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## **THE NEW INSTITUTIONALISM: MISMATCHES WITH PRIVATE HIGHER EDUCATION'S GLOBAL GROWTH \***

### **ABSTRACT**

Spectacular contemporary growth in private higher education challenges the “new institutionalism” and its emphasis on “isomorphism.” The growth brings great inter-organizational distinctiveness and is linked to technically rational competition.

Findings about this growth and distinctiveness lead us to re-assess and revise tenets of the new institutionalism. Some tenets remain in tack in logic even as they miss on the empirical side, failing to anticipate salient tendencies such as the retreat of the state. The new institutionalism requires much less revision to help us understand the degree of isomorphism that does accompany private higher education growth.

The findings come largely from analysis of three countries (Argentina, China, and Hungary), inter-sectoral differences, and organizational goals. They extend our view of variables such as subsectors, environment, and time. They cover both the coercive and non-coercive sides of the new institutionalism's isomorphism. And they encompass international as well as domestic tendencies.

Private higher education growth is linked to widespread changes in political-economy. These changes often reduce the centrality of the state and its public institutions while opening up possibilities for alternative organizational goals and means to legitimacy. The findings on private higher education thus allow for speculation on how the new institutionalism can be modified and interpreted in many fields undergoing robust and multi-faceted privatization.

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## THE ARGUMENT<sup>1</sup>

### Theme

The “new institutionalism” highlights and explains the growing and “startling homogeneity of organizational forms and practices” (DiMaggio and Powell 1983: 148). From sociology to other disciplines, this literature additionally emphasizes organizations’ routine, repetitive, habitual, and unreflective behavior (DiMaggio and Powell: 1991: 8-14). The new institutionalism shows how constraints, rules, and norms condition action and contribute to the emulation of established institutions. It argues that such reality cannot be understood according to traditional concepts of purposeful, utilitarian, technically functional, rational action in a context of free choice for diverse organizations operating in a competitive marketplace.

Yet such concepts of diversity and rationality loom large in the expanding literature on private higher education’s growth and functioning.<sup>2</sup> We thus confront a contrast between that literature’s emphasis on “technical rationality” and the new institutionalism’s emphasis on “institutional rationality.”<sup>3</sup> Still more fundamental to our analysis here is the contrast between the new institutionalism’s emphasis on *isomorphism* and convergence that yields similarities among entities and the private higher education literature’s depiction of ample and expanding inter-organizational diversity.<sup>4</sup> This paper juxtaposes the contrasting portraits of diversity (mostly linked to technical rationality) and isomorphism (mostly linked to institutional rationality).

No quick summary does justice to the new institutionalism. That literature stresses what it claims has hitherto been missed but does not deny the existence of diversity or technical rationality. Furthermore, the years since its initial formulation have seen clarifications against exaggeration, though perhaps more about views of limited technical rationality than about views of limited diversity.<sup>5</sup> Variation also appears in the private higher education literature. But the contrast in portraits remains striking between the new institutionalism and the private higher education literature.

This paper’s main theme is that the new institutionalism does not prepare us for the enormous and often growing organizational distinctiveness brought on by the sharp growth of private higher education. Moreover, this privatization is linked to technically rational competition. The new institutionalism would predict neither this technical potency nor its diversifying consequences. More broadly and speculatively, the new institutionalism may likewise need modification in the face of the robust and multi-faceted modern privatization and associated rationalization that contributes to considerable institutional diversification beyond higher education alone.

The theme here is not that the new institutionalism is “wrong” or even inapplicable to the private higher education literature. On the contrary, a related piece (Levy 1999) shows where the new institutionalism can *help* the private higher education literature identify the isomorphism it has both underestimated and failed to explore in broad or conceptual terms.<sup>6</sup> The new institutionalism is wonderfully suited to an understanding of the ample similarities between private and public higher educational organizations. Intrasectorally, it often proves apt for analyzing the world's public higher education; though we find less isomorphism within private higher education, where it exists the new institutionalism can help us identify and understand it.<sup>7</sup>

Additionally, the argument in this paper is that where the new institutionalism comes up short it is not fundamentally because its logic is flawed. It is instead because it misses on the empirical side, failing to anticipate salient and inter-related tendencies in environments, fields, sectors, and organizations. Further, the new institutionalism predicts the intensification of certain tendencies quite at odds with those that have become strong in fact, such as privatization as opposed to extension of the state. In some instances, then, a revised reading of empirical tendencies allows us to use a revised new institutionalism, rather than reject it wholesale, to predict and understand diversity as well as technically rational forces behind it.

A major item for an ongoing research agenda is to explore the variable balance between isomorphic and diversifying forces. This paper does not identify an exact balance at work in private higher education but rather tries to show and understand the limitations of isomorphic forces (and related aspects of the new institutionalism).

The paper's value thus relates to the importance of both the literatures and the policy tendencies in question. A leading authority in organizational sociology has called institutional theory “the darling of the 1990s.”<sup>8</sup> Meanwhile, private higher education has been growing dramatically and we need to understand it as well as possible.

## Foci

To make the material manageable, the paper limits its foci in several ways.<sup>9</sup> First, geographically, three countries get repeated attention: Argentina, China, and Hungary. Although neither these nor any alternative set could fully represent their regions, each reveals numerous characteristics typical of many countries in its region, including private growth.<sup>10</sup> Additionally, however, we draw on countries around the world, though more to illustrate points than to build in this one paper an empirical base that proves the points.

Second, we focus on two landmark and much-cited sociological works: DiMaggio and Powell (1983) on isomorphism, supplemented by their edited book (Powell and DiMaggio 1991), which includes their own overview of the new institutionalism (DiMaggio and Powell 1991). Other works in organizational sociology are brought in at pertinent points. Third, we concentrate on a common object of attention in both this new institutionalism and the private higher education literatures: organizational goals.<sup>11</sup>

Fourth, the focus is inter-sectoral, mainly contrasting the private nonprofit sector and the public sector. Greater attention to fast-growing for-profit sector higher education would place the new institutionalism further on the defensive.<sup>12</sup> Whereas the private higher education literature makes sectoral differences fundamental within “systems” (higher education’s most common synonym for the totality of its own organizations and their interactions), the new institutionalism has mostly different foci.<sup>13</sup>

Our inter-sectoral over intrasectoral focus obviously gets to only part of the story about diversity and isomorphism. It probably does not bias the results in favor of diversity: there is intrasectoral isomorphism but there are also intrasectoral differences among organizations, especially private organizations. For education and probably other fields, the new institutionalism may well apply less to private than to public sectors. At the same time, even the public sector of higher education shows a trend toward greater pluralism and inter-organizational diversity—hence, a decline in the power of the new institutionalism to understand public higher education internationally. Furthermore, higher education suggests another phenomenon related to diversity: as two (or three) sectors grow, a previously defining inter-sectoral distinction may blur precisely because organizational diversity blossoms within each sector; the new institutionalism could legitimately highlight the inter-sectoral blurring but the diversification within each sector may be sufficient to yield an increase in the system’s total organizational diversity. Although points raised in this paragraph cannot be much pursued in the heart of the paper, they surface at spots and are re-engaged in the last section before the conclusion. Instead, the private nonprofit versus public sector contrast is paramount.

### **Isomorphism’s Tenets vs. the Private Higher Education Cases**

The key tenets about isomorphism appear within three categories (DiMaggio and Powell 1983: 150-56): coercive, mimetic, and normative.<sup>14</sup> These are mostly collapsed here into essentially coercive and non-coercive categories. Coercive forces are largely imposed by actors or forces from outside the organization, whereas other forces involve more voluntary action by the organizations (albeit based partly on external forces that condition their incentives).

The chief coercive force in the new institutionalism is the state. A common legal environment, for example, is imposed by the state and a singularity of financial source, with conditions attached, likewise generally refers to the state. Additionally prominent is imposition by a field's dominant organizations. For higher education this usually means venerable public universities. Their ability to set rules often involves their working through the state.

At the same time, the power of dominant organizations also manifests itself non-coercively as they set the course that other organizations seek or at least claim to copy. Mimetic isomorphism comes as organizations try to minimize risky uncertainty, especially where their goals are ambiguous, and to legitimize themselves, especially by emulating well-established and (at least in that sense) successful organizations. Normative isomorphism comes mostly from professionalism. A contrast arises in that mimetic isomorphism refers to actors otherwise unclear on what to do who therefore copy successful organizations whereas normative isomorphism arises where professionals or others feel capable of charting policy but do so based on their socialization to dominant norms.<sup>15</sup>

How well the new institutionalist tenets fit higher education overall goes beyond the scope of this paper, but a few observations can be made about the limited literature dealing with isomorphism and higher education. First, the new institutionalism has drawn less from higher than from primary and secondary education. Second, until a few years ago none of the education literature on institutionalism drew heavily upon private education. Third, higher education works that do consider the new institutionalist tenets tend to portray a fit.<sup>16</sup> Fourth, however, the sole international volume concerned with the theme of isomorphism versus diversity in higher education (Meek et al., 1996) produced mixed evidence.<sup>17</sup>

Fifth, as most of the small higher education literature specifically addressing institutionalist tenets tends to stress isomorphism, it is at odds with how most higher education literature sees diversity—as ample or expanding or both. Indeed, the smaller literature tries to undermine the conventional higher education wisdom about diversity's upper hand. Depiction of grand institutional diversity dominates the mainstream U.S. higher education literature, though the international stage is more complicated.<sup>18</sup> Moreover, many works portray rising disciplinary diversity, with ever-increasing sub-disciplines, and “the” academic profession is largely a profession of professions wielding different norms (Clark 1983).

