TOWARD A THEORY ON THE IMPACT OF BUDGET RETRENCHMENT
UPON EDUCATIONAL ORGANIZATIONS

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

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* * * * *

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[Signature]
Advisor
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To my daddy for his strength;
To my mama for her courage;
To my wife, Cheryl, for her understanding and support;
And to Dr. Donald E. "Doc" Harris
for believing in me.
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An undertaking of this magnitude is too great a burden for one person to bear alone. The author had the good fortune to have a great many friends who freely offered their guidance and support to his efforts. Space prohibits a comprehensive listing of those who have contributed to the completion of this document; however, several persons merit special mention.

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CHAPTER I

INTRODUCTION AND PROBLEM STATEMENT

Higher education in the United States enjoyed unprecedented growth during the 1950's, 1960's, and well into the 1970's. The post-World War II "baby boom" combined with a growing economy, and intense demand for research and development, and a vastly increased program of financial aid for the lower and middle socio-economic classes to stimulate growth in the number, type, and size of institutions of post-secondary education. However, due to an array of factors, growth in many sectors of higher education appears to be, at least temporarily, decelerating and institutions have been warned to prepare for a period of long-term, sustained decline in resources (Carnegie Commission, 1972; Peterson, 1981; Young, 1981).

The decline currently being experienced by much of higher education is the result of a myriad of complex and interwoven factors, which reflect not only varying degrees of decline in federal and state support for higher education and the poor economic conditions which exist in many areas of the United States, but also a rearranging of educational priorities deemed necessary to meet the needs of a changing student population.

While the declines actually experienced by institutions of higher education have rarely equaled the "doomsday" proportions previously
predicted by some, many institutions have, nevertheless, faced retrenchments of sufficient magnitude to force them to search for management strategies different from those which were appropriate during more abundant times. Unfortunately, despite the literally hundreds of pages of print dedicated to describing the current situation in which much of higher education finds itself, the academic literature on organizations does not discuss sufficiently the impact upon organizations of potentially long-term, sustained declines in resources. Thus, administrators facing retrenchment must rely upon experience gained in growing organizations and a body of literature which maintains a growth/expansion orientation (Whetten, 1980). While this experience and literature may be of assistance to the administrator coping with decline, there remain many unanswered questions regarding the effects of retrenchment upon organizations in general, and particularly institutions of higher education. For example, Cyert (1978) raises a series of questions pertaining to how universities facing financial decline can maintain excellence, stimulate high motivation among participants, and develop innovative programs while achieving fiscal equilibrium. Certainly, these are among the many important topics of concern for which the literature and previous experience leave many administrators unprepared. Given that a decline in resources is and will continue to be a fact of life for many sectors of higher education, there exists a need for empirical investigation into the impact of retrenchment upon educational organizations so that improved strategies for coping with such declines might be developed.
Purpose of the Study

In this study, the writer attempts to discover the answers to many of the questions brought to the fore by the current situation in which much of higher education finds itself by examining the effects of both actual and threatened reductions in funding on several service units within a major midwestern university.

Specifically, the purpose of this study is to assess the impact of retrenchment upon the internal dynamics of four units at The Ohio State University and in so doing, to generate a grounded substantive theory, that is, a theory grounded in data collected in the field, on the impact of decline upon a specific set of sub-systems within educational organizations (Glaser and Strauss, 1967).

More precisely, an attempt is made to assess the impact of resource decline upon such areas as decision-making, communication, conflict, group cohesion, innovation, leadership, and authority, and further, an attempt is made to discover the strategies which various participants use to cope with both real and threatened decline.

While previous research on the topics listed above, as well as that performed in several other areas, offers guidance, the primary goal of this study is not the verification of any one theory or set of theories; rather, it is the generation of a grounded theory which explains the effects of retrenchment upon various processes within declining educational organizations.

In formulating a grounded theory on the impact of decline upon educational organizations, the writer attempted to answer many of the following questions:
1. Who actually makes allocation decisions during times of retrenchment, and by what processes?

2. What, if any, strategies are used by participants to protect their perceived share of total resources?

3. Is there an identifiable process through which organizations proceed in determining how to allocate scarce resources?

4. What incentives, if any, are used to encourage participants to accept decisions concerning the allocation of reduced resources?

5. Are there discernable changes in the level of conflict among individuals or groups during periods of retrenchment?

6. Does retrenchment have an effect upon the sharing of or the distortion of information?

7. What, if any, effect does the size and structure of a given organization have on the way in which it retrenches?

8. What impact does retrenchment have on the willingness or ability of units to provide new services?

9. Are there identifiable and understandable conditions under which the implementation of retrenchment decisions was accomplished?

10. What strategies, if any, are implemented by units prior to actual retrenchment decisions being made? That is, how do organizations react to threatened retrenchment?
11. Are there differences in the way that decline is managed which might account for differences in the overall impact of decline among the units being studied?

Many of these, as well as other questions, were answered during the course of the investigation. However, some remained and will provide interesting topics for future research.

At this point, it may be appropriate to briefly describe the retrenchment which has recently been imposed upon The Ohio State University, in an effort to establish its appropriateness as a site at which to conduct the proposed study.

Decline at The Ohio State University

Among the institutions which have been and may continue to be faced with a decline in resources is The Ohio State University. During the 1980-81 academic year, the institution was required to generate budget savings of approximately $10.2 million, or 7% of its general funds budget. While the full impact of this retrenchment remains to be seen, some of the tangible results were a "freeze" on faculty and staff hiring, increases in student tuition, and the cancellation of a scheduled pay increase for faculty and staff.

During the summer of 1981, the Ohio legislature failed to pass a permanent budget for the 1982-83 biennium, imposing, instead, a temporary budget which reduced spending levels for state agencies by 3% over the previous year. This resulted in a continuation of the
hiring "freeze" and a 24% hike in student tuition, effective in the Fall Quarter of 1981.

In November of 1981, at the conclusion of a brief second interim budget period, the legislature passed a permanent two-year budget package which funded the University at $144 million in 1981-82, or at a level approximately $2 million below that appropriated in the 1979-80 academic year. When adjusted for inflation, this budget provided approximately 28% fewer real dollars with which to operate the University in 1981-82 than did the 1979-80 budget.

On January 14, 1982, Ohio's state budget director announced that income predictions for the 1982-83 biennium had been too optimistic and that state expenses would exceed income by approximately $1 billion by June 30, 1982. Subsequent statements by state officials indicated that the budget deficit predicted for the state would increase to as much as $1.5 billion and translate into a $50-60 million reduction in subsidy for The Ohio State University during the remainder of the 1982-83 biennium. Upon learning of the budget predicament, OSU President Edward H. Jennings declared an immediate "freeze" on all hiring, purchasing, and travel and began a series of meetings with faculty, staff, and students to attempt to develop a strategy for coping with the proposed cuts.

On January 26, 1982, President Jennings addressed the University community, outlining his strategy for managing the budget reductions planned for the first year of the 1982-83 biennium. In a speech delivered on the OSU campus and broadcast via television and radio
across the state, President Jennings informed the public that the Columbus campus of OSU would have its 1981-82 fiscal year state budget reduced by at least $19.6 million and that the reduction would have to be coped with by either budget cuts, increased income, or some combination of the two. On that same day, President Jennings distributed memoranda to all Vice Presidents and Deans, specifying the amount of funds being cut from their individual departmental budgets. Each Vice President and Dean was asked to determine how his or her unit would recover the necessary funds and to submit a plan to the University Budget Office within approximately two weeks.

It is important to note that, in his January 26 address, President Jennings outlined only the cuts which would be made during the 1981-82 fiscal year. However, he made it clear that additional reductions would be necessary in the second year of the biennium. Thus, while faculty, staff, and students at OSU had to cope with the immediate budget cuts, they did so knowing that further, possibly more serious cuts were forecast for the coming year. (The state legislature eventually adopted a budget requiring an additional 9% reduction in general funds budgets at the University.)

Officials at The Ohio State University, like those at many other institutions, are faced with the dilemma of implementing budgets which reflect sizable reductions in resources while continuing to provide services which are central to the mission of the institution. In doing so, they must cope with the tangible and intangible impacts of decline upon the persons and units within the University.
As one might guess, the recent retrenchments which have been imposed upon The Ohio State University were not borne equally by all of the units within the institution. That is, some units escaped significant cuts while others had to endure major reductions in their general funds budgets. For the purposes of this study, the author selected four service units, all of which have had to cope with either significant dollar declines over the past two years or with some other result of the University's retrenchment such as reductions in personnel, expenditure freezes, or increases in demand without corresponding increases in resources.

Comparison Units

The methodological criteria for selecting the units which were included in this study are discussed more fully in Chapter III. However, at this point it should be noted that the four units chosen varied sufficiently in size, structure, budget, staff composition, administrative placement within the institution, and degree of experienced decline to insure a rich set of diverse data; yet, because of their shared role as service (i.e., principally non-instructional) systems within the institution, they were deemed comparable.

The four units in this investigation were: WOSU Radio and Television, the OSU Counseling and Consultation Service, University Libraries, and University Systems. These units will be briefly described below.

**WOSU AM-FM-TV.** In 1922, The Ohio State University founded WOSU-AM Radio. Since that time, the WOSU organization has expanded significantly and currently includes WOSU-AM and FM Radio, WOSU Television,
and WPBO Television. The WOSU administrative offices and studios are located in the Fawcett Center for Tomorrow on the OSU campus while transmitters are located in Columbus, Westerville, and Portsmouth.

According to Dale Cutz, Director of WOSU, his unit has had to cope with a significant decline in resources over the past several years resulting in reductions in staff, programming and equipment acquisition.

Since 1978, WOSU has reduced its staff from 138 to its present 85 persons and according to Mr. Cutz, further staff reductions will almost certainly be necessary if further budget reductions are required.

In fact, further budget cuts are almost certain. In a recent Lantern article (Yerak, 1982), it was noted that revenues from federal, state, and local sources are all declining. Additionally, a recent University decision to require all revenue generating units to pay an administrative overhead charge will further reduce WOSU’s operating capital.

In a February, 1982 report to his advisory board, Mr. Cutz predicted that income from the federal government for fiscal 1983 would fall 50.5% from $886,135 to $438,400. Further, he predicted a $250,000 reduction in funding from the University and $100,000 less from other state sources. When combined with a projected $330,000 short fall due to inflation, the figures cited above indicate that WOSU will have over $1.1 million fewer dollars out of a $3.6 million budget to work with in the 1982-83 academic year.
Given its recent history of resource decline, as well as that predicted for the future, WOSU served as a rich source of data on the impact of retrenchment.

**University Libraries.** University Libraries, a highly decentralized collection of units, is comprised of the Main Library, 24 departmental libraries, and two undergraduate libraries employing approximately 150 persons.

According to William H. Studer, Director of University Libraries, the CSU library system has been "handling retrenchment one bite at a time". In a preliminary interview, Mr. Studer noted that the library system lost 23 positions during the 1972-73 academic year and has "gone down hill" since that time. The most recent budget cuts (1981-82) which required the libraries to return $129,000, has in his view taken an already over-worked staff and forced them to do more by making it impossible to fill staff vacancies.

The primary impact upon the library staff of the retrenchments which have occurred since 1980, according to the Director, has been an increase in stress resulting from what he termed the "other shoe effect". That is, many employees seem to be able to cope with retrenchments which have already occurred, but fear what might happen in the future (when the "other shoe" falls). This may be a legitimate concern due to the fact that approximately 75% of the University Libraries' $8 million budget is spent on wages, salaries, and benefits. The remainder represents "protected" monies for book and serial acquisition as well as a small percentage for supplies and an already depleted equipment fund. Any further significant budget reductions must come from personnel funds.
Because of the library system's long history of coping with resource decline and its unique role in the University, it served as a ripe source of data.

**University Systems.** OSU has three computer services located on the Columbus campus. They are: the Instruction and Research Computer Center (IRCC), the Public Service Computer Center (PSCC), and University Systems (US). For the purposes of this study, the writer used University Systems as one of four units of analysis.

University Systems "provides development, coordination, and computing facilities for the University's administrative systems, student services, learning resource areas, and general user tasks" (Ohio State University, 1981). University Systems coordinates the usage of over 90 terminals in the Library Circulation System, 65 terminals in various administrative support systems, 10 terminals in the Administrative Terminal System, and 75 terminals in the campus-wide Computer Based Education network. Additionally, University Systems handles accounting and administrative functions for the research Foundation, the Student Information System, and the Office of Personnel Services. Finally, US operates the PLUS telephone system. For the purposes of this study, the telephone system, which is a semi-autonomous sub-unit of University Systems, was not included as a part of the unit being investigated.

The Administrative Data Processing segment of University Systems (which includes all functions except the telephone service) employs approximately 100 persons, 40 who serve primarily as analysts and
programmers charged with developing new projects (Development Group) and 60 who operate and maintain existing projects (Operations Group).

According to Carroll Notestine, Director of University Systems, the primary tangible impact of the retrenchments faced by University Systems over the past 18 months, has been the decision by many programmers and analysts to leave the University to take higher paying positions in private industry. Mr. Notestine stated that between April and November, 1981, 13 of the 48 programmers at University Systems resigned, citing the lack of adequate pay raises as the reason for their leaving. As of January 1982, only three of the 18 analysts and programmers who left had been replaced. This loss of personnel increased the work load on those who remained with University Systems and, according to Mr. Notestine, has resulted in decreased productivity and morale.

Primarily due to its significant loss of personnel, University Systems provided a great deal of interesting information on the impact of resource decline on organizational processes.

Counseling and Consultation Service. OSU’s Counseling and Consultation Service (CCS) provides a diversity of services to students, faculty, staff, and alumni, ranging from individual personal and career counseling to group consultation in a number of areas. The staff at CCS is composed of 13 professional psychologists, eight graduate interns, and four support personnel. In the 1980-81 academic year, the service was visited by over 11,000 clients and served over 40,000 members of the University community through group counseling, workshops, and consultation.
During the 1980-81 academic year, the Counseling and Consultation staff escaped serious budget cuts, having to generate savings of only approximately $13,000. This budget reduction was realized primarily by allowing an unfilled counselor's position to remain open.

In the winter of 1982, the Counseling Center was informed that, because of the state budget situation and the resulting University budget reductions, it would have to generate savings of $19,600 by the end of the fiscal year. These savings were realized through the conversion of the un-filled psychologist's position mentioned above to a part-time graduate internship, by reducing the purchase of self-help materials, and by reducing or eliminating several planned staff training and development activities. This strategy for reducing expenditures produced some interesting outcomes in that the reduction in professional staff forced an already overburdened group of psychologists to continue attempting to serve an increasingly large clientele (approximately 80 students were on a waiting list to see Counselors at the end of the Fall Quarter, 1981). Further, this staff reduction came at the same time as reductions in funds for staff development and training which might have served to bolster morale. Finally, the addition of a graduate intern, while perhaps decreasing the counseling load, actually increased the training and supervision burden placed on the Counseling staff.

The Counseling and Consultation Service provided a useful contrast to the other units being studied because of its small size and because of its high concentration of professional staff. Additionally, the staff at the Counseling Center, having served students, faculty,
and staff on a professional basis during the recent budget
retrenchments, was also able to offer insights into the impact of
decline upon groups and individuals within the greater University.

Definition of Terms

For the purposes of this study, the following terms are defined
as indicated:

Decline. Reductions in a given organization's budget, workforce,
profits, services, and/or clientele.

Retrenchment. Reductions or cutbacks in expenditures which result
from reductions in income. In much of the literature, as well as in
this study, the terms "decline" and "retrenchment" are used inter-
changeably.

Threatened vs. Actual Decline. "Threatened decline" refers to
the state in which a given unit finds itself after announcements have
been made by appropriate officials that the institution will likely
have to implement budget reductions, but prior to the announcement
of actual retrenchment goals. "Actual decline" refers to the state
in which a unit finds itself after its specific retrenchment goal has
been announced and during the period in which it is operating with a
reduced budget or under some other set of conditions made necessary
by the institution's budget reductions.

A number of other terms will require definition; however, these
will be defined in the text of this study.
Limitations of the Study

As with every research effort, this study brings with it several limitations.

Of the limitations which might be cited, the one which appears most important is the fact that the study was conducted at only one institution. This limitation would take on a great deal more significance were a case study method being used which sought only to describe the impact of retrenchment. However, such is not the case. This investigation made use of the constant comparative method in analyzing the four units described previously. These units were selected primarily on the basis of their potential for generating a rich diversity of data. The fact that the units happen to exist within one institution did not significantly affect the variety of data which was generated given the size and complexity of the institution and the diversity of staff and functions among the units.

The second limitation relates to the author's involvement as a member of the staff at The Ohio State University during the period in which the study was conducted. While this fact assisted the author in gaining the intimate familiarity needed to conduct such a study, it jeopardized his ability to claim the status of a "naive observer".

Another limitation which is related, but independent from the second constraint listed above centers on the fact that during the course of the study, the investigator was employed as a staff member in the Office of the Vice President who had administrative responsibility for one of the four units studied—the Counseling and Consultation
Service. Thus, some might consider the data from that unit to be suspect in that there may have been a hesitancy on the part of the staff in that unit to be open with regard to their true attitudes toward the budget retrenchments which were in some measure imposed from the investigator's supervisor and colleague. The researcher attempted to overcome this potential limitation by assuring confidentiality, and counted on the professional respect and confidence which had been built between himself and the staff in the Counseling Center during the previous years of working together.

The final limitation is one which accompanies all studies made of on-going systems. In order to conduct the research within the time and resources available, the investigator had to select a beginning and end point for data gathering purposes. Thus, the final product of the investigation represents but a "snap-shot" of the organizations studied that is subject to change with alterations in the overall context in which the units function.

Summary

Many institutions in society are facing the possibility of long-term, sustained declines in resources. This problem is particularly acute in the field of higher education. Neither past experience nor the organizational literature offer substantial guidance to administrators who must cope with decline situations. This study attempts to determine the impact of retrenchment on the internal dynamics of several service units at The Ohio State University and from these findings develop a grounded theory which helps to explain the behavior of individuals in declining organizations as well as the impact upon the nature of the organization itself.
CHAPTER II

REVIEW OF THE LITERATURE

Managing declining organizations and coping with the consequences of retrenchment are pressing societal problems (Whetten, 1980b). However, as one reviews the pertinent literature, it is clear that there exists a substantial need for empirical investigation into the effects of retrenchment on various organizational processes. That is not to say that current authors have not addressed decline as a topic nor that the literature on organizations in general offers no insight into the potential consequences of decline. Rather, that the literature on declining organizations is dominated by descriptive case studies with quantitative analyses of the economic results of retrenchment in specific situations (Beyer and Lodahl, 1976; Hills and Mahoney, 1978; Manns and March, 1978; Pfeffer and Moors, 1980; Pfeffer and Salancik, 1974) and prescriptive essays emphasizing the strategies which managers should use to cope with decline (Behn, 1978a; 1978b; 1980; Biller, 1980; Bozeman and Slusher, 1980; Carnegie Commission, 1972; Christ-Janner, 1980; Cyert, 1978; Levine, 1978; 1979; Lewis and Legalbo, 1980; McTighe, 1979; Schwerin, 1980; Wilburn and Worman, 1980; Yarmolinsky, 1975) and that the general literature on organizations makes key assumptions which may invalidate its use for describing and predicting behavior in declining organizations. This emphasis
on end results and prescription, when coupled with an organizational literature which is based on a fundamentally different set of assumptions from those which can be made for declining organizations highlights the need for a more thorough review of the effects of retrenchment on internal organizational processes.

