



The Effects on Monopsony on Strategy and Leadership in Ontario Colleges

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The period 1995 to 2005 was one of significant turbulence for Ontario colleges, marked by increasing globalization, immigration, disruptions in the labour market, new technologies and dramatic reductions in government operating grants. This study examines how colleges and their leaders responded to those strategic challenges in their official strategy texts. It finds that (1) the strategies of colleges were more alike than different; (2) the strategic content of the texts was relatively weak; and (3) attention to the organizational field was limited. The research applies key concepts from organizational to the analysis of eight strategy texts, and triangulates the findings with 23 in-depth interviews and a survey of 338 college staff. The study finds that Ontario colleges are subject to the monopsonistic power (a single buyer) of the government, to the point that monopsony trumps strategy. It also identifies three corollary effects: (1) monopsony trumps differentiation; (2) the quest for legitimacy trumps strategy; and (3) the local imperative trumps strategy. It concludes with several propositions that can inform the practice of strategic planning in colleges in the future.

The genesis of this article lies in my experience as a Dean and a Vice-President Academic in a large urban Ontario college in the decade that began in 1995 with the election of a conservative government led by Premier Mike Harris. They had a clear agenda to reduce government spending and increase private investment in public institutions. By the end of the decade, a new liberal government was in office under Premier Dalton McGuinty. Postsecondary education was a high priority for the new McGuinty government and it appointed former Premier Bob Rae to carry out a comprehensive review of postsecondary education in Ontario. Early in its mandate, the Harris government imposed a 15% cut in funding to Ontario colleges. In the same year, the federal government dramatically reduced its purchase of seats in community colleges. For many colleges, this represented a further loss of up to 5% of their revenues. The combined impact of these budget reductions – as much as 20% in the same fiscal year – represented an unprecedented jolt for the colleges. Virtually every college had to reduce its staff complement and shed a wide range of discretionary activities. There was a huge emphasis on revenue generation, including the recruitment of international students, contract training, increased revenues from ancillary services, increases to supplementary fees for students, and new fees attached to various applications and tests. The impact was far-reaching and in many ways put the academic enterprise of the colleges in the shadows. This financial crisis was the first in a series of events which posed major strategic challenges for Ontario's colleges between 1995 and 2005. During this decade, the colleges had to grapple with significant turbulence resulting from declining funding, important changes to the legislation that governed them, the elimination of the fifth year of high school (Grade 13) and the resulting double cohort of students seeking entrance to college or university in the same year, the introduction of applied degrees, a dramatic growth in immigrants seeking entry to the domestic labour force and major changes to the structure of the labour market as a result of technology and globalization.

In 2006-2007, I undertook a study to examine how colleges responded to these challenges and to determine the extent to which their responses were strategic. The project drew

on key concepts from organizational theory to analyze the behaviour of the colleges. While it focused on Ontario colleges, it demonstrated the usefulness of using organizational theory as a lens for analyzing the strategic behaviour of colleges. It also illustrated how a number of generic organizational forces can distort or even negate the strategic planning efforts of an institution. This study found that Ontario colleges are subject to the monopsonistic power of the provincial government (a single buyer) to the point that monopsony trumps strategy. The study examined the behaviour of leaders in particular and found that their approach to strategy was shaped to a significant extent, albeit unconsciously, by this monopsonistic relationship with government. The paper begins with an overview of the environmental conditions that defined the strategic challenges and opportunities facing Ontario colleges between 1995 and 2005. Many of these would be common to postsecondary education systems across Canada in this period. The paper goes on to examine the nature and impact of the monopsonistic relationship on the colleges' strategic plans and on the behaviour of their leaders. It concludes with a series of propositions that suggest alternative and more strategic approaches that college leaders should consider in the future.

Context for the Study

Resource dependency is a major driver of an organization's evolution, arguably the major driver. Resource dependency theory emphasizes the need for organizations to have adequate capital, human and land resources essential to their operation. Access to resources and the evolution of markets will be affected by a range of factors including legislation, competition, demographic patterns, consumer preferences and institutional efficiency. From a resource dependency point of view, the goal of strategic planning is to reduce uncertainty about access to these resources. In periods of scarcity, organizations and subgroups will become highly competitive, whereas in periods of munificence, there is a level of slack resources, which reduces competition and permits investment in innovative action (Staw and Szwejowski 1975). Significant changes to the scarcity-munificence equation in a given environment are normally a

key determinant of strategic priorities. For colleges, resources include government grants, student tuition (hence enrolment), ancillary revenues, human resources (qualified professors) and land. Between 1995 and 2005, total funding per capita in Ontario colleges declined dramatically. In its 2006 environmental scan, the Association of Colleges of Applied Arts and Technology of Ontario (ACAATO)¹ shows that operating grants declined by 36 % from 1990 to 2005, and even with the offset of increased tuition fees total funding per FTE had declined by 25% (ACAATO 2006). In 2003-04, Ontario ranked last in a provincial comparison of revenue per student, receiving about 70 % of the national average (p. 87). During this period, per capita budgets decreased by 9% for colleges and two per cent for elementary/high schools, while it increased significantly for universities (5.5 %), and health (68 %) (p. 97). Deferred capital expenditures were estimated to be \$600 million and growing at a rate of \$100 million per year (p. 87). Overall enrolment grew 38 % between 1990 and 2005 (p. 94). Similarly, apprenticeship funding declined by 24 % in the same period (p. 98). These resource pressures generated much instability and uncertainty in the sector.

Cope (1987) pointed out that the essence of strategic planning is to steer organizations over time through uncertain environmental waters. He underlined the fundamental link between strategic planning and resource dependency: “[The] primary purpose [of strategic planning] is to achieve success with mission while linking the institution’s future to anticipated changes in the environment in such a way that the acquisition of resources is faster than the depletion of resources” (p. 3). While there was a dramatic expansion of postsecondary education across Canada in the 1950s and 1960s, the subsequent decades were marked by a relative scarcity of resources.

In addition to a scarcity of resources, colleges confronted two other significant shifts, which increased uncertainty and presented significant opportunities for them: (1) a new awareness of the role of postsecondary education in economic prosperity and (2) a series of interventions designed to increase the efficiency

¹ In 2006, the Association of Colleges of Applied Arts and Technology (ACCATO) was renamed Colleges Ontario. However, since it was known as ACCATO throughout the period of this study, I will continue to use that name in this thesis.

and effectiveness of our postsecondary education system.

§ *The Role of Colleges in the Economy.*

As technology and globalization caused dramatic changes in the nature and location of work, colleges were increasingly expected to adapt their programs and their relationships accordingly with increasing speed. Globalization also led to increased migration and the need to integrate immigrants into the Canadian economy, presenting another strategic opportunity for colleges. Provincial and federal governments paid more and more attention to the productivity of the economy relative to other comparable jurisdictions. The creation of the Ontario Jobs and Investment Board in 1998², the Task force on Competitiveness, Productivity and Economic Progress in 2001 and the multi-year study launched in 2003 by the Conference Board of Canada and entitled *Mission Possible” Sustaining Prosperity for Canada* all made the point that Canada’s economy is driven by the global economy, and our prosperity is tied to our strength in trade, service and innovation. All stressed the need for more postsecondary education, and more attention to generic employability skills, pointing to new challenges and opportunities for the college system.

§ *A Postsecondary Education*

System in Flux. There were a number of key policy initiatives in Ontario that had an effect that demanded an agenda that was highly strategic. These included (1) the elimination of the fifth year of high school (Grade 13) and the resulting double cohort; (2) the introduction of key performance indicators with an increased emphasis on performance and accountability; (3) the Investing in Students Task Force (2001) with a focus on cost containment and increased efficiency; (4) the *Post-secondary Education Choice and Excellence Act (2000)* giving colleges the right to grant applied degrees; (5) the *Ontario Colleges of Applied Arts and Technology Act (2002)* instituting a new charter for colleges that assigned increased autonomy and accountability to college boards of governors; (6) the concurrent introduction of Institutes of Technology and Applied Learning as a new category; and (7) the

² See unpublished paper by Cynthia Watt *Missed Opportunities: A Discussion on the Autonomy of Ontario’s Colleges of Applied Arts and Technology Related to Academic Programs of Instruction*, December 2007.

Rae Review of Postsecondary Education (2005), which was charged with making recommendations on accessibility, financing, system design and coordination and accountability.

These shifts, along with the increasing scarcity of resources, defined a context of high strategic importance for individual colleges and for the college system as a whole. The convergence of these shifts offered unique and perhaps unprecedented opportunities for the colleges to engage with the government and other stakeholders at a strategic level. As Goulson (1966), Cameron (1991), Royce (1996), Trick (2005) and Skolnik (2004; Skolnik 2005) have all shown, Ontario has repeatedly avoided system planning, leaving the system to “drift” toward the future. This study examines what kind of strategic response Ontario colleges gave to this unique set of circumstances, and how the leaders understood their role in that exercise.

Theoretical Basis and Methodology

Following the enactment of the Ontario Colleges of Applied Arts and Technology Act in 2002, the government established binding policy directives regarding strategic plans in colleges, thereby creating a new kind of legitimacy for such documents, and establishing criteria, which defined the broad parameters for them. According to the Governance and Accountability Framework issued by the Ontario Ministry of Training, Colleges and Universities on April 1, 2003, each community college in Ontario is required to have available to the public, at any given point in time, a plan with a minimum three year focus, to provide a multi-year strategic view of where the college is heading. The first such document was to be submitted to the Ministry by December 31, 2003. Intended to be approved and/or updated by a college's board at least once every five years, the Strategic Plan is expected to cover the college's vision, core businesses and long-term goals. It is also expected to articulate to the community specific areas of specialization (e.g. local/regional focus, industry or sector, needs of specific types/groups of students). The Ministry did acknowledge that competitive considerations had to be balanced against transparency for these public institutions. The Ministry called for plans that were consistent with government directions and priorities and that were based input from internal and external audiences.

This new legal requirement corresponded with a period of relatively high turbulence for colleges, during which the need for clear strategy was particularly acute. Given these conditions, combined with the availability of a substantial body of literature on organizational theory and strategic planning, and the 40-year history of Ontario's college system, one might be tempted to think that a study of the resulting strategic plans would find that they are of high quality, consistent with best practice and each unique in its own right. However, the present examination of strategic planning in eight Ontario colleges in the period 1995-2005 has produced a much more ambiguous picture, which is detailed in this monograph.

I used organizational theory, which draws on a number of disciplines including economics, psychology, sociology and systems theory to explain the structure and behaviour of organizations, as the principal lens for my examination. Organizational theory sees organizations as interactive systems rather than “disorganized rabble” (Spender 1989), and investigates the causes of organizational survival, growth and death. Organizations come into existence with a mission and a set of goals. These may be stated or tacit; they may be static or dynamic. Scott's seminal study (1981) sets out three concepts of organizations: rational, natural and open systems. According to him, the rational concept of organizations defines them as pursuing a specific set of goals and exhibiting a relatively highly formalized structure (p.21). In the natural concept, participants are little affected by the formal structure or the official goals, but they share a common interest in the survival of the system and work informally to secure this end (p. 22). According to the open systems concept, an organization is a coalition of shifting interest groups whose structure, activities and outcomes are strongly influenced by environmental factors (p.23). These concepts are useful in interpreting the findings of the study.

Organizational theory states that the organizational survival and growth is determined to a considerable extent by a short list of key influencers: (1) its ability to generate the resources it requires; (2) its position in relevant environments (including markets, government relations and selected interest groups); (3) the

distinctiveness of its products and services (value chain); (4) the strength of its relationships within the field to which it belongs; (5) its grasp of the technology essential to its functioning and its ability to learn; and (6) the ability of the leadership to deal with uncertain environments and to discern how its organization should and will behave in a given context. Strategic planning is a tool used by organizations to think systematically about these influencers and to make decisions about their future. Through it, they decide how they need to change and adapt in order to respond to the evolving demands of their environment and their particular stakeholders. It also helps them define how they overcome inertia to change within their organizations. They commonly articulate their thinking in strategic plans, which are written down in various forms that constitute strategic texts.