Whatever conclusions are ultimately reached about isomorphism versus diversity in higher education overall, this article finds a breach between what the new institutionalism would lead us to believe and what literature on *private* higher education finds—diversity dominant over

isomorphism (as well as technical over institutional rationality and change over organizational persistence).

The heralded concept of isomorphism does not prepare us for an increasingly important chunk of higher education, for the burst of distinctive private higher education growth in many nations since the 1980s (Altbach 1999; Levy 2002c; Levy 1986).

Since the opening of Zhonghua Societal University in 1982, China has had a policy of what we might call "one nation, two sectors." Within the same year over a hundred more private institutions were created and by 2001 there were 1291. Both the enrollment growth and the number of organizations cast doubt on the new institutionalism. Moreover, some of the institutions have achieved economic and social importance, some even attaining academic prominence, unusual for the world's new private higher education institutions (Levy 2002a). Signs of success include attracting students who have other options and luring professors from estimable public places (Law 1995: 332). In any event, China may be grouped with Mongolia and Vietnam among Asian countries where private enrollments are still modest compared with many regional counterparts but grow quickly. China's private sector reached 12.4 percent of total postsecondary enrollments by 2001. If we look at the figure for just bachelor and sub-bachelor levels, without including self-study programs (in which students prepare to take the national examination) and jointly-run private-public programs, the figure would be only 1.6 percent in 2001, up from 0.2 percent in 1996.<sup>19</sup> By the number of institutions, the public/private ratio shrunk to 1.5:1 by 2001, from 1.9:1 in 1996, due both to private creation and the merging of public institutions.

Hungary's private surge started a bit later, with the fall of Communism. Unlike China, however, some private (religious) institutions survived through the Communist era, though with coercive constraints that limited organizational distinctiveness and with Church ownership restricted de facto to religious pursuits (Nagy and Darvas 1999: 173). By 2001, the private sector would account for 15 percent of enrollments (and 54 percent of the country's institutions), not including foreign-accredited establishments, which add further diversity; the best-known example has been as the Soros-funded Central European University. The latest addition is Andrassy University, with German and Austrian backing and with German as the language of instruction. Most of Hungary's private institutions, including the few private universities, are religious but the most remarkable enrollment surge has come in the brand new secular "foundation" colleges. They account for the easy majority of new private enrollment.<sup>20</sup> The government has anticipated private growth and expressed interest in seeing higher education move its overall college/university ratio from 1:1 to 1:2, with the private sector having a large role on the college side (though Hungary's recent joining of the Bologna process reframe such private-

public dynamics). The new private foundation subsector has shown robustness on measures such as job-market ties and distinctiveness from public higher education, notwithstanding regulatory constraints.

Argentina's private sector dates from 1959 but a recent surge is reflected in figures on organizational birth. After fifteen institutions gained state recognition by 1973, there ensued a decade and half in which the state generally denied further institutions, though five approvals were granted on exceptional bases. But under the Carlos Menem administration (starting 1989), with its broad policies of international opening, deregulation, and privatization, the number of recognized private institutions quickly doubled. From 1990 to 1994, while the system's total enrollments fell, private enrollments increased by 30 percent (Durham and Sampaio 2000: 24), growing even during the lean years for private institutional birth. A country that had long lagged sister republics in its private/total proportion would by 1994, at 25 percent private, lie close to Spanish American norm, though not the 40 percent private share with Brazil (Levy 1986: 4-5; García Guadilla 1996: 270, 264). In 2000 52 of 93 universities were private (including "university institutes," offering only one field of study). For both universities and all higher education, we again see the tendency for privates to be proportionally larger in number of organizations than in number of enrollments and the number of private institutions more than doubled in the 1990s.<sup>21</sup> And again the private share is striking on the non-university side (41 percent versus 20 percent of total higher education enrollments).

The rest of the paper fleshes out and interprets such facts against the institutionalist framework. The next two sections indicate how the coercive and non-coercive tenets of isomorphism come up short against the private higher education literature's inter-sectoral evidence. An additional section then deals with two further sectoral considerations.

## EXAGGERATING COERCIVE ISOMORPHISM

### The State and the Legal Framework

By the new institutionalism, one might expect the new private institutions to come under strong state influence, reflected in governance and finance, thus limiting pluralism in organizational goals and behavior. But the present private surge represents an important proportional decrease in state activity and control, and the state rollback in finance is clearer. All this is a fundamental reversal from the trends of the postwar decades in our three countries and most others as well, a time in which public higher education, consistent with an increasingly state-molded environment, did become increasingly state-regulated and financed. Those decades also saw an increase in state regulation and finance for extant private higher education, though very rarely extinguishing private-public differences.

The new private surge can be seen in connection with the international "crisis of the welfare state," the "crisis of development," and the shift from state to private or mixed private-public forms, including nonprofit private activity (Salamon 1995: 255-56). Much of this push has come "from below," from grassroots movements in the case of NGOs and a huge demand from students, families, businesses and other actors in the case of higher education. Much can be seen as part of a blossoming of society, limiting or altering the state, and as an organizational response to rather uncontrolled, competitive, and fundamentally rational demands emanating outside the state. In dramatic cases, as with private research organizations that assumed great importance under Latin American military rule, this blossoming was anti-state in pointed ways (Levy 1996).

Yet a common paradox is that more often the state welcomes and sometimes even promotes the private surge, which reverses traditional statist ideology and behavior. Nearly worldwide, after all, official doctrine is now to seek a slimmer state that gets more fit by getting less fat. The new institutionalism prepares us for public higher education's resistance to the private surge, but it hardly prepares us for either the surge itself or for the state's acquiescence or even championing of it.

China has for years officially encouraged private higher education development. A further stride came with 2002 legislation, putting private higher education on a more solid legal footing and in a positive context. Explicit reasons include increased access but also increased competition as an engine to enhanced academic and economic performance. Indeed one is struck by how openly and strongly many East Asian states favor private growth, more recently joined by several Middle Eastern states. Owing to different political crosscurrents, at least in the earlier decades in which Latin American private growth took off, states there were generally more circumspect in declarations and policy even once they came to welcome the privatization. There too, however, one notes change, as when Argentine officials now participate in inaugural ceremonies at private institutions. Finally, the Hungarian case highlights a qualification valid in all three cases: state officials have been divided on privatization, pro, con, or rather indifferent. There are also shifts over even brief time periods. Hungary in the early-1990s, pushed by the World Bank, was keener on deregulation than it would be shortly after (Ministry of Culture and Education 1996) but the 2002 change of government has raised the likelihood of a new wave of deregulation. Pro-private forces usually have the upper hand, albeit more clearly in Asia than in Europe. Education ministries tend to display more reluctance than finance ministries, which have the strongest international ties and considerable power.<sup>22</sup>

Whereas the new institutionalism stresses a common and broadening legal framework, a different picture results from both the significantly lesser state controls applied to the private



sector and from deregulation. Even where the new institutionalists note deregulation (Powell 1991: 200), they do not depict it as a major empirical trend.

Through its forty-year history, Argentine private higher education has had for the most part greater autonomy than its public counterpart from the state legal environment (though not over some aspects of curriculum and program). Under periods of repressive military rule initiated in 1966 and then again in 1976, though controls over privates increased, the private-public gap was such that private institutions could hire professors purged from public ones (Levy 1986: 239-40). The point, internationally, is that common system-wide legal frameworks have often been either limited or shrinking. Sometimes they are both limited and shrinking but the *or* assertion of the preceding sentence seems more generally valid.<sup>23</sup>

Recent work shows a common sequence for new or quickly expanding and transforming private sectors (Levy 2002c). They spring up in quite unanticipated form, often with a distinctiveness that stuns many and appalls some. They often arise amid a legal vacuum, neither precisely forbidden nor monitored. Such surprise emergence is quite at odds with tenets of the new institutionalism. Only subsequently does the state compose a clearer legal and policy framework. Sometimes, as in China, this is mostly to facilitate the private growth—including distinctive growth. Sometimes, as in Hungary and other East European countries, the framework is more reflective of coercive isomorphism (largely from public university pressure), though even there we must note both the legacy of limited to negligible regulation and the persistence of inter-sectoral differences rather than a common legal framework, as with private freedom from laws on public employees.<sup>24</sup>

Whether or not it occurs alongside some increased regulation, deregulation also occurs even in countries that lack legacies of heavy regulation. Like Mexico, Argentina increases the instances in which these institutions can earn their way to a formal autonomous status. This then allows greater latitude for organizational diversity. Also, where states promote a “private is beautiful” ideology (or where states lose legitimacy), private higher education sees less need to sacrifice their own autonomy for state regulations that affirm they are not “too different.”