Whetten (1980b) posits that decline, as a concept, can be defined in two distinctly different ways. In the first instance, decline is defined as cutbacks (or retrenchment) in an organization's workforce, budget and/or clientele. This definition is the predominant one in the literature and the one which will be used in this study. The second view, on the other hand, is much broader and refers to the general climate or orientation of an organization when it becomes stagnant. This view may not imply that the organization has realized an actual decrease in resources; rather, that there may have been a decrease in the rate of growth or that the organization has lost its vitality and ability to innovate (Downs, 1967; Merton, 1940).

While, as mentioned, there is a relative scarcity of empirical work on organizational decline and its consequences, that which does exist has been discussed primarily at two levels: (1) within populations of organizations; and (2) within individual organizations, leading to either fatalistic life-cycle predictions or optimistic purposive change philosophies, respectively (Whetten, 1980b).

Population level. The dominant theoretical basis for discussions of decline at the population level is the natural selection model
(Aldrich, 1979; Ansoff, 1970; Campbell, 1969; Hannan and Freeman, 1978a). Writers viewing decline from this perspective explain its consequences as the results of three ecological processes which they argue occur in all biological and sociological populations: variation, selection, and retention.

This approach to viewing decline is attractive to many scholars because it does not require rationality on the part of decision-makers. Rather, this perspective holds that organizations evolve much the same as biological species have evolved through the ages as a result of changes in the external environment. Scholars basing their research on a natural selection model, in general, (1) investigate what organizational characteristics enhance adaptability to changes in the environment; and (2) investigate the impact of changes in one organization upon others within the same population (Whetten, 1980b).

Organization level. While there exists in the literature discussions of organizational decline from the natural selection perspective alluded to above, most of the writing on retrenchment is done at the organization level. As mentioned, these studies range from descriptive case studies to analyses of the end result of a given cutback and hypotheses as to determinants of power in the decision-making process. Most writers seem to discuss retrenchment without the benefit of an underlying theoretical base. While this effect is not necessarily disquieting (since the absence of a theoretical base can open the way for new and exciting theories) in general, it has resulted in a collection of random studies which are of value only
in that they provide examples and advice to the enterprising scholar and/or manager.

However, of those writers who do work from a theoretical base, most do so from a resource dependence perspective (Yuchtman and Seashore, 1967; Pfeffer and Salancik, 1978; Aldrich and Pfeffer, 1976) or a closely related political economy model (Wamsley and Zald, 1973). The resource dependence and political economy models hold that managers assess the political and economic environments in which their organizations exist and then make strategic decisions which will allow them to maintain "adequate supplies of political legitimacy and economic resources" (Whetten, 1980b). This approach is attractive to many writers (particularly those who pen prescriptive essays) and managers because it assumes that rational choice is possible and, indeed, preferable.

Though most of the empirical research at the organization level has been based on the perspectives alluded to above, perhaps the most potentially useful research on organizational decline for administrators in educational organizations is that which was conducted by Staw, Sandelands, and Dutton (1981). These writers posit that retrenchment represents an external threat which leads to responses at the individual, group, and organizational levels including restrictions in information flow and constrictions in control. These responses, in turn, according to the authors, lead to losses in flexibility and an overall inability to respond to changes in the environment.
Similarly, Cameron (1982) found that during times of scarce resources, educational organizations become more conservative and efficiency oriented; thus, again, limiting their ability to respond effectively.

Despite the relative scarcity of empirical work on declining organizations specifically, other areas of organizational study provide insights into the probable consequences of retrenchment. However, as mentioned earlier, caution must be used in relying upon the classical as well as current literature on organizations, in that there exists an underlying assumption of growth in these writings; thus, the validity of making predictions concerning behavior in organizations which are shrinking may be called into question (Cyert, 1978; Scott, 1974).

Decline and Decision-Making

Of the many activities which occur in organizations, decision-making is one which may be most affected by a scarcity of resources. The literature on decision-making, particularly that which discusses budgeting as a decision-making process, promises to be of assistance in explaining behavior in declining organizations. The theoretical literature on decision-making is rich and will only be briefly reviewed here as decision-making is but one of the internal processes for possible study. Further, this brief discussion will allude not only to the classical decision-making works but also to later studies which rely on these works as theoretical bases.
Process. Early models of organization were mechanistic and suggested that budget decisions should be made in a rational, optimizing way based on a set of predetermined goals for the organization. This approach not only required a predetermined set of goals, but, perhaps more importantly, a decision-maker who could elucidate goals and resulting allocations in an optimal manner (Hills and Mahoney, 1978). These models called for the decision-maker to identify all possible alternative strategies and to choose from among them the ones which would best lead to the accomplishment of the pre-set goals.

Ironically, despite much criticism of purely rational models of decision-making, recent writers of prescriptive essays concerning the management of decline almost uniformly call for a rational decision-making process based on an organizational mission, predetermined set of goals, and after a review of possible alternative strategies.

More recent theorists have suggested that it is unrealistic to (a) expect that a given set of goals can be applicable to a whole organization; or (b) that all possible alternatives can be identified, much less considered, by a central decision-maker. Dahl and Lindblom (1976) introduced the notion of incrementalism as an acceptable and even desirable form of decision-making because, as they put it, "men cannot rationally choose among alternatives drastically different from present reality."

March and Simon (1958) held that decision-makers cannot realistically identify all possible alternatives and added that even if they could, it would be impossible to ascertain the consequences of each.
Simon (1957) had previously introduced the notion of "bounded rationality" stating that while decision-makers strive for rationality, they are limited by the environment, their information processing limitations and biases, as well as the constraints on their information storage and retrieval capabilities.

Katz and Kahn (1966) challenged the need for or possibility of the existence of a unitary set of goals in that, in their view, each organization exists as a part of a larger system with differing and often conflicting goals of its own.

Cyert and March (1963) took another view of goals, treating them as relatively independent constraints on resource allocation and hypothesized that in times of scarce resources, organizations tend to base allocations not on pre-determined goals, but on arbitrary rules which maintain the relative positions of the members within the organization. Goals, in this model, do not represent maximum or minimum states which are based on a thorough review of alternatives; rather, they are seemingly arbitrary aspiration levels. The objective of the organization, according to Cyert and March, is not to maximize decisions, but to identify alternatives within these "aspiration levels" around which coalitions can form. Cyert and March (1963) note that bargaining among coalitions is disruptive to the organization, but leads to the establishment of general policies which are then maintained as decision guides. They also add that organizations tend to rely not only on the general policies which have been negotiated, but also on standard rules and strategies in allocating resources.
Regarding alternatives, Cyert and March (1963) held that coalition members do not comprehensively consider all possible alternatives; rather, they bargain among options which are only incrementally different from existing states. They note that the search for alternatives is limited because organization leaders continue the search process only as long as expected returns from the information gathered exceeds the retrieval costs.

Wildavsky (1979) agreed with Cyert and March that decision-making in budget situations is essentially a political process consisting of bargaining among various organizational members who eventually form coalitions which accept alternatives only incrementally different from existing states. Wildavsky viewed budgeting as a long-range decision process which occurs through mutual adaptation over time. He emphasized the importance of incremental change by arguing that the primary determinant of any current budget is the previous year's budget. That is, in any given year, an organization's budget will be only marginally different from the budget in the immediately preceding year. Wildavsky explains this phenomenon by espousing the notion of "fair shares". Once an item (program, department, agency, etc.) gets into a given budget and becomes a part of what Wildavsky calls the base, it will generally be funded year after year in proportion to all other parts of the base—it will get its "fair share" of existing resources. This notion is similar to Cyert and March's (1963) contention that decision-makers tend to base allocation decisions on rules which will maintain the relative positions of coalition members.
Rubin (1977) argued that in times of abundance, universities make decisions in an almost casual, laissez faire, manner, but that when actual retrenchment occurs, allocation procedures change. She found that when retrenchment was coupled with uncertainty over whether further cuts would be necessary, university decision-makers required increased explicitness in the information they sought and that they required a broader information base. Further, decision-makers distorted much of this new information to protect existing resources. Finally, she observed that retrenchment led to a reduction in rewards for decision-makers so drastic that there was little incentive for these administrators to maximize organizational goals; thus, reducing any potential for reversing the effects of the retrenchment.

An analysis of Rubin's findings indicates that during retrenchment, the administrators studied sought to be rational in their decision-making process, but in doing so, expended so many of their organizations' resources gathering and using (abusing?) the information, that they defeated their purpose.

Over the years, there has been much discussion concerning the nature of organizational decisions. Nevertheless, there remains a need for empirical study of the actual impacts of decline on the process of decision-making.

Outcomes. While the authors cited above emphasized the process of decision-making (though not all in the context of a university), a later group of authors studied the fiscal results of various university budget retrenchments in an effort to determine the variables
which had the greatest impact upon budget-making decisions. It is important to note that the distinction between process and outcome is purely an academic one in that the process involved in making budget decisions affects the outcome significantly. Yet, by studying the budgetary outcomes of a number of universities during periods of retrenchment, the authors cited below have shed new light on the effects of decline on decision-making within institutions of higher education.

In an effort to determine whether political or bureaucratic criteria had the most impact on budget decisions (and thus, whether universities used bureaucratic or political operating models), Pfeffer and Salancik (1974) studied the relationship between the proportion of a university's total budget received by a given department and that department's relative power within the institution as perceived by other department chairpersons, the degree to which a given department was represented on university committees, the size of the department in terms of the number of full-time equivalent students enrolled, and the department's national rank. The authors concluded that a department's perceived power within the institution and its representation on university committees had the greatest effect on its final budget allocation. From these results, Pfeffer and Salancik inferred that budgeting is a political process in which decisions are made using political criteria.

In a later extension of the previous study, Pfeffer and Moore (1980) found that perceived power plays a greater role in budget
decisions during periods of decline than in times of abundance. Further, they determined that the degree to which a department generated external resources, the degree to which an academic department's disciplinary paradigm was developed, and, as before, the degree to which a department was represented on university committees all had direct effects on its budget allocation. Of these variables, perhaps the most intriguing is paradigm development. Pfeffer and Moore hypothesized that faculty in disciplines with well-developed paradigms were more likely to agree on what projects, programs and courses were needed than those in less well-developed disciplines and would thus present a more unified front to budget-makers.

Beyer and Lodahl (1976) had previously suggested that paradigm development might be a determinant of power in budget decisions and had attributed the effect to the fact that low paradigm disciplines were often more subject to general administrative control than the independent, high paradigm disciplines. In the same study, they found that the national reputation of a department also affected the proportion of the institutional budget they received. This finding contradicted an earlier finding by Pfeffer and Salancik (1974).

Hills and Mahoney (1978) found that in times of abundance, precedent was the greatest determinant of a department's budget. (This is the same conclusion Wildavsky arrived at earlier after studying the federal budget process.) However, in times of scarcity, externally based power; i.e., the existence of advisory boards consisting of non-university persons, was found to have the greatest impact on a
given department’s allocation. Interestingly, they also found that a department’s ability to generate external matching funds had a positive effect on their allocation, while the generation of grants or contracts had no effect at all.

Each of the studies referred to above supports the contention that budgeting, at least during times of retrenchment, is a political process in which perceived power, external support and internal unity play a role in influencing budgetary decisions. While these findings are interesting, further studies are needed to ascertain whether or not decision-making based on political criteria promotes organizational effectiveness during periods of decline.

Further, empirical studies are needed to discover whether and/or under conditions, decline impacts decision-making. Does decision-making become more centralized as claimed by Behn (1980) and if so, does this imply that organizations become more bureaucratic during periods of decline? Or, does decision-making become less centralized as Beyer and Lodahl (1976) claim it must in order for rational decision-making (as they define it) to take place? Only through further study can the answer to these and many other questions regarding the effect of decline on decision-making be found.

Viewing university budgeting in general, and particularly during periods of decline, as a decision-making process is useful in gaining an understanding of the impact of retrenchment on organizations. However, there are other ways of framing the phenomenon of decline which may be equally helpful.
Decline as Crisis

Another way of looking at decline is to view it from an organizational crisis perspective. Surely, all retrenchment does not represent or lead to crisis; however, the literature on crisis—real, perceived, or threatened—may be of assistance in understanding and predicting behavior in declining organizations, as often the threat or existence of retrenchment leads to particular behaviors.

Crisis defined. Hermann (1963; 1969; 1972) described organizational crisis as having three dimensions: threat to the high priority values of the organization; brief response time; and surprise. After further investigation, Hermann, as well as others (Brady, 1974; Lentner, 1972) found that surprise is not necessarily an element of crisis. That is, one can predict that a crisis will occur or see a crisis developing and still react as s/he would during an unexpected crisis situation. Thus, crisis, perceived or real, can be described as a situation in which an organization is perceived by its members as having its primary values threatened with relatively little time to respond.

Billings et al (1980) elaborated upon the previous definition of crisis. They viewed crisis as having three dimensions also: a discrepancy between the desired or expected amount of a given resource and the amount actually available; a belief that there is not sufficient time to search for sufficient alternatives and deliberate prior to the arrival of crisis; and the lack of a contingency plan for dealing with the perceived, impending crisis.
Of the three dimensions cited above, threat to important values resulting from a discrepancy in resources has received the most support in the literature as a fundamental aspect of perceived crisis (Milburn, 1972; Paige, 1972; Robinson, 1972; MacCrimmon, 1973: MacCrimmon and Taylor, 1976; Simon, 1977). Billings et al (1980) add that once a discrepancy is perceived, the seriousness of the problem is judged and that the degree of perceived crisis is a function of the perceived value of the loss; the perceived probability that the loss will occur; and the time pressure imposed upon the participants to react.

From the above definitions of crisis, it is clear that cutbacks, either real or threatened, may be viewed in a crisis context and further, that the literature on crisis could add to an understanding of organizational responses to retrenchment.

The effects of crisis. A number of authors have produced studies on the organizational effects of crisis which are illustrative to the study of retrenchment in universities.

Several writers suggest that crises produce centralization of authority (Hamblin, 1958; Hermann, 1963; Jones and Gerard, 1967; Hall and Mansfield, 1971; Milburn, 1972; Firestone et al, 1975). This notion is supported by Glassburg (1978) who claims that power is centralized during crises. (Adequate distinctions between power and authority were not made but may serve as a topic of research.)

Whetten (1981) discusses the impact of financial crises on innovation and hypothesizes that during retrenchment, a conservative climate emerges, making funding for innovative programs difficult to obtain.
Hermann (1963) proposes a series of propositions regarding institutional responses to crisis which may be helpful in predicting organizational behavior during financial crises:

1. Crisis will increase the tendency of members to exercise withdrawal behavior;
2. Crisis will tend to intensify existing conflicts;
3. Crisis will cause communication channels for collection and distribution of information to be reduced.
4. As mentioned, in response to crisis, authority contracts;
5. As authority contracts, stress on authorities increases;
6. As stress increases, authority units withdraw from organizational tasks;
7. As stress increases, authority units are more likely to change organizational standards;
8. As stress increases, communication channels decrease;
9. As stress increases, conflict among units increases;
10. As stress increases, members withdraw from organizational tasks;
11. As conflict increases, communication channels decrease;
12. Modification in standards leads to increase in conflict and withdrawal;
13. As communication channels decrease, withdrawal increases, and
14. As withdrawal increases, communication decreases.
As one can see, according to Hermann, crisis leads to an intricate web of cause and effect relationships which could potentially destroy organizational effectiveness. While much of Hermann's work is set in the foreign policy arena, it is reasonable to assume that, given his definition of crisis, many of his hypotheses are applicable to other settings. In any case, these hypotheses lend direction to an empirical investigation of the effects of decline on various organizational processes.

Retrenchment and Conflict

Though not couched in the terminology of crisis, a related set of works discusses the effects upon internal group processes of pressure on organizations to reduce spending and/or increase external funding.

As mentioned previously, Hermann (1963) postulated that crisis, perceived or real, results in an increase in conflict among individuals and groups within organizations. This conflict occurs as a result of withdrawal behaviors, increases in stress and poor communication, all of which feed upon and perpetuate more of each. Others have observed or hypothesized similar behaviors in organizations facing retrenchment.

Levine (1978) notes that organizations in decline lack the resources for coping with uncertainty, risking innovation, and rewarding loyalty and cooperation; thus, have less chance of avoiding conflict internally. This observation was based on previous work by Scott (1974) which postulated that, "Organizational growth creates organizational abundance, or surplus, which is used by management to buy off internal consensus.
from the potentially conflicting interest group segments that compete for resources in organizations" (p. 316). In a later paper, Levine (1979) claimed that scarcity in public organizations not only increased the chances of conflict, but also complicated the building of support for administrative systems and democratic processes. He added that acceptance of the inevitable changes made necessary by decline on the part of individuals within the organization will be unlikely due to the lack of rewards for cooperation.

Cyert (1978) maintained that universities faced with decline often place survival ahead of quality and that this emphasis on survival fosters conflict. In a study of research and development organizations, Hall and Mansfield (1971) noticed that the pressure for reduced spending caused an increase in financial controls, decrease in non-essential spending, a rise in applied, rather than basic research, and a decrease in group cohesion. The latter finding contradicted an earlier assertion by Sherif (1966) which claimed that threatened organizations tend to get more cohesive. Perhaps the answer to this apparent contradiction lies in a work by Simmel (1955) which asserted that cohesion was more likely to occur when members were aware of how they could individually help the organization cope with the threat. This hypothesis supports previously mentioned assertions by Hermann that crisis was perceived when members of the organization had no plan for coping with the threats to their values. Hall and Mansfield also noted that financial stress on the organizations they studied led to reduced communication, flexibility, and concern for the welfare of the whole organization, as well as a rise in personal stress and self-serving behavior.
The writings on organizational crisis, as well as related works on the effects of external pressure for reduced spending/increased resources lead one to predict that organizations facing retrenchment, can be expected to exhibit the following behaviors (in varying cause and effect relationships):

1. Centralization of authority;
2. Decrease in innovation;
3. Self-centered withdrawal behavior and alienation on the part of individuals within the organization;
4. Decrease in communications;
5. Increase in personal stress
6. Changes in organizational standards;
7. Increase in conflict;
8. Increase in financial controls;
9. Decrease in group cohesion; and
10. Decrease in flexibility.