I based my study on the premise that there are two principal schools of organizational theory: transaction cost economics and institutional theory.³ Transaction cost economics focuses on the need for organizations to adapt to the economy. It emphasizes the central role of efficiency and effectiveness in determining organizational survival and growth. In transaction cost economics, organizational survival is determined primarily by how well an economy allocates resources in response to consumer preferences, prevailing technologies, organizational performance and innovation (Nelson 1991, p. 64). Strategy is about resource acquisition, efficiency and effectiveness rather than about meeting needs per se. Sociological factors such as leadership, networks and legitimacy in the field are seen as minor influences.

On the other hand, institutional theory argues that there is a range of social and political factors that, along with resource dependency, are highly determinant of organizational outcomes. It emphasizes the *multi-cephalous* nature of open systems theory, recognizing that organizations have many heads to receive information, make decisions and direct action (Scott 1981, p. 92). The model takes into consideration the evolutionary dynamics of markets, resources, social conditions

³ To test the credibility of this argument, I did a search of the Social Science Citation Index and found 125 references to "Resource Dependence" as compared to 325 for "Population Ecology" and "Transaction Cost Economics" and 1925 citations for "Institutional Theory." More research would be required to determine if the ratio is the same for rent-seeking and non rent-seeking organizations.

such as organizational legitimacy, technology, leadership, institutional capabilities, partnerships and other factors affecting organizational fields. So-called "old" institutional theory advanced by Pfeffer and Salancik (1978) and Selznick (1948) argued that institutions adapted to the demands of technical environments (customers, competitors, new technologies, new regulations) in order to survive. Neoinstitutional theorists like DiMaggio and Powell (1991) emphasize the importance of the institutional environment (norms, standards, practices within the organizational field) as the primary determinant of organizational behaviour. Transaction cost economics and institutional theory are not diametrically opposed, but rather give greater or lesser import to the influence of consumer demand, efficiency and effectiveness as the overarching determinants of organizational survival and growth. This study demonstrated that colleges' approach to strategy is shaped by an ensemble of influences including the search for legitimacy with government and within the sector, resource dependency on government, organizational learning and leadership biases.

The distinction between strategy and tactics was essential to the study. Strategy is constituted by choices (explicit or implicit) that will define an organization's future position and activities. It is characterized by (1) clearly articulated decisions about what the organization will and will not do; (2) major investments and actions in support of those decisions; and (3) well-defined metrics for measuring results. Tactics are the *how* of strategy and are focused on short-term, incremental actions and improvements. Tactics reinforce the existing strategy (be it implicit or explicit) or enable the implementation of an organization's new strategic goals. They are characterized by verbs such as *continue*, *improve*, or *expand*, by modest investments and by relatively short timeframes for completion. While the distinction between the two concepts is important, there is a danger of establishing a false hierarchy between them, and assigning a higher value to strategy over tactics. To do so risks missing the essential need for both, the dynamic tension between the two, and in certain cases, the need for an almost exclusive focus on tactical measures. Clark (2004), Amburgey et al. (1993) and Feldman and Pentland (2003) have all advanced arguments in support of incremental

change and momentum that emphasize the power of tactical actions. For them, organizational learning and effective change comes in detailed actions and the accretion of small changes that cumulatively lead to major change.

The study included two principal phases: (1) a comparative analysis of the official strategy texts of eight colleges in large urban centres; and (2) in-depth interviews and surveys with key leaders and staff members in four of the eight colleges considered in the first part of the study. The data from the text analysis were triangulated with the extant literature on the topic and with input from field research in order to test their reliability.

In Phase 1 of the study, I examined the strategy texts available in the public domain related to the period 1995 to 2005. I selected the document(s) that (1) covered a minimum of three years as per provincial government policy directives; and (2) were closest to the end of the period 1995-2005, assuming that the later documents would most fully reflect the institution's understanding of, and response to the environmental demands of the period. Using the key concepts of organizational theory, I systematically parsed each of the strategy documents to determine: (1) the relative attention given to the key strategic areas of resource dependency, markets, value chain, differentiation, technology and the organizational field; (2) the focus and nature of the goals⁴ and recommendations (key themes, strategic or tactical, external or internal); and (3) the degree to which individual college strategies were similar to or different from each other. I used the qualitative research tool NVivo to code and analyze each of the texts at a significant level of detail. It allowed me to import documents (strategy texts, interview transcripts and survey comments), parse them and carry out multiple types of analysis. In each case, I created coding fields (nodes) corresponding to the key concepts of organizational theory and assigned selected sections of the text (a word, phrase or paragraph) to the appropriate field. The software enabled me to analyze the texts using two different measures: (1) the number of *ideas*

⁴ I use the term *goals* generically to refer to the highest level of strategic priorities contained in a strategic text. The texts refer to them variously as "goals," "cornerstones," "priorities," "objectives," or "missions." I use the term *recommendations* to refer to the specific actions that each college commits to in support of their respective strategic plan. These are referred to variously as "goals," "strategies," "objectives," "initiatives" or "actions."

related to a particular *concept*; and (2) *coverage* (the amount of text devoted to a given idea), as well as the relative importance given to ideas and concepts within and between texts. It then allowed me to create matrices where I could correlate ideas, documents, institutional attributes (such as metropolitan population, enrolment, growth in immigration, financial performance) and data collected from other sources, such as interviews and surveys. All ideas were coded to all relevant nodes. Hence, some ideas were coded more than once. In the final analysis, all ideas in a node were expressed as a percentage of the total number of ideas identified in any given text. All texts were coded a second time by a research assistant. The two sets of data were quite consistent with each other. The data included in the study were derived by averaging the results from the two exercises. The resultant data set expresses the percentage of ideas in a given node, relative to the total number of ideas in a document. This methodology helps to equalize the difference between long texts with many words devoted to an idea, and shorter texts with fewer words per idea. In either case, the idea gets a value of 1.

In Phase 2, I undertook a range of field work activities including interviews, surveys, field notes and a project diary with a running commentary about the evolution of my research. The field activities were intended to ground the research in specific contexts where strategy is being enacted and to maximize the opportunity to take into account latent or non-obvious factors (Miles and Huberman 1994). The interview phase included three senior leaders from each of the selected colleges: (1) the president, (2) the vice-president academic and (3) the chair of the board of governors. I conducted semi-structured interviews of approximately one hour with each and interviewees received the questions in advance. With their permission, the interviews were audio-taped and subsequently transcribed. Using a similar protocol, I also carried out interviews with eleven *experts* – people who were senior officials in ACAATO, the Council of Ontario Universities (COU) and the Ministry of Training, Colleges and Universities () during the period of the study, as well as recognized academics in higher education. In total, I conducted 23 interviews⁵.

⁵ Each interviewee was assigned a unique identifying number that indicated their status as internal to the participating colleges (numbered I-1 to

In addition to the interviews, I conducted a short written survey in each of the four colleges included in Phase 2. The survey was designed to test for diffusion, and to gain insights into the various perceptions of the strategy development, significance and implementation. The sample population for the project included all staff in the selected colleges. From that list, I surveyed a randomized group representing 25% of each of the three staff categories: administrators, faculty members and administrative support. The sample size for the four colleges was 1155 of whom 338 (29%) responded.

From a methodological point of view, it is important to note that there is a body of literature that considers the function of texts in the ontology of organizations and institutions. I deemed that a detailed examination of the relationship between the texts and (a) the particularity of local settings and activities, (b) the process of creating the text and (c) the connections between these texts and other relevant texts, to be outside the scope of this study.

Research Results

The parsing of the eight texts provided a rich opportunity for cross-case analysis and, through that process, for a deeper understanding of the degree to which colleges developed plans that were truly strategic in response to the external forces they faced in the 1995-2005 period. The comparison suggested that college strategy texts look alike, that the purely strategic content of most texts is limited and that, in spite of its importance, the attention paid to the organizational field is small. Input from interviewees elaborated ideas, expanded on the diversity of perspectives and helped to substantiate these findings.

There are two observations that will assist the reader in considering the findings. Firstly, I note the problematic nature of a strategy text. Its greatest strength is the fact that it exists in print for all to see. It provides a snapshot, fixed in time, of how an organization conceives of the strategic challenges it is facing, and it articulates a plan for addressing those challenges so that the organization can survive and grow.

Indeed, most leaders and experts affirmed the

I-12) or external to the participating colleges (numbered E-1 to E-11). Whenever I quote directly from an interviewee, I include the unique identifying number.

vital role of the printed text as a statement of position and commitment, as a call to action and as an instrument of accountability. The greatest weakness of the strategy text is that by virtue of being printed, it is static and gives the appearance of standing alone. This leads to my second observation. Very few of the texts in my study refer to antecedent or parallel texts that constitute the foundation for the texts or that are extensions of the text. Yet, it is only by considering the intertextuality of institutional documents that one can fully comprehend their location and import. Individual texts cannot be understood in isolation from each other or from the context in which they exist. A text is part of a web that extends backwards, laterally and forward in time and space. As one interviewee stated, all texts need to be considered interim, derivative of the texts and processes that preceded them, and foundational for the texts and processes that will follow. It is therefore, crucial to keep in mind that, inevitably, the observations in this study represent a partial component of a larger discourse.

College Strategy Texts Look More Alike Than Different

When asked about how different the college strategies were from one another, one senior official retorted, "If [a strategic plan] is meaningful, then you shouldn't be able to read the strategic plan of four different colleges and get them confused in your mind" (E-11). In fact, the text analysis showed that there is a high degree of overlap in words, phrases and concepts between documents. Key words such as *teaching, learning, applied education, academic excellence, access, student experience and student success, lifelong learning, enrolment growth, immigrant students and diversity, innovation, technology, and financial stability* recur with roughly the same frequency, in percentage terms, in all the documents.

This is not surprising since the colleges share a common mandate, a common position and a relatively common set of activities within Ontario's postsecondary system. The texts generally open with a statement of mission⁶ and values, which could be interchanged between documents in most instances. They even mirror each other in making

⁶ For a related discussion of the utility and role of mission statements, see the article by Lang and Lopers-Sweetman (1991).

some claim to a differentiated status – “national,” “premier polytechnic,” and a “unique learning experience.” They describe themselves as “the best,” “the leading Canadian college delivering career-focused quality education” or commit to providing a “unique learning experience that will distinguish its graduates in the workplace.” For example, College A stated that it will be “nationally recognized for [its] commitment to student and client success” while College G claimed it “will achieve national status through the quality of its faculty, staff and programs as well as through the success of its students and alumni.” Read in isolation, these claims might give an appearance of uniqueness, but read together, they appear very similar in tone and intent.

One might argue that some of the similarity can be attributed to the need to legitimize the documents in the eyes of key stakeholders. To that end, authors use commonly accepted vocabulary making it harder to distinguish substantive differences between the strategy texts. If we accept this logic, this common vocabulary should be treated as “noise” and filtered out. I developed two exercises, which tried to eliminate the “noise” and test how truly different the strategies are from each other. In the first exercise, I classified all the strategic goals contained in the eight texts, as illustrated in Table 1 below. The eight documents contain a total of 45 strategic goal statements, but only 12 discrete strategic goals. In only one case (College G) is there a unique goal and even there, other colleges express a similar aspiration for pan-Canadian status elsewhere in their texts. For ten of those twelve goals, at least three colleges have the same goal. Five of the goals are common to more than half of the colleges. Thus, the basis for the respective claims of uniqueness is not evident from this analysis.

