong reduction in the number of existing institutions (from 348 to 85) can also serve as an illustration of the complexity of the process. Two- or three-institution mergers have overall been the most common form to date internationally. In the Dutch case,

however, two- or three-institution mergers have been the exception, and multiple-institution mergers 'common' practice (the average number of institutions involved is six), with the largest merger involving no less than 19 institutions. One can easily imagine that mergers of these kinds are indeed complex and time-consuming. This makes it the more remarkable that, in virtually all of the mergers, formal agreement has been reached within a three-and-a-half-year time-span.

The second major change in Dutch higher education concerns the shift in the government's approach to the steering of the system. Part of the STC policy objectives has been to slacken the bureaucratic control model predominant in the non-university sector, and bring it more in line with the university practice. However, it was only during the STC operation that it became clear that the government was actually questioning its historic role as central steering actor in the system. Three years before Dawkins published his Green Paper in Australia, the Dutch minister, Deetman, published the HOAK discussion-paper (Higher Education: autonomy and quality, 1984), followed by the policy paper in 1985. Although the rationale behind this was less explicitly economic than in Australia, there are remarkable similarities in the approaches adopted. The new Dutch steering philosophy was deemed necessary because many in and around the higher education system were of the opinion that the present administrative and legislative higher education mechanism could no longer be considered as optimal to meet the future demands which had to be placed on the system.

The central concept of the philosophy is the assumed causal relationship between autonomy and quality, the result of which is a substantial increase in the autonomy of the institutions by abolishing regulations, combined with the introduction of a system of retrospective quality control. The concept is the result of a departmental analysis of the existing policy instruments by which government had been steering the higher education system. This analysis showed that:

> ... control is not general enough and the units with which it is concerned are too small; partly for this reason, a number of instruments does not work as well as it might; insufficient justice is done to the institutions's own responsibilities, particularly regarding teaching; and quality control and testing have not taken on a definite form. (Ministry of Education and Science, 1988, p. 23)

By granting institutions more autonomy, the minister strives towards a situation in which institutions themselves, through direct interaction with their environments, can react to the signals they receive, transferring this to institutional policy-making. A necessary condition for this, amongst others, is a strong and effective institutional management. The HOAK document pictures a new image of administrative thought and action. Institutions are required to operate more in accordance with market developments and be more professional. Attention is focussed on profiles, increases in the numbers of graduates and institutional performance, a diversified student supply, and better adjustment of course supply to labour market demands. In order to facilitate these shifts in institutional behaviour, governmental steering will no longer be directed at the level of 'subject' specialisations but at the newly introduced sector level (and aggregated subject-area level). Sectors will be designated to institutions and, within the framework of the sector, institutions are granted far more freedom to determine the actual content and structure of their educational programmes, thus increasing the adaptive capacity of the institutions to changing environmental demands.

It should be noted that, in both countries, government is not deregulating the system merely to further institutional autonomy. Rather, government seems to be taking the view that higher education will become more effective and efficient, more responsive to industrial

needs and economic imperatives, more productive and better managed if institutions are allowed to (or are forced to) compete more directly within a free and open market. Institutional autonomy and flexibility are being juxtaposed to market-place discipline. In economic terms, the government's deregulation in the steering of higher education may be seen as a form of privatisation; in organisational theory terms, it may be seen in the context of the theory of organisational natural selection (e.g. Hannan & Freeman, 1977; Aldrich, 1979; Maasen & Van Vught, 1988).

In the next section we argue that this change in the governmental steering paradigm in both countries has played a major role with respect to the apparent success of the two restructuring operations. Although our analysis is confined to Australia and The Netherlands, the relationship between government control mechanisms and the ability to adapt and innovate is an important issue for many countries (see, for example, Van Vught, 1989).