Though the works in this section are derived from various fields of study and are based upon observations of several different types of organizations, when viewed in concert, and in conjunction with the underlying assumption that retrenchment represents a threat to personal and organizational values, they provide a useful basis upon which to begin a study of the impact of decline upon educational organizations.

*Program Review as a Strategy for Retrenchment*

Although the literature on program review will not be included here, it should be acknowledged that, in response to the decline
experienced by many institutions, a great deal of work has been published in this area. While nearly all of the program review literature relates to techniques for assessing instructional rather than service programs, it is nevertheless helpful in describing the way in which some universities have coped with the need to reduce expenditures while maintaining quality. The following authors have contributed particularly helpful works: Arns and Poland (1980); Barak (1981); Craven (1980); Gentile (1980); Shirley and Volkwein (1978).

**Strategies for Coping with Decline**

As noted in the introduction to this review, a number of, perhaps even most, writers who specifically address the dynamics of decline do so prescriptively, outlining various strategies for coping with retrenchment. Many of these works are based on the authors' experiences in declining organizations, yet a few are the result of empirical study. Emphases vary from writer to writer—some stress leadership, others flexibility, still others rational decision-making—the list goes on. Yet, the common thread which binds most is that they offer advice to the manager attempting to cope with decline.

**Leadership in declining organizations.** Behn (1980) and Glassberg (1978) each offer a set of categories describing possible leadership styles during retrenchment. While the styles suggested are by no means all-inclusive, they are indicative of: (1) the dominant approaches taken by leaders in declining organizations, and (2) the styles prescribed in the literature on decline.
Behn (1980) offers the following options for leader behavior:

1. **Cut the fat tough guy**—this type of leader adopts a combative approach to managing decline. The "tough guy" drastically pares overhead and holds down labor costs through tough negotiations with employees;

2. **Revitalizing entrepreneur**—the leader adopting this approach attempts to redirect the organization into a narrower scope of activity, in hopes of recreating equilibrium between resources and expenditures;

3. **Receiver in bankruptcy**—this leader is not concerned with organizational maintenance; rather, is interested in enhancing his/her own image by smoothly managing the elimination of the organization.

Behn's categorizations suggest tactics for dealing with retrenchment which involve some form of cutback. All three leadership types assume that some form of reduction in resources and expenditures is necessary.

Glassberg (1978), on whose work Behn based his writing, added two other descriptive categories of leadership behavior which made fundamentally different assumptions. In addition to the three categories discussed by Behn, all of which Glassberg included in the category of "civic entrepreneur", he also noted that leaders exhibit two other forms of behavior and described them as follows:

1. **Figurehead**—this type of leader is not well suited to rapid change and thus takes little action, allowing retrenchment to do what it will to the organization;
2. **Broker**—this leader does not accept the inevitability of cutbacks and attempts to form coalitions with other units in an effort to defend what they consider to be their fair shares.

Wildavsky (1979) discusses a series of strategies which are available to the leader choosing to adopt the style of "broker". In his discussion, Wildavsky points out that in order to get funds in a budgeting situation, a leader must be a good politician and then goes on to say that a good politician:

1. Cultivates an active clientele;
2. Develops confidence among other officials; and
3. Develops skills at exploiting opportunities.

Wildavsky expands upon each of the above and then discusses strategy for not only defending, but also increasing and expanding the base.

While not really discussions of leadership in the strictest academic sense, the categorizations mentioned above do provide direction for and a base upon which further empirical observations of behavior during retrenchment can be studied.

**Decline and strategic choice.** During periods of decline, managers of organizations are faced with a number of strategic choices which will affect how they confront, plan for, target, and distribute cutbacks.

Levine (1978; 1979) lists as the first strategic choice which must be made by managers, the decision of whether to resist cuts or attempt to smooth them. Managers must decide whether to struggle and face possible major cutbacks as a result of their failure to "go along" or to accept cuts in such a way as to make as little trouble as possible for the organization's most important functions.
Once the first choice has been made, managers must then decide which tactics are most appropriate. If the decision is to fight, a "battle plan" must be developed. If the decision is to cut, a series of sub-questions follow regarding the distribution of the retrenchment. For example, should cuts be made in small increments over time or all at once? Should cuts be made across-the-board or targeted? Should efficiency or equity take precedence? (Services to the poor, for example, are often the most expensive.)

Bozeman and Slusher (1980) pose a different, but related set of strategic choices which face managers during organizational decline. Using terminology from Thompson (1967), they claim the following decisions must be made:

1. What **domain** should the organization adopt? That is, what segment of the environment should be selected as the organization's area of activity?

2. What **technology** needs to be developed? Given the domain selected, what tools and techniques will be needed to carry out the function of the organization?

3. What **structure** is most appropriate for controlling the technology to be developed?

4. What **processes** must be established to insure the organization’s adaptation to changes in the environment?

While these four strategic choices are applicable to organizations whether or not they face retrenchment, they are of particular import to organizations attempting to plan for and/or respond to decline.
Strategies. Depending upon the strategic choices made and the leadership style adopted, as well as variables specific to the situation, there are a number of available strategies for coping with retrenchment.

1. Terminating programs - One of the quickest ways to realize savings during times of decline, though often one of the most politically difficult, is to terminate a program, policy, or department. Behn (1978a, b) notes that it is much simpler to develop a rationale for not terminating a program than for ending it; thus, the policy-maker attempting to eliminate a program must be armed with a well-developed strategy. Behn offers the following tips:

(a) Do not float balloons--coalitions against discontinuing a program will form immediately;

(b) Enlarge your constituency--recruit new groups to your way of thinking if possible or, at the very least, get others interested in the issue;

(c) Focus attention on the program's harm--emphasize the costs, not the benefits;

(d) Take advantage of ideological shifts to demonstrate harm;

(e) Inhibit compromise--either eliminate or continue, but do not compromise;

(f) Recruit an outside administrator to serve as terminator--s/he will not be as subject to political pressures as a member of the organization would be;

(g) Avoid legislative votes--legislators must bow to pressure from their constituents;
(h) Do not encroach upon legislative prerogatives--while one does not want legislators to do your "dirty" work, one does not want legislators as one's enemies either;

(i) Accept short-term cost increases--it often costs a great deal of money to terminate a program;

(j) Buy off the beneficiaries--promise those who benefit from the program that they will be served equally well by other programs;

(k) Advocate adoption, not termination--publicly come out in favor of other programs rather than against the one to be terminated; and

(l) Terminate only what is necessary--keep the constituency to be affected as narrow as possible.

The above listing may appear to some to be a bit Machiavellian and no doubt raises a number of ethical questions; nevertheless, it represents the "how to" approach taken by the author in offering advice for successful program termination.

2. Reduction in force - Another cost saving strategy which has been widely adopted is employee lay-offs. Greenhalgh and McKersie (1980) studied the cost effectiveness of lay-offs as compared to planned attrition programs. In comparing the costs incurred by laying off workers with those incurred by simply not filling positions created by attrition, the authors discovered that substantial savings could be realized through planned attrition.

Despite the relative savings to be realized through planned attrition, as compared to mass lay-offs, a number of writers continue to insist that slow, long-term decline through methods such as planned
attrition and across-the-board cuts, do little other than demoralize employees and damage the quality of services offered, and that specific, targeted cuts are a more practical way to retrench without loss of quality (Christ-Janer, 1989; Behn, 1980; Biller, 1980).

3. Other strategies - While eliminating programs and reducing work forces are two strategies sometimes used to realize savings, there are many other options open to universities which have been chronicled in various sources. Below is a brief listing of other methods suggested by the Carnegie Commission (1972) for coping with decline:

(a) Make better use of faculty time by increasing student/faculty ratios, class size and teaching loads, and by decreasing the proliferation of classes, leaves of absence, faculty consulting, and faculty support personnel;

(b) Hire professional labor negotiators to bargain with unions;

(c) Maintain budget flexibility by consolidating existing programs, broadening existing programs rather than creating new ones, encouraging departments to raise their own external funds, reallocating vacated positions to other departments, using selective cutbacks when possible and across-the-board cuts when necessary, confining highly specialized programs to a smaller number of campuses in a given system, establishing "self-renewal" funds of 1-3% annually, using part-time faculty, providing tenure which is not limited to one department, employing faculty with expertise in more than one subject
area, providing early retirement opportunities, and cost out overhead expenses to individual departments;

(d) Establish incentives for budget savings; i.e., allow money to be carried over into subsequent years;

(e) Reduce spending by promoting accelerated degree programs, improving space utilization, forming consortia, using persons with the lowest possible professional training to do administrative tasks, eliminating subsidies for auxiliaries, employing students, charging user fees for services, using better grant-loan-work mix in student financial aids; and

(f) Increase income by increasing tuition, increasing recruiting programs, maintaining minimum cash balances, making sound endowment investments, and establishing vigorous endowment campaigns.

Biller (1980) advises those dealing with retrenchment to:

(a) Separate winning from losing—distribute cuts and allocations at different times;

(b) Win some, lose some—make certain that those programs not to be totally eliminated do not have to bear the entire retrenchment burden;

(c) Advance general, rather than specific reasons for cuts—specific rationales are easier to refute;

(d) Use across-the-board cuts when necessary—use savings earned from these cuts to encourage innovation;

(e) Concentrate on incentives—emphasize what people will receive, not what they lose; and

(f) Engage customers in the process—decide upon a minimal level of service and then implement user fees for
extra services rendered. Customers will then decide
which "fringes" they want or are willing to do without.

Other authors (Lewis and Lagalbo, 1980; Levine, 1978; Christ-
Janer, 1980) have prescribed related tactics to those cited above.
In reality, the list of strategies for either decreasing expenditures
or increasing income appears endless. Further empirical study into
which tactics are most successful in assisting organizations to effec-
tively cope with decline would be useful.

Contribution to the Literature

While the empirical literature on the management of decline is
relatively scarce, there exists a rich body of relevant knowledge in
related areas of organizational research. Of particular interest is
the literature on decision-making and organizational crisis. These
works provide direction to the student attempting to explain and pre-
dict behavior in declining organizations. Further, the prescriptive
literature on decline provides a useful baseline of strategies against
which actual observations of behavior in retrenchment situations can
be compared. The study reported here complements the works previously
cited in several ways.

First, this project examines the effects of decline upon a specific
type of sub-unit within a university setting--service departments.
Previous works have either emphasized the impact of retrenchment upon
academic units specifically, or have treated entire universities as
individual units of analysis. It may very well be that the impacts
of decline manifest themselves differentially throughout the various segments of a given university. By examining a specific set of subsystems within a university, this study should augment current knowledge about the true nature of decline and its impact upon educational organizations.

Second, this study, while geared toward the generation, rather than the validation of hypotheses, nevertheless provides new data for use in determining whether findings derived from the study of other types of organizations hold true for educational organizations as well.

Third, this investigation has produced a set of testable propositions which have the potential for guiding future research efforts. Should the long-term, sustained declines in resources which have been predicted for higher education come true, further research on decline will be imperative.
CHAPTER III

METHODOLOGY

In order to accomplish the goal of this research, it was necessary to identify a methodology which would allow the flexibility in data gathering and analysis necessary not only to identify and explain the relationship among variables, but also to understand the complex and dynamic context in which the phenomena being researched took place and the ways in which organizational participants made meaning of their experiences. That is, unlike the requirements of research aimed at deductively verifying existing theory, the inductive generation of organizational theory requires that the investigator be allowed to accumulate and shape knowledge throughout the data gathering process and to follow potentially enlightening "clues" wherever they might lead so that the final theoretical propositions presented reflect not only surface-level behavioral relationships, but, more importantly, in-depth understandings of the values, perspectives, and motivations of the persons under study.

While few would openly disagree that an in-depth understanding of a given situation is important if one is to generate knowledge about it, debate continues among scholars regarding the processes which may be used in conducting legitimate scientific inquiry. Indeed,
the debate over process stems from differences among scholars' perspectives as to what is and what is not legitimate science.

Susman and Evered (1978) hold that the physical, biological, and social sciences have historically been dominated by a positivist conception of science and that because of this positivist orientation, the organizational literature is becoming less useful in solving the practical problems faced by organizational participants. They use the term "positivist science" to describe all approaches to science that consider scientific knowledge to be obtainable only from sense data that can be directly experienced and verified between independent observers (p. 583). Susman and Evered explain that positivist approaches to science:

1. assume that their methods of inquiry are neutral--free of human values and interests;
2. treat persons as objects of inquiry--ignoring that human beings have the capacity to contemplate and initiate action in their own right;
3. eliminate the role of history in the generation of knowledge--treating individuals and organizations as if they are created in-tact; and
4. assume that a system is defined only to the extent that a denotative language exists to describe it--ignoring the role of human intuition, hunch, and interpretation (1978, pp. 585-86).

Because of their rigid adherence to the assumptions listed above and their accompanying rules for data collection and analysis, positivist
approaches to scientific inquiry severely limit the freedom of the investigator to gain a true understanding of organizational phenomena and thus, to generate knowledge which is useful to the organizational participant.

Vaill (1976), in lamenting the inadequacies of current thinking about organizational designs, voices a similar concern about what he calls the "Expository Model of Science" (p. 77). According to Vaill, much of the scientific behavior in Western culture is and has been based on a series of complex assumptions and perceptions which negate much of the potential usefulness of the products of scientific inquiry.

The primary function of the Expository Model of Science is to expose and to explain nature. Unfortunately, according to Vaill, the processes by which knowledge is produced are independent of the researcher's "understandings" of a given phenomenon, his values and intents, and the ways in which the researcher impacts the phenomenon under study. The result of scientists' adoption of the Expository approach has been that certain rigid procedural routines have become standardized and indeed adopted as the only acceptable methods of inquiry. These processes tend to be cold and mechanical and generally ignore the complexity of human nature. The Expository Model, in its quest for knowledge about which there can be certainty, demands an exactitude in methodology, verifiability, replicability, and disinterested observation, which fails to allow the scientist the freedom which is necessary to gain a true understanding of the complex nature of human beings. Thus, the products of the Expository Model of Science are often not applicable to "real world" settings.
Susman, Evered, and Vaill describe perspectives on science and approaches to scientific inquiry which ignore the importance of the context in which the phenomena take place and its effect on the persons being studied. The results of these approaches to inquiry tend to over-simplify the causes of human behavior—often depending wholly on quantifiable data to explain behavior in terms of pre-determined grand theories which may or may not be applicable. Indeed, these models rob human beings of their very humanity by reducing them to the status of simple reactionary objects to be observed from afar. Because of this, much of the scientific research produced by persons trained in the positivist and expository approaches to science, is increasingly being deemed inappropriate for use by those charged with managing complex systems.

In response to the limitations of the traditional approaches to inquiry cited above, several scholars have suggested that there are more useful ways to conduct research on human systems. These approaches which may loosely be categorized as qualitative methods have been described by Van Maanen (1979) as being "interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not frequency, of more or less naturally occurring phenomena in the social world" (p. 520). In discussing one form of qualitative research known as "action research," Englert (1981) succinctly captures many of the characteristics and benefits of the various qualitative methods. Though not all of the characteristics of action research apply to all other forms of qualitative research, in general it may be said that qualitative research:
1. is **collaborative**, involving both the researcher and the practitioner;

2. deals with situations that are **social** in nature, calling for the investigator to become a part of the social network(s) which he or she are studying;

3. is directed at the **totality of a given situation**, calling for the researcher to gain an understanding of the context in which the phenomena under study occur;

4. produces findings which while not usually generalizable, may be **transmittable** (in a common sense way) to other settings;

5. produces tentative hypotheses which assist the researcher and the participants in gaining an understanding of a given situation;

6. is **systematic** and based upon the principles of disciplined inquiry;

7. addresses **realistic** problems and situations. Areas of study are not limited by strict methodological considerations;

8. is **flexible**, thus methods and analytical tools are based upon the nature of the problem;

9. occurs within a **mutually acceptable ethical framework** for both the researcher and participants, with values, intents, and purposes clearly stated from the beginning;

10. allows (requires) **practical significance** to take precedence over statistical significance;

11. is **eclectic and interdisciplinary**, allowing for the introduction of a multitude of analytical tools and perspectives.
Qualitative approaches are not meant to replace the logic of empiricism inherent in the traditional approaches described previously, rather, these approaches are aimed at gaining an understanding of the social world. Qualitative methods hold that the context in which social actors exist is of equal importance to observed behavior and essential in explaining the meaning of the behavior. This emphasis on an understanding of context requires that the researcher gain first-hand, intimate knowledge of a given research setting in order to "tap the subjective world of feelings, attitudes, and personal orientations" (Englebert, 1981; p. 9).

The historical and philosophical roots of the various qualitative methods can be traced to a variety of sociological perspectives, among them sociolinguistics, symbolic interactionism, ethnomethodology, and phenomenology (Parsons, 1978). According to Parsons, all of these approaches to the study of society share two significant and interrelated insights:

First, the everyday social actor does not merely internalize norms whose implementation is seemingly as automatic as the stimulus-response behavior sequences learned in operant conditioning...on the contrary, the actor is a conscious agent continuously mindful of and responsible for the active application of normative codes in the interpretation of social reality. In this view, society is not the unfolding of pre-established behavior patterns in (an assumed) highly stable environment of others and material objects, but the creative production of interacting and interdependent agents who are skillful at interpretively understanding and communicating the sense of their own social worlds.

Second, these approaches point to the importance of interpretation not only in sociological inquiry... but in the particular social reality under study (1978; p. 111).
In other words, qualitative approaches to the study of society assume that the techniques of what Schutz called *verstehen* are not only used by sociologists in gaining an understanding of a given set of social actions, but are inherent in the interpretation of reality by the social actor attempting to make meaning of his or her routine, everyday experiences (Parsons, 1978).

Thus, the charge to the investigator seeking to understand the nature of a given social phenomenon is not only to describe the methods of communication and patterns of behavior (regulative codes) which exist in a given setting, but to go beyond these to identify the constitutive codes of interpretation used by social actors to make meaning of their social experiences (Parson, 1978; p. 126). That is, in order to truly understand the social reality being experienced by the actors in a given setting, the investigator must be able to gain a sufficient grasp of the context in which the actors exist and the ways in which they interpret the events which comprise their daily lives. One must go beyond what subjects say and do, and, indeed, must become intimately familiar with their world so that the insights gained and the theory subsequently produced is based not merely upon behavioral observations and reflective interpretation, but on an in-depth understanding of the world being experienced by those persons being studied.