In a second test for differentiation, I looked at twenty-five strategic areas (nodes) to find any instance where a college paid twice as much attention to a given category as the next closest strategy text. As Table 2 illustrates, this occurred in only one of 25 key areas (4%). The charts show two other instances (8%) where there is close to twice as

Table 1: Comparison of Strategic Goals

Strategic Goals											
		A	B	C	D	E	F	G	H	Total	% of Colleges with Goal
1	Commitment to Student Service and Success	✓	✓	✓		✓	✓	✓	✓	7	88%
2	Operational Effectiveness and Accountability		✓	✓	✓	✓	✓		✓	6	75%
3	Financial Stability	✓	✓	✓	✓		✓	✓		6	75%
4	Increased Access and Pathways			✓	✓	✓		✓		4	50%
5	Human Resource Development		✓	✓		✓		✓		4	50%
6	Relevant High Quality Programs	✓					✓	✓		3	38%
7	Innovative Use of Technology	✓		✓	✓					3	38%
8	Campus Renewal and Expansion			✓	✓	✓				3	38%
9	Planned Enrolment Growth				✓		✓		✓	3	38%
10	Support for Regional Economic Development					✓	✓		✓	3	38%
11	Internationalization						✓	✓		2	25%
12	National Status							✓		1	13%
	Total	4	4	7	6	6	7	7	4		

much attention paid to an idea set. Thus, College F gave nearly twice the attention to financial resources as any other colleges. This seems reasonable, given that its financial situation is among the most precarious in the system. College D demonstrated twice as much concern about competitors as any other college. College B devoted nearly twice as much concentration on immigrant students and diversity as any other college.

Table 2: One Measure of Difference

	A	B	C	D	E	F	G	H
Financial Resources	8%	6%	5%	6%	6%	15%	8%	3%
Competitors	2%	0%	1%	4%	0%	1%	1%	0%
Immigrants + Diversity	5%	21%	6%	4%	5%	5%	12%	8%

Note: Shaded cells indicate where a college gave close to twice as much attention as all other colleges.

In the case of Colleges A, C, E, G and H, there were no instances of strategic import where one of them paid twice as much attention to a set of ideas as other colleges in the study. Overall, the test supports the finding that the texts are more similar than dissimilar.

Beyond the claims mentioned above, individual texts say relatively little about how the respective institution differentiates itself from other colleges. At first blush, this seems surprising given the focus on differentiation and the significant legislative changes introduced in this period to encourage greater differentiation. All colleges were invited to send a differentiation plan to the Minister. Four of the eight colleges in the study sought, and were granted, special status. There was an additional incentive for differentiation, due to increased competition for students, as the enrolment base flattened, and increased competition for additional revenue streams as government grants declined. When I parsed the texts to identify ideas related to differentiation, I found that related ideas ranged from 0% (Colleges B and F) to 6% (College A) of the total ideas. Generally, colleges with special status gave more coverage to the topic, but College A, which does not have special status, actually gave the most coverage to the topic.

In the final analysis, the differences I have identified do not convey the impression of dramatically different strategic paths. It is true that each text has its own unique character, but examined together, they are more similar than dissimilar. Why is this? I propose three reasons that might explain why the texts are more similar than dissimilar: (1) The texts reflect the desire of colleges to gain legitimacy; (2) there are few rewards for colleges to differentiate themselves from each other; and (3) competition between

colleges is circumscribed.

§ Quest for legitimacy. DiMaggio and Powell (1983) explain how organizations in highly structured fields often demonstrate a high degree of homogeneity in structure, culture and output in order to achieve legitimacy in their respective fields. Hawley (1966) describes this behaviour as institutional isomorphism – “a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions.” Lang and Lopers-Sweetman (1991) talk about the chameleon-like tendencies of an to recast itself to suit its environment. They refer to Davies’ (1986) law of entropy where organizations progressively define themselves in reference to a common model. (p.607) DiMaggio and Powell identify three types of isomorphic behaviour: coercive, mimetic and normative.

Organizations respond to the coercive power of governments and other stakeholders. In the case of this study, the very existence of strategy texts is due, to a significant degree, to the binding policy directive of the government that such documents should exist. Similarly, their content is highly defined by the requirements of government concerning enrolment, access, student satisfaction, differentiation, program quality, innovation and so on. Resource dependency is source of coercive isomorphism. DiMaggio and Powell hypothesize that organizations that depend on a single or several similar sources of support for resources will exhibit isomorphic behaviour (p. 155). Ontario colleges depend primarily on government grants and student tuitions for their operations. In such conditions, organizational survival and growth may well depend more on conforming to political or social considerations than economic or competitive performance.

Mimetic isomorphism refers to the way organizations borrow models of behaviour from

other organizations that they know and wish to emulate. Oliver (1992) refers to this as “behavioral contagion.” This happens through employee transfer, professional contacts, informal networking and membership in common associations like ACAATO and its national counterpart, the Association of Canadian Community Colleges (ACCC). Organizations feel pressure to offer the same programs and services as their counterparts in the field. For example, six of the eight colleges in the study make multiple references to applied degrees and baccalaureate programming, even though this activity represents a very small proportion of their activity (less than 4% of all programs and less than 3% of all FTEs) and, under current funding arrangements, costs institutions money to operate. Spall (2000) suggests that non rent-seeking organizations like colleges will have a stronger propensity than rent-seeking organizations to adopt strategies that are normative and compliant, in order to meet the demands for legitimacy. Strategies of rent-seeking organizations are more likely to be shaped by their perception of competitive advantage .

Normative isomorphism results from the fact that organizational strategy and implementation is directed by professionals who have similar educational backgrounds, who belong to the same professional networks and who often come from within the field. Even those who come from outside are quickly socialized into the language, culture and norms of the field. The strategies I examined were written by university-educated professionals, many of whom have spent a large portion of their career in higher education in Ontario or another similar jurisdiction. Baum and Haveman (1997) observe that institutions tend to conform to the rules and the normative pressures of their particular environment. They also copy successful organizations in their field. By so doing, organizations seek to earn legitimacy in the eyes of government, clients, partners and the general public. It seems likely that coercive, mimetic and normative pressures are all factors in the high degree of similarity between the strategy texts.

§ Minimal rewards. I have already referred to the differentiation strategy that the Ontario government introduced in 2000, including the permission to grant applied degrees and the new college charter. The government did

not give much definition to *differentiation* but tied the concept to the percentage of applied degrees offered. A college with *differentiated status* would be entitled include up to 15% of their program activity in the form of applied degrees. There was no clarity as to whether the government intended this to mean that 15% of programs would lead to an applied degree or that 15% of students could be enrolled in applied degree programs – a distinction that would have significant consequences depending on how it was interpreted. *Differentiated colleges* were also given permission to use the title *Institute of Advanced Learning and Technology* (ITAL) and one college was allowed to open an *Institute of University Partnerships and Advanced Studies* (later renamed a *University Partnership Centre*). As a result, the term differentiation became synonymous with the offering of applied degrees and ITAL status even though colleges might differentiate themselves in many ways. For example, several colleges decided to offer no degrees and several offered a significant level of apprenticeship programming. Some colleges opened applied research centres or other centres of excellence. One college partnered with a university to create a *university at a college* combining offerings of university-accredited degrees and college-accredited applied degrees in this new institution. One northern college established a parallel college for aboriginal students. Why then has the operating definition of differentiation remained so narrow, and more importantly, why is there is so little evidence of differentiation in the strategy texts that follow this period? The interviews with internal and external leaders suggested that they viewed the initiative variously as incomplete, ill-defined from a policy perspective, reactive rather than proactive and largely without impact or rewards. Their responses identified four potential reasons why strategy texts might not choose to focus particularly on differentiation. (1) Many colleges pursued differentiation originally for reasons of legitimacy rather than strategy – that is, to demonstrate alignment with the government agenda and to keep pace with colleges that were pushing this agenda. However, the new Liberal government paid almost no attention to the differentiation strategy of the previous government, and its Rae Review gave only fleeting attention to the issue, bowing

perhaps to the lobbying efforts of the universities to leave well enough alone. The Ministry of Training, Colleges and Universities hosted a half-day consultation in June 2006 involving those colleges with differentiated status, but no results were published from the consultation and no record of the discussion is available. It is likely that once differentiation fell off the government agenda, it also fell off the agenda of many colleges. (2) Differentiation became synonymous with ITAL status and applied degrees. Most colleges do not have ITAL status and for many, applied degrees do not constitute a significant element of their strategic plan. (3) The lack of clarity about the government's policy on differentiation and the lack of any tangible rewards meant that colleges don't see the need or value of highlighting it in their strategic plans. (4) Differentiation is only meaningful to larger colleges in competitive environments.

On the issue of differentiation, Rhoades (1990) argues that postsecondary institutions seek to conform to prevailing models rather than differentiate themselves. His comparative study of systems in France, Sweden, Great Britain and the United States shows that unless there is strong government intervention combined with strong leadership from lay bodies such as influential boards or sectoral representatives, institutions will drift toward the prevailing image of what postsecondary education should be. The differentiation policies promoted by the Ontario government in this period were developed hurriedly and were not supported by strong leadership from the government or significant intervention from lay bodies. While there was some involvement by laypersons in industry, the policy initiatives were driven largely by the executive branch of government in concert with college presidents. In retrospect, it is not clear whether the introduction of applied degrees into colleges constituted differentiation, or whether it constituted a step toward "de-differentiating" colleges and universities. Specific references to the government's differentiation policy generally disappeared with the election of a new Liberal government in 2003.

§ Circumscribed competition.

Competition will drive organizations to differentiate themselves from each other. In many

organizational fields, it is a crucial determinant in acquiring resources, maintaining the stability of organizations within markets and influencing founding/failure rates. However, colleges compete in a public sector market, which is a *near market* rather than the open market where rent-seeking organizations operate. Colleges have a *protected franchise* from the government. The amount of competition that colleges face will vary from region to region depending on the number of other postsecondary institutions offering options to applicants. In this study, only two colleges (A and D) give any noticeable attention to the topic of competition, suggesting that most view competition as a relatively low strategic consideration.

Nobel laureate F. A. Hayek (1948) has written extensively on the issue of competition. He points out that there is no such thing as perfect competition since there is never a situation where buyers or sellers ever have all the information they require and where all the conditions of choice are exactly equal (pp. 92-106). In the college sector in Ontario, the potential for competition is significantly reduced by the fact that (a) only institutions licensed by the Ontario government can offer diplomas and degrees; (b) with the exception of the GTA, colleges are located relatively far from each other and are intended to serve regional markets; (c) public awareness of the relative merits of one college over another is quite limited; (d) student mobility is constrained by a number of financial and other considerations; and (e) colleges know that, for political reasons, it is unlikely that the government would allow a college to fail.

In a paper that responds to my study, Watt (2007) points out that the funding distribution mechanism drives competition among Ontario colleges and impedes their ability to act collectively. Until very recently, each college's funding was based on its share of a three-year average of activity. A college could only increase its share of the overall general purpose operating grant funding by growing at a rate greater than the rest of the colleges. Since the overall grant did not grow to reflect the overall growth in college enrolments, colleges experienced a per capita decrease in provincial funding support from 1990-2000 of 10% (26% when adjusted for inflation) while college enrolments grew by 27% during the same period (Investing in Students Taskforce,

2001, p.4 and Appendix A – Tables 6 and 7).

Strategic Content of Most Texts is Limited

To be successful, a strategy must respond effectively to major changes in the external environment. Rent-seeking organizations that fail to do so generally die. I have identified a number of key external drivers that were impinging on postsecondary education and on colleges in particular, between 1995 and 2005. Even though all the texts in the study were written after 2002, the study found significant variation in the strategic content and quality of the documents.

Given the importance assigned to external drivers and to *SWOT* analysis in strategic planning literature, it is surprising to find that the majority of documents made no specific reference to external scanning or to the sources used to develop the strategy. College C was the notable exception, devoting nearly 11% of the document to the discussion of the external environment, to specific implications for the economy of the region it serves and to consequences for the focus of the college's programming. The text of College D also paid extensive attention to an analysis of the external environment and particularly, to its competitive position in that environment. The other texts contained few references to external drivers or to shifts in the markets and the economy. As noted already, College B devoted 17% of its document to ideas related to immigrant students and diversity. However, beyond that, it made no specific references to the economy of its immediate area or to the larger GTA where it is situated, or to the significant decline in market share of enrolment it experienced during the period. College A devoted 5% of its coverage to the discussion of external drivers, while the remaining colleges in the study assigned 2% or less. A partial explanation may be found in the observation of one senior administrator who said, "Most of our strategic plans are driven by consultation with stakeholders as opposed to hard research on environment" (I-12).