III. Assessing the Outcomes: a policy perspective

In both Australia and The Netherlands profound changes have been brought about in the higher education system through government-induced restructuring operations. This is a remarkable feat if one takes into account the barriers associated with externally induced change in higher education. First, there is the general notion that public policy is often, at best, a rather blunt instrument for reforming public institutions and, at worst, an ineffectual one as well (Wurzburg, 1989). Policies are often rejected or negated by an implementation process highly influenced by entrenched institutional tradition and vested interest, no matter how rational or equitable the goals appear to be (Wildavsky, 1970). Secondly, one can observe the more specific notion that because of the characteristics of academic systems multi-sided, diffuse, bottom-heavy—change in higher education "will remain uncommonly disjointed, incremental and even invisible, despite the imposition by modern governments of vast superstructures of control" (Clark, 1983, p. 186).

Many analysts of higher education note the constraints on change in higher education systems (e.g. Becher & Kogan, 1980; Cerych & Sabatier, 1986; Van Vught, 1989), emphasising the idea that change in general appears to be gradual, piecemeal and for the most part internally motivated. Nevertheless, higher education in Australia and The Netherlands has gone through a period of rapid and drastic change, reshaping the organisational landscape and most likely affecting the 'operational level' as well. This is the more remarkable if we take into account the fact that in both countries one of the most radical occurrences in organisational life, namely merger, is used as an instrument to set the new organisational framework within which the changes in the policy paradigm should reinforce the performance of the system. In the next section we attempt to explain the apparent success of the two restructuring operations by focussing on the combined impact of the policy arrangement, the content of the policy and the changing political and ideological environment in which the reforms have taken place. This combination we believe to offer a powerful framework for assessing change in higher education systems.

Policy Arrangement: the effective use of the concept of resource dependence

In both Australia and The Netherlands the government has adopted a distinctive and apparently powerful policy arrangement in its attempt to restructure the higher education system. This arrangement can be characterised as an incentive-disincentive type of policy within the framework of remote government control. The policies do not contain a blueprint for the outcomes of the restructuring operations like, for example, the British policy that led

to the creation of the polytechnics and to a lesser extent the Australian 'Razor Gang' restructuring, but leave the end result open to the dynamics of institutional interaction. However, although no institutions are designated for merger, the minimum size requirements incorporated in both policies provide a strong impetus for merger. Essential in this is the fact that in both countries institutions are almost fully dependent on government for acquiring the resources they need to continue their operations, and in this way they fit very well the concept of externally controlled organisations (Pfeffer & Salancik, 1978). The problematic situation that arises for organisations confronted with this dependence can be summarised as follows:

> The fact that organisations are dependent for survival and success on their environment does not, in itself, make their existence problematic. If stable supplies were assured from the sources of needed resources, there would be no problem. If the resources needed by the organisation were continually available, even outside their control, there would be no problem. Problems arise not merely because organizations are dependent on their environment, but because this environment is not dependable. Environments can change, new organisations enter and exit, and the supply of resources becomes more or less scarce. When environments change, organisations face the prospect either of not surviving or of changing their activities in response to these environmental factors. (Pfeffer & Salancik, 1978, p. 3)

In Australia and The Netherlands the majority of institutions did not meet the minimum enrolment conditions specified in the restructuring policies and were faced with a basically simple choice: merge and assure continued governmental funding or do not change and lose governmental financial support. This last option would almost certainly mean the end of an institution's existence since alternative ways of funding the organisation are not readily available. If one subscribes to the notion that the first goal of an organisation is to ensure its survival, the restructuring policies implied that the majority of the institutions had to merge. The 'power of the purse' is dominant in the adopted government approach. This of course explains why institutions merged in the first place. However, it does not at first glance explain why those institutions with enrolment levels well above the minimum size requirement also joined in the restructuring process. To account for this behaviour we can incorporate the ideological–environmental component in the framework, or more specific-ally, changes in the dominant norms and values within the system and their effects on institutional behaviour.