Furthermore, even where rules protecting existing public university forms from private (or novel public) university alternatives sustain homogeneity within the university terrain, they may nonetheless fuel diversification. This occurs as alternatives, including private ones, arise in *non*-university quarters. Hungary's foundation colleges are examples, as are Argentina's short-cycle private higher education institutions (Balán 1990: 16) and some of its specialized institutions, including an array of research centers and think tanks. Very few of China's private institutions are universities, only about 3 percent of private institutions can offer their own

degrees, and government makes it difficult for many institutions to be called “educational” as opposed to merely “training,” and it confines many institutions to specialized vocational (*zhuan xiu*) rather than academic status, but as all these forms bloom there is increasing diversity. Many countries show a preponderance of private organizations in the college as opposed to university domain (Chile, India, Israel, Japan, the Philippines, South Africa). Thus, insistence on university homogeneity, consistent with the new institutionalism, does not preclude an ultimate impact of increased diversity for higher education overall. <sup>25</sup>

To be sure, there is generally some encompassing legal framework for the whole system and in certain instances some specifically for the entire private sector. But deregulation in higher education often reduces standard rules while allowing, even encouraging, diverse practices beyond those rules (Neave 1996: 38). And it is not too much to assert that the main legal “framework” for most private institutions in many countries does not reach much beyond the individual institution itself. Such is the practical autonomy many enjoy *de jure* or *de facto* or both. This then usually goes along with a strikingly centralized governance structure *within* the institution, with a degree of hierarchy and administrative control that contrasts with public sector norms, and the norms of the academic profession, and allows individual institutions to set their own distinctive profiles (Levy 1992, 1996). <sup>26</sup>

The most remarkable of our three cases regarding the autonomy of private institutions is China, given that the Chinese state remains controlling and repressive in many ways. Though the private institutions must conform to certain state and local (!) laws and policies, including on minimum size, qualifications of faculty and administrators, facilities, nonprofit status (for the “educational” rather than the “training” institutions), limited foreign ownership, and avoidance of “feudalistic and superstitious activities,” they have had the “autonomy to define their own aims, mechanisms and management models” as well as to appoint their personnel (Law 1995: 341; Pan and Wei 1995: 9). Reasonable observers could even argue that regulation of privates has been inadequate. <sup>27</sup>

### The State and Funding

As the new institutionalism supposes a more common and powerful legal framework than often exists, it likewise supposes organizational dependence on the state as the one central financial source. DiMaggio and Powell (1983: 154-55) are surely right to hypothesize greater organizational isomorphism where there is greater dependence on state funds and greater interaction with the state. Again what is problematic is not the logic but the applicability to new realities and trends internationally. As resource dependency theory would predict, a more plural resource base should lead to greater organizational diversification.

We again insist on the sectoral dimension. Whereas public sectors have traditionally been basically state funded in most countries, many private sectors of higher education have never received *any* state financial support, or have received only limited and indirect help. Like California, Argentina has had a constitutional ban against state subsidization; even a novel, decentralized public agency that in the 1990s funneled funds to institutions based on a competitive process involving institutions' proposals, could not give to private institutions. Furthermore, even in countries where ample state funding has gone to private institutions, the rule has been nearly unbroken, including at the peak of state expansion: private sector institutions have received a lower proportion of their income from the state than public ones have. This appears to hold even for systems closest to financial homogenization (e.g., Chile in the 1960s-1970s, Belgium, the Netherlands, New York among U.S. states). More commonly, the private-public gap is large. The persistence of large gaps is unsupportive of the new institutionalism.

So is the trend of higher education's (and other fields') decreasing dependence on state funding. This sometimes involves cutbacks in public funding for the public sector, especially in the proportion of state to total funding. There is increased private funding for public higher education, as seen dramatically in post-Communist countries and, reflecting our inter-sectoral distinction, there is the growing proportion of enrollment in the (privately financed) private sector. These points about decreased dependence on state finance apply to our three main country cases, China most strikingly.

The increased private funding also appears problematic in another way for the new institutionalism's depiction of rationality. The Argentine case shows how the private higher education literature sees the increased private financial contribution as part of rational competition. Even those who decry the state's retreat from its responsibility regard the students, parents, and businesses that account for the privates' income as acting to maximize their educational or economic interests. This explains the steel industry's support for the Business Administration Institute and the Argentine University of Business's emphasis on training corporate executives. The Argentine Industrial Union is among groups that concluded that the public university no longer adequately served them, through their taxes, and that it should support private institutions in order to obtain the greater quality or relevance it needs (Balán 1990: 16-17). Something similar could be said for numerous businesses, NGOs, and others who contract with private research centers for the applied research they need (Thompson 1994). And there is evidence that at least the elite private universities have led the way in a new competition for students, just as they have led the way in vigorous inter-institutional market competition for hiring professors. Both the organizational configuration and the funding of Argentine private higher education have become much more diverse than they were. This is a portrait of an

increasingly competitive marketplace of plural and diverse organizations, all of which helps make Argentine private-public differences in higher education “very marked and overriding” (Balán 1990: 15).

Hungary has remained a more mixed and uncertain case. A “sector neutrality” in which private and public institutions are equally eligible for state funding is championed not only by some who would “rationalize” the public sector by trimming its subsidies and increasing tuition and other cost recovery there, but also by Church-related institutions that cling to their public support. These are the only private institutions receiving public research funding. So “sector neutrality” may cover just the public and religious institutions, while the private foundation colleges are distinctively private in finance. Meanwhile, as in much of Eastern Europe and beyond, public places have diversified internally since 1997 by opening “onkoltseges” enrollment slots, with partial fees, right alongside the more subsidized slots for students and by charging for an array of items.<sup>28</sup> Despite all such diversification within each sector, a decisive private-public difference remains the flow of basic annual subsidies for the public sector only.

The immediately plural financial base for Chinese private higher education is impressive. The new market economy has produced family wealth able to afford tuition (Johnstone 1997). There are significant donations from Chinese living abroad (Peterson 2001), often to institutions in their hometown, while both the domestic school-enterprise model and the international finance that comes for institutions such as Yanjing Huaqiao University in Beijing underscore again the idea of business engagement in pursuit of economic self-interest (Min 1991; Mok 1997: 267). The Chinese government has officially accepted tuition as a positive policy and begun implementation (which diversifies finance for the public sector though it diminishes an inter-sectoral difference).<sup>29</sup>

In short, whereas DiMaggio and Powell (1983) first wrote at a time when the state had over decades gained enormous power, we live in an era of a more shrinking state, with ramifications for state finance, legal and regulatory frameworks, and the dominance of established public organizations. The logic of the new institutionalism, but not the empirical trends it perceived, could thus be reconciled with rising organizational diversity. Similarly, the significant trend from state to market dynamics, a theme in higher education the world over, runs counter to the new institutionalism's depiction of isomorphism through limited technical rationality.

### International Coercion

Is multifaceted evidence on a declining state related to, and in some ways offset by, a new and broader isomorphic force: internationalization? The answer is partly affirmative. The World

Bank, Asian Development Bank, Inter-American Development Bank, and International Monetary Fund prescribe many common policies for the different countries they assist. The prescriptions are broadly consistent, furthermore, with policy trends in developed countries. One can find international evidence for both coercive and mimetic isomorphism, cultural hegemony, and so forth.

The main reason not to accept internationalization as a mighty enough isomorphic force to compensate for the state's waning isomorphic force is that the international agenda in question pointedly promotes organizational diversity within systems. There is, then, an internationally isomorphic promotion of an anti-isomorphic prescription. The international agenda limits the state in its finance and, usually, in its governance framework, pushes financial diversification within institutions and goal diversification across institutions, favors organizational diversification even within the public sector as it advocates increased autonomy with more varied forms of accountability, and favors the growth of private institutions as well as privatized features within public ones. The agenda also staunchly promotes inter-institutional competition, usually for each sector and between sectors, while explicitly or implicitly pointing to private leadership in injecting the competitive dynamic.<sup>30</sup> As pieces of this agenda get implemented, we indeed get an increased sense of an international system and thereby some global isomorphism. But, notwithstanding the sophisticated ring of declarations about a world system of higher education, such a system exists only in pockets. We may note international tendencies without seeing convergence resulting from them. No world system is the basic and direct conditioning force in the life of most students and higher education institutions in most countries. Most higher education actors and organizations still live more within their country than within an international system.<sup>31</sup>

If organizational differences decline among Hungary, China, and Argentina—and between all and the trend-setting United States—such decline does not offset, and will not in the near future offset, the increasing organizational diversity within each country. Additionally, the international sphere is so immense that it encompasses huge, if arguably declining, organizational diversity.<sup>32</sup>

## EXAGGERATING NON-COERCIVE ISOMORPHISM

As on the coercive side, so on the non-coercive side, it is not the logic of the new institutionalism so much as its applicability to the modern context that appears tenuous. Though the new institutionalism works well to help us understand the mimetic and normative isomorphism that appears between private and public higher education, it falls short for the astonishing growth of private higher education in organizations quite distinct from pre-existing

public ones.<sup>33</sup> I will center the discussion here on two inter-related concepts prominent in the new institutionalism: legitimacy and goals.