Treatment of the ensemble of issues related to resource dependency ranged from 12% in College H to 30% in College E. Both the variation and the relatively low attention in some colleges seem odd given the fiscal crisis that marked the period. All texts devoted significant attention (21%

or more of ideas) to markets, with a particular emphasis on enrolment planning and enrolment growth. With the exception of College B, the issue of immigrant students averaged less than 3%. This is surprising given the growth in immigration in most jurisdictions during the period of the study, and the importance of immigration to the Ontario labour force and the provincial economy in the coming ten years.

Ideas related to the primary activities in the value chain of each college get the most treatment (between 24% and 36%). However, the majority of each text (between 64% and 76% of ideas) is comprised of ideas related to support activities, which only exist to enable the primary value of an organization. This fact raises questions about the relative place primary and support activities should occupy in a strategy. Too much attention to the latter may weaken the strategic focus of the document and ultimately, the strategic advantage it hopes to gain. Within the value chain, the issues of curricula and program development, as well as support to students, got the most attention, while the focus on teaching and field education was quite low (1% to 5%). Five of the eight colleges gave as much or more attention to applied research as they did to issues of teaching and field education. The relatively weak attention to teaching and learning is particularly notable given the way that technology transformed access to information, the power of e-tools and likely, the very nature of how we learn, during this period.

Table 3 illustrates the considerable variation between documents in terms of *strategic coherence*. By this term, I refer to evidence in the text of: (1) a statement of vision and long-term goals; (2) a clear statement of strategic goals; (3) a considered analysis of key external drivers and environmental challenges and opportunities; (4) a set of decisions and actions that are strategic in nature; (5) some indication of the unique position the institution will achieve through its strategy; and (6) an indication of how success will be measured. The table shows that all documents are framed in a three to five year context and rooted in a statement of values and mission. However, College E makes no statement regarding its long-term goals and its "strategic goals" are largely tactical in nature. Only Colleges C, D and F contain specifics about the environmental conditions the strategy is intended to address.

Table 3: Strategic Coherence

	Multi-Year	Vision/ Mission Statement	Long- Term Goals	Scan/Drivers Described	Strategic Actions	Specialization/ Differentiation	Specific Measurements
A	2003-2008	Yes	Yes	Minimal	13%	5%	4
B	2006-2009	Yes	Yes	No	18%	1%	0
C	2005-2010	Yes	Yes	Yes	9%	3%	2
D	2004-2007	Yes	Yes	Yes	41%	4%	46
E	2004-2007	Yes	No	No	11%	1%	4
F	2003-2006	Yes	Yes	Yes	40%	0%	0
G	2004-2009	Yes	Yes	Referenced	33%	6%	23
H	2006-2011	Yes	Yes	No	31%	4%	1

Strategy boils down to specific decisions, actions and measurements of change. The most serious lacunae in the documents – with the exception of Colleges D and G – is the weak links between strategic decisions, actions and measurements. Using the definitions of strategy and tactics, stated at the outset of this chapter, I classified every recommendation as either strategic or tactical. I also did a second classification to determine if the recommendation was primarily externally focused (i.e., a significant proportion of proposed activity was external to the college or included significant involvement by an external partner, or was intended to respond to a new market opportunity), or primarily internally-focused (i.e., the sphere of activity was largely internal or the recommendation was largely intended to address matters of internal processes or satisfaction of current students or staff). The coverage given to recommendations varied wildly, from 7% to 70% of the respective texts, with 33% being the median. The number of recommendations varied from 12 to 75+ with 39 being the median.

Less than 20% of the actions proposed by Colleges A, B, C and E were strategic in nature. The mix of external and internal recommendations seemed healthier across all texts. I found that 30% to 44% were externally focused; here the mean was 38%. Extending my bias that the best test of the strategic impact of the document lies in the actions it endorses, I also examined how those actions would be measured. As Table 3 illustrates, only Colleges D and G gave any significant attention to how they would measure success. Thus, I concluded that the strategic coherence of most texts is weak.

One of the mantras of strategic planning,

reiterated by a number of the interviewees, is that it is as much about what an organization is not going to do as it is about what it is going to do, yet the texts do not explicitly frame their strategic decisions as being mutually exclusive of other choices. None of the documents makes specific reference to potential choices that are being ignored or activities that will be discontinued. Most of the texts, I would argue, are more weighted toward expressing aspirations and tactics than toward defining strategic choices and measures of success.

How do we explain the relatively weak strategic character of the texts? I suggest six possible reasons: (1) The metric is not meaningful; (2) there is no perceived need for change of a strategic order; (3) the public nature of the documents short-circuits the intent; (4) the process skews the documents toward tactical and operational issues; (5) the texts are not seen to be important; and (6) the texts are misnamed.

§ Metric not meaningful. The literature on measuring strategic change in academic institutions is sparse, and I found no specific treatment on how to measure the strategic content of a text per se. The metric I used was to count the number of strategic goals and strategic recommendations. I then tabulated the strategic recommendations as a percentage of the total number of recommendations. Some might argue that strategy and tactics are inextricably linked and hence, the distinction in the study could lead to misleading conclusions about what is strategic and what is not. In his article on measuring changes in strategy, Ginsberg (1988) cites the problem that Mintzberg put to his students regarding the introduction of the *Egg McMuffin* by McDonald's. Was it strategic because it brought the chain into

the breakfast market for the first time or was it tactical – a few new ingredients in the same old formula? Mintzberg concludes that whether an organizational change is defined as strategic or not depends not only *where* you sit, but *when* you sit: What seems tactical today could prove strategic tomorrow (p.560). As the example illustrates, there will be some debate about what is strategic and what is tactical. In some cases, the strategic worth of a given decision can only be measured after the passage of time. Nonetheless, this Board Chair believes that a strategy text has identifiable characteristics in terms of both length and content: “I’ve always felt that if you can’t put a strategic plan together with a maximum of four pages then you don’t have a clear sense of what the strategy is.” (I-1). The texts examined in the study purport to be strategy documents. As such, they should focus largely on a discussion of the strategic decisions the organization is committed to taking, and to the metrics it will use to measure success. While more research is required to develop a range of metrics, I believe the method I used serves as a useful indicator of the strategic character of the texts examined.

§ No perceived need for strategic change. Ginsberg (1988) has examined the factors that influence the occurrence of strategic change. He argues that organizations need to minimize two kinds of costs: the cost of being out of sync with the economic and socio-political environment and the cost of changing to avoid being out of sync. Ginsberg suggests that organizations only decide on change of a strategic order when (1) there is something obviously wrong with the current strategy; (2) there is an obvious need for a new strategy; and (3) it has the resources required to implement a change in strategy (p.561). For example, the cutbacks imposed by the Harris government in 1995 led colleges to make major strategic changes. One college decided to introduce an aggressive international student recruitment plan. Several colleges closed campuses. All colleges closed programs and reduced their full-time staff, some by as much as 25%. Ginsberg cites a number of studies that suggest that organizations introduce significant change in response to major environmental shifts, such as deregulation or technological discontinuities (p. 566). While the

early years of the study (1995-97) were marked by scarcity, as described in chapter 2, the years from 2000 to 2003 were ones of relative munificence – new capital funding through SuperBuild, increased autonomy as a result of the new charter, improved operating grants related to the double cohort and augmented public profile in the Rae Review. As noted earlier, in periods of munificence, there can be a level of slack resources, which can reduce competition. It may be that this period lowered the sense of urgency among college leaders so that they did not see any obvious need for a fundamental shift in strategy. The minimal upside to the costs they would have to incur to implement a change of that order led them to conclude it was not worth it.

§ Public nature of documents short-circuits intent. For reasons of legitimacy, colleges may not want to acknowledge publicly the threats they face, and for reasons of competitive advantage (perceived or real), they may not want to disclose the truly distinctive strategies they are planning. While the Ministry policy on strategic plans acknowledges that “competitive considerations must be balanced against transparency for these public institutions,” it nonetheless requires that the plans be made available to the public. Reflecting on this requirement, one college vice-president quipped, “I would ask what organizations put their strategic plans on a website?” Another college leader commented, “Don’t forget that we have to submit this to the government and they want it done a certain way. There’s a bit of a game too” (I-2). Yet another leader with wide experience in the field asked whether the documents are really leading to new directions, as opposed to simply packaging what an institution is already doing. As these various comments suggest, it is likely that the strategic content of the texts is circumscribed to some extent by their public nature.

§ Process skews documents toward tactics. Interviewees stressed the importance of the *process*, in ensuring that the strategy reflected the input of key stakeholders. All colleges in the study claim to draw heavily on input from staff and Board members, in particular. This exercise is part of what Levinthal and March (1993) call the “search for organizational intelligence” (p. 95). The

so-called “learning college” movement reinforced the importance of stimulating learning and drawing on institutional knowledge to advance the prosperity and well-being of the institution and its members. However, the literature on organizational learning raises cautions about the potential drawbacks of such searches. Extensive consultation processes or other mechanisms can be thwarted by organizational inertia, competency traps (sticking with known programs and practices) and learning myopia. Reliance on consultation to develop strategy may explain why many organizations favour incremental change (improving on what an organization already does well) over strategic change (the decision to do something completely new and unique). The concept of learning myopia offers an explanation as to why an organization selects issues that are important to a particular interest group, rather than issues that are of strategic import. Hardy (1990) points out that in academic institutions, loyalty is to the profession or the discipline rather than to the organization. This allegiance can also skew the outcomes of the consultation process. While consultation processes are clearly an important element in facilitating learning about strategy and engaging stakeholders in it, if leaders rely unduly on the content of the feedback, they may find the resulting strategies have a bias towards operational issues or political exigencies rather than truly strategic options.

§ Texts not seen to be important.

There are a number of reasons why the texts may not be seen to be important by stakeholders. They do not directly determine funding. They are not broadly known by the public, and have little direct bearing on tuition or sale of services. In terms of outcomes, what counts is an organization’s *de facto* strategy – what it actually does – not what it says it is going to do. One interviewee described his College President as someone who believes in action not planning. Another interviewee with experience inside government said, “We got these strategic plans and I don’t think we did anything with them. It is not as if [we] read the strategic plans as a matter of course and discussed them with the president of each college” (E-2). Several presidents reported that, until recently, the government never referred to the document or perhaps did so long after the fact. One said that a government official might call several years

later to say he had read the document, “so it was obviously taken lightly” (I-2). Another interviewee suggested that although the documents are required under the provincial government’s binding policy directives, there is no consequence attached to them. For example, there were two colleges, not included in the study, for which I could find no evidence of the existence of a strategy document that met the government’s criteria. There did not appear to be any consequence for failing to meet the requirement of the binding policy directive. All the existing texts were vetted by the respective Board of Governors, which suggests that Board members are satisfied with them as they stand. When I asked one interviewee to compare the text of his College with others in Ontario he replied: “I don’t know. I don’t read them” (I-2). The interviewee is not alone. Fifty-eight per cent of the respondents do not know whether their strategy is unique or quite similar to that of other colleges. Perhaps of greatest concern is the fact that 47% of administrators do not know. While there was strong support among interviewees and survey respondents alike for strategic planning and for strategic texts, many held the view that the consequences of writing a strategic document that is not particularly strategic may not be all that grave.