Given the intent of this investigator to generate theory regarding the impact of decline on a specific sub-set of organizations and the persons within them, it was necessary to identify a research strategy which would not simply result in description and explanation, but in
an understanding of the social reality experienced by the actors in the organizations studied. Thus, methods of inquiry based on what was previously described as "positivist" or "expository" models of science were deemed inappropriate. Instead, the investigator chose a strategy whose philosophical foundations lay in the field of interpretive sociology and its precursors.

The method selected for this study is one developed and described in detail by Glaser and Strauss (1967) in their book, *The Discovery of Grounded Theory: Strategies for Qualitative Research* and known as the constant comparative method of qualitative analysis. The constant comparative method is a specific form of comparative analysis designed to inductively generate theory from data systematically obtained in the field.

**Theoretical Sampling**

The process by which data are collected for use in the constant comparative method is known as theoretical sampling. This approach to data collection is a novel one in that it allows (requires) the researcher to collect, code, and analyze data in one continuous, integrated process, rather than as three separate and distinct procedures. Further, this process allows the researcher to determine which data need to be collected while in the process of generating new theory rather than prior to the beginning of the study as it is not based on a pre-conceived framework designed to verify an already existing theory.

The researcher using theoretical sampling is not "locked in" to a pre-conceived set of categories or models in attempting to explain behavior in a given circumstance; instead, s/he allows categories
of variables to emerge from the data and then uses these emergent categories to direct further research and to eventually assist in formulating a set of theoretical propositions.

**Selecting Comparison Groups**

Given theoretical sampling's departure from pre-planned research strategy, how does one select groups for analysis? According to Glaser and Strauss, comparison groups are selected on the basis of their theoretical relevance for generating useful categories. That is, within the constraints of a given researcher's time and resources, data are gathered from any group which might assist in the development of categories and their properties.

Given the above approach, the researcher can only estimate the number of groups which will be needed in order to gather the necessary data. It might also be noted, that unlike the requirements of verification studies, groups compared in studies designed to generate theory need not necessarily be comparable in the strictest statistical sense. The only requirement for a group's inclusion is that it have theoretical relevance.

That is not to say, of course, that the selection of comparison groups is random. The researcher must be guided by the intended scope of the research. The key point is that the researcher need not be "handcuffed" by having to compare only those groups with, say, the same proportion of professional to non-professional employees. Rather, researchers wishing to generate grounded substantive theory need only be restricted to those groups which promise to add to the development of theory about the substantive area being studied.
Of course, theoretically at least, the list of groups which could be studied is infinite; thus, the researcher must be sensitive enough to know when each category has reached what Glaser and Strauss call "theoretical saturation". That is, there is a point at which the researcher is no longer able to discover data which add to the development of properties of a given category. Each new piece of data tends to confirm previously discovered properties. When this saturation occurs for all categories, the researcher need not continue collecting data.

It is important at this point to note again that the purpose of theoretical sampling, as opposed to statistical sampling, is to gather data which allow for the generation of categories that are eventually integrated into a theory. Theoretical sampling would be inappropriate for verifying existing theory.

As previously mentioned, four service units at The Ohio State University were selected for study—WOSU Stations, OSU Libraries, University Systems, and the Counseling and Consultation Service. These units are sufficiently similar to make them comparable for study, while at the same time sufficiently different to guarantee that a diverse set of data will be produced.

The most common feature among the units is their function within the institution—they are each, in their own way, service units. That is, while each supports the academic mission of the institution, none claim instruction as their primary mission, nor do any fall within the Division of Academic Affairs. While it might be argued that one or
more of the units is more critical than another to the mission of the institution, all, in fact, provide support services in one way or another.

The second characteristic common to all four units is that they perceive themselves and are perceived by the administrator to whom they report as having had to cope with some form of decline. The fact that they have been impacted differently added to the richness of the data derived from the investigation.

While the similarities among the units insure a degree of comparability, the differences were perhaps more important for the generation of useful data. Without repeating previously stated facts about the units, it may be helpful to note that the units which were studied varied in size, structure, source of funding, ratio of professional to civil service staff, and location within the structure of the University.

Certainly, the similarities and differences listed above are fairly obvious even to the untrained observer. Nevertheless, they represent the basis upon which the units were selected for study.

The Constant Comparative Method

Glaser and Strauss describe the constant comparative method in four stages: (1) comparing incidents applicable to each category; (2) integrating categories and their properties; (3) delimiting the theory; and (4) writing the theory (1967, p. 105).

Comparing incidents applicable to each category. The researcher begins by coding the data that has been collected into as many different categories as possible through the process of theoretical
sampling described above. It is assumed that the researcher will be sensitive enough to create relevant categories from the fragments of data as they accumulate. As data collection and coding continue, categories of ideas emerge which lead to further data collection and the process repeats itself. Coding is a simple process consisting of noting categories as they develop. However, the key to this stage of the constant comparative method is that before each new piece of data is coded, it is compared to all other data previously recorded to determine whether or not it fits into a previously established category. This approach not only insures that meaningful categories will be created, but also allows theoretical properties for each to emerge as each category becomes more richly developed.

Integrating categories and their properties. As data collection and coding continue, the need to compare each incident or fragment of data with every other piece of data decreases and is replaced with a comparison of each incident with the properties of the categories previously developed. That is, there is a point at which, given the subject of the study, new categories cease to emerge and all new bits of data serve to develop the properties of each category. Constant comparison of data in an effort to form new categories thus becomes unnecessary, even counterproductive, while constant comparison for the purpose of "fleshing out" properties serves not only to make each category richer in detail, but also more highly integrated with its properties. An important point to re-emphasize is that the collection and analysis of data occurs continuously and not as two separate operations.
Delimiting the theory. As data continue to be collected, categories develop, and an integrated theory emerges, the researcher must begin to delimit the theory, lest it become cumbersome and, indeed, overwhelming. As a theory develops from the categories of data, irrelevant categories can be eliminated, similar categories combined and, in general, the theory can be reduced. In reducing the theory, the researcher accomplishes two tasks: (1) s/he achieves parsimony of variables; and (2) s/he makes the theory less situation-specific and, thus, increases its scope and generalizability.

Writing the theory. Throughout the coding and analysis process, the researcher prepares working memoranda which summarize and integrate categories into an emerging theory. When it becomes clear that the theory reasonably reflects the subject matter studied and is couched in a form useful to others in the field, the theory is put into an appropriate form. This is accomplished by collating and making uniform the memoranda which have been written throughout the study. If necessary, further analysis can be undertaken to more fully develop the theory. However, if the method has been followed carefully, a well integrated substantive theory should emerge.

As previously noted, the intent of this study was to generate a grounded substantive theory. That is, the theory which emerged applies specifically to service units within a university setting. However, when combined with previous and subsequent studies, substantive theories can lead to formal theories which apply to any type of organization facing similar circumstances. It is this writer's hope that his work will contribute to the development of a formal theory concerning the management of organizational decline.
Procedure

After having selected a general area of interest, the investigator interviewed the OSU Vice Presidents for Student Services, Business and Administration, Educational Services, and Agriculture, as well as the Special Assistants to the President for Budget and Governmental Affairs, and the Dean of the Graduate School to attempt to ascertain which service units at The Ohio State University from their perspectives had been most affected by the retrenchments imposed upon the institution. A list of possible units for study was compiled and discussed with members of the investigator's doctoral committee.

In attempting to narrow the list of units suggested by the persons mentioned above to a manageable number, the investigator considered a number of criteria including: the number of employees; administrative placement within the institution; size of annual budget; the primary tangible impact of retrenchment experienced (i.e., actual budget cuts, reductions in personnel, delays in equipment purchases, failure of budgets to keep pace with inflation); internal organizational structure; and personnel composition. The intent was to develop a list of units for analysis which, while comparable, represented sufficient diversity to insure a rich set of data.

After considering which units appeared to hold the most promise for generating theoretically relevant data, the investigator approached the directors of five service units to discuss their willingness to have their units included in the study. Of the five who were approached, four agreed to participate and the initial group of units of analysis was determined.
Follow-up interviews with the directors of each of the four units to be studied were conducted to determine an appropriate procedure for selecting persons to be interviewed. It was decided that the investigator would secure a list of employees from the personnel officers in each unit and randomly select a sample of persons from each unit to be interviewed. Somewhat arbitrarily, the researcher decided to select 20 subjects from the University Library system, 15 each from WOSU and University Systems and 10 from the Counseling and Consultation Service for initial interviews, with the understanding that if additional data were desired, other persons would be randomly selected at a later time. Of the 60 persons selected, all but two agreed to be interviewed. These two were replaced in the sample.

It may be important to note here that several methods were used to make initial contact with the subjects. In one unit, the director asked the investigator to compose a summary of his intended research for distribution among his sub-unit managers and for bulletin board display. After an initial waiting period, the investigator then called each person selected from that unit. Approximately half of the persons contacted had heard about the study.

In another unit, the director asked for and received a list of persons to be interviewed. He then sent a memorandum to each person, explaining the project and informing the persons that they would receive a call from the investigator. This method was most effective in assisting the investigator to gain the cooperation of the subjects.

In the third unit, the director also asked for a summary. He then discussed the project with his immediate staff, then with a larger group of management staff, and finally with the entire staff. After
having secured approval at all levels, the director contacted the investigator, giving him permission to make contact with the persons in the sample.

The fourth unit director agreed to participate in the study, but told the investigator that he would prefer not to be involved in contacting his staff as they might misinterpret his involvement as pressure to cooperate. Thus, the researcher was forced to make all contacts on his own. This was the most difficult approach.

As mentioned, each subject was contacted by phone to ascertain their willingness to participate. These conversations represented initial interviews in many cases, for the subjects often wanted to discuss the project in detail and offered information which was relevant to the study. Where appropriate, notes were taken during the conversations and used during later formal interviews.

One-hour appointments were set up with each subject at times which were mutually agreeable to both the investigator and the subjects. All interviews took place during regular working hours and most occurred in the subjects' immediate work area. (Due to a lack of privacy, several persons requested that interviews take place at alternative locations such as conference rooms or dining areas.)

Though interviews were scheduled for one hour, they ranged from 45 minutes in two cases to approximately two and one-half hours in several instances. Despite this fact, one hour seemed a most appropriate period in the majority of cases.

Formal interviews were conducted on the basis of a series of open-ended questions asked by the investigator (see Appendix). However, in most cases, the discussions went well beyond the formal
list of questions; thus, the interview form often became a tool for recording, rather than generating data. That is, in most instances, the subject matter contained in the questions was covered in the course of the conversations, without the questions being necessarily directly asked. Again, in most cases, the data generated extended well beyond that which would have been produced if the subjects were asked to simply respond to the questions of the interview form.

The investigator took extensive hand-written notes during each interview. At the conclusion of each interview, the researcher re-drafted each set of interview notes in a neater, more comprehensive fashion and then at the end of each day, recorded the data on note-cards according to a somewhat modified version of a method described by Schatzman and Strauss (1973). This method of recording data calls for the investigator to divide notes into one of four categories: Observational Notes, Theoretical Notes, Methodological Notes, and Personal Notes. Examples of each of these categories appear below.

Observational Notes might include data such as, "The subject noted that when the newspaper article appeared, he couldn't sleep that night." (See Appendix D.)

Theoretical Notes would include conclusions drawn by the investigator based on Observational Notes. An example might include, "Ambiguity in the situation appears to increase the level of stress experienced by the subjects." (See Appendix D.)

Methodological Notes are included to assist the researcher in remembering tasks which he needs to accomplish. An example from this investigator's files: "Check notes from B. Jones at University Systems to see if he experienced same feelings." (See Appendix C.)
Finally, Personal Notes served to make the investigator aware of the way in which his presence impacted upon the subjects. For example, one note from the researcher's file states, "She seems to think I'm 'management' and doesn't really trust me when I say this is confidential" (See Appendix B).

The procedure described above, while time consuming, was most helpful in assisting the investigator to systematize the massive amounts of data which were produced as a result of the interviews.

In order to insure the reliability and validity of the data produced through the interview process, the investigator had to develop a set of criteria sufficiently rigorous to inspire confidence in the findings, yet sufficiently liberal to allow for the use of all theoretically relevant information. After an extensive conversation with one researcher who has used the constant comparative method on several occasions and a thorough review of his Ph.D. dissertation, this investigator adopted the following criteria (Conrad, 1975): The primary benchmark used to establish the credibility of a piece of data was that at least two, and preferably eight to ten persons, had to support a particular interpretation of an event or state of affairs. Additionally, the researcher had to be confident in the reliability of his subjects. That is, they had to first, be well informed and second, be void of any special interests which might either cause them to give false information or force them to adopt a special perspective because of their position. A special effort was made to make certain that the random selection process produced a representative sample so that varying perspectives would emerge. Finally, the researcher took special note of any interpretation of an event or state
of affairs which was in serious conflict with the interpretation presented by the majority. In most cases, seriously deviant interpretations were discarded. However, in several cases, these interpretations served as the basis for more in-depth questioning during follow-up interviews and produced some interesting and useful data.

As mentioned, a considerable amount of "back-up" material such as reports, memoranda, budget statements, and employee rosters was collected. These documents served as further checks on the validity and reliability of data. The reader should assume that all statements made, except where noted as speculative, have met the above stated criteria.

As the researcher conducted his interviews and reviewed the materials that were gathered, categories of variables and theoretical propositions began to emerge. In the early stages of the study, the investigator made every effort to resist narrowing the set of possible data which might have theoretical relevance. Many hypotheses were developed and many later discarded as it becomes clear that they applied only to a given situation. For example, in the early stages of the interview process at University System, it was discovered that one sub-unit's workload was decreased significantly due to retrenchment and it was hypothesized that decline leads to an over-abundance of resources. This was later disconfirmed as it became clear that the sub-unit was experiencing only a brief aberration in its work flow, due to changes in the project approval process throughout the institution. Examples such as this one were common during the
theory generation stage and illustrate the process which results from
the constant comparative method.

After the initial round of formal interviews, during which 52
persons were successfully scheduled, the investigator attempted to
delimit his theory and formulate a final set of theoretical propositions.
It was necessary to make several follow-up phone calls for elaboration
and/or clarification.

Subsequent to the formulation of a set of theoretical propositions,
the researcher informally tested his theory in a number of additional
settings to further establish its validity. This approach resulted
in the investigator having even more confidence in his results.

After approximately seven preliminary interviews, 52 formal
interviews, approximately 10 follow-up interviews, and numerous
discussions, as well as a review of hundreds of documents, the
researcher codified his final set of propositions and they will be
presented in the next chapter.
CHAPTER IV

TOWARD A THEORY

In attempting to understand the impact of retrenchment upon the organizations and individuals studied, the reader should keep in mind that the decline experienced by The Ohio State University has been and continues to be a dynamic, on-going process. Attempts to differentiate between actual and threatened retrenchment are in some ways artificial for the departments studied have existed in a state of decline for, in one case, as long as ten years. Thus, while in the process of implementing and adapting to retrenchment decisions already made, persons have also been preparing for (though not usually in a systematic manner) future reductions. While it is conceivable that the effects of a one-time budget and/or staff reduction might result in different outcomes, the units studied here have experienced repeated retrenchments, thus decline is treated as an on-going phenomenon.

The results of this investigation are presented as a series of theoretical propositions regarding the impact of retrenchment, followed by a brief discussion of each. The presentation is divided into two sections: first, the effects of retrenchment upon organizations; and second, the impact of retrenchment upon individuals within declining organizations. While it is clear that there are instances in which
the impact of decline upon organizations results in impacts upon individuals, and vice versa (and these interactions will be noted), in the author's opinion, the separate treatment of the individual and organizational impacts will better assist the reader in understanding the complex nature of these phenomena.

ORGANIZATION LEVEL

From an organizational perspective, the tangible results of the budget cuts experienced by the four units studied were generally varying degrees and combinations of: (1) reductions in workforce; (2) reductions in operating monies; and (3) reductions in equipment funds. Given unlimited freedom to respond to the budget reductions in a manner most conducive to maintaining organizational effectiveness, unit managers might have been able to reduce, or at least alter, the organizational impact of retrenchment. However, the four units studied were required, at least during the most recent budget reductions, to realize savings within a set of University-wide constraints which severely limited their ability to respond rationally. Primary among these constraints were: (1) the decision by the University President that there would be no personnel lay-offs; and (2) the imposition of a hiring freeze which was later slightly modified to a policy of "hire by exception". The result of these restrictions was to force departments to save significant amounts of money without the ability to reduce personnel budgets in a systematic manner and to accomplish organizational tasks without the ability to replace, automatically, key employees who voluntarily resigned or retired. In a real sense, these
restrictions on lay-offs and hirings effectively eliminated much of
the units' abilities to adapt to decline, in a manner which would
insure organizational effectiveness.

The organizational impact of decline cannot be represented as
a single set of phenomena for it appears to depend upon the degree
to which organizational resources are reduced and, thus organizational
values threatened. Units and sub-units forced to cope with only
minor reductions and/or incremental reductions over time appear to be
impacted differently from those forced to respond to major cuts. Thus,
in considering the propositions listed below, the reader should keep
in mind that the impact of retrenchment is altered as the level and
nature of reductions in resources changes.

Given the above, the following propositions are offered:

**Core Proposition**

Within the perceived constraints imposed from outside the organi-
ization, organizational participants will make decisions, develop
strategies, and behave in a manner which will protect dominant organi-
zational values.

However, as human and material resources diminish, dominant
organizational values shift from growth to maintenance of the status
quo to survival.

**Definitions**

The term constraints refers to those limitations which have been
placed on the actions and/or decision alternatives of a given actor
from outside the system or sub-system in which the actor is employed.
Examples of the primary constraints faced by the organizational actors in this study were hiring and purchasing freezes, "no lay-off" policies, and retrenchment targets—all of which were imposed from the Vice Presidential-level of the organization or above.

The term organization is used generically and refers not only to functional systems known as departments or units (i.e., University Systems, Counseling and Consultation Service, University Libraries, and WOSU Stations), but also to the sub-systems which exist—within each department (i.e., the Development Group within University Systems or the Bindery within University Libraries). Distinctions are made among the various organizational levels where necessary.

The term dominant organizational values refers to the most highly desirable state or condition which is perceived as possible for the organization and, thus, that which organizational participants seek to maintain. In periods during which there is an abundance of resources, the dominant organizational value is growth. When growth is no longer perceived as possible, the dominant original value shifts to maintaining the status quo, and when it is perceived that the status quo is no longer defensible, organizational actors seek to identify strategies for survival.