Policy Content and Change: norms and values as a facilitating condition

In their analysis of reforms in European higher education, Cerych & Sabatier (1986) emphasise the 'scope of change', the actual change implied by the restructuring policy, as an explanatory concept. This concept consists of three related elements: the depth, breadth, and level of change. Depth of change refers to the degree to which a particular new policy goal implies a departure from existing values and rules of higher education; breadth of change refers to the number of areas in which a given policy is expected to introduce more or less profound modifications; while the level of change refers to the target of the policy reform, ranging from the system level to the institutional sub-unit.

With respect to the depth of change, Cerych & Sabatier conclude that "it is clear implementation depends largely on the degree of consistency (congruence) of a given reform with rules and values already prevailing" (Cerych & Sabatier, 1986, p. 244). This conclusion

is in line with earlier findings in innovation research. For instance, Rogers (1983), in his analysis and overview of innovation literature, poses the generalisation that the compatibility of an innovation—the accordance with existing norms and values—as perceived by members of a social system, is positively related to its rate of adoption. In the specific field of higher education research, Levine reaches a similar conclusion in his study of a number of innovations at the State University of New York at Buffalo (Levine, 1980). However, from these works it is also clear that the compatibility or congruence argument cannot be taken too far; it does not guarantee a successful implementation or adoption of the reform. Compatibility cannot therefore be considered a sufficient condition for successful reform. Nor can it be seen as a necessary condition, as Cerych and Sabatier show by the example of the British Open University: a radical departure from existing norms and values in British higher education. They argue that:

> . . . such radical departures can be implemented if they are limited to one or very few functional areas of the institution or the higher education system—if at the same time most other prevailing traditions and standards are rigorously respected. (Cerych & Sabatier, 1986, p. 245)

If these notions are applied to the restructuring policies in Australia and The Netherlands, several observations can be made. Regarding the Australian case, a recent national survey on the reconstruction and future direction of Australian higher education (Meek & Goedegebuure, 1989) has shown that, to a large extent, the proposed broad changes as presented in the White Paper are in line with the opinions and preferences of a majority of the institutional leaders (chancellors, vice-chancellors, registrars and their college counterparts). For example, almost 70% of the respondents in the survey believe that the elimination of the binary system is desirable, almost 80% believe that competition within the system should increase and that educational diversity both within and between institutions should increase, while over 90% feel that institutional management should be strengthened, that strategic management should become an integral part of the management practice, and that there should be formal arrangements to assess the quality of both teaching and research. In general, one would be inclined to conclude on the basis of these results that there exists a very basic agreement amongst institutional leaders on the premises underlying the federal government's reform policy: the Australian system should develop into a more adaptive, responsive, and competitive system. Or, in terms of the theoretical notions presented above, there exists a basic accordance on the norms and values involved in the restructuring on the part of the institutional elite.

Regarding the Dutch case, the same basic accordance can be observed. Based on their evaluation study of the STC operation, Goedegebuure & Vos (1988) conclude that attitudes towards the operation were positive from the start and became more so during the operation itself. An explanation for this can be found in the overall perspective underlying the restructuring operation. The basic aim has always been to upgrade the HBO sector to an 'equal but different' counterpart of the university sector, to take it out of the legal confinements of the secondary education sector, and to restructure funding and management procedures. In this sense, the government, through its policy, heeded the calls for more autonomy, recognition of a higher education status, and changes in funding from within the HBO sector. This coincidence of policy direction and existing norms and values has led Teichler to the observation that in effect the STC operation could be seen as a non-controversial reform (Teichler, 1986), and it can explain to a large extent why the ideas of the restructuring policy took hold in the HBO sector in the first place. It does not explain, however, why the STC policy has been adopted to such a large extent. As stated before,

compatibility with existing norms and values should be taken as a facilitating condition for the successful implementation of higher education reforms, but not as a necessary or sufficient condition, and in general, merger—the predominant instrument in the restructuring policies—is something an organisation tends to avoid as much as possible, since it involves a loss of autonomy and alters existing power structures (e.g. Millet, 1975; Meek, 1988).