§ Texts misnamed. This idea was suggested to me by a Board Chair who said of his college’s strategic plan, “This should really be an appendix to [our] strategic plan” (I-1). When one considers the multiple external demands on colleges from governments, other funders, boards and regulatory bodies, as well as many internal demands for multi-year accountability agreements, balanced scorecards, business plans, project plans and a range of financial and enrolment reports, it’s not hard to imagine that organizations have some difficulty sorting out what belongs in a strategic plan and what doesn’t. The fact that the texts in the study vary in length from two pages to 54 pages suggests some confusion. Multiple requirements must tax the limited resources of some colleges. In their study of mission statements and plan, Lang and Lopers-Sweetman (1991) concluded that the benefits of strategic planning may not justify the costs. Sooner or later this realization discourages serious planning. In some cases, strategic plans may be created by

cutting and pasting other work in order to meet some external requirement. One college leader put the point bluntly:

[Writing strategy] wasn't like having to do all these jobs over again. It was just merging them and converging them so that we could get it in. There is so much bloody documentation that the government requires, it could be argued that they could kill us just getting their reports ready (I-2).

Some interviewees acknowledged that their plan was largely tactical. "If you analyzed our strategic plan compared to other strategic plans, I would say it's been fairly operational from the perspective of addressing those challenges which exist throughout the entire community college environment. And it was deliberately operationally focused" (I-11). Others suggested that ultimately it's tactics that count: "Aren't tactics really simply operationalizing the strategy?...I want to hear what [has been] achieved around these initiatives" (I-3). These views help demonstrate how tactics might easily bleed into strategy texts and in some case, overtake them. In the end, many of the texts may be strategic plans in name only.

Limited Attention to Organizational Field/ College Sector

In their article on collective strategy, Astley and Fombrun (1983) note that strategic action has focused most often on matching the capacities of an individual organization with environmental demands. This approach is rooted in the belief that organizations are autonomous actors. Yet, as Astley and Fombrun, and other population ecologists, point out, the fate of organizations is often tied to macro level, historical, political, economic and social factors, which may well override the actions of a single organization (p.577). They cite social planning theorists such as Trist (1979), Ackoff (1974), and Schon (1971) to support the argument that the modern context is marked by a high degree of turbulence and by a high degree of inter-connected and overlapping linkages among environmental currents. This was indeed the case for colleges during the period of the study. In such contexts, institutions should invest in interactive planning, and the "creation

of a shared domain in which organizations can collectively, but not independently, maintain control over their destinies" (p. 577). Given their status as crown agencies and their high level of dependence on government for resources (directly in the form of grants and indirectly by virtue of their control over tuition policy), Ontario colleges are very dependent on government policy and programs. Their destiny depends much more on government policy and on public recognition of the field than it does on the strategic advantage one college may gain over another. In spite of the importance of the organizational field assigned both by theorists and by the particular position of Ontario colleges, the strategy texts pay relatively little attention to it. Most texts devote less than 1% coverage to this issue. Even when alliances and partnerships with other institutions is included, the range of coverage is still a modest 3% to 9%. There was general agreement among leaders, both internal and external to the colleges, that Ontario universities had invested significantly more resources and attention in the field through the Council of Ontario Universities (COU) and the Association of Universities and Colleges of Canada (AUCC). Interviewees also agreed that Ontario universities gained a number of important benefits in this period, including funding for unfunded basic instructional units, funding for enrolment growth, funding for new graduate students and major, differentiated funding for research activities. During the same period, colleges invested significantly less in their association, and were slow in seeing the importance of acting collectively to protect and advance their interests as a sector. There are likely several reasons for the lack of attention to the organizational field in the strategy texts. (1) Leaders think local and regional matters are more tangible, malleable and responsive to action. (2) Until recently, the college system had no capacity for collective strategic action. (3) The intent of these strategy documents was to define institutional strategies not collective strategy.

§ Leaders favour local and individual action. The interviews provided ample evidence that many leaders question the value of collective action through ACAATO or other collaborative vehicles. They believe that they can best achieve their strategic objectives through direct initiatives at the level of their individual

organization. Their views are reinforced by the success they have experienced through individual action. These leaders may look to associations for information sharing and coordination of limited advocacy campaigns, but not for strategic planning at the sector level. Several pointed to a track record of “back-room behaviour” (I-4) that undermined collective action in the past. They identified a number of root causes – ego, mistrust, competition, jealousy, lack of vision, and institutional loyalty. Most interviewees attested to the importance of collective action but felt that they had an obligation to focus on their individual organization and could be most effective there. A number of them argued that effective collective action rests on a foundation of strong local institutions with well-developed institutional strategies. Some saw attention to the organizational field as being in competition with local needs, remote to those needs, or simply beyond their resources to pursue.

§ Limited capacity for collective strategic action. Colleges were the child of government and for much of their history saw themselves as an extension of government. Neither presidents nor government encouraged strategic planning at the sector level. ACAATO had minimal resources for most of the period in the study. This lack of resources is further evidence that colleges did not see the usefulness of collective action at the level of the organizational field. As many interviewees point out, the colleges’ performance stood in stark contrast to the way Ontario universities acted through the Council of Ontario Universities. It is noteworthy that ACAATO’s budget and staff have grown exponentially since 2003. Concurrently, there have been other indicators of a new commitment to strategic action at the level of the organizational field. Five Ontario colleges have joined in the creation of Polytechnics Canada to share expertise, make joint applications for grants and lobby the federal government on behalf of its members. The GTA colleges have banded together on an informal basis to engage a strategy and lobbying agency to help them develop a common strategic agenda and action plan. Mid-sized colleges also began meeting as a sub-group to strategize around their particular interests. Overall, there appears to be a growing recognition and increased capacity among colleges, concerning the

importance of the organizational field.

§ Documents intended to define institutional strategies. Some would argue that it is not reasonable to look for attention to the organizational field in documents whose primary purpose is to communicate with staff and with government about the institution’s strategic goals. “The presence or absence of references in the document to the broader sector is not revealing one way or another. Your strategic interventions at the sector level have to be rooted in a clear institutional strategy.” (E-8) While it is true that the subject of the strategy text is the institution, the object is its survival and growth. The strategy texts should outline the key initiatives that need to be taken, both at the institutional level and at the sector level, in order to engage stakeholders on both those fronts. As it is, many texts seem to bypass the need for sector-level strategies and thus fail to make evident the essential links between sector health and institutional health. The strategy text of College F is exceptional in this regard. Of the six strategic priorities it identifies, one focuses specifically on its commitment to providing leadership at the provincial level regarding a new funding model that would distinguish between the particular contexts of GTA and non-GTA colleges. By including this as a strategic priority, College F demonstrates recognition of the fundamental importance of strategic action at the sector level, for the future of regional and rural colleges.

The Role of Leaders

Leaders play a complex and crucial role as the authors and owners of strategy texts. They need to develop strategies that will (1) address the complexity of the presenting issues; (2) ensure organizational growth and survival in spite of the uncertainty; and (3) gain the support of many stakeholders. Leaders can choose whether they will rely on bureaucratic structures (rational systems), human relations (natural systems) or political relations (open systems) to achieve their strategic objectives. They need to figure out how to gain and exercise the power required to deal with the ambiguous and emergent nature of strategic planning. They need to decide on the composition of their leadership teams – size, experience,

diversity. Finally, they need to act in a way that protects their legitimacy in the networks to which they belong. The data from the study suggest three observations for consideration: (1) The role of the president is pivotal; (2) leaders need to pay more attention to institutional inertia; and (3) college leaders are more committed to strategic planning at the level of their college than at the sector level.

§ Role of the president is pivotal. The goal of strategic planning is to reduce uncertainty, often in murky circumstances (Fligstein 1996). Levinthal and March (1993) said that leaders face three grand problems: uncertainty about the future, competing interests among stakeholders and ambiguity. It was clear that interviewees understood these problems and believed that the president played a pivotal role in addressing them: "If the president isn't thinking about the future and the direction of the institution, then who is?" (I-2) "[Our president] had that expertise and brought it to our college" (I-7). "It's not just the leadership; it starts with the top guy" (I-2). "This is really [our president's] baby" (I-4). Similarly, board members rely on the president and college staff to develop the strategic plan and bring it to them for approval. They did not see themselves initiating the plan or setting the strategic direction. On the other hand, Lang and Lopers-Sweetman draw on Sibley (1986) in noting that the relatively short terms of presidents reduce the opportunity and incentive to plan for the future. "They are consumed by more pressing current problems and more constraints ... which may moderate their ambitions for comprehensive strategic planning." (p.604)

Much of the feedback from leaders suggests that they rely heavily on consultation processes to help them determine their strategic plans. This implies that they favour a natural systems approach to leading their organization, with its strong emphasis on human relations and stakeholder buy-in. "It's the journey, not the destination, which matters. The process of developing the documents mobilizes people" (E-8). "I will engage everybody with their strengths, just let the strengths come out...and we'll celebrate it together" (I-10). The picture that emerges from the data is of leaders who are passionate about their enterprise and who have faith in the processes they have put in place. Their boards likely play a secondary role in the development

of the strategy, and rely on the executive team to bring forward winning plans. However, the findings of the study raise questions about the effectiveness of the natural systems approach they seem to favour. While the commitment of the presidents to the enterprise of strategic planning is impressive, it is perplexing that the strategy texts themselves do not reflect the zeal for strategy that they demonstrated in the interviews.

§ Insufficient attention to institutional inertia. There is a range of internal and external factors that can generate institutional inertia. These include sunk costs, political coalitions, normative standards, legal barriers and potential loss of legitimacy. Inertia tends to increase if the proposed changes are large in scope, if changes must be made very quickly or if reorganization is required. Over time, organizations develop competencies that eventually militate against change: reliable programs, accepted organizational structures, and systems of accountability. DiMaggio and Powell (1991) support this view of inertia, arguing that institutions are more concerned with persistence than change. According to them, the legitimacy imperative acts as a source of inertia, and emphasizes the homogeneity of institutions. Hannan and Freeman (1984) argue that organizations resist change because members seek to maintain the status quo that protects their interests.

The resistance to change is often magnified by the size of an organization. The more complex the proposed change, the longer it will take to implement. DiMaggio and Powell distinguish between two types of change: changes that affect the core (i.e. stated goals, technology, types of customers served) and peripheral changes (partnerships, enhancements to existing products or activities). Amburgey et al. (1993) offer an alternative view that "organizations learn to change by changing" (p.54). The more an organization gets into the habit of change, the greater capacity it has to change. They introduce the concept of momentum as a form of inertia; "an organization in motion tends to stay in motion" (p. 70). Feldman and Pentland (2003) also support the idea that organizations inevitably build a capacity for flexibility and change by performing normal organizational routines. They argue that beyond the prescriptive nature of any task, there is always

an inherent need for improvisation (p. 101). Performing tasks related to a strategic plan, for example, confers power on individuals or groups. They experience a sense of engagement and develop skills at improvisation, thus influencing the future direction of the organization. This is consistent with Clark's view that strategic change is composed of a series of incremental changes made over time. I used the interviews to explore these two views of inertia and to determine to what degree college leaders believed strategic change was really possible. Interviewees named a number of factors that contribute to inertia: fear of losing funding, complexity and size, culture and unionization. While there was a qualified sense of optimism about the ability of colleges to overcome inertia among some, others were more skeptical. In general, leaders seemed quite imprecise about the scope of the challenge of inertia, about how it might affect strategic versus tactical change or about how to build organizational capacity to overcome it. The responses suggested that the challenge of achieving successful strategic change is significant and the experience of the interviewees is mixed. There were a number of references to the union, but without specific reference to the fact that not only do colleges have to deal with one buyer, but they also have to cope with one vendor of labour – a condition that in itself can be a major source of inertia. The vagueness among leaders about the scope of institutional inertia, and about how it influences the success of their strategic plans, suggests a potential impediment to creating good strategy.