Discussion

The core proposition presented above emerged from the data collected throughout the study and is supported by the aggregate of the evidence and insights presented under the propositions which follow. By reviewing each unit's retrenchment history and by viewing each unit,
not only as a single entity, but as a collection of sub-units as well, the author was able to identify units of analysis with retrenchment experiences sufficiently varied to make him confident in his assertions about both the nature of dominant organizational values and the propensity among organizational participants to shift their values as resources diminish.

Several variables were identified which seemed to facilitate or hinder a given unit's progression from an emphasis on growth to a primary concern for survival. Among these variables were:

1. The degree to which the unit had amassed reserves which could be used to meet retrenchment goals;

2. The degree to which the unit's budget was labor intensive; and

3. The degree of flexibility contained within a given unit's budget.

In viewing the four units' budget histories, it appeared that those units which had managed to build a significant cash reserve were able to "postpone" retrenchment by expending these resources rather than cutting current operating funds. The term "postpone" is significant in that the strategy of meeting retrenchment goals with cash reserves represented a short-term solution which in no way prepared the organizations for future budget retrenchments.

Units with budgets containing significant funds for line items other than wages and salaries were also able to avoid immediate significant cuts to those areas most critical to the daily operation of the unit. These organizations generally postponed scheduled equipment
purchases and/or maintenance in order to meet retrenchment goals. Again, this strategy was effective in the short-term, but carried with it possible long-term consequences.

Finally, those units which enjoyed great budget flexibility, either because of the variety of sub-units which existed or because of the ability to alter payment schedules, were able to postpone the seriously negative impacts of decline. These units generally met retrenchment goals through the internal manipulation of funds.

In all three of the cases cited above, organizations were able either to maintain an emphasis on growth or were successful in maintaining the status quo for longer periods of time than those units with relatively small cash reserves, highly labor-intensive budgets, and/or low budget flexibility.

The three core organizational values cited in the Core Proposition were developed from the data collected in this study and are used to characterize stages in the retrenchment process. Within each stage, the author suggests a series of related theoretical propositions.

![Diagram](image)

Figure 1. The Retrenchment Process
Stage One

Core Value: Growth

Proposition 1.1

The core organizational value prior to forced decline is organizational growth.

Definitions

Organizational growth may be defined as an increase in the level of service provided, the number of persons employed, and/or the size of a given unit's annual budget.

Discussion

In reviewing the histories of the four organizations studied, it was clear that prior to forced decline, each experienced staff and budget increases, and that these increases were most often the result of increases in the level of service offered to meet a growing clientele. Of course, it might be noted that even during years in which specific new services could not be cited, the organizations continued to grow. This fact led the researcher to infer that some form of "growth momentum" might also account for the increases in budget and workforce. Nevertheless, prior to forced decline, all four organizations were growing.

Further, even as budget retrenchments became imminent and were later imposed, the tendency in each unit was to continue to strive for growth. As the reader will see, this insistence on continued growth in the face of declining resources was a source of anxiety for many individuals.
The final indication of a tendency toward growth was discovered in the fact that staff at all levels—management, production, and support consistently cited areas which they would expand or methods which could be implemented for providing higher levels of service were the necessary funds available. Of course, one can only speculate as to what one would do under a different set of circumstances. However, the constantly stated desire for growth led the researcher to infer that the primary organizational value prior to and even into the earlier phases of decline is growth and that organizational participants will make decisions, develop strategies and behave in a manner which will insure organizational growth for as long as growth is deemed a possibility.

**Proposition 1.2**

Incremental reductions in resources may result in increased efficiency, improved organizational effectiveness, and overall improvements in the level of service offered, depending upon: (1) the degree to which there exists an over-abundance of resources ("fat"); (2) management's willingness to innovate, and (3) the way in which organizational participants respond to the reductions.

**Definitions**

"Efficiency" can be defined as the ratio between resources expended and service produced.

"Organizational effectiveness" is a term which has been defined in varying ways in the literature. For the purposes of this study, effectiveness should be thought of as a multi-dimensional concept which includes an organization's ability to accomplish organizational
goals; react to and take advantage of environmental changes (including, but not limited to, a reduction in resources); and, foster satisfac-
ton and growth among its members.

Discussion

Despite several managers' claims to the contrary, a good deal of "fat" existed in several sub-units of at least two of the four depart-
ments studied. Thus, the primary organizational impact of the early retrenchments upon these sub-units was to improve efficiency. A fairly representative statement came from one staff member who stated that as far as she could tell, the only effect past-retrenchments had had on her sub-unit was to force the workers to reduce their coffee breaks from 40 to 15 minutes. Clearly, to the extent that such an over-abundance of resources exists, reductions in resources can lead to increased organizational efficiency. Although it will be expanded upon later, it is important to note here that while improved efficiency may be viewed as a positive organizational outcome, individuals may view the loss of privileges (such as 40-minute coffee breaks) as a sacrifice of personal values and these sacrifices, when combined with other losses, may lead to detrimental individual impacts.

With regard to organizational effectiveness, incremental reduc-
tions in resources, over time, led at least two of the four units studied to adopt more advanced technologies in order to provide more and better services to their clients while, in the long-run, saving money. For example, as it became clearer that the University Library system would no longer be able to afford to efficiently operate a
card catalogue, it gradually began to make the transition to a computer cataloguing system. This change enabled the libraries to save personnel dollars while, at the same time, making higher quality catalogue information available to more patrons at more locations. Thus, not only was efficiency improved, but the department's ability to accomplish organizational tasks was enhanced as well.

Likewise, the Counseling and Consultation Service, when faced with an increased demand for career guidance while at the same time a reduction in staff, elected to purchase a mini-computer and the appropriate software to enable clients wanting career guidance to obtain assistance with minimal staff involvement.

In both cases, management's willingness to adopt technological innovations was a key to improved effectiveness.

Thus, it appears that incremental reductions in resources over time led to improved efficiency and effectiveness in at least two of the sub-units studied—the cataloguing division of the Library system and the career services section of the Counseling Service—when the reductions were coupled with a willingness to adopt innovative technologies.

In addition to the variables cited above, one other aspect of organizational behavior appears to affect retrenchment's impact on organizational efficiency and effectiveness—individual response. Among those persons interviewed, there was almost uniformed agreement that in the early phases of decline, personal effort improved. That
is, in recounting earlier, less significant budget cuts, almost every individual interviewed recalled that s/he had worked harder in an effort to assist in reducing expenses. In later phases, increased individual output would become mandatory. However, during the initial retrenchments, when it appeared that the decline could be dealt with through improved efficiency, persons at all levels appeared willing to put forth extra effort. This increase in personal effort, according to personal accounts, led not only to improved efficiency, but also to an increase in vitality which translated into improved effectiveness.

It should be noted here that the earlier, incremental budget reductions, which usually occurred as a regular part of the annual budget cycle, were not represented nor interpreted as serious threats to organizational or personal values. Certainly, forward-looking managers spotted the relative reductions in funding. However, in response to these resource declines, many experimented with new technologies and/or different work arrangements and, in general, searched for ways to improve efficiency and effectiveness while insuring continued growth. It was not until the budget reductions which were imposed during the 1980-81 academic year that somewhat of a "crisis mentality" took over. It appears that the way in which the phenomenon of decline was interpreted—as a serious threat to the University—by the media, by administrators, and ultimately by production and support staffs was one of the keys in changing organizational and personal strategies from those with an emphasis on growth and improved effectiveness to those emphasizing maintenance of the status quo and, eventually, survival.
Summary of Stage One

In times of resource abundance and even during periods of incremental decline, organizations' primary propensities are toward growth.

It appears that incremental reductions in funding, which are not viewed as serious threats to individuals or organizations, often serve as catalysts for improved organizational efficiency and effectiveness.

Stage Two

Core Value: Protecting the Status Quo

Proposition 2.1

When growth is no longer perceived to be possible, organizations will seek to maintain and protect the status quo.

Definitions

"Status quo" is defined as the existing number of programs, level of service, and size of budget and workforce.

Discussion

In reviewing personal accounts of each organization's retrenchment experience, there appeared to be a point at which energies shifted from attempting to improve organizational effectiveness to attempting to avoid "losing ground". Even as budgets and workforces were reduced, the units studied continued to attempt to provide the same level of service, accomplish the same number of organizational tasks, and to maintain the same organizational structure. Very rarely were new services offered. In fact, some services for which the groundwork
had already been laid, such as multi-color CRTs at University Systems, were scuttled despite their proven effectiveness. The emphasis became maintenance instead of growth.

The Counseling and Consultation Service, despite reductions in both professional and support staffs, continued to attempt to provide personal counseling, career counseling, group work, and outreach. When it was no longer possible to meet all of the requests for assistance, the Counseling Center formed waiting lists. The emphasis again was to do the same (or more) with less.

Despite the loss of 18 computer programmers in six months, University Systems continued to attempt to meet all requests for assistance. No projects were cancelled.

In spite of significant reductions in funding and heavy personnel losses, WOSU continued for as long as possible to offer the same amount of programming on AM and FM radio and at both television stations.

The Library System, too, attempted to postpone for as long as possible any reduction in services.

On the surface, these attempts to maintain current levels of service may appear commendable and, indeed, from the perspective of the client and in light of the units' mission of service to the institution, they are. However, the evidence indicates that the consequences of attempting to protect the status quo were serious and detrimental to both the organization and its participants.

In order to maintain the same level of service, with less human and material resources, the units studied fell victim to a seemingly
obsessive concern for cost efficiency. As indicated before, efficiency might be viewed as a positive organizational outcome of decline. However, when efficiency is emphasized to the exclusion of any consideration of its impact on effectiveness, it becomes detrimental to both the organization and the organizational participants.

For example, in an effort to reduce costs while maintaining the same level of service, University Systems instructed its programmers to have their computer output printed on both sides of the computer paper. Again, this may seem to be a reasonable strategy. However, the outcome was that because the printing ribbons were usually fresher for the first side of the paper than for the second side, programmers were often unable to read the output on the second side and were forced to re-run programs.

Perhaps another example from University Systems will further illustrate the point. In an effort to save money, a decision was made to shut down the department's mini-computer on weekends. While, again, this appears to be a reasonable strategy for saving money, the effect was to deprive programmers of the opportunity to voluntarily come in on weekends to test projects which were to run in the following week. Thus, by becoming more efficient in terms of dollar savings, the organization's overall effectiveness was lowered. Similar examples can be found in all four organizations studied.

Another strategy for maintaining the status quo involved sacrificing the future in order to meet present needs. Service contracts were cancelled, much-needed equipment purchases were delayed, and
staff development opportunities were postponed or eliminated in order to save dollars. Again, when faced with the demand for budget savings, decision-makers elected to sacrifice organizational effectiveness, in this case, future effectiveness, for cost efficiency.

In each of the cases cited above, and there are many more ranging from the elimination of bathroom tissue in staff restrooms to reductions in the number of self-help materials purchased by the Counseling Center, organizations attempted to provide the same level of service despite significant declines in human and material resources. The data indicate that the result was that this laudable undertaking not only proved impossible, but led to detrimental organization and individual impacts.

Sub-Proposition 2.1.1

As human and material resources are reduced, the task:person ratio increases, forcing changes in organizational norms, increases in informal horizontal integration, increases in informal horizontal communication and the creation of a "shadow structure".

Definitions

"Task:person ratio" should be defined as the number of organizational tasks, or units of work, required of each individual.

"Organizational norms" might be thought of as the commonly accepted expectations about work life held by those employed in a given unit.
"Horizontal integration" refers to the degree to which organizational tasks are shared by individuals at similar hierarchical levels, regardless of organizational boundaries within a given unit.

"Horizontal communication" refers to the level of information exchange among persons at similar hierarchical levels.

"Shadow structure" refers to the existence of an informal organizational order which exists independently from and in spite of the formal table of organization.

Discussion

As the organizations studied continued to attempt to maintain current levels of service despite reductions in human and material resources, the number of organizational tasks required of each person, particularly at the production and support-levels, increased. (Management, too, had to accomplish more tasks. However, as the writer will discuss later, most of the additional management tasks were related to an increase in the demand for information from the central administration.) As the number of psychologists at the Counseling and Consultation Service was reduced, each remaining counselor had to see more clients, and conduct more workshops. As the number of computer programmers decreased at University Systems, each individual had to take on more projects. Secretaries had to type more letters and library technicians had to process more books. In each unit, the attempt to maintain the same level of service led to increased workloads and changes in the way persons defined their jobs.

Further, when faced with ever increasing workloads, organizational boundaries became almost meaningless. At WOSU, engineers
assisted the production staff in setting up props and radio announcers learned how to operate television cameras. Those who were used to working 9 to 5 shifts, Monday through Friday, suddenly found themselves in the studio on Saturday night—without overtime pay. At the Counseling Center, the Director's personal secretary assisted with receptionist and other secretarial responsibilities. Who and which unit or sub-unit one worked for became less functionally important as internal boundaries became clouded. A "shadow structure" was created.

The informal integration among internal units led to an increase in informal horizontal communication among the staff members who were working together, often for the first time. While this new "grapevine" could conceivably have been an asset, in most cases the informal network was used for the spreading of rumor and gossip. "I heard somebody from over in ___________ say that there were going to be 25 layoffs", was a typical response given to the investigator.

The increases in workload, redefinitions of responsibilities, changes in patterns of interaction and networks of communication cited above resulted in detrimental individual and organizational impacts as efforts to increase efficiency reached the point of diminishing return and, thus, the core organizational value, maintaining the status quo, became more threatened.

Sub-Proposition 2.1.2

When human and material resources are reduced to the point where the same level of service is impossible, organizations will not reduce
the variety of tasks performed; rather, will perform less of each, thus creating a new, smaller, status quo.

Discussion

When human and material resources were reduced to the point where it was simply impossible to continue providing every service or performing every organizational task previously deemed appropriate, the organizations studied did not opt to identify those services most central to the mission of the unit and proceed with those activities while discontinuing all others. Instead, all four organizations chose first to do less of everything. That is, instead of narrowing the focus of the organizations in an attempt to channel remaining resources toward the accomplishment of the central mission(s) of the organization, each continued to try to maintain the same variety of services—at reduced levels.

Several examples of the above phenomenon follow. When faced with the need to reduce costs, University Systems reduced the number of campus-wide truck deliveries from three to one per day. When simple improvements in efficiency were no longer adequate, WOSU reduced the number of television programming hours. In University Libraries, one of the departmental librarians elected to eliminate a scheduled quarterly revision of his library's map list. The point, again, is that rather than making conscious, rational choices about which activities were most central to accomplishing the mission of their organizations when faced with reductions too great to absorb through simple cost reductions, decision-makers, instead, elected to retain the same variety of
activities, but to perform them less frequently. The result of this strategy was to create a new status quo consisting of a reduced level service to constituents. While the resulting cost savings may have represented a short-term solution to the financial challenges faced by each unit, the impact on each unit's ability to serve its clientele was diminished. As the reader will see, this reduction in service also led to detrimental individual impacts as well.

Sub-Proposition 2.1.3

As human and material resources are reduced to the point where there exists the perception of a serious threat to the status quo, and when this threat is coupled with uncertainty about future reductions, supervisors at all levels will resort to strategies which will enable them to gain increased control over their own internal and external spheres of influence.

Discussion

The point at which supervisory personnel perceive there to be a serious threat to the status quo is a critical one, for the decisions made and strategies implemented in response to this perceived threat may determine the organizations' future ability to survive. It is important to note here that up to this point, personal accounts indicate that the reductions in funding imposed upon organizations were viewed as inconveniences and unfortunate losses in flexibility, but not serious threats. However, when the persons interviewed began to suspect that the character of their organizations, as they
knew them, might be threatened, they noted a distinct change in the behavior of organizational participants, particularly supervisory personnel. As the threats were perceived to be greater, supervisory personnel attempted to gain control over their own areas of responsibility as well as those aspects of the internal and external environment which might have potentially impacted their areas. This increased control took several forms and each will be discussed separately.

1. Increase in the Use of Formal Rules

In several instances, managers insisted on the enforcement of rules which had previously existed but were rarely enforced. For example, at WOSU, because of reductions in staff, a great deal more programming was taped for airing at a later time. Rules existed regarding the time at which material was due if it were to be recorded internally for use on the next day; however, sub-units had traditionally worked together so that if material arrived late, it would still be recorded. As retrenchment became more serious, several persons at WOSU noted that if material was not submitted on time, it would not be recorded—even if the staff was available. The supervision of the sub-unit responsible for recording the material, in an effort to protect his reduced staff from being over-burdened, re-established the deadline and enforced it.

A similar example was found at University Systems. Deadlines for submission of data by outside departments had long been established. However, again, as University Systems attempted to serve its clientele, the deadlines were rarely enforced. As the staff at University Systems
became more and more pressured, the management began to demand that materials arrive by the deadline if they were to be run within the specified turnaround time.

In both examples, supervisory personnel, in an effort to ensure that their own staffs were not being taken advantage of, chose to become more rigid in the enforcement of existing rules.

New rules were also imposed, particularly relating to purchases. An example of this occurred when the President of the University declared a purchasing freeze and required that all expenditures deemed essential be cleared by his office. Even after the purchasing freeze was lifted, however, the persons interviewed reported an increase in the number of clearances which had to be secured prior to any purchases being made.

2. Increase in the Demand for Information

The increase in demand for information also took several forms. All four unit heads were required to submit several retrenchment plans to their Vice Presidents. This demand for options, while on one hand could be commended as an effort on the part of the Vice Presidents to seek helpful information, resulted in management at all levels spending a significant amount of its time compiling and analyzing data, rather than working on organizational tasks. Interestingly, while several management personnel complained about the amount of time consumed by this data collection process, almost all agreed that they preferred being involved in the process to having their budget reductions dictated to them.
Another form of required information related, again, to the desire to increase efficiency. One example should illustrate this point. As the demand for cost reductions became more intense, the Library System began to place heavy emphasis on making sure that they were getting maximum output from each employee. Toward that end, one sub-unit manager required a time audit to be performed by the reference librarians, a group of professionals who have historically enjoyed a great deal of freedom from supervision. This highly unusual request for information was, according to several reports, the source of a good deal of resentment among those of whom it was required and resulted not so much in increased efficiency as in the estrangement of some individuals from the organization.

3. Increase in the Use of Internal and External Political Strategies

As the threat of serious cut-backs increased, reports indicate that managers, in particular, resorted to what might be termed "political" strategies to protect their shares of the remaining resources. Several examples should illustrate this development.

One sub-unit of the Library System reported that it regularly turned down clients seeking its services and encouraged the rejected clients to complain to the University's central administration.