The results of restructuring policies in both countries are the more remarkable since the accordance of existing norms and values with the overall changes in the policy paradigm cannot be extended to the implementation process of the policies. In Australia there appear to be some reservations with respect to the way in which institutional autonomy and governmental control will develop. The basic attitude is that present government policies will severely limit institutional autonomy and increase government influence, contrary to the stated objectives of the White Paper (Meek & Goedegebuure, 1989). In The Netherlands, there has been severe criticism from the side of the HBO institutions regarding the implementation of the STC policy, focussing mainly on the vagueness of the 'supportive policies' (the new financial framework, the redundancy scheme, etc.), which led to a rather negative judgement on the implementation process (Goedegebuure & Vos, 1988). Nevertheless, the mergers continued and occurred on a scale far larger than many both in the government and in the educational field had thought possible. The obvious question then is: why has this been the case?

The two other components of the 'scope of change' concept do not help much to explain the wide adoption. Although the reforms implied in the STC policy are not stated in a very specified form, it can be argued that they aim at a wide 'breadth of change': a structural change of the organisational constellation of the HBO sector, change in managerial behaviour and change in the 'heart of the HBO enterprise': the educational programmes. The same can be said for the Australian White Paper policy, where exactly the same trends have occurred. If we combine these phenomena with the high 'level of change' (the restructuring of a whole sector of the higher education system in The Netherlands and the total restructuring of the system in Australia) application of the 'scope of change' framework would lead to a more moderate expectation of the outcomes than has actually occurred if we follow Cerych & Sabatier's proposition that policies implying far-reaching changes can be successful only if they aim at one or just a few functional areas of the system or institution. It should be noted that this conclusion is somewhat tentative, since in both countries the restructuring processes have not yet fully crystallised. However, present results appear to some extent to be at variance with the proposition. It is for this reason that we turn to the third related concept, which could explain the success of restructuring policies in combination with the accordance with existing norms and values, and with the specific policy arrangements, namely the political and ideological environment in which the operation took place.

Restructuring within the Context of a Changing Environment

One of the remarkable events that has occurred in Australia and The Netherlands is the apparent synergy that evolved between governmental intention and institutional response. In both countries the government was publicly attacked by academia on the newly adopted policy approaches, the main criticism being that these would only increase government control over the system, with detrimental effects on institutional autonomy. However, at a more 'veiled' level, the policies seem to have struck a chord with the key policy actors at the institutional level. This statement is supported by empirical evidence on both the opinions

and attitudes of these actors regarding the changes in governmental policies as well as the actual behaviour displayed by them during the restructuring operations discussed before.

Regarding the Australian situation, there is quite an amount of acceptance of the idea of a more market-oriented, competitive higher education system and its possible benefits. If we look at some of the results of the national survey on the reconstruction and future direction of Australian higher education mentioned before (Meek & Goedegebuure, 1989), most of the respondents not only believe that institutional competition will increase, but also indicated that increased institutional competition is desirable. Much of the competition will be over research funding, and it is interesting to note that the respondents indicate that research will be strengthened even more than teaching through increased competition. Most of the respondents also indicate that competition will lead to diversification, from which some institutions will benefit more than others, particularly with regard to research. It is important to note, however, that most respondents seem to believe that a difference in quality should not increase between institutions with respect to both teaching and, to a slightly lesser degree, research. Respondents are in fairly clear agreement with regard to the strengthening of management structures and the introduction of various instruments indicated before, such as performance indicators and strategic planning to bring this about.