§ Limited commitment to collective strategic planning. The strategy texts pay scant attention to the question of strategy at the level of the organizational field. College leaders in the study generally agreed on this point and felt it was to be expected. Leaders owe their loyalty to their local Boards and communities and believe that loyalty is best expressed by focusing their energy on the institution rather than the sector. Board chairs share this view. In the short term, they have greater opportunities to exercise influence at this level. Some suggest that it is the larger colleges that need to take the lead in terms of strategic planning at the sector level because they have the resources and potentially, the most to gain. As many interviewees pointed out, there

has been a history of lack of trust and a high degree of competition among college presidents in particular. "The Committee of Presidents (COP) has not exercised the required level of leadership...We need to stand together but the willingness is not there" (I-10). This observation stands in contrast to the perceived behaviour of university presidents within COU, which I described earlier. They refrain from airing their disagreements in public, and have demonstrated a commitment to presenting a unified front to government and the public. Several interviewees pointed to evidence of more collegial behaviour among college presidents in recent years and one male interviewee suggested that the improvement was due to the increased number of women on the Committee of Presidents.

The observations on the role of leaders leave many unanswered questions. Why do committed and passionate leaders of different institutions produce strategy texts that look so similar? Why do they seem to favour a natural systems approach to strategic planning when it does not appear to bear fruit? Why are they reticent to invest more energy on the organizational field when they see how the universities have done so to their advantage? How does their participation in networks such as COP influence their attitudes and behaviour? These are important questions to consider in the final section of this paper.

Monopsony is Trump

The concept of "trump" – where a player can play a card that ranks above all the others, and negates the value of the cards played by others – provides a very useful frame for analyzing the data in my study. Using this concept, I developed the following four propositions to draw together the results of my research: (1) Monopsony trumps strategy and explains the weak strategic character of the texts; (2) monopsony trumps differentiation and explains the lack of significant attention to differentiation in the texts; (3) the quest for legitimacy trumps strategy and explains why the texts look similar to each other; and (4) the local and present imperatives trump strategy and explains the lack of attention to the organizational field.

Monopsony Trumps Strategy

The term "monopsony" rarely appears in

the literature on higher education and almost none of the interviewees in my study were familiar with it. However, it is a well-established concept in economics. Monopsony is defined as a state in which demand comes from one source. In this market form, there is only one buyer facing many sellers, creating an instance of imperfect competition. It is analogous to monopoly, but on the demand side rather than the supply side. A monopsonist – in this case the Ontario government – can control the market of a purchased good by varying the quantity bought or setting conditions on the purchase. A common theoretical implication is that the price of the good is pushed down near the cost of production. In the field of economics, there are multiple studies that examine how monopsony restricts the markets for nurses, teachers, clergy, and in some cases, athletes (Condon 2002). In these studies, the researchers demonstrate how salaries or the availability of workers can be controlled and often negatively impacted, by monopsony.

Colleges in Ontario operate to a large degree in a state of monopsony. The only buyer is the Ontario government by virtue of (1) its control over the operating grants; (2) its control over tuition fees; and (3) its legislative power which establishes colleges as agents of the Crown over which the Minister has ultimate control.⁷ As the only buyer, the government has a great deal of control over the following variables: governance, enrolment, credentials offered, location and the entry and exit of competitors. The government determines the level of its purchases from colleges, in response to its policy agenda, budgetary capability and political priorities. It seeks to maximize the services provided by the colleges at the lowest possible cost. It also determines which services it will purchase (or even allow), and the price it will pay. It puts in place a number of instruments to regulate its control, including a funding formula that tends to drive the cost of educating students down on a per capita basis. Other regulatory instruments

⁷ The Ontario Colleges of Applied Arts and Technology Act 2002 says that where the Minister is of the opinion that an intervention into the affairs of a college is necessary, the Minister may appoint a person to investigate, issue policy directives to the board of governors, remove some or all of the board members, or appoint a person to temporarily administer the affairs of the college Government of Ontario (2002). Ontario Colleges of Applied Arts and Technology Act 2002, Ontario Regulation 34/03 C.F.R. (2002), Government of Ontario.

include: caps on tuition fees; periodic grants for capital expenditures; the administration of key performance indicators; multi-year accountability agreements; control over the appointment of governors; and compensation of administrators. Some of these instruments are administered directly by government, while others are handled through agencies it creates, such as the College Council on Appointments and Compensation (formerly the Council of Regents) and the Postsecondary Education Quality Assessment Board. The government provides supplementary funding on a regular basis to certain colleges that have special needs (e.g. northern colleges, francophone colleges, colleges serving deaf students). Additionally, the government introduces special ad hoc funding envelopes that are designed to drive colleges toward certain activities and programs that meet its current policy agenda. Recently, the colleges' financial statements have been consolidated and integrated into the government's overall financial statements. A college needs permission from the Minister to adopt a deficit budget. In certain cases, the Minister will send a government-appointed fact finder to investigate issues of concern. It is evident that the combined force of these instruments has a powerful steering effect on the seller – in this case, Ontario colleges.

The monopsonistic relationship between government and colleges is not defined solely in economic terms. It involves an interplay of forces that includes the multiple dimensions of legitimacy, political expediency, the influence of networks (e.g., relationships between members of boards of governors and politicians or relationships between individual college presidents and government bureaucrats), interventions by various regulatory bodies, and collective bargaining. While the relationship focuses on issues of funding and financing, these other dimensions are also in play and mutually interact with each other.

Colleges were created and grew up in a monopsonistic relationship with government. Harry Arthurs, former president of York University, describes how public institutions become habituated to government intervention in its most seductive form: subvention:

We crave subvention: financial support through direct operating

grants, land grants and capital grants, research contracts, student aid, tax credits and other fiscal measures by which governments effectively sustain almost all public and private universities around the world (cited in Royce 1996, p. 407).

This craving is all the stronger in the college sector, for which government has been the primary source of funding for a significant portion of its 40-year existence.

The monopsonistic state of the relationship between colleges and government is hidden, to some degree, by an overlay of apparent independence from government. Colleges exist in an open market economy. Under the new college charter, college boards of governors can approve programs, set tuition fees within certain parameters and approve capital investments. They can compete with each other, with universities and with private institutions, for student enrolment. Colleges can offer applied degrees. Each college can decide on the process it will use to develop its strategy. Each one then publishes a strategy text that claims to be unique in certain ways. On the one hand, government encourages this process by requiring it, and on the other hand, appears to pay limited attention to the documents or to make any judgment on their content, relying instead on the instruments described above to control the activities of the colleges. The vocabulary of competition is common in the discourse that government and colleges use, masking the imperfect nature of competition in a monopsony state. One survey respondent aptly noted: "The new charter, broader mandate (research, degrees) and differentiated status gives us more scope/ space to work – or hang ourselves – but no more resources with which to do this. However, this perceived autonomy may do no more than mask the monopsony of the government and confuse colleges about where to focus their strategic efforts.

A comparison with Ontario universities helps to elucidate the monopsonistic power of the government. Ontario universities each have their own charter and operate independently of government, even though they depend on the provincial government for operating grants and are subject to their policies regarding tuition fees. They

have other significant sources of revenue, including federal research grants and major donations from alumni and corporate supporters. The comparison underlines the differences in legal status, and as a consequence, the differences in the relationship between government and the colleges.

The monopsony power of the government is variable. Colleges in larger metropolitan areas have more leverage than other colleges. There are a number of reasons for this. Firstly, there is a concentration of students and institutions, which means that the competition for students among postsecondary institutions is greater. Institutions have more opportunity to gain or lose competitive advantage as a result. For example, during the period, enrolment in the college system grew by 18%. Enrolment at one urban college grew by 57% while enrolment at an adjacent college remained flat. In another case, an urban college developed a partnership with an out-of-town university to create a new joint campus at the college location. As a result, the college increased its enrolment by more than 2,500 students over a five-year period (nearly 20%), and significantly increased its offerings of baccalaureate-level programming. With larger enrolments, these colleges can generate more revenues from grants and tuitions, and have greater opportunities for efficiencies. By virtue of their location and visibility, they are also better placed to establish revenue-generating activities and partnerships. Ultimately, they have more resources on a per capita basis, their funding base is more diversified and they have greater discretion in terms of activities and strategic options. As a consequence, the monopsony of the government is attenuated in large metropolitan areas. This suggests that different policy levers may be required for GTA colleges and non-GTA colleges.

If one accepts that the monopsony power of the government is the ultimate determinant of the latitude that colleges have for strategy making, then it can trump strategy at any given point. On one hand, monopsony power is difficult to see and to control, especially if you are in the middle of it. On the other hand, it is easy for colleges to sense the monopsony power of government, as observed by this survey respondent: "[Strategy] is very important, but funding has an even greater impact." Another wrote, "My experience is that the budget usually trumps strategic plans."

Government can always trump if it so chooses. As a result, colleges tend to avoid risks and instead produce strategy texts which "satisfice." Scott (1981) explains this practice as a mechanism that organizations use to simplify decision-making in complex situations:

Decision makers...settle for acceptable as opposed to optimal solutions...attend to problems sequentially rather than simultaneously...utilize existing repertoires of action programs rather than develop novel responses for each situation...(p. 75).

The proposition that monopsony trumps strategy suggests that the texts articulate predetermined aspirations that are consistent with the rules set by the monopsony buyer, rather than pursue radical new options. They focus on *second-order* change that attends to tactical and operational matters over which colleges have much more control. As a result, their strategic impact is limited. While the proposition is powerful, it is not absolute. As noted above, the impact of monopsony can vary according to the circumstances of a given college (location, financial performance, leadership and board networks, political priorities, etc.). While the monopsonistic relationship between colleges and government is a fundamental and determinant one, it does not render strategy irrelevant or impotent. Rather, strategy makers need to understand its power and to develop strategies to offset that power. The study suggests that colleges do not give monopsony enough attention in the way they approach strategic planning.

Monopsony Trumps Differentiation

There are a number of corollaries that flow from the concepts of *trumping* and *monopsony*. The first corollary is that monopsony trumps differentiation. Even though the government promoted the concept of differentiation during the period, by inviting colleges to put forward differentiation strategies, by introducing legislation that gave college boards more autonomy and by giving colleges the power to grant applied degrees, it did little to recast the fundamental monopsonistic relationship between government and the colleges. The introduction of colleges into Ontario's postsecondary system in 1965 represented a very significant step in creating differentiation. However,

since then, Ontario has shown little appetite to encourage meaningful differentiation among colleges or among universities. Trick quotes from a presentation by Skolnik in 1996 entitled "Design, deregulation or just drifting: Where is higher education in Ontario headed?"

In comparison with most other jurisdictions, the most striking thing about the Ontario university system is its lack of diversity of institutional types. ... unlike other countries or provinces, we have no open or distance university, no private university, no liberal arts institution, no institution, which is specialized by mission or branch of knowledge or education, nor anything like the university colleges in British Columbia (p. 2-3).

Royce's (1996) study of university system planning concludes that the Ontario government generally avoided any direct regulation of the university sector – and therefore any differentiation: .

Government largely failed to provide ongoing leadership in the coordination and planning of university development....Therefore, the roles that the universities, individually and collectively, are expected to play in response to public policy objectives are largely determined by individual institutions acting independently and competitively in response to financial incentives (p. iii).

Nearly a decade later, nothing had changed. In a paper written for the Rae Review, Skolnik (2004) observes:

Some limited attempts to examine the structure of postsecondary education were made in the 1980s and 1990s. None involved substantial analysis of the strengths and weaknesses of the existing system, and almost nothing from these exercises was implemented in regard to structural reform (p.3).

The granting of applied degrees by the colleges introduced a new dimension of differentiation among postsecondary

institutions in the province. However, this was done in the absence of an overall vision and policy framework. As a result, colleges established new degrees in a somewhat “willy-nilly” fashion while the universities hastened to quash the expansion of choice. The government provided very little additional resources as incentives to colleges in the launching of applied degrees, and put the Postsecondary Education Quality Assessment Board (PEQAB) in place, which to some degree has served as a further barrier to the colleges’ entry into the applied degree business.