University Systems employees reported an increase in activity among Union members attempting to get their respective labor representatives to apply pressure so that jobs might be protected and job descriptions respected.
Several managers reported a significant increase in "apple polishing" by their subordinates who tried to gain favor by appearing very cooperative when, in fact, they were simply trying to "win points with the boss" in order to avoid deeper funding reductions.

In each of the cases cited above, and there are others, personnel at all levels, but primarily supervisors, attempted to implement various political strategies in order to gain control over those potentially threatening aspects of the internal and external environment.

4. Centralization of Resources

The centralization of resources took two forms: first, the forced return of dollars to the central administration of the University; and, second, the gradual shifting in the ratio between management, production, and support personnel.

Again, the most blatant example of this development resulted from actions outside the four organizations studied, but within the University. In 1980, serious discussions occurred regarding the possibility of imposing an administrative overhead charge-back system. This system would call for income-generating units within the institution to return to the central administration a portion of their budget allotments ostensibly in order to cover the cost of services provided by the various centrally-funded and operated units; i.e., University Police, Traffic and Parking, and Grounds Maintenance. In 1981, the decision to implement the overhead system was made and two
of the four units in this study were directly affected--WOSU and
University Systems. This centralization of dollars, while touted as
an effort to improve actual program cost analysis, served primarily
to provide the central administration with additional funds over
which it had total control.

The primary impact that the overhead program had on WOSU and
University Systems was that it forced them to find new ways to gen-
erate money; thus, they were forced to begin charging other University
units for services which they had previously provided free of charge.
Not only did their charging for services exacerbate the already tight
budget situations of their clients, but also increased tensions
between the units as long established norms and expectations were
altered.

The more common form of resource centralization occurred because
of the natural attrition of staff and their resulting uneven rate of
replacement. As support, production, and management personnel retired
or resigned during the period in which the policy of "hire by
exception" was in effect, positions at all levels became available
and managers had to make decisions about which positions would be
filled and which would remain unfilled. As time went by, it appears
that most vacated support and, to a lesser, but still significant
extent, production positions were not filled, while almost all manage-
ment openings were filled immediately. In fact, in one unit, WOSU,
the central administrative group actually grew as the development
(fund-raising) staff was increased. The effect of this phenomenon
was to change the ratio between the number of management personnel and the number of support/production personnel. As the reader will see, this centralization of resources was the source of great resentment among many lower-level staff persons.

5. Centralization in Decision-Making

Although this phenomenon was attributed by the directors of each unit to different motivations and, in one case, was denied altogether, the evidence indicates that during the period in which retrenchment was viewed as a serious threat to the status quo and ultimately the survival of the organization, almost all budget and personnel decisions were made centrally.

It is important to note that this writer does not mean to imply that decisions were necessarily made by one person; rather, that they were made by a group of central administrators—usually consisting of the director, the budget officer, the personnel officer, and the heads of each sub-unit—with little, if any, consultation among those to be directly affected by their decisions.

The key decision which had to be made related to the way in which budget reductions would be realized. Would the money come from personnel, equipment, operating funds, or some combination of the three? In all four units, savings were realized by combining cutbacks in all three areas, though the labor intensive nature of these service organizations dictated that the vast majority of savings would come from personnel budgets. Reductions in equipment and operating expenditures required no approval beyond the director level, thus, those
decisions could be made within the unit. However, the replacement of staff had to be approved at the Vice Presidential level; thus, each director had to decide which positions he would approve and recommend for filling. These decisions were made almost uniformly by the central administrative team within each unit with little consultation.

The attempts by supervisory personnel to gain control over those aspects of their organizations and the environments in which they existed led to several significant changes in the nature of the units studied. Increases in the rigid enforcement of rules, the demands for information and the degree of formal vertical communication combined with divisive political strategies and the centralization of decision-making to make the organizations more fragmented vertically and horizontally. Managers cooperated with each other less and a chasm between management and the support/production staff began to form as those at the lower levels perceived the centralization of resources. As managers spent more time gathering information and formulating strategies and less time accomplishing organizational tasks, the overall effectiveness of each unit suffered.

Summary of Stage Two

When organizational growth is no longer perceived to be possible, the core organizational value becomes maintaining the status quo. At this stage, the energies and resources of the organization are aimed at reducing the chances of "losing ground" rather than toward increasing the level of service and/or the size of the unit's budget.
As human and material resources are reduced, members of the organization are forced to take on increased workloads in order to accomplish the same number of organizational tasks and to maintain the same level of service. As persons are forced to perform organizational tasks which fall within sub-units other than their own, the degree of informal integration among units increases and an informal "shadow structure" is created.

A conflict arises, however, as supervisory personnel, in their attempts to protect and control their own spheres of influence, force the organization to formally become more fragmented. Not only does an increase in conflict occur among different sub-units competing for shrinking resources, but vertical conflict arises within sub-units, as well, due to management's increased attempts to gain control over the behavior of its own support and production staff.

In effect, what one finds during this stage in the retrenchment process is an organization which is, at once, becoming more fragmented formally and more informally integrated. This conflict forces production and support staff to expend energies attempting to cope with mixed loyalties. On one hand, they must be loyal to their own unit and supervisor(s). On the other hand, they must attempt to accomplish organizational tasks. However, to do so, they must cross internal organizational boundaries. The result is that support and production personnel begin to view supervisory personnel as ineffective and irrelevant bureaucrats while at the same time they (production and support staffs) perceive themselves as bearing the burden of responsibility for the accomplishment of organizational tasks.
On the other hand, supervisory personnel indicate that they are attempting to gain control over their own spheres of influences in order to protect the interests of the organization and their own staffs. They, too, take on the burden of responsibility for organizational effectiveness. Unfortunately, it was the rare manager who really grasped the dilemmas being faced by his/her staff and the resulting consequences for the organization.

The desire to maintain the status quo appears to be a compelling force and one which accounts for much of the impact of decline upon organizations. However, when persons realize that maintaining the status quo is no longer possible, even at reduced levels, their efforts turn toward insuring organizational survival.

Stage Three

Core Value: Organizational Survival

Proposition 3.1

When it is no longer possible to maintain the status quo, organizations will attempt to identify and adopt strategies which will insure organizational survival.

Discussion

The point at which organizations start to view decline as a threat to organizational survival is in some ways a healthy one, for the fear of organizational death appears to force persons to explore new ideas, often for the first time.
In a sense, this stage is somewhat speculative for only one of the four units studied, WOSU Stations, was facing a serious threat to survival. However, several of the sub-systems in the other three units faced the threat of elimination and similar dynamics were exhibited in each. Thus, while the preponderance of evidence came from WOSU, the author feels confident that the behavior exhibited by WOSU would/will be mirrored if and when the other units face similar threats, unless planned interventions to the contrary occur.

In the early data gathering stages at WOSU, it appeared that as its resources had been reduced to the point where organizational survival was at stake, it had identified those activities most central to the mission of the organization and had narrowed its focus accordingly. More in-depth questioning revealed, however, that the primary criteria used to judge which activities would be carried out was the amount of money they would generate or the amount of funds which would be lost by failing to undertake them and the resulting impact of these losses or gains on the organization's chances for survival. According to several accounts, WOSU selected many of its production projects based on the income which would be generated rather than whether or not those projects might best serve WOSU's various constituencies.

As mentioned previously, WOSU reduced the number of television programming hours in an effort to save dollars. However, the hours of programming were not reduced to the point where federal funding would be lost, for losing federal funding would surely result in WOSU's demise. The decision criterion, again, was the extent to which a given activity would contribute to the organization's survival.
One sub-unit of WOSU, when faced with the threat of being dismantled, chose to break a long-standing practice of not providing extensive "hands-on" experience for OSU undergraduate students and formed a Video Club in hopes that the students and their faculty members would apply pressure on the central administration to increase funding for WOSU. The Video Club represented a very useful service, but it was initiated as a strategy to insure survival.

In fairness, it should be noted that the projects and activities performed by WOSU were legitimate services. The important point, however, is not which projects were selected; rather, the criteria upon which the project selections were based—their ability to contribute toward the survival of the unit.

While the actions mentioned above and others; i.e., the expansion of the WOSU Development Office and the scheduling of an additional fund-raising telethon, might be viewed as survival strategies, the most telling evidence that survival becomes the core organizational value lies in the fact the Director of WOSU stated in no uncertain terms that he and his Board of Directors were seriously considering seceding from the University completely and becoming an independent, public-broadcast entity.

When questioned about this strategy, the Director pointed out that WOSU already receives most of its funding from sources outside the institution; that University allocations have been getting increasingly smaller; and that by being a part of the University, WOSU was unable to generate income for many of the services it provided to the
University. In essence, faced with possible extinction, WOSU assessed its income sources, assessed its clientele and formulated a strategy for maximizing its chances of survival. While WOSU has yet to implement this survival strategy, the mere fact that it is actively considering such a major shift in status indicates that its core organizational value is survival and that it is willing to completely forego its relationship with the University if such a move proves necessary.

The impact of this shift in values upon the way the organization functions is unclear. To the extent that the strategy of declaring independence from the University is being considered by the Director, his immediate subordinates and his Board of Directors, it is another example of centralized decision-making.

To the extent that personnel are being asked to work on projects which they perceive to be effective for raising funds, but not particularly applicable to the mission of the organization as they view it, the emphasis on survival causes additional frustration.

On the other hand, it is clear that for at least several weeks, the morale around WOSU improved considerably after its successful additional February fund-raising telethon. The telethon, or "Festival" as it was called, was a survival strategy formulated in response to the significant reductions in income from the University, state, and federal governments. It had not been scheduled as a regular development activity yet became clearly necessary in early 1982. The fact that the Festival's success led to improved morale among those persons
who participated in its planning and execution suggests that strategies which allow staff to experience victory in the struggle for survival may lead to improved morale and increased cohesion. This proposition will be discussed further in the section on individual impacts.

To summarize Stage Three, it appears that when it is perceived that maintaining the status quo is no longer possible, organizations will develop strategies which will insure their survival, even if such strategies call for drastic changes in the organization and its relationship with its clientele and environment.

**Summary of Organizational Impacts**

Organizations, like persons, appear to have values which they attempt to protect from changes in the environment. As organizations become more threatened due to reductions in resources, their core values change.

The evidence from this study indicates that in the absence of significant constraints to the contrary, organizations' dominant value is growth. That is, organizations such as those in this investigation will seek to increase their level of service, the number of staff at all levels and the size of their budgets. Even during periods of incremental decline in resources, organizations continue to strive for growth.

When resources are reduced to the point where growth is no longer perceived by members of an organization as possible, the core organizational value becomes maintenance of the status quo. That is,
organizational decisions are made and strategies are developed which enable the organization to maintain the same level of service through the accomplishment of the same number of organizational tasks. As human and material resources continue to be reduced, however, maintaining the status quo results in increased workloads on each individual. As the workload becomes greater, organizational norms and expectations are altered. People are forced to work on different shifts from those on which they might normally work. Organizational structures do not change, yet internal organizational boundaries become less important as individuals, particularly at the support and production levels, are forced to assist persons in other sub-units. Integration of organizational responsibilities occurs informally as different persons learn and perform the tasks heretofore performed by others.

A potential conflict arises as management, in their attempts to control and protect their own spheres of influence in the face of continuously shrinking resources, make decisions and develop strategies which result in the formal fragmentation of the organization. The outcome of this conflict is that an organization finds itself becoming more formally fragmented while at the same time more informally integrated.

As resources are reduced to the point where maintaining the status quo is no longer perceived as possible, the core organizational value becomes survival and organizational participants, particularly at the management level, make decisions and develop strategies which will insure organizational survival. The point at which organizations perceive
their survival to be at stake can be a healthy one for the organization for it appears that the threat to survival may serve as a catalyst for the consideration of new and exciting ideas. Though the organizational impact of this emphasis on survival is unclear at this point, preliminary evidence indicates that when survival strategies are successfully implemented, staff morale and cohesion is improved.

While there are, no doubt, many ways to frame the phenomenon of decline, viewing it as a threat to core organizational values is helpful in explaining the resulting changes in organizational behavior.

INDIVIDUAL IMPACT

The impact of retrenchment upon individuals within declining organizations emerged much more clearly than the impact upon the organizations themselves. This is due, in part, to the fact that changes in the organizations studied were much more subtle than those changes in individual feelings, attitudes, and in some cases, behaviors. More likely, though, the clear emergence of a theory on the individual impact of decline can be attributed to the fact that the primary data collection method, personal interviews, allowed, indeed encouraged, persons to focus on themselves and their own personal experiences in declining organizations. Further, despite "prodding" from the investigator, it was very difficult for most of those interviewed, particularly production and support-level staff, to adopt an organizational perspective. Thus, the preponderance of data collected related to the impact of decline upon individuals in organizations coping with retrenchment.
Among the surprises encountered by the investigator was the unusual consistency among those interviewed regarding the individual impact of decline. Nearly 80% of the full-time staff reported experiencing some form of distress, anxiety, or fear during the previous year as a result of the actual or threatened retrenchments imposed upon their units. Further, the subjects reported a corresponding decrease in morale and job satisfaction.

Of those few persons who did not report negative psychological effects, all were either part-time employees who were working to fill time rather than because they needed the money, persons who had spouses who were making enough money so that none of their important values were linked directly to their own jobs, or persons who had experienced so much trauma in their lives that they had adopted an "outlook on life" which caused almost everything to be positive. Most of these persons reported no changes in their attitudes or feelings which could be related to organizational decline.

In discussing the individual effects of decline with the subjects, the investigator was able to identify a series of interactive variables which was useful in explaining the impact of decline upon individuals, and which may be useful in predicting the reactions of individuals in other declining organizations. These variables will be presented below in a series of figures which will explain their relationship to each other and to their impact on the individual.

While the psychological impacts upon individuals were clear, the actual changes in behavior brought about in response to the psychological
effects were more subtle. Where patterns exist, other than those previously discussed at the organizational level, they will be noted in the discussions following each proposition.

Proposition One

The psychological impact of decline upon a given individual is a function of the important individual values the person stands to lose as a result of reductions in organizational resources times the perception that such losses have already or will occur.

\[
\text{Individual Impact} = \text{Potential Value} \times \text{Perceived Probability That Losses Will Occur}
\]

Figure 2. Individual Impact of Threatened Retrenchment

\[
\text{Individual Impact} = \text{Potential Value} \times \text{Perception That Losses Have Occurred}
\]

Figure 3. Individual Impact of Actual Retrenchment
Definition

The term psychological impact refers to such areas as morale, job satisfaction, level of distress, and degree of fear and anxiety.

Discussion

Though it is conceivable that positive psychological outcomes could occur, as mentioned earlier, nearly 80% of those interviewed reported decreased morale and job satisfaction and increases in distress, anxiety and fear. The only exception to this pattern occurred among individuals at WOSU who participated in the successful fund-raiser mentioned earlier, and these improvements in morale appeared to be short-lived.

The term "potential value loss" refers to both tangible and intangible objects or states which are valued by a given individual. This concept will be discussed more fully below.

While most of the individual impacts encountered by the investigator stemmed from threatened, rather than actual retrenchment, Proposition One is worded to include both and appropriate figures are presented to define the appropriate relationships. The fact that threatened reductions result in more distinct negative impacts than actual cut-backs is a key point and one which will also be discussed more fully below.

It should be noted that in the figures presented previously, there exists a multiplicative relationship between potential value losses and the perception that such losses have or will occur. That is, for example, a given individual might stand to lose a great deal—ability to pay for home, child's college tuition, etc. However, if
the person has been assured of job security under all circumstances, there is likely to be less or no negative individual impact; rather, the individual might not react to threatened decline in any way psychologically.

**Individual Values**

As the study progressed, three categories of individual values emerged: *individual situation*, *organizational identity* and *professional consciousness*. Each of these categories will be described below.

1. **Individual Situation**

The first and most easily identifiable set of values which emerged fell into the category representing a given person's "individual situation". Values comprising one's individual situation were both tangible and intangible, and existed both at the workplace and outside. Examples of tangible values at the workplace might be salary or wages, office space, or special equipment. Intangible values at the workplace included perceived status within the organizational structure, perceived share of the workload, freedom to arrive at and leave work at one's own discretion, or access to the chief administrator. Of course, the most important value mentioned at the workplace was one's job itself.

Values comprising one's individual situation outside the workplace included such tangible items as one's home, recreational vehicles, or money for a child's college tuition. Intangibles such as prestige were also mentioned as important values outside the workplace.
2. *Organizational Identity*

In discussing their reactions to the decline experienced by their units, several persons displayed what might be called an "organizational identity". That is, even though they had not lost nor were they being threatened with the loss of any of the values listed in the "individual situation" category, they still seemed to be suffering from the perception that something they valued either had been lost or was about to be lost. Further questioning uncovered the fact that these persons identified with their respective organizations to such an extent that no matter how successful they were in escaping the loss of personal values, they were still negatively affected by the adverse conditions faced by their units. Thus, to several individuals, potential damage to the organization was the greatest single value threatened by retrenchment.

3. *Professional Consciousness*

Much like the case of "organizational identity", there were also individuals who exhibited what might be called a "professional consciousness". That is, their primary concern had little to do with what they stood to gain or lose personally, nor the impact of decline on their specific organization. Instead, these persons were most concerned with serving their constituents. These persons took great pride in their work and felt a sense of loss when they perceived that the various constituencies within the University community were
not being served. Again, most of these persons seemed unconcerned with their personal welfare, yet, valued highly their service to clients.

In reviewing his data, the investigator found that persons at all levels emphasized values in each of the above mentioned categories. That is, while one might expect only management staff to have what has been termed a "professional consciousness", such was not the case. Many support personnel also expressed concern over the fact that sufficient resources did not exist to adequately serve their respective publics. Likewise, some persons at all levels identified strongly with their organizations and expressed a threat to their unit or sub-unit.

While certain persons at all levels expressed varying degrees of value loss in each category, rarely did the investigator encounter a person who had experienced losses in all three categories. Rather, most of those interviewed perceived threats or actual losses in one or another category.

It may be important to note here that except in those few cases where people perceived there to have been no changes, every person interviewed, despite in some cases a reality to the contrary, described what they had already lost or stood to lose, rather than what they had gained or stood to gain as a result of actual or threatened decline. This is an important point for it once again highlights the fact that the way in which a phenomenon is framed by persons--in this case, negatively--has an effect on the ultimate individual impact of decline.
To summarize, individual values take many forms and differ among individuals. To a great extent, one's perception of what one has lost or stands to lose plays a large role in the impact which decline will have on that individual.

Sub-Proposition 1.1

One's perception of a threat to individual values is a function of the actual threat, the degree to which ambiguity exists in the situation, and the degree to which the individual perceives the situation to be under control by either her/himself or others.

\[
\text{Perceived \ Threat} = \text{Actual \ Threat} + \text{Ambiguity} + \text{Control Threat}
\]

Figure 4. The Components of Perceived Threat to Individual Values

Discussion

As mentioned earlier, the impact of decline on individuals is the product of the individual values which stand to be lost, times the perception that such losses have already or will occur.