Regarding the Dutch situation, quite similar opinions and attitudes appear to prevail, as has been shown in a recent study on expected developments in the Dutch higher education system during the next ten years (Binsbergen & De Boer, 1988). To summarise the results of this study, institutional leaders and influential externals expect that over the next ten years institutional autonomy will indeed be enlarged. A possible lack of financial means to exploit this autonomy is not considered to be a constraint. Enlarging institutional autonomy will influence the primary processes in higher education: the number of innovations in curricula, educational technology and methods will increase; education will be intensified; and the variety and diversity of curricula within and between institutions will increase. Students will have to pay more for their education, but this will not lead to a decline in enrolments. Moreover, the higher financial contribution will not be the same for every student: differences will occur between the various subject courses. However, differences between institutions are not expected in this matter. Not only will enlarged autonomy lead to changes in primary processes; the internal organisation of the institutions will change as well. Internal management will be strengthened, the powers of the central administration will increase, and that will consist of full-time professional administrators. Institutions will operate in a more business-like manner and competition between institutions will increase, both within the two sectors of Dutch higher education and between these sectors. Differences in quality between institutions will increase, both with respect to education and research. And lastly, in order to enhance the quality of education and research, differences in salaries will occur to counter the 'brain drain' and to fill staff vacancies in difficult areas.

In both countries, government is engaged in a process of regulated deregulation of the system that neither affords full autonomy to individual institutions nor fully removes the opportunity for government intervention, a fact not lost on institutional leaders and influential externals. But the semblance of a partially free, competitive and thus private market is present in many of the proposals—something appreciated by many of the respondents. It seems that institutional leaders and others are happy to embrance internal institutional reform, and much of the rhetoric associated with it, while resisting external control. In short, on the basis of the two studies referred to above, it can be concluded that recent changes in governmental policies and the associated change in the political climate largely appear to be in line with prevailing ideologies at the institutional (top) decision-making levels. That this is more than just dancing to the government's tune can be seen if

we look at the actual behaviour displayed by a number of institutions during the two restructuring operations.

Above, we asked the question why institutions have 'over-reacted' to restructuring policies in Australia and The Netherlands, i.e. why institutions merged that fell well over the specified minimum size in terms of student numbers. An explanation can be found if we assume that institutions, or rather institutional leaders, have perceived restructuring and associated moves towards the market-oriented competitive higher education systems as realistic. That is, they have anticipated the changing environment by displaying strategic behaviour. Within a competitive system the power base of an institution, defined as "the ability to bring in scarce resources or cope with critical contingencies" (Pfeffer, 1981, p. 131) is an essential element, since it largely determines the chances of success *vis-à-vis* competitors in this case the other higher education institutions in the environment. When we look at the merger processes in terms of attempts to solidify or strengthen the existing power base of an institution, we can very clearly identify the overt strategic behaviour shown by most of the institutions.

If we focus our attention on those institutons for which merger is not an absolute necessity since they are already large enough in terms of student numbers, we can see that they have 'diversified their product' through mergers. In line with the overall direction of government policy in Australia and The Netherlands of a preference for (a) large institu- tions and (b) comprehensive institutions (i.e. with as wide a range of subject fields possible within the administrative framework) it can be argued that large institutions joined the merger process in order (a) to retain their competitive edge in terms of size, thus securing their ability to bring in scarce resources from the dominant provider (government) and (b) to diversify in order to cover as many subject fields as possible in order to be able to cope with critical contingencies. In times of retrenchment the more comprehensive institutions stand a better chance to protect their flow of funds, given government policy, than the more vulnerable specialised institutions.

Examples of these trends are the facts that the 'old and respectable' universities in Australia like Sydney and Melbourne have taken advantage of the merger operation to pick up a few professional colleges, thereby expanding their competitive edge in terms of both numbers (drawing power, related to the numbers game) and profile, thus strengthening their power base *vis-à-vis* their possible competitors, while the University of New England merged with a relatively small agricultural college, thereby enlarging numbers, drawing power and profile, in subject fields and in access to a region that had hitherto been far less accessible.