Since the government established the colleges in 1965, it has demonstrated no great will to cause, or to enable, differentiation among colleges or among universities. In the absence of a strong policy intervention, monopsony has trumped differentiation. The lack of significant attention to the issue in the strategy texts should not be surprising in this context.

Quest for Legitimacy Trumps Strategy

There is a second corollary of the concepts of monopsony and trump, related to the impact that the quest for legitimacy has on strategy. Here I draw on Spender’s concept of “industry recipes.” Spender (1989) builds his theory on Schultz’s (1944) use of the word *recipe* to describe discrete bodies of context-oriented understanding into which we are socialized, and which allow us to participate in organizations. The recipe is a shared pattern of beliefs that individuals apply to their experience in order to make sense of it and to respond in a rational manner. Recipes are very useful because they help organizations reduce the time they spend searching for understanding and for ways of acting that will be accepted as legitimate. Spender posits that we put many heterogeneous recipes in place, each corresponding to a different organizational or social role. Socially adept individuals become familiar with these recipes, and accept them as common sense. This is similar to Scott’s concept of normative legitimacy discussed earlier, where actors learn to comply with cultural scripts, assumptions and solutions that are ingrained in a field. Brown and Duguid (1991) describe the role of “communities-of-practice” where participants learn through narration, collaboration and social practice (Cohen

and Sproull 1996, see article in *Organizational Learning* edited by Cohen and Sproull, 1996). This is another way of describing how leaders learn recipes. Senior college leaders belong largely to the same networks. All are members of the Committee of Presidents and meet frequently under the aegis of ACAATO. Many are either resource persons or graduates of the National Executive Leaders Institute, which provides training for college presidents. Most are active in the Association of Canadian Community Colleges (ACCC). Other leaders, including board chairs and vice-presidents belong to parallel communities of practice where they can learn the same recipes. It is likely that they learn the recipes from each other and adapt them to their situation.

Spender does not conceive of recipes as theoretical or tautological statements, which are closed. “A recipe is open....It is a guide to action, not an abstraction. It assumes correspondence rules which tie it to a specific context or universe or action” (p. 57). Recipes are templates that include generic information necessary to describe a situation but can be adapted to fit a range of contextual realities. For Spender, the industry recipe delineates what the organizational field thinks is professionally acceptable and operationally viable. He suggests that leaders use recipes as the primary vehicle for strategic planning, thus reducing the time and energy they have to invest in searching for understanding and solutions. The concept of recipe rejoins the discussion of institutional isomorphism. Powell and DiMaggio’s argued that certain types of institutions – particularly not-for-profits, and particularly ones where there are high barriers to entry and exit – mimic each other and tend to become more similar. They explain this behaviour as not simply a desire to emulate the successes of other organizations but rather as intent to gain legitimacy and ultimately political power.

In a monopsony arrangement, coercive legitimacy is the most important form of legitimacy. Colleges need to conform to the legislative power of the government or their funding and indeed their legal status can be jeopardized. However, government also requires, for its own credibility, that it be seen to be funding colleges that have mimetic and normative legitimacy. In other words, colleges need to imitate the behaviours of the

other colleges to prove that they are capable of competing among themselves, and with universities, for applicants and public support. For the same reasons, colleges feel compelled to meet the normative standards set by the various communities to which they belong (e.g., academic bodies, professional bodies and employers), in order to have credibility with government and with applicants, and to develop meaningful partnerships with other organizations. This quest for legitimacy drives colleges to use a common vocabulary, adopt common operational behaviours and ultimately, to create strategies that look similar to each other. Colleges develop a propensity to accept industry recipes and become averse to exploring differentiation that is not supported or rewarded. In the end, the quest for legitimacy also trumps strategy.

Local Imperatives Trump Strategy

Local and present imperatives also trump strategy. This finding is consistent with Astley and Fombrun's argument that strategy is usually developed from the standpoint of the focal organization, and fails to consider the dynamics that are unfolding at the level of the field, even though sector-level or global forces may have a much greater impact on organizational survival and growth. As one college leader said, "Strategic planning comes down to the local college – what are you doing to ensure your survival as a healthy organization?" (I-2) Slightly over 1% of the texts refers to strategic issues at the level of the field. I have already outlined a number of reasons why strategy texts focus on the individual college, including possibilities for greater visibility, greater influence and greater impact against a relatively weak capacity for sector-wide action. While this rationale is understandable, it fails to grapple with the monopsonistic nature of the colleges' relationship with government or with broader global forces that impinge on their collective success. Regrettably, they resort to a strategy of the survival of the fittest.

In his international study of successful universities, Clark (2004) emphasizes the importance of focusing on tactics; what he describes as "the details of university infrastructure and the accretion of small changes that cumulatively lead to major change. Specifying the

change in specific sites is what gives credence to any induced generalizations." A number of respondents to the survey offered compelling arguments in favour of focusing on immediate local and operational issues:

The needs, expectations and opportunities germane to each program are too diverse to apply policies with a broad brush. Until they are accompanied by aggressive, innovative and empowering tactical plans developed and implemented at the local level, with a generous helping of support and autonomy, strategic plans will deliver little benefit.

My focus as a faculty member is inside the classroom...the concerns of teachers and students are not strategic but operational. Does the projector work? Is the network up? Are there enough seats and computers for all students? Are there enough whiteboards? Was the photocopier working before class? Strategy, shmategy. I teach today, not tomorrow.

These comments from concerned and dedicated faculty members underline the pressures that leaders feel from their staff, from their local stakeholders and from their board members, to attend to the local agenda, to address a myriad of immediate pressing needs and to ensure that their college operates effectively and efficiently.

The review of the strategy texts and the material gathered in the interviews and surveys largely supports the view that the local imperative trumps strategy. Thus, colleges find themselves in an "iron cage" to steal a phrase from DiMaggio and Powell (1983). They can only move around within the cage that is built with iron bars of monopsony, the quest for legitimacy and the local imperative.

However, there are options the colleges can and should explore. As cited earlier, there are many studies showing the weak appetite of the Ontario government for system planning. Trick's thesis (2005) on the politics of government-university relations in Ontario from 1985 to 2002 is an excellent case in point. He does a very

thorough job of demonstrating that a dominant paradigm for university-government relations was embedded in institutions in the 1950s and 1960s, and that universities have been protected from any significant restructuring since then, in spite of various attempts to revise or expand the paradigm. Trick elaborates on the complex nature of policy evolution within government, and the need to understand the role of a wide range of players, including central government agencies such as the Ministry of Finance and of various line agencies. His thesis shows the power of the COU model to influence government policy at key junctures throughout the period.

[The model] encourages group formation to protect and advance the interests of universities; it produces policy effects that are not highly visible to a broad public...The nature of the university policy network in Ontario is more consistent with the corporatist model⁸ than the pressure pluralist model: there is one dominant interest group to which all publicly-supported university belong; the dominant group has the capacity to integrate the views of many of the other interest groups in the sector... (p.39).

As Trick points out, the robust nature of COU meant that the Ministry often lacked the capacity to challenge universities on issues, giving COU significant influence in its relationship with government. The contrast between the approach inherent in the universities' investment in COU and the approach of the colleges reflected in this study, give pause for reflection. Given the monopsony power of government vis-à-vis colleges, the need for effective sector-wide policy networks seems self-evident. In order to escape the iron cage, colleges need to embrace fully and consistently the need for sector-wide strategic action. Until then, the local imperative will continue to trump strategy.

Conclusions

The study argues that strategy can be trumped by monopsony, by the quest for legitimacy and by the propensity to concentrate on the local and the operational. If strategy can be trumped,

⁸ In pressure pluralist networks, interest groups compete with each other. In the corporatist model, each interest group has a monopoly in representing the interest of its clients. Interests are represented through a few peak associations with long-standing relationships. They may get resources from the state and do some self regulation (p. 37).

then what should become of strategic planning in Ontario colleges? I advance four propositions that are intended to offer guidance to colleges in formulating their approach to strategic planning, and to suggest areas for further research. The propositions are not intended to be mutually exclusive, but rather to offer interlocking spheres for exploration and experimentation. The goal is to strengthen the practice of strategic planning, and to maximize the investment of resources that colleges make, in systems and processes.

Proposition 1

Rethink the claim that strategy can be trumped. This proposition rejects the argument that the strategic behaviour of the colleges has been trumped. Colleges are not all trapped in the monopsonistic clutch of the government. Each college is not solely preoccupied with its own survival, paying little attention to the organizational field. Rather, the findings of the study simply indicate that the colleges are relatively young institutions. They are evolving toward differentiated status and increasingly strategic behaviours. They are making greater investments in research and advocacy at the local, provincial and national levels and are in the process of developing a network form of organizational behaviour. In support of this answer, the apologists could point to the growing number of applied degrees and the new forms of university-college collaboration. They could lift up the new charter and the emerging distinct identities of urban colleges and regional/rural colleges. They could brag about the existence of formal strategic plans where few were in place fifteen years ago, the evolution of ACAATO (Colleges Ontario) and Polytechnics Canada, and the nascent participation of colleges in applied research. Mintzberg might support this view, reminding the skeptics that strategy making is a craft that is developed through years and years of learning and practice. Viewed through this lens, the beholder can see the colleges as a mosaic of young institutions that will exhibit greater diversity and strategic capability over time. This first proposition suggests that there is an alternative or complementary answer to the question 'What trumps strategy?' In this case, perhaps the answer should be reworded to say, "Monopsony trumps strategy – for now."

Proposition 2

If strategy can be trumped, plan anyway. The study suggests that monopsony can trump strategy, but it also shows that this is not an absolute proposition. In fact, the arena for strategic influence can vary significantly, depending on local and regional environmental conditions. There is lots of room within a monopsonistic relationship to improve results, and to garner favour with the government. Irrespective of monopsony, good strategic planning will increase the opportunities for colleges to be successful. No organization can simply dispense with strategic planning, even those, like colleges, where the scope for strategy may be constrained. Rather, colleges need to be more aware of the potential pitfalls and work proactively to avoid them. Here I outline four principles in support of that goal.

§ Commit to evidence-based planning.

In order for the tool to be truly useful, it needs to be rooted in reliable data about the external and internal environments and it needs to be broadly communicated. Lang and Lopers-Sweetman affirm that strategic planning is “a process that involves the skills of environmental scanning, construction of probability diffusion matrices, and diagnosis of value-system changes.” It is based on a proactive relationship to the environmental context and an emphasis on master planning. (p. 616) The study showed a high degree of variability in what kind of data colleges are using and how rigorously they use the available data. The analysis of the data should lead to a small number of specific decisions and actions that are strategic in nature, and that the college is prepared to resource and to implement in a disciplined way. Most texts in the study failed to say how they intend to measure success. In order to make good on its strategic commitments, an organization needs to define how and when it will measure success. It needs to be sure that the measurements it proposes are appropriate and feasible.

§ Maximize the uses of the text. The study illustrates that the texts play a number of important roles. Even if their content is not highly strategic, the texts constitute valuable management tools. They serve multiple functions including: (1) a roadmap that defines strategic

and operational priorities for the medium term; (2) a basis for resource allocation that can inform the budget development process; (3) a tracking tool that managers can use to monitor *de facto* performance against planned performance, and (4) a vehicle for internal and external communications. Legitimacy in all its forms demands that colleges have strategic plans.

§ Improve the effectiveness of the tool. Feedback from the interviews and surveys suggest that there are opportunities for each college to improve the effectiveness of their use of the tool. For example, the level of support for the strategy text of College E among survey respondents, suggests that the leadership team has been very successful in communicating its priorities and engaging support among staff. This contrasted with College G, whose text manifested a high degree of strategic coherence, but whose staff demonstrated the least enthusiasm for the text and the processes employed. It is also likely that the usefulness and importance of strategy texts would be enhanced if government paid more attention to them, showed more diligence in discussing them with colleges and exercised more rigour in evaluating them.