## Legitimacy

Key to the notion of mimetic isomorphism is the desire, indeed rationality, of copying legitimate, successful organizations. But while some organizational sociologists call long-persisting organizations successful, relevant actors may not see the organizations that way. As shown in Latin America, many actors regard traditional public universities as low in legitimacy and declining in it, as well as in quality and responsiveness. This is why academic models of nonprofit growth based on "public failure," emphasizing the perception as well as any objective reality of failure, work well in such contexts (Levy 1996: 65-79; Levy 1986: 37-53). There is now ample parallel in Africa (much more than in China or Eastern Europe). The new institutionalism appears to give too little attention to *delegitimation*.<sup>34</sup>

In considering legitimacy, it is worthwhile to revisit the role of the state. One broad point is that the state itself has often lost legitimacy. Our primary concern here is with the multiple ramifications for the higher education institutions. The state's reduced size and role makes it harder for it to confer the resources and status on public universities that it once did, or at least its resources fail to grow proportionately to the public university's size, and so the latter's status may again fall. Also, given their new proclivities, some states do not want to boost the public universities' legitimacy as opposed to new forms of legitimacy in new institutions. This is a manifestation of a more general reservation about the legitimacy link between the state and dominant public institutions: several regions of the world have ample traditions of conflict and political isolation between the two, even when the former fully funds the latter. Thus, the two may not work in tandem to build an overarching public legitimacy. At an extreme, association with a repressive or otherwise unpopular state discredits higher education institutions.<sup>35</sup> Another extreme has occurred, as in Romania and other parts of Eastern Europe, where a weakened post-Communist state allowed a hyper-proliferation of private institutions which, due to their often dubious yet unregulated nature, further delegitimized the state (though the state has sometimes then come to assert itself and restrict the privates).<sup>36</sup>

Moreover, as the state has declined as the source of legitimacy, other actors have advanced as sources. This quite pluralistic tendency is conducive to organizational diversity. While some organizations still rely mostly on ties to the state, others build their legitimacy on ties to business, others on ties to churches, and so forth. Both Hungary's Catholic University and China's Xiamen University express pride in private roots, one religious and the other philanthropic, which antedate the Communist period.<sup>37</sup> The international arena allows some institutions to build their

legitimacy through their links with organizations such as a British university or a U.S. regional accrediting agency. All these diversifying alternatives to state-based legitimacy have been more powerful for private than public higher education in Argentina, Hungary, and many Asian countries. The idea of potent isomorphism rooted in potent public sector legitimacy becomes less persuasive.

Situations sometimes become pluralistically mixed where the state initially confers only a qualified legitimacy on private institutions. Thus Chinese private education has had to employ euphemisms (e.g., people, societal-run, NGO) to avoid calling its new institutions private. Vietnam has done the same with its semipublics, people-funded, and NGO-run institutions. With only the minimal state-based legitimacy to operate, private institutions then gain from non-state sources the additional legitimacy they need to operate successfully. This holds for Asian universities or Latin American research centers that cannot gain license to grant domestic degrees themselves but link up with foreign universities to grant degrees that students find useful in the competitive marketplace.<sup>38</sup> In turn, legitimacy obtained from plural sources can then influence the state itself to grant more legitimacy from its end, as seen with the Chinese legislation of 2002. As legitimacy comes less than before from the state, or from once-dominant public institutions, the new institutionalism's tenets lose ground.

## Goals

Multiple sources of legitimacy relate to multiple tasks and goals. The new institutionalism astutely shows why isomorphism is often enhanced where goals are ambiguous, as emulation of accepted organizations promotes the legitimacy of the copiers, and where technologies are uncertain, as organizations seek safety (DiMaggio and Powell 1983: 153). And both ambiguity and uncertain technologies are often especially associated with higher education institutions, and with nonprofit organizations.

But we might suggest a counter-tendency. The new institutionalism seems to assume an essential commonality of goals even where goals are ambiguous. Yet the private higher education literature shows how diverse the goals of various actors and thus organizations can be—and perhaps how uncertainty allows room to defy what has typically been done, since what has typically been done is not clearly the best formula. This of course ties back to points about legitimacy since the lack of a clear public-centered source of legitimacy undermines a sense that one set of goals from that source is the prescribed packet.

Indeed, private institutions often arise or grow because the public sector is unwilling or slow to recognize the multiple forms of legitimacy available in the environment and the new

higher education goals they allow. A key example is where public universities insist on notions of legitimacy through traditional academic standards while privates respond to growing belief in legitimacy through efficient passage into the invigorated market economy.<sup>39</sup> Thus, students seeking an English-language preparation for quick insertion to an internationalizing business arena flock to private higher education institutions in Azerbaijan, Italy, Malaysia, and many other countries.

Although the state's central regulations and formal evaluation often claim to employ a singular notion of higher education's proper goal as attainment of the highest levels of academic standing (with the most intellectually adept professors and students, disciplines, methodologies, graduate education, basic research, and so forth), multiple actors have de facto pursued different notions of legitimate goals and views of what is worthwhile. Moreover, as opposed to a new institutionalist notion of minimizing risk by copying the most successful institutions on the academic gold standard, they have undertaken the risks of innovation. Partly they do so out of a realization that they could not perform well on the gold standard anyway. The great majority of Hungary's private institutions are viewed as nowhere near competing with public universities in institutional stature (Giesecke, 1999).

Additionally, they have a rational investment strategy that pursuit of tasks not well recognized as legitimate by the most established universities or sometimes by the state can produce tangible results and, ultimately, new forms of legitimacy. We have already seen that Chinese non-public higher education's pursuit of goals has over time gained surer legitimacy. Private Thai institutions that were regarded with great suspicion and even treated as criminals have attracted students and gained legitimacy over time (Kulachol: 1995: 113). A similar trajectory is clear in any country where students flock to private institutions that lack full legal or degree-granting status. The trajectory indeed emerges in the majority of cases where students go to private institutions, for the privates lack the traditional legitimacy of the oldest public universities and specialize in the pursuit of largely different studies and goals.

Thus, the most legitimate goals within one sector of a population of organizations may not be enshrined in another sector. Moreover, the point again goes beyond our inter-sectoral emphasis since the private sector is usually quite internally heterogeneous. The goals of one private organization or subsector may be just as far from those of another private organization's as they are from the public sector's. This can be seen in the business versus church-orientations within both Hungary and Argentina, or in the high-level versus middle-level job-orientation within both China and Argentina.<sup>40</sup> Additionally, the private sector's responsiveness to multiple goals and views of legitimacy, when it captures demand, places graduates in jobs, and attains



other successes, often unleashes a competitive dynamic that leads to some organizational diversification of goals and valued pursuits within the public sector as well.

Where private institutions have pursued goals other than the most touted academic ones, they have generally moved away from another central concept of the new institutionalism: professionalism. With only limited exceptions outside the United States, private higher education institutions have usually had a significantly lower percentage of full-time faculty and students than have their public counterparts, particularly their oldest public counterparts. Though this is typically evaluated as a shortcoming, and sometimes is, and though it becomes possible to refer to “quasi-organizations,” the use of part-timers is often programmatically reasonable, as well as economically rational, for the different and multiple goals of the new private institutions. Hungary's Gabor Denes, like China's Zhitong University, is largely a distance education institution with very few full-time staff. But the specific point about part-timers and the general point about professionalism hold for the great majority of private institutions in those two countries, Argentina, and beyond.<sup>41</sup>

So while the new institutionalist hypothesis that greater professionalism makes for greater isomorphism is sound, the applicability even to such a seemingly quintessentially professional field as higher education can easily be exaggerated. Surging privatization signals declining coverage by professional norms.<sup>42</sup>

One could elaborate on the new private sectors' many goals other than traditional academic legitimacy and professionalism. Among these are profit (legally declared and distributed or not) and a rising ethnic or religious identification that is not only plural but often a balkanizing counterpoint to the homogenizing national identity usually championed by the most venerable public universities.<sup>43</sup> But we focus here on the goal of efficient placement of graduates into the job market as the most general private higher educational goal, whether for elite or quite academically undistinguished institutions, often with a claim of out-competing public counterparts on this score—and with a marked hue of reflective, calculated, utilitarian, technically efficient pursuits by both individuals and organizations (demanding and supplying this higher education).<sup>44</sup> Commercial private higher education may often be more isomorphic to businesses than to public universities.

Hungary's foundation colleges (which would have grown faster were there fewer public regulations inhibiting responsiveness to the job market) have been much quicker than public counterparts into fields linked to the post-Communist economy, great demand, and high salaries. These include management, business administration, advertising, economics, informatics, tourism, and some areas of law, a pattern found also for neighboring Romania and most of

Eastern Europe, with similar implications about the rationality of a plunge into waters where demand is high and supply lags (Nagy and Darvas 1999: 170; Eisemon et al., 1995: 141). Chinese privates also respond in an economically rational way, in similar fields, to a new market economy. Zhou (1995: 16-17) points out that these fields are all “highly practical” ones and the demand exceeds the supply of personnel. Yin and White (1994: 217, 226) emphasize the “spontaneous response by institutions to an increasingly commercialized economic environment” and the great variety of new partnerships with industry. Yanjing Huaqiao University illustrates the move into international finance. Though the concentration of private over public institutions in these fields was established long ago in Argentina, in the 1990s the country's new economy of privatization, deregulation, and international openness led to a reinvigoration in business-related fields (Levy 1986: 260-63; García de Fanelli 1997: 31). But the evidence on such field concentrations comes from private sectors globally, including relative latecomers to private higher education, Africa and Australia (Sawyer 2002; Marginson 1997).<sup>45</sup>

The fields of study that predominate in private higher education and are intertwined with its heavy emphasis on employment goals, crucial to its legitimacy, are part of an international trend immersing higher education in various marketplaces. In a sharp break from isomorphic tenets we move further and further from situations linked to an institutionalism where organizations can simply copy and otherwise minimize evaluation and competition based on technical efficiency (Meyer and Rowan 1991). As legal and other homogeneity is restricted to decreasing territory, “performance conditionality” becomes the name of the game (Neave 1996: 36-37) and this on balance moves systems more toward organizational diversity, quite notably through privatization of various sorts. Both the diversification and the technically rational competitive forces that largely propel it clash substantially with what the new institutionalism would postulate for higher education.