In the case of actual retrenchment, the perception that actual value losses had been suffered was the source of lowered morale and job satisfaction. While these negative outcomes are important, they did not appear to be as intense as those which resulted from threatened retrenchment. That is, while persons certainly were not able to cope with actual losses without at least some negative impact, they did
seem to be able to adjust more easily to actual losses than to the threat of additional future and potentially greater losses. Thus, an understanding of how persons formulate threats to values in their minds is crucial.

The investigator discovered three variables which lead to the perception that a threat to individual values exists: actual threat; ambiguity; and control. Each of these variables will be discussed separately.

1. Actual Threat

To the extent that accurate information was available, individuals did react negatively to real threats to their individual values. Just as with actual retrenchments, however, persons were able to respond with less negative impact to specific predictions about the impact of impending cuts on their personal values. The more highly specific the information was, the better individuals were able to make decisions and develop strategies which would allow them to cope with potential losses in values.

2. Ambiguity

Of all the sources of distress, anxiety, fear and ultimately lowered morale and job satisfaction, none was greater than ambiguity. Time after time, the investigator heard variations of the statements, "If they would just tell us what's going on", and "It's the not knowing that kills you."
In the absence of specific information, individuals almost uniformly inflated the impending threat to their individual values. In no cases did an individual interpret ambiguity positively, thus assuming that their values could be enhanced by what was to come.

This is a crucial point for two reasons. First, it highlights, again, the importance of the way in which individuals frame the phenomenon of decline. As long as its interpreted as a threat to values, ambiguity will only exacerbate an already serious situation. Second, the fact that the evidence indicates that ambiguity is a great source of distress has important ramifications for the way in which managers respond to retrenchment. It appears that to the extent that information is available, it should be shared freely and often with staff at all levels. Persons indicated that even when no specifics were available, having the manager discuss what s/he knew (or did not know) was helpful in somewhat reducing stress in that it at least placed some boundaries on the extent to which the situation was ambiguous. The impact of ambiguity on the psychological state of individuals within declining organizations can not be over-emphasized.

3. Control

While the actual threat to values which persons perceived from available accurate information combined with ambiguity to cause most of the negative individual impacts which were discovered, one other component of perceived threat was discovered--control. As mentioned in the section on organizational impacts, supervisory personnel
attempted to gain control over their own spheres of influence in an attempt to mediate the effects of decline on their own units. While support and production-level staff expressed a similar desire for control, they appeared to be willing to assign that control to someone else. Time after time, individuals expressed dismay about "the situation being out of control" and expressed a yearning for someone to step in and take control. Several persons indicated that even though they disagreed with the strategies adopted by the President of the University in response to the January 1982 reductions in state subsidy, the mere fact that he seemed to be in control of the situation made them feel less threatened.

The need and desire for control may help to explain the increase in morale at WOSU immediately following the successful fund-raiser. It is possible that persons perceived themselves as having re-gained some measure of control over the financial situation in which the station found itself by generating enough funds to at least temporarily postpone further reductions in programming hours.

The desire for control is related directly to the need for reduced ambiguity; nevertheless, it appears to be a separate component in the perception of threat to values.

Summary of Sub-Proposition 1.1

The perception that a threat to personal values exists is a primary source of increases in distress and anxiety, as well as lowered morale and job satisfaction. Three components of perceived threat to values were discovered: actual threat, ambiguity, and control. Each of these
components must be considered as managers of declining organizations adopt strategies for reducing the negative impacts of retrenchment upon individuals.

Sub-Proposition 1.2

The psychological effect upon individuals of repeated significant retrenchments is to continuously reduce morale and job satisfaction while increasing individual stress.

Discussion

Personal accounts of retrenchment experiences indicate that over time, levels of morale, job satisfaction, and stress rise and fall with each new forced reduction in resources. However, it appears that gradual downward trends in morale and job satisfaction occur while a gradual upward trend in stress is manifested. The most intense levels in each of these categories were reached during periods of threatened retrenchment. As actual reductions were implemented, morale and job satisfaction improved, and stress was reduced, though none to their previous levels. Figures 5 and 6 illustrate these trends.
Figure 5. The Effect of Repeated Retrenchments on Job Satisfaction and Morale

Figure 6. The Effect of Repeated Retrenchments on Individual Stress
As the figures above indicate, while the elimination of ambiguity through the imposition of actual retrenchments improved job satisfaction and morale, and lowered stress levels, none were returned to their previous states, primarily due to the fact that actual retrenchments led to some degree of loss in individual values as discussed previously.

The behavioral impact of this gradual decline in job satisfaction and morale and increase in stress on individuals' behavior is not entirely clear. Much seems to depend on the degree to which individuals are suffering from low morale and job satisfaction and high stress. Among the persons interviewed, those reporting the greatest impact in the three areas listed above also reported corresponding increases in absenteeism and tardiness and a general lack of concern for organizational effectiveness. One statement made by a staff member in the Library System is illustrative:

I used to schedule my vacations around peak periods. I mean, I would wait to take off until slow periods in the year. But now, to hell with 'em. If they're not going to give me the money to do my job anyway, why not leave when I feel like it? I'm tired of going home and crying at night. I just don't care anymore.

The above statement is indicative of the responses given by staff in sub-units which were perceived as having been hit hardest by retrenchment. The reactions of persons in less-severely impacted sub-units were not as intense; nevertheless, a pattern of decreasing morale and satisfaction and increasing stress emerged.
Summary of Individual Impact

The impact of decline on individuals appears to be a function of the perception that individually-held values have been lost or are threatened. Individual values are both tangible and intangible and exist both at the workplace and outside. There are several aspects of the perception that a threat exists which holds promise for guiding management strategy. Chief among these is the effect of ambiguity. It appears that the removal of ambiguity from the decline situation will contribute greatly to reduced levels of anxiety and distress and increased morale and job satisfaction.

As individuals become less satisfied with their jobs, as their morale falls, as their level of anxiety increases, their commitment to the accomplishment of organizational goals also decreases. When the detrimental impacts on the individual are combined with those on the organization, the result makes it very difficult for organizations to function effectively, if at all. Unless strategies can be developed which reduce or alleviate the negative effects of decline, the future of organizations facing continued retrenchment is bleak. In Chapter V, the writer will make several proposals regarding possible strategies for coping with decline.
CHAPTER V

LESSONS LEARNED

The propositions offered in the previous chapter were derived from data collected in the field during this researcher's investigation. It is clear, however, that the impacts of retrenchment observed and the conclusions drawn by this author in some instances support and in others, question the assertions made by previous writers. The fact that there are similarities between the findings reported here and those in previous works adds legitimacy both to this and the previous research. The fact that there are differences may be partially attributable to differences in the organizations studied, but usually highlights the need for further empirical research.

In this chapter, the author compares and contrasts his findings to those presented by several of the most relevant contributors to the literature related to organizational decline and recommends a set of strategies for use in the management of declining organizations.

Communication and Control

Staw, Sandelands, and Dutton (1981) posit in their "Threat-Rigidity" discussion that retrenchment represents an external threat to organizations which causes restrictions in the flow of information within the organization and constrictions in control. The results of
the investigation reported here indicate that retrenchment had similar, though not identical impacts on the units observed.

While there did appear to be reductions in the flow of informal vertical communication, that is between superiors and their subordinates, and informal horizontal communication among sub-unit managers, there were, in fact, increases in both formal vertical communication (more formal memoranda, reports, and information meetings) and informal horizontal communication among production and support workers. As mentioned in Chapter IV, the increase in informal horizontal communication resulted from the overlap in functions made necessary at the production and support levels of the organization because of reductions in personnel and often took the form of rumor. The increase in formal vertical communication resulted primarily from the increase in information required by managers as they attempted to gather data to assist them in identifying strategies for meeting retrenchment targets. (The increase in formal communication noted here supports Rubin's (1978) contention that managers tend to increase the amount and explicitness of information they require of their subordinates during periods of decline. This will be discussed more fully below.)

It is important to note that most of the vertical communication which existed in the organizations studied was initiated by those in superior positions. That is, managers and sub-unit managers either solicited specific information or conducted meetings to disseminate budget information to their subordinates. There appeared to be little "open" two-way interaction or exchange of ideas between superiors and subordinates. Thus, the findings of this investigation partially
support the contention made by Staw, et al. regarding the restriction
of information. That is, while there were restrictions in certain
forms of communication, the flow of other forms of information actually
increased. The key seems to be that the instances in which the flow
of information increased occurred either as a result of specific direc-
tives initiated by superiors or among persons at the production and
support levels who had little authority to affect decision-making.
Thus, again, this study partially supports Staw, et al. in that the
open, informal exchange of information between persons at the
production/support and management levels did appear to be restricted.

The second observation made by Staw, et al. relates to the con-
striction of control which they claim occurs in declining organizations.
These writers hold that the introduction of an external threat which
they define as "an environmental event that has impending negative
or harmful consequences for the entity" (p. 502), leads to the concen-
tration of control at higher levels of the organization. Again, the
research reported here supports the hypothesis presented by Staw, et al.,
though with a modified explanation.

As outlined in Chapter IV, the ascension of control observed in
the four units studied at OSU took several forms: centralization of
decision-making, centralization of resources, and the imposition of
formal rules. This constriction of control along with the restriction
in information exchange discussed previously effectively removed any
power to affect decision-making from those at the production and support
levels of the organization. In fact, as control continued to ascend,
even the top managers in the four units studied were deprived of much
decision-making authority. This author finds no argument with the assertion that in response to a threat, control is constricted. However, the research reported here indicates that the definition of external threat used by Staw, et al. improperly assumes that impending negative or harmful effects are necessary for the outcomes they describe to occur. On the contrary, the data reported here indicates that it was the threat to the status quo rather than the threat of actual impending negative consequences which led to the constriction of control. The persons interviewed appeared to assume that any change in the status quo would be negative without considering the possible positive consequences for their organizations. Thus, the constriction in control observed was not the result of any actual negative threat; rather, was the result of an assumed negative threat arising from impending changes in the status quo.

This quarrel with the nature of the threat which leads to a constriction in control may be subtle, yet it is important for it opens the door to the possibility that constriction in control may be at least partially avoided by re-framing the phenomenon of retrenchment; i.e., highlighting the potential positive outcomes so that a change in the status quo will not automatically be viewed as negative.

This strategy is discussed further, below.

Organizational Effectiveness

Cameron (1982) discusses the effect of decline on organizational effectiveness and suggests that organizations coping with retrenchment tend to adopt conservative, efficiency-oriented strategies which eventually insure negative organizational impacts. The research reported
here indicates that such was the case among the units studied up to the point where it was perceived that actual organizational survival was at stake.

As reported in Chapter IV, when faced with significant budget and personnel reductions, which rendered growth a perceived impossibility, the units studied tended to place an increased emphasis on "doing less of the same" and doing it more efficiently. Little emphasis was placed on achieving organizational goals or improving the organization's ability to respond to the environment; rather, most efforts were geared toward the protection of the status quo. However, it appeared that when an organization's survival was at stake, the emphasis on maintaining the status quo gave way to the consideration of alternative strategies. As mentioned, only one of the four units studied, seriously faced the threat of elimination, thus strongly supported conclusions are premature. However, it appears that Cameron's assertions regarding the effect of decline on organizational effectiveness may hold true only in those instances where the actual survival of the organization is not at stake.

Retrenchment and Decision-Making

Several authors mentioned in Chapter II commented on the impact of decline on decision-making. Of particular relevance to this study are Rubin's (1978) observations regarding the increase in the demand for and explicitness of information required by managers in order to make more highly centralized retrenchment decisions. As reported, there was indeed an increase in the demand for information made of
persons throughout the units studied. This fact had a significant impact on the way in which the organizations responded to retrenchment for the increase in information required by those persons in upper-level management meant that (a) persons throughout the organization had to spend more time and resources gathering information and (b) upper-level management had to spend more time and resources processing information. Thus, less time and resources were available to accomplish organizational tasks.

It appears that the increased desire for information was the necessary result of the ascension of control mentioned earlier, for as control rose to the top, upper-level managers were forced to make decisions which required information they did not normally have. In order to process the additional information required, upper-level managers had to concentrate personnel at the top of the organization. This, in turn, further deprived those at the production levels from much-needed resources with which to accomplish organizational tasks and, thus, further eroded organizational effectiveness. It appears then that neither decision-making nor the accomplishment of organizational tasks are necessarily directly affected by retrenchment; rather, are impacted as a result of the ascension of control which accompanies the perception that a threat to the organization exists. Again, this is a subtle, yet important distinction for it points out that one of the most widely reported impacts of decline—centralization of decision-making—is not a necessary result of reductions in resources; rather, is the result of the centralization of control.
It should also be noted that as control is centralized, decision-making opportunities decrease for those at lower levels of the organization. In fairness to the directors of the four units studied at OSU, the restrictions placed on them by their superiors severely limited the decision options and opportunities which were available to them. Of course, one can only speculate as to what these persons would have done had they been free to respond to retrenchment without any limitations. The important point, again, is that the ascension of control resulted in a decrease in decision opportunities.

Retrenchment as Crisis

It is clear that in the minds of many of the persons interviewed, their organizations and, in fact, the entire University, were existing in a state of crisis. Indeed, the most common impacts described by those who have studied crisis (i.e., increases in conflict, restricted communications, centralization of authority, reduced innovation, and heightened personal stress), parallel, in varying degrees, those observed in the four units studied at OSU.

As previously discussed, the literature on crisis proved to be helpful in understanding the impact of decline. Hermann (1963) and Billings, et al. (1980) offer definitions of crisis which partially describe the situation which was found to exist in the organizations studied.

Hermann described crisis as a situation in which there exists (a) a threat to high priority values, (b) little time to respond, and (c) an element of surprise. Billings defined crisis as a situation in which there exists (a) a discrepancy between the desired or expected
level of a given resource and the amount actually available, (b) a belief on the part of organizational participants that there is not sufficient time to search for alternatives, and (c) a lack of a contingency plan for coping with the discrepancy. Among the various components listed above, the data indicate that it was the threat to high priority values that eventually accounted for the negative outcomes experienced by the units studied at OSU. Whether or not the decline experienced at The Ohio State University can be considered a crisis, by strict definition, is unimportant. The key is that, like the situations described in the literature on crisis, a threat to values led to certain negative organizational and individual outcomes. Thus, the critical questions become "What values are most important?" and "What is the nature of threat?" Again, the literature on crisis was instructive, but insufficient.

Billings, et al. postulate that the degree of perceived crisis is a function of (a) the value of the potential loss, (b) the perceived probability that the loss will occur, and (c) the time available to search for alternatives. As noted in Chapter IV, the first two components of this formula were helpful in explaining the impact of decline; however, the effect of time was unclear. While Billings' formula was helpful, it failed to adequately address either the nature of what constitutes individual and organizational values, or those elements in a given situation which contribute to the perceived probability that a given value is threatened. The data reported here enhances Billings' work by further delineating the individual and organizational values persons seek to protect and, more importantly,
the critical roles played by "ambiguity" and "control" in the perception of threat. These are important contributions for it appears that if one can remove the element of threat to values from a given situation, one can more effectively avoid many of the negative impacts of decline. Strategies for accomplishing this task are suggested below.

Summary

The effect of decline on various types of organizations and the individuals within them has been described by several authors and attempts have been made to explain the observed impacts. Many of the impacts discovered in this paper parallel previous findings though in some instances, alternative explanations are offered.

It appears that decline affects a number of organizational processes and, in fact, changes the very nature of organizations. Entities which during growth periods might best be described as "loosely-coupled systems" (Weick, 1977) become more tightly coupled bureaucracies. Power and control ascend. Decision-making becomes centralized. Open communication between those with decision-making authority and those who must implement decisions is stifled. Efficiency, rather than effectiveness, becomes the primary focus.

However, unlike the simple tasks and stable environments bureaucracies were formed to cope with, the challenges faced during periods of decline are complex and require the very organizational responses which rigid, bureaucratic structures prohibit. Thus, it appears that as claimed by Cameron (1982), organizations tend to respond to decline
in a manner which is exactly opposite that which is necessary to maintain organizational effectiveness.

The question, thus, becomes whether or not there are alternative organizational and individual responses to decline and if so, what are they? In the final section of this chapter, the writer presents a series of strategies, based on his and others' research which, if implemented, should assist in improving organizations' ability to effectively manage decline.

STRATEGIES

The findings presented in the previous chapter indicate that declines in organizational resources may result in identifiable impacts at both the organizational and individual levels. In fact, as mentioned, in the absence of interventions to the contrary, it appears that decline may lead to changes in the very nature of organizations. The investigator has attempted to explain these impacts, and their antecedents, through the presentation of a series of theoretical propositions which emerged during his investigation. Briefly, the underlying theoretical assumption which binds the propositions presented in Chapter IV is that decline represents a threat to organizational and individual values and that organizational participants will make decisions, develop strategies, and behave in a manner which will protect core organizational and individual values. This "threat to values" perspective on decline appears most helpful in explaining individual and organizational reactions to both threatened and actual retrenchment.
In formulating the strategies presented below, the writer discovered one particularly disheartening fact: if a given organization waits until retrenchment is imposed, it may be too late to avoid a great many of the impacts described in the preceding chapter. That is, as defensive strategies, many of the recommendations may prove to be ineffective for they would take so much time and effort to implement, and would require such drastic changes in organizational norms and expectations, that their utilization might prove impossible in a highly-charged, reaction-ridden environment such as that which exists during periods of decline. Nevertheless, the suggestions are offered in hopes that they will offer guidance to those attempting to prepare for, as well as cope with, organizational decline.

There are at least two approaches which may prove useful in counteracting the negative effects of decline given that retrenchment represents a threat to organizational and individual values. First, one could take actions to reduce the perception that institutional retrenchment represents a threat. Second, one could take steps to insure that core organizational values are not those which would be threatened by reductions in resources and, thus, avoid the individual reactions which appear to lead to detrimental organizational and individual impacts. Several strategies in each of these categories will be presented.

Reducing the Perception of Threat

The first set of strategies relates to reducing the perception that decline represents a threat to organizational and individual values. Among the actions which might be considered are:
1. **Building a cash reserve.** Though this strategy provides only a short-term cushion against the effects of retrenchment, it may serve as a useful psychological as well as financial tool for "buying time". The existence of a reserve fund not only provides a readily available source of cash which can be used to protect values, but may also create a sense of confidence among employees who can take solace in the fact that the organization has planned ahead.