§ Pay attention to the complexity and the politicality of the process. It would seem that colleges favour a natural systems approach that concentrates on building consensus through consultation. This approach is aligned with the traditional view of academic institutions as a community of scholars, and implies a bias toward searching for consensus on decisions (Hardy 1990). Organizational theory cautions that this approach can be a source of competency traps, organizational myopia and organizational inertia. This second proposition suggests that strategy texts can be valuable tools irrespective of the mix of strategic and tactical content. However, colleges need to improve the way the tool is developed and the processes of engagement, in order to maximize its potential.

Proposition 3

If strategy can be trumped, rely on chance. This third proposition draws on postmodernist theories of knowledge, well illustrated by a recent *Dilbert* cartoon:

Dilbert: I'm CEO, what am I supposed to do?

Advisor: You're supposed to make superficial statements about how good the company is, then hope something lucky happens and profits go up. It's called leadership, sir.

Dilbert: Make it so.

Foucault (2003) believes that knowledge is a stroke of luck or the outcome of a protracted interplay of rivaling conflicts. He argues for a model of knowledge built on Nietzsche's belief that the total character of the world is chaos for all eternity; the world lacks order, arrangement, form, beauty and wisdom. "What assurance is there that knowledge has the ability to truly know the things of the world instead of being indefinite error, illusion and arbitrariness?" . Bernard Harcourt, (2006) professor at the University of Chicago applies this view of knowledge to the modern judicial system. He argues that we should recognize the limits of reason, and turn instead to randomization and chance. Harcourt argues that we have an irresistible urge to construct bridges to get to the other side of knowledge. We *satisfice* by telling ourselves that an argument sounds reasonable or that is the most coherent, when in fact, the judgments are largely determined by cultural bias and by circumstances that are very specific to a particular time and place. He favours the idea of chance as a way of deciding; we have hunches and we take leaps of faith because we do not have sufficient evidence to resolve the ambiguities and uncertainties we face:

Whenever we are at the precipice of reason, faced with competing empirical hypotheses that have not been falsified or an indeterminate principle, or questionable assumptions, we need to stop using reason: stop rationalizing which hypothesis makes more sense, stop marshalling better reasons for one derivation of principle over another, stop legitimizing the questioned assumption. Turn instead to chance. Resolve the indeterminacy by drawing straws, flipping a coin,

pulling numbers from a hat, running a randomized computer algorithm.

We need to let chance take over when reason ends .

It would be hard to convince government or a college board to adopt this approach to strategic planning. However, it is still possible to apply these postmodern concepts to the practice of strategic planning as developed by Mintzberg's (emergent strategy) and Ansoff (strategic management). By working from this framework, institutions would let go of highly defined plans and put minimal emphasis on strategic texts. They would eliminate instruments and processes that suggest that strategic planning is about establishing a plan that is fixed in time, that is static in nature and that will be implemented by 'the college' as though it was separate entity from the people who constitute it. Instead, colleges would conceive of strategic planning as a continuous process of exploring the environment, marked by fits and starts, discoveries, serendipitous events and the recognition of unexpected patterns. They would implement dynamic processes characterized by creativity, continuous insights and recurring synthesis. The formulation/implementation dichotomy would be replaced by a concentration organizational learning – formation in place of formulation. The essence of this approach is captured in Mintzberg's (1988) concept of *crafting* rather than *planning* a strategy. The craftsperson "senses rather than analyzes," using "tacit" knowledge to decide when to stay in or break away from tradition. So it is with strategy. Analysis helps to define the challenge and to evaluate the consequences of alternative solutions, but the best strategies are more inductive than deductive. This approach would minimize the pitfalls of strategic planning that lie in processes that are centralized and centralizing, and that lead institutions to focus on incremental planning that is easier to define, but less visionary and less risky. Drawing on Ansoff's concept of strategic management, institutions would promote multi-disciplinary thinking, the goal of which is to create and re-create problem spaces, and maximize the number of parallel and mutual feedback processes. In order to offset the potential for organizational inertia, there would need to be specific interventions to assess the balance between exploitation and

exploration in the feedback generated by those processes. To support this approach, organizations would invest more in experimentation and innovation and less in centralized accountability exercises.

Collins (2001) bestseller *Good to Great: Why Some Companies Make the Leap...and Others Don't* incorporates the concept of the leap of faith into the title. However, Collins does not advocate a blind leap of faith but rather a leap that is made by disciplined people, disciplined thought and disciplined action. He outlines a four-step process to promote awareness of emerging trends: (1) Lead with questions, not answers; (2) engage in dialogue and debate, not coercion; (3) conduct autopsies without blame; and (4) build red flag mechanisms that turn information into information that cannot be ignored.

This third proposition suggests that colleges continue to engage in strategy with a bias toward chance, luck and responsiveness to emergent opportunities. In order to maximize the opportunities that chance might offer, colleges need to develop processes of continuous exploration that (1) pay attention to organizational learning (i.e., moving from what we know and are good at to what we can develop and innovate); (2) are disciplined; (3) are evidence-based; and (4) reward risk-takers. In so doing, colleges may enjoy the serendipity that Mintzberg sees at the heart of successful strategy.

Proposition 4

If strategy can be trumped, play a no trump game. If monopsony trumps strategy as the study suggests, then colleges need to figure out how to shift to a *no trump* game in order to equalize their power in the competition for resources. In a no trump game, the bidder eliminates the possibility of being trumped and relies on the strength of the face value of the cards. In this proposition, I am suggesting that colleges can change the way they play their hand to reduce, if not eliminate, the trumping power of monopsony.

The study shows that colleges have a strong propensity to limit their conception of strategy largely to their individual institutions rather than to the field. There are three conditions which drive

this behaviour: (1) imprinting, (2) legal status and (3) the illusion of competition. Organizational scholars like Stinchcombe (1965) and Marquis (2003) have described how laws, social relations and institutional standing imprint an organization at the time of its founding. Organizations will display these founding characteristics far into their future. The study suggests that colleges have imprinted their status as an extension of the relevant government ministry dating back to their founding status in the 1960s. This imprinted status is reinforced by the actual legal status of the colleges as crown agencies and the provision that the Minister can intervene in the affairs of a college whenever he or she deems it necessary. Richardson (1972) wrote about organizations acting as "islands of planned coordination in a sea of market relations" (cited in Powell 1990). In the case of the colleges, they are very conscious of the how much their island depends on government for resources and legitimacy. The combined effect of these influences has been to reinforce the individualistic behaviour of the colleges in matters of strategic planning. As a result, the colleges have, until recently, under-funded their association, limited the scope of its activities to a networking role and treated government as a full partner. To some degree, the association played the role of government apologist to the colleges instead of advocate for the colleges vis-à-vis the government. The study contrasts this approach with that taken by Ontario universities through their association, which has demonstrated a more robust capacity for research, a more disciplined behaviour among its presidents, a greater attention to alignment between the strategic interests of the members and the association, a stronger influence with government and more success in protecting the interests of the members.

The study suggests that colleges demonstrate a somewhat schizophrenic behaviour, alternating between acting as part of units within the hierarchy of the government's postsecondary education apparatus and acting as independent competitors in an open market. Neither behaviour serves their interests particularly well, and both lead them to overlook the importance of the organizational field. Instead, they need to work toward blurring the boundaries of their status in a very conscious and persistent way in order to

deemphasize their role as Crown agencies, and to increase their visibility as a vital and influential sector within the provincial economy. Their goal should be to eradicate the imprinting of colleges as government agencies and replace it with a new imprint of colleges as institutions upon which the public and the government depend, to achieve shared goals of established learning communities, a highly productive economy and a skilled workforce that can attract investment.

To extend the game analogy a bit further, the monopsonistic relationship between colleges and the government should not be seen as a 'no-sum game.' In other words, there is room for both colleges and government to increase the strategic nature of their relationship. In this proposition, I want to suggest that colleges increase their strategic advantage by adopting a network model.

In order to do this, they need to come to a new understanding of the nature of the exchange among colleges and between (1) colleges and government, (2) colleges and the broader postsecondary sector, and (3) colleges and the public. This new understanding is based neither on the hierarchical model nor on the market model. Rather it is based on the concept of colleges as a closely-knit network of organizations. This new understanding would replace the current emphasis on the legal status of the colleges with an emphasis on the interdependency of relationships among the stakeholders, the mutual interests they share and the reputation of the colleges as essential contributors to the socio-economic well-being of the province and the country. As Powell points out, network forms of organizations are particularly appropriate when the items exchanged possess qualities that are not easily measured and the relationships are long-term and recurrent (Powell 1990). These characteristics apply particularly well to the content of the colleges work and the nature of the relationships among the stakeholders.

Powell argues that networks are lighter on their feet than hierarchies – a habit that colleges need to improve. Networks depend on individuals who are engaged in reciprocal, preferential, mutually supportive actions, and who understand the potential gains to be made through the pooling of resources. As one informed interviewee said of COU: "You put [highly qualified] leaders in place and when they call, you make time to do what they

need" (E-8). The parties to a network agree to forego the right to pursue their own interests at the expense of others, and recognize that they exist in relation to each other (Powell 1990, p. 303). In a network model, reciprocity is essential, and it is enhanced by taking a long-term perspective. The practice of reciprocity over time builds trust, and as Powell notes, "trust reduces complex realities far more quickly and economically than prediction, authority, or bargaining" . (p. 305)

It should be noted that the organizational field includes many different stakeholders. Within a network model, there are multiple opportunities to engage in strategic action together. Here, I have given particular attention to ACAATO as the primary and logical vehicle for strategic planning at the sector level. I do not intend to suggest that all strategic planning in colleges should shift to ACAATO. Rather, I am suggesting that colleges adopt a network model, give significantly more attention to the strategic planning at the sector level and try to align sector-level strategies and individual college strategies to the greatest degree possible. There is much in the COU experience that colleges can draw on in this effort.

The advantages of adopting a network model could be substantial for colleges. It would diminish the boundaries that exist because of history, legal status and false competition. It would constitute a new coalition of forces within the postsecondary system, and give colleges increased power and increased strategic scope within the current monopsonistic arrangement. It could even change that arrangement in the longer term. It would enable better sharing of information, and therefore strengthen both the power and the value of the network among members and between members and other stakeholders. It would lead to increased organizational learning, more cost-sharing and increased speed of delivery through its combined capacity. Ultimately, it would give the colleges increased influence with government and the public.

Critics of a network model will point to the threat it poses to institutional autonomy. Trick's (2005) thesis on the politics of government-university relations in Ontario provides a compelling argument to the contrary. In it, he cites COU President Ian Clark:

While the university presidents

recognized the difficulties inherent in undertaking collective endeavours that could have implications for 'system planning' and allocations of resources among member institutions, they saw such efforts as a means of preserving autonomy... Universities continue to recognize that there is likely to be a link between their institutional autonomy over the longer term and their ability to act in ways that are seen to meet both their institutional and collective responsibilities (Clark cited in Trick, pp. 76-77).

My final proposition recommends that colleges adopt a network model. The colleges have already demonstrated a will to move in this direction by increasing the resources they are investing in their association. In recent years, they have increased the number of staff, augmented the association's research capability and chosen senior staff members who have significant experience in network forms of organizations. The creation of Polytechnics Canada is another illustration of the colleges' interest in network models. As they move forward, they will be tempted to opt for a short-term gain for their individual institution or to fall back into the parochial behaviour in order to glean more immediate rewards on the home front. They will have to resist these temptations. College leaders will need to adopt more of an open systems approach in the way they exercise their role, and help their staff understand the wisdom of this approach. College boards will also have to embrace the concept of a network model, and invest more of their time and energy in its development. If they persist on this path, it will represent a bid for a "no trump" game that would change fundamentally the way the hand is played.

While the colleges in the study largely failed to demonstrate strong strategic behaviour in the texts they wrote during this period, the study reveals valuable theories and methodologies that may explain their behaviour. It also points to useful opportunities for building on the strengths identified in those same texts in order to strengthen the position of colleges in the future of Ontario's postsecondary education. The theories and the methodology could have application in other contexts as well.

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