## FURTHER SECTORAL CONSIDERATIONS

### Reconciling the New Institutionalism with Inter-sectoral Diversity

DiMaggio and Powell's (1983: 154-56) hypotheses on the pace and degree of isomorphism show appreciation that variables condition the organizational world and there is no uniformly homogenizing force. Consequently, as we argue that the authors postulate too much weight for the homogenizing forces among the variables, we can still accept that the validity of the variables. We consider here two of their variables: *time* and *environment*. We relate each to the sectoral variable.

*Time.* A view of an “inexorable push toward homogenization” allows that greater organizational diversity exists in a field's initial life cycle, before the field “becomes well

established" (DiMaggio and Powell 1983: 148). Hannan and Freeman (1989: 11-12, 60) also suggest that organizational diversity diminishes over time, though through more competitive behavior than the new institutionalism suggests.<sup>46</sup>

In the face of the new institutionalism's logic and empirical evidence for decreased organizational distinctiveness over time, the present article could hardly assert the opposite general proposition. Instead, pondering private higher education and growing organizational diversity, we might modify the concept of time, life cycle, and so forth. A key could be to apply timing to something other than the new institutionalism's concentration on fields (or populations) like higher education. Within fields, sectors may emerge or suddenly become robust or distinct from one another. In that case, fields per se carry less broad defining power, imposing fewer commonalities, than what the new institutionalism suggests. Instead, we can highlight a sectoral newness that carries some of the dynamics of diversity hitherto associated with relatively new fields.<sup>47</sup>

**Environment.** The approach on timing links with a reconsideration of the meaning of environment. DiMaggio and Powell (1983: 149) maintain that organizations become isomorphic to their environment. Accordingly, substantial organizational diversity is possible as long as the environment itself is diverse. They go on to emphasize limited and decreasing organizational diversity largely because they see huge homogenizing forces in the environment, led by the state and professionalism.<sup>48</sup> So they emphasize a field's common environment, increasingly common over time, as institutionalization tends to reduce variety and "override diversity in local environments" (DiMaggio and Powell 1991: 14).

Again an emphasis on sectors can boost predictions and explanations for organizational diversity. This is so where each sector lives in and depends on a largely different environment. The private higher education literature shows that relaxation of prior field-wide rules and constraints enables the sudden creation and growth of a private higher education sector, as in Argentina in 1959, China in 1982, and Hungary in 1989. These private sectors have since lived within both a field environment shared with their public counterparts in some respects and an environment *distinct* from their public counterparts in other respects.

The idea of partly distinct environments is consistent with the Hannan and Freeman (1977) concepts of organizational niches, specialist roles, and population ecology, insofar as organizations operate within different contexts. These concepts have proven pertinent for understanding major private-public differences in higher education (Levy 1992). Private organizations live largely within narrower environments that facilitate a relative organizational narrowness, focus, and coherence. At the same time, because the environment for one or a set of

private organizations is not necessarily the environment for other privates, the sector can display ample organizational diversity. In short, the logic of organizational isomorphism to the pertinent environment can be adapted to explain diversity between private and public organizations (and among private ones) on the basis of their largely different environments.

Operation in different environments promotes private-public differences yet not necessarily private-public competition. This juxtaposition is often clear in China and Hungary. And China shows another wrinkle, which is increasingly common internationally. The private and public institutions join in partnership. The key rationales for partnership lie in mutual self-interest, of course, but also in recognition of each partner's distinctive characteristics (often the public's stature and the private's money-making capability).

### Privatization and Intrasectoral Diversity

Analysis of intrasectoral organizational diversity would go mostly beyond this paper, but a couple of points should be highlighted. Indeed it has been impossible to explore inter-sectoral dimensions without touching on certain intrasectoral dimensions.

Many of the dynamics that make private organizations different from public ones also make them often different from one another. Harking back to variables of time and environment, for example, we see the birth of fresh sub-sectors. Dramatic in Hungary is the secular surge since 1989. In Argentina, after decades of religious and mostly non-elite private higher education, an elite sub-sector emerged (epitomized by the San Andres and Di Tella universities). Even the young Chinese private sector sees considerable intrasectoral diversity as it is populated by a "growing variety of sponsors," including enterprises, mass organizations, retired party officials, NGOs, and compatriots living in many other countries (Zhou 1995: 16). What Eisemon et al., (1995: 140) find in Romania, in pointed contrast to a stultifying lack of (public) institutional diversity up to 1989, is what observers report in many countries: "Diversity is the outstanding feature of the private higher education sector." In many countries private higher education increasingly involves a diversity of religious, commercial, for-profit, distance, non-university, partner, and international organizations.

Obviously this paper has had much less to say about diversifying tendencies within the public sector, all of which would have to be weighed against isomorphic tendencies.<sup>49</sup> Especially pertinent to our considerations, however, is a public sector diversification based on features hitherto more identified with the private sector. In fact, herein lies a common use of the term "privatization." Our three countries typify the global tendency, China most dramatically and Argentina least. But even Argentina, which had created "public alternative institutions" in the

early 1970s, has been creating a fresh wave of them (García de Fanelli 1997); these, as well as even the country's senior public universities, see much more penetration of private characteristics (e.g., the sale of services) into public institutions (Krotsch 1993). The rise of private finance, with whatever decline in public finance, is a key feature of public sector privatization.<sup>50</sup>

The privatizing finance ties into changes in governance and management and the package is aimed at increasing institutional autonomy—with a rationale very much about encouraging inter-institutional diversification. The ubiquity of this prescription on the international policy agenda fits our paradox of a common (thus isomorphic) agenda for system decentralization and institutional diversification (thus anti-isomorphic).<sup>51</sup> Institutions are increasingly allowed to escape common legal frameworks and rules to chart their own course. They are sometimes left no alternative. Such enhanced public institutional autonomy is consistent with the wider political-economic trends of state shrinking, decentralization, and deregulation. Also, the public institutions are expected to install management principles associated with greater technical efficiency—less room for what the World Bank and others decry (translated into the new institutionalism's terminology) as the indulgences of economically and academically inefficient isomorphism linked to organizational security and a "rationality" linked to vested political interests.

## CONCLUSION

As the paper has compared evidence on private higher education with the new institutionalism's tenets, it has repeatedly identified where the new institutionalism might be revised. This is a far cry from asserting that the new institutionalism is impoverished. It is not even an argument that the new institutionalism is irrelevant for the case of private higher education internationally. On the contrary, the new institutionalism can help us appreciate the isomorphism that is truly associated with higher education privatization (Levy 1999). More broadly, the worthy task in analyzing sets of organizations is not usually to establish that there is basically isomorphism *or* diversity but to identify and understand where, why, and how each is at play. The present piece raises concerns that may warrant modifications of the new institutionalism. In some ways, the modifications limit the new institutionalism, yet in other ways they could enlarge its appropriate applicability.<sup>52</sup>

The most basic concern raised in this paper is the limited force and reach of isomorphism. Related to that is the kind of rationality associated with isomorphism and distinctiveness. Literature on private higher education usually portrays diversity arising from technically rational competitive forces. The new institutionalism does not prepare us for such a picture. Of course,

this paper does not itself attempt to prove that the private higher education literature is basically correct, and in fact that literature should be more attentive to isomorphism and the new institutionalism's potential utility in understanding it. Still, the private higher education literature's portrayal rests upon increasing evidence and it is fair to accept it unless and until it would be disproved. Diversity exceeds isomorphism where private higher education grows, and the diversity appears to stem more from technical rationality than from the organizational rationality emphasized by the new institutionalism.

More generally, though tentatively because we have examined just one case or field, we see reason to expect echoes in other subject matter. That is, isomorphism may be frequently and increasingly weaker than the new institutionalism suggests. Like other useful and novel academic movements, the new institutionalism initially over-corrected, in this case against views of diversity and technical rationality in both organizational sociology and economics. Additionally, however, the new institutionalism has proven exaggerated or partly misleading because of the ways the world has been changing in the last two decades. Multiple forms of privatization are at play, along with other increased pressures for technical efficiency. The new institutionalism needs to come to grips with a modern reshaping of the forces that condition the organizational structure of fields. These include those it itself identifies: states, professions, and markets. We have seen how a revamped and diminished state, along with invigorated markets and limited professionalism, has contributed to increased organizational diversity linked to technical rationality.

This organizational diversity has included intrasectoral dimensions. The diversity is clear in the private sector but emerges even within the public sector, through movements like deregulation and decentralization, and it certainly emerges as some elements of privatization occur within the public sector. Still, the focus here has been inter-sectoral. The higher education diversity in question has come largely from the rise of a private sector importantly different from the public sector.

Thus, another finding from our case that should have broader ramifications concerns fields and sub-fields. Fields, at least wide and complex ones like higher education, usually experience isomorphic and anti-isomorphic tendencies simultaneously.<sup>53</sup> This suggests the utility of also focusing at a sub-field level. For given sectors or even subsectors within fields we may identify and analyze the preponderance of one tendency over the other at least for some time period. For contemporary private higher education the evidence may well accumulate mostly on the anti-isomorphic side. The value of focusing on sub-fields lies in discerning the predominant forces operating there and in the opportunity for comparisons across the sub-fields, as with higher education's inter-sectoral differences.

More broadly, sub-fields constitute just one dimension that we have identified in which both isomorphic and diversifying forces are at work. So much depends on where we look. What is isomorphic to what? The literature generally assumes that organizations copy within a field or population (Haveman 1993), but we have noted how an institution may be isomorphic to another institution, a subsector, a sector, private entities outside the field, a public entity other than the state, or an international pattern, any of which may be dominant or not. To be isomorphic to one or another of these entities may be to be quite distinctive from others.