In The Netherlands similar trends can be observed both during and after the formal end of the merger operation. Events during the merger operation are accounted for in Goedege- buure & Vos (1988), who demonstrate the occurrence of strategic behaviour in consideration of drawing power and diversified profiles. After the formal end of the STC operation, mergers continued in The Netherlands as a result of indirect pressures from the government through several task-reallocation processes and of the already mentioned shift towards a more market-oriented system. Mergers in the regions of Enschede-Hengelo and Arnhem- Nijmegen are the clearest examples of this. The predominant motive behind these mergers was to solidify and strengthen the competitive position of the new institutions in relation to their geographically close competitors (both universities and HBO institutions).

It is also worthwhile to note that in both Australia and The Netherlands the pressure on institutions to strengthen their competitive position further is likely to intensify, rather than abate, in the foreseeable future. The Dutch higher education system in particular will soon be competing for students and research money on an international level. The post-1992

effect for Dutch higher education of the Single Internal Market and the single European Act is not clear. But it can be safely assumed that institutions will wish to take advantage of having broader access to a *European* 'market' of students (Cerych, 1989, p. 325) and research-funding sources (Dillemans, 1989, p. 338). Whether Dillemans (1989), p. 338) is correct in predicting that "National governments will intervene less and less ... " in the affairs of post-1992 higher education remains to be seen. But it seems certain that some institutions will be better placed than others to benefit from the internationalisation of European higher education, threatening some established hierarchies and entrenching others (Neave, 1989, p. 360). With the addition of new competitors to the higher education game, Dutch institutions can be expected to continue to adopt strategies to enhance further their competitive edge.

IV. Conclusion

Although it is always difficult to isolate the more dominant factors in such complex processes as merger between a number of institutions, the strategic argument (together with the accordance of the educational elite's norms and values with the direction of government policy and the existence of resource dependence in higher education systems, enabling governments to wield the power of the purse) appears to be a valid instrument for analysing and explaining the success of restructuring operations in Australia and The Netherlands. It also shows the very similar trends and events which have taken place in the two higher education systems. Moreover, it highlights the value of a governmental approach to a restructuring of the higher education system based on changing the boundary conditions under which the system operates, rather than an approach based on planned and regulated change. As Pfeffer & Salancik (1978, p. 281) observe:

> Behavior is a consequence of the context confronting the organisation. The design and change of organizational behaviour, therefore, can profitably be approached from the perspective of analyzing and designing the context to produce the desired activities. Of course, such a strategy of organizational change is more difficult than attempting to enforce the law against single organizations or preaching values and norms. On the other hand, it is more likely to be effective.

In is important to note that the Australian and Dutch experience of change in higher education differs in one fundamental aspect: the restructuring of the HBO sector had led to the formal establishment of a binary system of higher education, while Australian policies have destroyed the binary system which existed in that country for more than 25 years. But this observation does not contradict the general theoretical proposition that the degree and extent of change are consequences of the *context* confronting all major players in the game of change. In The Netherlands, compliance with government policy has allowed HBO institutions greater autonomy and freedom of control over resources and future development, while legally enacted 'binarism' protects their newly won freedoms from university-inspired poaching. For several years in Australia, the colleges of advanced education had been campaigning for equal treatment with universities and for university status. The universities were threatened by alterations to the boundary conditions between themselves and the colleges, but have effectively neutralised the threat by absorbing the colleges. In turn, college members have won university status. A new institutional status hierarchy is being created in both countries, driven as much by institutional ambition and interest as by government policy. While every new order of things solves past problems it also creates new tensions and conflicts that will eventually require solution.

Change is often analysed in terms of the power available to one actor (in this case, government) to impose its will on others (higher education institutions), despite opposition. We propose a somewhat different theoretical view of change: the degree and extent of change in a complex system, such as higher education, is dependent upon the interaction of interests, strategic behaviour, norms and values, and ideologies of *all* concerned. Moreover, the more that these factors tend to coincide or converge, the more likely it is that change will be extensive and ubiquitous. A view of change that concentrates on one group of people doing something to another group of people is too narrow. The question is not solely one of intervention, but of how and why conditions prevail under which systems are destablised to the degree that extensive and far reaching change becomes possible.

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