In some circumstances the tools for modifying the new institutionalism may lie in organizational sociology that seemed somewhat outdated or exaggerated to those who formulated the new institutionalism.<sup>54</sup> In other circumstances tools for understanding organizational diversification through technically rational competition appear to lie within the new institutionalism itself, but with a different view of which forces are ascendant.<sup>55</sup> This point has been illustrated here with regard to state regulation, state finance, centralization, the legitimacy of venerable public institutions, professionalization, and the utility of focusing on sectors when invoking the new institutionalism's logic about both life cycles and organizations' pertinent environments. Where the institutions, actors, roles, and structures are aligned and have the (growing) weight that the new institutionalism supposes, isomorphism through organizational rationality is indeed salient—but the alignment and weight are very much in question. If the new institutionalism's independent variables such as a powerful and expanding state are now weaker than supposed, then diversity through technically rational competition can be a result consistent with much of the new institutionalism's own logic.

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## NOTES

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<sup>1</sup> The author appreciates comments on related versions from Philip Altbach, Burton Clark, Peter Darvas, Ana García de Fanelli, Richard Hall, Simon Marginson, Heinz Dieter-Meyer, Keiko Miwa, Francisco Ramírez, Brian Rowan, Dmitry Suspitsin, Balazs Váradi, Fengqiao Yan, and William Zumeta, and thanks Paul DiMaggio for initial guidance about the new institutionalism. A much shorter chapter will be published in Meyer and Rowan (2004). It omits this working paper's sections on state finance, legitimacy, further sectoral considerations, and internationalization, and includes less organizational theory and literature.

<sup>2</sup> For bibliographic and other information on private higher education, see <http://www.albany.edu/~prophe/>.

<sup>3</sup> So the ascendant organizational literature finds organizational rationality but a rationality oriented to bolstering legitimacy, certainty, survival, power, and so forth, and such rationality may be consistent with emphases on organizational culture (Perrow 1986: 272). Schools, for example, may rationally pursue survival more than declared goals such as the diffusion of knowledge. Yet this kind of rationality is presented as an explicit rejection of rational-actor models and efficiency criteria (DiMaggio and Powell 1991: 8; Meyer and Rowan 1991: 41). It is thus an alternative that is recognized but unsatisfying for policymakers who find it irrational for maximizing output on the organization's declared goals and for the system's productive output versus the resources invested in it. The new institutionalism departs from Weber precisely on the question of which kind of rationality accounts for isomorphism (DiMaggio and Powell 1983: 147); either way, however, isomorphism is the supposed outcome. The private higher education literature lies closer to Weber than to the new institutionalism in its depiction of technical rationality but it differs from both institutional schools insofar as it associates competitive dynamics with diversification. Diversification is a process involving increased diversity or differences among organizations; see Huisman (1998:80) on these terms as well as on his use of differentiation.

<sup>4</sup> The distinctiveness is wide-ranging, involving missions, size, funding sources, sponsors, governance, curriculum scope and content, and so forth.

<sup>5</sup> Scott (1991: 167-68) points to the mix of technical and institutional logic that operates simultaneously within a given setting. Orru, Biggert, and Hamilton (1991: 388) proceed to argue that their findings of a mix reinforce the new institutionalism by showing that isomorphism occurs even where there is a component of technical rationality. Powell (1991) himself modifies early thought by noting that technical and institutional rationality can be quite complementary; still, pointing out that institutional copying aimed at survival and legitimacy is quite compatible with, even necessary for, technical rationality (Powell 1991: 184-90) is far from abandoning the position that much of what organizations do runs counter to practices that are desirable from the point of view of direct and conventional technical considerations. Powell proceeds (1991: 194-97) to give some, albeit less, space to how organizational diversity can be somewhat greater than the new institutionalists originally allowed. Meyer and Rowan (2004) will help modify the claims about limited diversity.

<sup>6</sup> Among the key isomorphic findings (Levy 1999) area: coercive isomorphism blocking private higher education creation or growth or then limiting its distinctiveness; coercive forces even within the private sector; non-coercively, privates copying for ease and legitimacy; diminishing distinctiveness over time;

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mixes of distinctiveness on one aspect and isomorphism on another; increased intrasectoral diversity that sometimes also means decreased inter-sectoral diversity.

<sup>7</sup> Among other recent works exploring the juxtaposition of isomorphism and diversity involving private higher education, see Bernasconi 2003, Suspitsin forthcoming, Tomusk 2003; Marginson and Considine 2000 do likewise on the public side. The Bernasconi piece (focused on policies regarding faculty) finds not only diversity among institutions but also remarkable technical rational activity as institutions seek their own way, even when they wind up with some similarities. Admittedly his national case (Chile) is exceptional for its market vibrancy.

<sup>8</sup> Hall (1996: 300-301), who also decries "the tendency to bring all organizational phenomena under the institutional label."

<sup>9</sup> Another focus in this paper is scholarship over policy (unlike much of the private higher education literature). But there are policy and normative implications. One might for example value diversity in its own right (Hannan and Freeman's 1989: 8-9) or linked to pluralism (Levy 1986: 306-310).

<sup>10</sup> In fact, most countries in the developing or post-Communist world have seen more extensive private growth than have our three countries, not infrequently gaining a majority of system enrollments, so this paper's anti-isomorphic material may be understated. There is at yet no major region-wide study of Eastern and Central European private higher education but considerable work in progress. For Asia the closest is Wongsothorn and Wang (1995a, 1995b). For Latin America Levy (1986b) with subsequent multinational accounts including Balán and García de Fanelli (1997), Levy (1993), and Durham and Sampaio (2000); on the region's private research centers: Levy (1996).

<sup>11</sup> The term goals may emerge more in the private higher education literature, with its assumptions of purposive action but, notwithstanding attention to pure habit and mimicry, the new institutionalism usually portrays organizations pursuing goals, even if they are not the organization's own proclaimed ones. The education literature also uses overlapping terms such as mission and function. Analysis of goals naturally carries us to matters of finance and control, but our focus is on goals.

<sup>12</sup> This observation about for-profits would hold intrasectorally (for the total private sector) but the reference here is mostly to inter-sectoral contrasts (between the for-profit and public sectors). Compared even to the private nonprofits, the for-profits generally have less state regulation and finance, and remain freer from accreditation requirements. And they often represent greater distinctiveness from the public higher education norm, even pointedly declaring that their goals and activities are quite different. While some for-profits are demand-absorbing diploma mills basically out to take advantage of paying students who cannot find access elsewhere, others provide fresh job-oriented approaches that attract and satisfy "clients," and often epitomize elements of technical rationality. See Brimah 1999; Levy 2002b.

<sup>13</sup> It looks at organizations within "fields" or "populations" or "industries" at the national or international level (DiMaggio and Powell 1991: 9, 13-14). It does not focus on or explain differences across what this paper calls "sectors." Occasionally, the new institutionalism uses the term sector in the sense of field, and sometimes societal sector can be even wider than the conventionally delineated field, including not only organizations that provide a product but "associated actors" such as funders and regulators (Scott and Meyer 1991: 108). More relevant here is that the new institutionalism does accumulate evidence on three sectors—indeed much institutional work has been done on nonprofits (Hall 1996: 298), the organizational form most under consideration in the private higher education literature—but, still, the new



institutionalism has highlighted similarities among organizations regardless of sector. DiMaggio and Powell (1991: 32) appear to dismiss the sectoral distinction I wish to emphasize, as when they declare that an early neoinstitutional tendency to see technical efficiency in for-profits "is no longer viable." Whatever the evidence on for-profits in particular, my general reservation concerns the apparent downplaying of inter-sectoral differences. Also, the authors' view of non-distinctiveness across sectors is not substantiated by reference to where nonprofit (or public) organizations act in technically rational ways; in other words, their sense of inter-sectoral conformity is based on the new institutionalism's across-the-population applicability. This emphasis is striking in contrast to the private higher education literature but also makes for a contrast to some literature on nonprofit organizations. That literature at times highlights inter-sectoral differences, at times not, but works that deal with the rise of a nonprofit sector generally do highlight differences and point to rational motivations, including responses to "market failure" or "government failure," which then often lead to some ongoing inter-sectoral differences in control, finance, and goals. I am therefore sympathetic to assertions (Meyer 1979) that organizational theory is often excessively broad in assertions that take too little account of inter-sectoral differences and that "field" is frequently hard to define (Scott 1991: 173-74), which can make it worthwhile to distinguish inside fields.

<sup>14</sup> The text's identification of isomorphism's tenets follows much of the summary in Levy (1999).

<sup>15</sup> As this paper's subject matter is international, it should be noted that internationalization can be invoked on both the coercive and non-coercive ends. The coercive side shows when, for example, donors collaborate on agendas and where strings are tied to assistance. The non-coercive side appears where we highlight the importing dynamics linked to acceptance of norms and models. Notions of cultural hegemony, world systems, and dependency can all show both coercive and voluntary mixes.

<sup>16</sup> The Powell and DiMaggio volume includes one higher education piece (Brint and Karabel 1991), on community colleges. Where these authors dissent it is mostly by noting gaps in the new institutionalism rather than doubting basic tendencies. Perhaps the best-known book explicitly on U.S. higher education diversity is Birnbaum (1983), who finds a lack of diversification even in the great growth of the 1960s and 1970s. One work that directly challenges isomorphism is Kraatz and Zajec (1996) on curriculum changes. Also see Covalleski and Dirsmith (1988) on coercive isomorphism in university budgeting, and Youn (n.d.) on how comprehensive colleges and universities imitate the rules dominant in research universities and selective liberal arts colleges when it comes to evaluation of professors (though a decoupling of promotion from tenure decisions in some institutions leads to a degree of diversification).

<sup>17</sup> Some authors in the Meek et al. (1996) volume find mostly isomorphism and some find mostly diversification. Others find a mix, depending on historical period, state policy, or other variables. Especially interesting are the paradoxes as we see isomorphism under the pro-market Thatcher administration, diversification while the Finnish government is officially committed to homogeneity, and diversification where different Dutch universities respond differently to government policy not aimed at diversity. For the present paper, my main observations from Meek et al. (1996) are: (1) it shows a mix rather than a preponderance of isomorphism; (2) outside the introductory and concluding chapters, and one by Van Vught on "de-differentiation," the tendencies identified are not much analyzed in terms of the new institutionalism's tools or weaknesses; (3) where the focus is on national systems there is considerable evidence of movement away from standardized central government policy, as in Sweden; (4) the cases are all from developed countries with well established higher education systems, none experiencing a rapid growth of private institutions and few with substantial private sectors; thus, the mix of isomorphism and diversification found there can be reconciled with the ascendancy of diversification claimed in the present paper for much of the world.

<sup>18</sup> Marginson and Considine (2000: 176) also note the contrast between U.S. literature, emphasizing diversity, and European literature, highlighting homogenization. The "Continental model" depicts a tradition emphasizing standardization in structure, process, status, and so forth, a standardization enforced by state rules as well as by strong norms against stratifying differentiation. But the international literature also shows a modern trend trimming back the model, as the state steps away and pluralism, differentiation, and competition rise. Even prior to the modern reforms, a big and often overlooked exception to the fit between the new institutionalism and European and other higher education reality was that actual organizational behavior revealed much greater diversity than formal structures and proclamations suggested. Organizations have claimed to live by research university standards and norms, for example, but in fact have hatched a variety of pale imitations. Both the formal emulation and the empirical diversity have often defied economic and educational efficiency (Inter-American Bank 1997).

<sup>19</sup> In fact, the 12.4% figure represents a fall from 16.2% in 1996 because the public sector has been growing more rapidly (62% in 1996-2001, compared to 17% for the privates). The public's faster growth makes China unusual in comparative perspective, largely because its total enrollments had been so low and its recent enrollment growth has been so great. All figures for 2001 and 1996 are calculated from MOE data [www.edu.cn/20011105/3008194.shtml](http://www.edu.cn/20011105/3008194.shtml) and also see *Educational Statistics Yearbook of China (1996-2001)*, Department of Development & Planning, Ministry of Education, PRC, People's Education Press. Earlier, data come from Mok 1997 and Zhou 1995).

<sup>20</sup> Galasi and Varga (2000); Nagy (1996). Giesecke (1999) gives a lower figure for the percentage of institutions but still much higher than for enrollment. I also draw off my own World Bank consultancy in the country in 1996, specifically on public policy for private higher education growth. 40 percent of Hungary's total higher education institutions are Catholic.

<sup>21</sup> Counts are sometimes confused by the number of licensing requests under government review. An important and updated account of Argentine private higher education growth is Cosentino de Cohen 2003.

<sup>22</sup> Thus, for example, when Hungarian finance officials have taken a dim view of certain state financial incentives to promote the private sector it is because they fear, in effect, that the private sector would then not be private enough, thus limiting overall privatization. On the other hand, public universities often line up with those parts of the state that are unfriendly to fresh private distinctiveness, as increasingly reflected in accreditation systems that contribute to coercive isomorphism (Tomusk 2003). Hungary's accreditation agency is one of those covering both the public and the private sector. The same holds in Argentina and there too increased self-regulation and management must be gauged against the state increased its regulatory role, mainly through the accreditation of some undergraduate programs ([www.coneau.gov.ar](http://www.coneau.gov.ar)), which increases both institutional and disciplinary isomorphism.

<sup>23</sup> Though see the end of the prior endnote. Also, where deregulation allows increased autonomy to public institutions it may diminish inter-sectoral differences.

<sup>24</sup> Nagy and Darvas (1999: 173-74). Tomusk 2003 identifies the delayed and major regulatory efforts in Eastern Europe. Eisemon et al., (1995: 139-48) detail the delayed and hedged regulation in Romania, following an incredible lack of regulation. Romania leaped from no private higher education, including no history of it, to some sixty-six institutions with perhaps 100,000 enrollments within just a few years, all while there was a legal framework intended only for allowing private tutoring for admission to public institutions and all while there was no official state recognition for the private institutions.

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<sup>25</sup> A form of competition considered in organizational sociology, competition on the same turf, may be limited while allowing for a less frontal but nonetheless important competition and certainly organizational diversity as institutions strive to elevate themselves by doing things that are at least somewhat distinctive. (The paper later makes an additional point about how distinctiveness can be greater than competition, and even can lead to partnership.)

<sup>26</sup> Of course, such autonomous, centralized institutions can also choose to copy. In any case, this finding on centralized institutions within decentralized sectors not heavily controlled by the state may go partly against Scott's (1987: 508-509) association of state rules with a centralization of power at the top of organizations. Private higher education institutions have fewer state-derived rules yet are typically more centralized than their public counterparts; on the other hand, Scott also associates professionally-hatched rules (also typically fewer for privates than publics in international higher education) with lesser organizational centralization.

<sup>27</sup> Mok (1997: 275). Similarly, China's private primary and secondary schools have few ties to government (Kwong 1997: 244-46).

<sup>28</sup> Galasi and Varga 2000. Even the foundation colleges can get some public money through contracted training programs and tax breaks for their educational activities, and as tuition is partly tax deductible (Nagy and Darvas 1999: 176-78). Although Hungary has Church-led political pressure and some tradition for state financing of privates, it lacks other factors associated with such financing worldwide: a proportionally large private sector, major research or advanced academic work within the private sector, or key ethnic cleavages that lead the state to provide a kind of quota system for each major group.

<sup>29</sup> In contrast, the Argentine government could get no further in its latest higher education law than making public sector tuition permissible (leaving a decisive inter-sectoral distinction in place as long as public universities remain unwilling to charge).

<sup>30</sup> Compared to some other aspects of the agenda, such as the substitution of tuition for state subsidies, the idea of greater competition is usually endorsed by local actors, albeit with varying degrees of sincerity or confidence. Mexico under NAFTA epitomizes the now commonplace refrain that institutions must become more educationally competitive given the new international political economy. Brazilian leaders also invoke the international imperative as they implement a new policy in which graduates of higher education are tested so that institutional performance results can be made public, which has already stimulated increased competition. Whether or not such new competition stimulates organizational diversification, the new institutionalism's anti-competition view of isomorphism seems off base here.

<sup>31</sup> In between the national and the international systems, however, are emerging regional systems and it is fair to note the de-differentiating implications of the regionalism (Neave 1996). On the other hand, diversification will also spring from the fact that implementation of a seemingly common agenda will be greater in some countries than others, and especially from the reality that international models are much less often imported wholesale than reworked into quite variable hybrid entities from the mixing with indigenous forms (Riggs 1964). Similar findings, more pegged to the language of organizational sociology, appear in Westney's (1987) evidence of how Meiji Japan's combination of replication and innovation produced partly new organizational forms. In any event, dramatic examples of an international role in higher education come from foundation activity in Latin America's private research centers in the 1960s and 1970s; while there is evidence of stylish agendas adopted by centers in different countries and

especially of a “mutual matching” of donors and recipients to pursue common values and goals, all of this is outbalanced by the autonomy and diversity of the recipient organizations, as well as the purposive, intensive marketplace dynamics that has characterized this chunk of higher education—not to mention the extraordinary, fundamental differences between these influential organizations and the mainstream public universities (Levy 1996).

<sup>32</sup> Not surprisingly, then, in reviewing the few works on isomorphism internationally I am more comfortable with Westney (1987) or Meek et al., (1996), which show mixed evidence, than with works that suggest that isomorphism dominates. Though I would dismiss neither Clegg's (1990: 107-52) depiction of the persistence of national and other cultural or “embedded” factors alongside technical, internationally homogenizing factors, nor Orru, Biggart, and Hamilton's (1991) depiction of isomorphism through technical competition, the higher education evidence I look at makes me emphasize anti-isomorphic impacts in contemporary internationalization.

<sup>33</sup> The fact that Latin America's private higher education growth was striking before the region's broader political-economic privatization suggests that anti-mimetic forces were at work, with voluntary organizational decisions in favor of distinctiveness (Levy 1986: 331-34). And where organizational change outpaces environmental change we may refer to a lack of persistence in a population of organizations. For example, growth and innovation in Romanian private higher education quickly outpaced changes in the legal framework (Eisemon et al., 1995: 142-43), though it has not necessarily outpaced economic change.

<sup>34</sup> Oliver (1992) also sees how delegitimation and accompanying performance crises can lead to de-institutionalization and replacement instead of organizational persistence, though her analysis is not conducted at the sectoral level. DiMaggio (1991: 287) acknowledges that whereas the institutionalists stress how organizational forms gain legitimacy as they spread, there is also delegitimation.

<sup>35</sup> By the same token, distance from or opposition to such a state has often boosted the legitimacy of public universities, though the more recent waves of Latin American military rule, harsher than historical ones, allowed less room for such distance or opposition by the public universities—and it was the private universities and especially private research centers that most gained legitimacy in such circumstances.

<sup>36</sup> Even where public higher education retains legitimacy in such cases, the hyper-privatization that occurs in the face of the weakened state need not be, even cannot be, isomorphic to those public institutions.

<sup>37</sup> On Xiamen, Pan and Wei (1995:89). On Hungary, Catholic University of Hungary (n.d.: 3); the Pazmany has 17<sup>th</sup> century roots and eventually the religious side became the Catholic University while the secular side became the public and prestigious Eotvos University.

<sup>38</sup> While in some circumstances private institutions that were hitherto only tacitly accepted gain more formal legitimacy, there are instances where private higher education is permitted by a state which does not grant it full legal status. Argentine petitions for university status fit here and countries such as Greece and Malaysia have had de facto privates that are limited in legal standing and the activities in which they may engage. In many Asian countries, as in Hungary and other Central European countries today, and as with several Latin American research centers, private higher education institutions are allowed to function linked to legal higher education of other countries. An extreme manifestation of the turn to international over state legitimacy comes where Romanian or other privates are at pains to include “American,” “European” or “international” in their names (Sadlak 1994: 17) or Pakistani privates even fraudulently

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claim foreign affiliations, but are not stopped by the state (Coffman: 1997: 5). The international private connection is growing—and it is further evidence of the declining significance of the state as rule-setter.

<sup>39</sup> Something like this appears to hold for U.S. for-profit higher education institutions that seek and get regional accreditation (the academically most prestigious accreditation) while they also pursue market legitimation by satisfying client-students and the job market. Meanwhile, most for-profits do not seek regional accreditation. Kinser 2003.

<sup>40</sup> Where different subsectors and individual colleges or universities are linked to the goals and legitimacy of different organizations outside higher education, they may at once develop some isomorphism to those organizations and thereby diminish isomorphism within the higher education population. For example, we could put into this perspective the fact that Argentina's Catholic and more business-oriented private higher education institutions differ notably from each other in governance and linkages (Balán 1990: 15).

<sup>41</sup> However, in Argentina, even more than in most of Latin America, even public universities operate overwhelmingly with part-time faculty, and many teach in both public and private places. If we look at only full-time students, Hungary's private share of enrollments falls from 15 to 10 percent (Galasi and Varga 2000).

<sup>42</sup> Declining professionalism can in fact be observed within public sectors as well with the increased reliance on part-timers even in leading universities, alongside a much less professional tradition in two-year institutions.

<sup>43</sup> Although Hungary has not seen the religious revival some church leaders hoped for, the post-Communist era at least allows for a largely free expression by the already plural religious affiliations represented. Argentina's religious subsector has become more diversified (Thompson 1994: 47). Private higher education institutions tied to different religions are now common in Africa (Sawyer 2002), as are ties in Russia between private institutions and different ethnic groups.

<sup>44</sup> One qualification to seeing this growth as rational is that students often attend private institutions intent more to lure in tuition-paying students than to see them through to employment. At the same time, however, observers routinely portray such institutions as quite economically rational for the owners. This is salient for many of the fast-growing for-profit institutions. Beyond that, evidence from the economics of higher education shows high rates of returns for individuals even where academically low-quality systems massify. Moreover, the fact that employment is a fairly tangible outcome assumes interest for organizational sociology. Hannan and Freeman (1989: 34) point out that by the late 1970s neoinstitutionalism asserted that organizational copying of norms is especially common where results are hard to measure. Consistent with that, we may speculate that private higher education institutions could break from public ones in the fields of study they make paramount because these fields are linked to perceptible job outcomes. It is hard to capture such dynamics with the new institutionalism's normative isomorphism and its emphasis on copying over competing.

<sup>45</sup> A couple of reasonable qualifications can be addressed. First, the lunge into business-related fields of study is not simply a matter of choice but also of constraints; many students cannot get into desired public institutions at all or at least not into their most academically demanding fields, and private institutions usually lack the financial and human resources to offer the sciences. But such considerations do not negate the idea that both student and organization are acting rationally within the competitive context they face. Second, the widespread institutional movement into a set of fields of study does suggest a certain inter-

organizational similarity. But many of the private institutions are highly specialized; one engages in one or two fields while another engages in another one or two. And where some private institutions deviate, as where Argentina's Salvador enters into many fields or its CAECE concentrates in exact sciences while Maimonides concentrates in health fields, organizational diversity is boosted within the private sector even while a once defining private-public cleavage blurs.

<sup>46</sup> Hannan and Freeman (1989) allow for change and organizational variability through the creation of new organizations (more than from adaptation by existing organizations). Furthermore, joined by Scott and Meyer (1991: 171), they note that there is no one sequence, and that organizational diversity can increase within highly structured environments. Also useful is Hannan and Freeman's (1989: xiv) attention to populations of organizations, whereas organizational theory sometimes concentrates on the largest and oldest organizations; their broader lens can be helpful when we look at systems in which the largest and oldest organizations are public universities that arguably have shown more persistence and similarities than change and inter-institutional diversity while private institutions have arisen that do represent change and diversity. In any case, the private higher education literature's data can perhaps be squared with the new institutionalism's life cycle logic of decreasing distinctiveness. (On the other hand, Karaatz and Zajec [1996] claim to find anti-isomorphic tendencies in an already well-formed field.)

<sup>47</sup> Thus, for example, Hannan and Freeman's (1989: 56-59) concept of "segregating mechanisms" (as well as "blending processes") regarding fields of organizations could be applied to sectors and their shifts over time. For example, when there is a relaxation of rules holding all higher education institutions to what dominant public universities do, private sector institutions may then blaze ahead with distinctive goals, tasks, processes, or structures. Deephouse (1999) argues that differentiation increases over time, since after organizations seek legitimacy and limited uncertainty they need to differentiate to compete. That view cuts against our view from private higher education of diversity decreasing over time, but there is likely a mix.

<sup>48</sup> For their part, Hannan and Freeman (1989: 45, 56-61) emphasize that fields of organizations have a common dependence on their common material and social environments but also that segregating mechanisms that protect boundaries around a field can diminish, that de-institutionalization occurs, and that a relaxation of prior constraints can lead to new competition.

<sup>49</sup> Whereas the higher education literature provides much evidence consistent with the new institutionalism's emphasis on how state power leads to organizational homogeneity, it also identifies a "planned diversity" wherein governments promote institutional differences. Both the new institutionalism and the higher education literature overall should predict greater diversity as central state power declines.

<sup>50</sup> As with private funding entering the public sector, so with public funding entering the private sector, organizational diversity may be promoted (though there are mixed effects). For one thing, this public money often comes less from the education ministry than from decentralized public sources, or geared to student aid. By the logic of the new institutionalism itself, this financing from multiple sources to multiple recipients should be less likely than ministerial subsidies to institutions to carry coercive field-wide isomorphic consequences. (Such decentralized public financing is also increasingly common for the public sector as well, albeit still the exception there, and thus should enhance diversification within that sector too.) For another thing, public funding usually goes selectively to certain private institutions. Some get ample amounts, some modest amounts, and many get nothing. Among the results is diversity within the private sector while private-public differences hold even if they diminish. On increasing competitiveness

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and innovative management in Argentine private and public graduate education, see García de Fanelli 2001.

<sup>51</sup> The autonomy is to be coupled with increased institutional accountability, but how this plays out for organizational diversity remains mixed and unclear. It depends on how much institutions must be responsive to state-set goals or can be accountable differently to different constituencies.

<sup>52</sup> Other ramifications of our case study would go more directly to policy. These cannot be developed in this conclusion since the paper was not fashioned around policy concerns. Nonetheless, to illustrate, it seems appropriate to develop a greater skepticism of the still prevalent urge internationally to aim public policies at the breadth of the higher education system or, short of that, at the private sector as a whole. Private-public differences are too fundamental, as is organizational diversity within at least the private sector. Naturally, this does not rule out all systemic or sectoral policy, including when the object is to eliminate or minimize forms of diversity deemed contrary to the public interest or to adequate academic content. But what is appropriate, whether in academic or other goals, governance or finance, autonomy or accountability, depends greatly on the sector or organization in question. The idea of a "system" of largely isomorphic organizations for which policies of one size fits all becomes a worse and worse idea.

<sup>53</sup> The simultaneity of diversification and isomorphism parallels one key finding of Marginson and Considine (2000). Other parallels (especially if we include Levy 1999 with the present piece) deal with organizations copying some but not other aspects of other organizations and internationalization bringing both copying and fresh diversifying options. Partly related to the last point, Marginson and Considine show how the market can also produce isomorphism.

<sup>54</sup> This conclusion thus appears consistent with the idea that organizational structure can best be explained by mixing theories, depending largely on the type of organizations in question, and that de-institutionalization and efficiency should not be discounted (Hall 1996: 301). Also on de-institutionalization, see Hannan and Freeman (1989: 59).

<sup>55</sup> There would be some sense of coming full circle here in that DiMaggio and Powell (1983: 147) argue that the forces that led Weber to see isomorphism based on technically rational competition yielded in the second half of the twentieth century to a different isomorphism; they do not say Weber was basically wrong for his time. Perhaps the contemporary era shows resurgence, as a matter of degree, of technical competition, as reflected in expanding private activity. Rowan (2004) finds for U.S. schools that rational technical theory assumes increased validity as the demands for accountable results grow and the public sector gets delegitimized.