2. **Create opportunities to generate income.** Often, reductions in resources can be compensated for through the generation of income from alternative sources. To rely on only one source of income is to limit severely an institution's ability to respond to retrenchment. Again, this strategy has the advantage of serving both as a financial and psychological buffer against the effects of retrenchment.

3. **Frame the phenomenon positively.** It appears that most of the negative impacts of retrenchment occur as a result of actions taken by individuals after they perceive retrenchment as a threat. As mentioned in Chapter IV, individuals responded differently when decline was viewed merely as an inconvenience rather than a threat. Decline should be characterized by managers as a challenge or an opportunity, rather than a threat (whenever possible). Managers should pay close attention to the way in which they describe budget cuts in memoranda, conversations, presentations, and particularly, interviews with the media. In those cases where it is deemed most appropriate (perhaps for political purposes) to characterize retrenchment as a serious threat, managers should follow-up with subordinates so that they might better understand the context in which the remarks were made.
Several persons interviewed indicated that their anxiety levels fluctuated in response to the degree to which they perceived their superiors to be in control of the retrenchment situation. Managers should keep this fact in mind when characterizing impending reductions in resources. To represent decline as a serious and uncontrollable threat leads only to increases in the perceived seriousness of the threat and overly protective, rigid reactions on the part of organizational participants.

4. **Practice retrenchment through reduced-base budgeting.** The negative impacts of retrenchment may be exacerbated by the fact that many persons may never have had to consider what they would do with less resources. One way to avoid this problem is to require each unit to build its annual budget based on only 80-90% (or some other arbitrary percentage) of its previous year's income. In this way, not only would units be forced to identify strategies for coping with reduced resources, but they would also gain confidence in their abilities to do so. When actual retrenchments are imposed, units would already have plans in place or more importantly would have at least established processes for determining where reductions would occur.

5. **Reduce ambiguity.** According to those interviewed, the greatest source of personal distress and anxiety was ambiguity. The lack of concrete information regarding one's personal status as well as that of one's unit was highly regarded as the single greatest impetus for rigid, protectionist behavior. It appears that in the absence of information, persons assume the worst. Thus, it is imperative for a
free flow of accurate, up-to-date information to be present if the perception of decline as a threat to values is to be avoided.

**Alterning Core Values**

The strategies listed in the previous section which entail eliminating either the actual or perceived threat represented by decline may be of assistance in reducing its negative impacts. However, these measures are, for the most part, short-term strategies. After all, reserve funds eventually become depleted, the generation of new income is often easier said than done, and no matter how positively the phenomenon is framed, how much good information is available or how much practice units have at making choices about reduced resources, as long as the core organizational values remain either growth, maintenance of the status quo, or survival, organizational participants will eventually perceive these values as threatened. The key, then, to coping with decline lies not in responding to the threat, but in defining organizational values in such a way that no matter what the state of the external environment, the organization will be able to function effectively.

More precisely, in order for organizations to maintain their viability during periods of decline, they must place a high value on effective communications, on the generation of new and creative ideas, on the ability to assess and adapt to a changing environment, on responding to identified constituent needs, and on the personal and professional development of every organizational participant. "Change" must not be viewed as negative; rather, should be viewed as the necessary and desirable response to a changing environment.
If the values listed above, and there are no doubt many more which could appropriately be added, are adopted, the outcome should be that organizations will constantly be aware of the needs of their constituents and will better be able to respond to these needs, while at the same time meeting the needs of organizational participants. As one author put it, organizations will begin to do the right things instead of doing things right. While efficiency will not be derided as irrelevant, neither will it, and its usual accomplice "rigidity," allowed to substitute for organizational effectiveness.

Under the conditions described above, not only will the norms exist which will foster the development of creative responses to decline, but when actual reductions do have to occur, organizations will have a sense of which activities are most central to their missions and organizational participants will be prepared, if necessary, to transfer their skills to other organizations.

Toward these ends, the writer offers the following specific suggestions:

1. **Develop techniques for assessing the organizational environment.** Members of organizations should know who their constituents are, whence their funding comes, the attitudes which exist toward the organization, and in the case of units which exist within larger institutions such as universities, the state of the larger organization. In order to be effective, organizations must not always be in a state of reacting to changes in the environment; rather, they should be able to predict changes and either intervene to keep changes from occurring or prepare themselves so as to minimize the impact of the changes.
Among many other techniques which might be considered is the creation of outside advisory boards. Not only will persons from outside the organization be able to inject perspectives which may differ from those on the inside, but they may also serve as an effective tool for mobilizing support for the organization among external constituencies.

2. **Develop techniques for assessing constituent needs.** It appears that one of the primary reasons why organizations attempt to maintain the status quo is because they do not know anything else to do. The underlying assumption is that what exists has worked for a long time, thus it must be "O.K."

The lack of awareness of constituent concerns also accounts for the inability of many organizations to set priorities when forced to cope with reduced resources. The result is often that many, if not most, resort to across-the-board cuts, thus hurting everyone—especially those sub-units which are already running at peak efficiency and those whose emphasis is already on effectiveness rather than maintenance. An awareness of client needs not only encourages organizations to focus on effectiveness, but also legitimizes and prepares organizational participants for change for as client needs change, it is logical that organizations should adapt to meet these changing needs.

3. **Search for and adopt techniques which will improve the organization's ability to serve its clientele.** The adoption of technologies, such as computers, not only allows, in many cases, organizations to serve their clients in a more efficient and effective manner, but also serves two other purposes.
First, in those organizations where the primary organizational value is meeting client needs, the adoption of technologies which assist in the achievement of that end will have a positive psychological impact on organizational participants.

Second, many technologies are designed so that their uses can be expanded as new needs arise. In those instances where cuts in personnel become necessary, with the appropriate modifications, many technologies such as computers can fill the personnel voids, thus enabling the organization to continue serving its clientele.

4. **Create opportunities for the interchange of ideas.** Often, the reason why organizational participants do not offer new ideas is because the forum for doing so does not exist. Appropriate forums for the interchange of ideas can take many forms—weekly discussions, problem-solving sessions, retreats, or simple "open-door" policies. However, in order for an effective interchange of ideas to take place in a decline situation, the norms surrounding such interchanges must already be in place. That is, getting persons to freely discuss problems and offer solutions is not an overnight process. An organizational environment which fosters such interaction should be in place so that when challenges such as retrenchment do arise, persons will feel free to participate.

5. **Reinforce open communications.** Developing an environment such as that described in recommendation four requires a great deal of effort. In order for persons to cooperate to the extent necessary, they must be rewarded for doing so. Certainly, raises and promotions are effective reinforcers; however, in decline situations, neither
are likely possible. Thus, managers must be creative in identifying incentives or ways of reinforcing organizational participants for contributing to the creation of an open, communicative environment. Verbal recognition, letters of appreciation, and support for innovative recommendations should also serve as positive reinforcers.

6. **Reward cooperation.** In order to counteract the tendency of persons to seek to control and protect their own areas of influence, and thus force the organization to become rigid and fragmented, managers must reward cooperation. Like the situation described in recommendation five, this strategy calls for some creativity on the part of managers. However, verbal and/or written recognition as well as support for creative, cooperative projects which increase organizational effectiveness should reduce the parochial tendencies exhibited by persons in declining organizations. This, in turn, should further foster the free flow of ideas and increase the organizations' flexibility to respond to a changing environment.

7. **Reduce restrictions which might hinder creative responses.** Hiring and purchasing freezes and restrictions on lay-offs may appear on the surface to be effective means of reducing costs and may even be viewed as humanitarian. In fact, what such restrictions accomplish is the limitation of options available to organizations attempting to cope with decline while maintaining organizational effectiveness. Such restrictions should be avoided wherever possible.

8. **Create opportunities for organizational participants to develop and improve their skills.** This strategy not only benefits the organization by improving the quality of its workforce, but also
prepares organizational participants for the possibility that they might be laid-off. In this writer's opinion, this "staff development" approach is much more effective than policies forbidding targeted staff reductions. Further, staff development opportunities are often less expensive than raises or promotions and can be used as incentives for desirable conduct during decline situations.

9. Avoid undue emphasis on efficiency. Not only can disproportionate emphases on efficiency lead to lowered organizational effectiveness, but can also serve as a source of resentment and decreased morale among organizational participants who do not perceive themselves as free to "do their jobs" for fear that they will spend too much money. While efficiency is not unimportant, it should not supersede effectiveness.

10. Create opportunities for personal and organizational success. Often, persons in decline situations get so "bogged down" in dealing with what they perceive themselves to be losing, that morale is destroyed. As mentioned in Chapter IV, several persons cited WOSU's successful fund-raising telethon as a source of increased morale and cohesion. While, as a single event, the overall effect of the telethon may have been short-lived, if combined with a series of other "successes", many of the detrimental impacts of decline might have been avoided.

Likewise, the opportunity for individual success might also lead to overall improvements in an organization's ability to cope with decline. Whether one speaks of staff development opportunities such as those mentioned previously or opportunities such as time off to conduct personal research or do outside consulting, the creation of opportunities for personal/professional success may prove to be an effective strategy for coping with retrenchment.
11. Avoid centralized decision-making. When managers make decisions without input from organizational participants, not only do they limit the amount of information that they receive, but they also communicate to others in the organization that their views are unimportant. The result, again, is lowered morale and the creation of an environment in which the free flow of ideas is not considered important.

12. Foster confidence. Again, the writer must refer back to the comments made by several persons who were interviewed. Many indicated that their levels of stress were reduced significantly when they perceived that someone was in control. That is not only to say that someone needs to make all the decisions; rather, that someone needs to foster confidence among organizational participants that the challenges posed by retrenchment can be met. It appears that a charismatic leader can significantly contribute to the reduction of threats perceived by persons in declining organizations and can, thus, reduce many of the behaviors which lead to a given organization's ability to respond effectively.

The strategies offered above, although similar to those offered by various other authors, were derived from the data gathered in this study and are aimed at reducing the threats posed by decline at both the individual and organizational levels and redefining organizational values in such a manner as to reduce the probability that decline will lead to organizationally detrimental behaviors. As mentioned, it may be that such an organizational environment needs to exist prior to the imposition of retrenchment as the creation of such a set of norms and
expectations may prove impossible after the perception of serious threats is already in place. Nevertheless, in the writer's view, efforts should be made to foster the type of behaviors and to implement the strategies recommended here, even among declining organizations for to do otherwise would appear to insure organizational ineffectiveness during periods of decline.

Future Research

Although it is this writer's hope that his research will in some way contribute to the literature on organizational decline, there remain many questions which should be addressed in future research. Among the questions which might be investigated are:

1. Do non-service-oriented units within universities; i.e., academic departments, react differently from those described in this study?

2. Do organizations which are not forced to respond to retrenchment within a set of constraints such as those present in this study (hiring freeze, no lay-off policy) respond differently?

3. Does an organization's structure affect the way that it responds to decline?

4. Do one-time reductions in resources affect organizations differently than repeated, sustained retrenchments?

Additionally, due to the nature of this research, each of the propositions presented in Chapter IV will require further development and testing to ascertain its applicability to other settings. While the author is confident in his theory's validity in that it is grounded in the
data collected during the study, he acknowledges the need for further testing, in a multitude of settings.

**In Summary**

Decline and its impact on organizations is a pressing concern for many in today's society. This research indicates that the impact of decline, at least on educational service units, is identifiable and overwhelmingly negative. The writer has presented a series of propositions which attempt to explain the impact of decline on various organizational processes as well as a set of strategies for overcoming its negative effects.

Further research is needed in order to ascertain the applicability of the propositions presented here in other contexts and to develop additional strategies for coping with decline while maintaining organizational effectiveness.
APPENDIX A

INTERVIEW GUIDE

Name
Position
Length of time in current position
Length of time in unit
Length of time at OSU
Other positions held at OSU

Extent and Source of Retrenchment/Decline

1. Was your budget reduced during the 80-81 academic year? 80-82? Prior to 80-81? By how much? (Use original 80-81 base)

2. What was (were) the source(s) of decline? Reduced general funds? Reduced external funding? Reduced income from user fees? Other?

3. Were you or your unit affected by other results of the University's budget retrenchment? (Hiring freeze, increased workload because of retrenchment in other units, etc.)

Process

1. How were budget reductions (if applicable) distributed--who made the decisions and how? (Using what criteria and process)

2. Is this the way that decisions are usually made? How would you characterize the normal process? (Autocratic, democratic, consultative, etc.)

3. Did the timing of the retrenchment affect the way that decisions were made? How?

4. Did your units' goals and objectives or long-range plan influence decisions? How?

5. Were there any discernable strategies used by participants to protect their shares of total resources? Before/after actual cutbacks were announced?
6. What, if any, incentives were used to encourage acceptance of retrenchment decisions?

7. Did coalitions form during the decision-making process? (Were they different from "normal" coalitions?)

8. Was there any discernable change in the amount or format of information offered or required during the decision-making process? After?

9. Was there a discernable change in the level of conflict during the retrenchment decision-making process?

Impact

1. What were the tangible results of the decline your unit experienced? (Program/Service/Activity elimination, curtailment, or merger; Staff lay-offs; Increased client load; other)

2. Were there specific areas within your unit spared from retrenchment consideration? Why?

3. Did their exemption from retrenchment consideration have any effect on the way they were viewed by you or others?

4. Since the retrenchment decisions were made and implemented (on both the University and unit levels), have there been any discernable changes in the way people work together? Change in morale? Change in level of conflict? Why?

5. Can you give examples?

6. Has there been any change in the quality of work performed?

7. Has there been any change in the way in which information is presented to clients? Others?

8. Have employees at different levels of the organizations responded differently to retrenchment?

9. Have there been any changes in the level of innovation or creativity displayed by persons in your unit? Examples?

10. Were there any persons or groups more influential than others in making the retrenchment easier or harder to cope with?

11. Have there been any changes in the way your unit interacts with other units?
12. Have there been any changes in or impact upon new programs/services being considered?

13. Are there other things which you could tell me which would assist me in understanding how retrenchment has affected your unit?
APPENDIX B

PERSONAL NOTES

As mentioned in Chapter III, field notes were coded into four categories: Observational Notes, Methodological Notes, Theoretical Notes, and Personal Notes. Personal Notes pertained to observations made by the investigator regarding the way he personally affected those persons being interviewed and, consequently, the data which were gathered. While the Personal Notes category contained fewer entries than any of the other three listed above, several of the items proved useful to the investigator as he attempted to make sense of the data collected and may prove instructive to other persons conducting research. Among the most helpful Personal Notes recorded were the following:

1. Persons who had their Ph.D.'s or were pursuing them at the time of their interviews appeared to be more cooperative than others.

This observation was important for two reasons. First, it happened that the first person formally interviewed had recently received his doctorate and was eager to assist the researcher in his doctoral research. The subject was very open in sharing his perspectives and offered to assist in gathering additional data. The researcher found that his early apprehensions about conducting formal interviews were
greatly diminished as a result of the ease with which the first inter-
view was accomplished.

The fact that a number of the persons interviewed had experienced
the challenges of conducting dissertation research, in one sense, made
this investigator's data collection easier for those who had already
conducted their own research, or were in the process of doing so, were
quick to cooperate and thus built up this researcher's confidence.

The draw-back to this phenomenon and the second reason why this
entry is important, was that the investigator not only tended to
feel positive toward the subjects who cooperated so freely, but also
tended to get more data from these persons and thus, had to take extra
care in making certain that he did not allow the perspectives of those
with Ph.D.'s to dominate the final set of conclusions drawn. Given
that the method used in this study called for the researcher to occa-
sionally make subjective judgements regarding the reliability of a
given subject, the fact that some persons were more eager to cooperate
than others, not so much in an effort to assist the investigator in
gathering accurate data as in an effort to assist him in getting his
doctoral research completed, was a source of constant caution and
concern.

2. Secretary and other clerical workers were often reluctant
to grant interviews citing as their reason the feeling that
they had nothing of importance to offer a person who was
getting a Ph.D.

This was an important notation for several reasons. First, the
fact that the clerical workers were often reluctant to meet with the
researcher for the reason stated betrayed their generally low self-esteem and caused the investigator to have to change his role from that of the neutral seeker of information to that of the counselor who first had to build confidence among his subjects. While this was indeed time-consuming, it proved worthwhile in that these persons eventually provided a great deal of helpful data.

Second, this observation was important because it assisted the researcher to better understand the clerical workers' perception of their status in their respective organizations. This insight was useful in the researcher's attempts to interpret his data.

Finally, this observation was important in that it reinforced the researcher's suspicion that persons with doctorates are often held in high esteem with little regard for their actual competencies. The researcher had to be careful not to allow the workers' feelings of respect and intimidation to interfere with his objectivity in gathering and interpreting data.

While the investigator had to spend extra time convincing the subjects mentioned to grant him an interview and subsequently had to assure them of the importance of their perspectives, he was nevertheless able, in most cases, to get a satisfactory set of data from them.

3. Several persons indicated that they were reluctant to grant interviews for fear of saying something detrimental about the organization which would get back to their supervisors.

This fact usually surfaced late in an interview, after trust had been developed between the subject and the researcher. Again, this fear on the part of the subjects indicated a lack of understanding of
the role of the investigator (not a "spy" for management) and also offered insight into the organizational climate which existed in several of the units and sub-units studied. In order for the investigator to "break through" this barrier, considerable time had to be spent assuring confidentiality and explaining the purpose of the study. Further, the researcher had to use caution in the interpretation of the data to make certain that the information offered by the subjects represented accurate and actual perspectives and not simply the "party line".

4. The researcher found himself playing the role of the consultant for the directors of the four units studied.

During the initial interviews with the directors of the units being investigated, it became clear that each was interested in gaining access to the results of the research. This was understandable and implied an interest on the part of the directors in better understanding their respective organizations. At no time did any of these persons indicate that they desired the researcher to break confidences.

While on one hand, this consultative relationship was positive in that it built trust between the researcher and the directors, it was also problematic for it required the researcher to constantly switch roles when dealing with these persons. In the role of "investigator", the researcher had to treat each director as he would any other subject, keeping the interactions focused on the personal and organizational impacts of decline from the individual's own unique perspective. In the role of "consultant", the researcher was obliged to share others' perspectives as well as any insights which had been gained during the
investigation. This occasionally called for the researcher to provide information which was not pleasant for the directors to hear and to do so in a manner which would not jeopardize the working relationship--no easy task!

Despite the sensitive balance required of the investigator, he found it beneficial to play both the role of the "investigator" as well as that of the "consultant", in that the additional information and insight gathered was useful in making sense of the data gathered elsewhere in the organizations.

5. The researcher must use extra caution at all times to avoid divulging confidential information.

Because the primary method of data collection was the personal interview and because the researcher attempted to build trusting, completely open relationships with his clients, extra caution had to be used to make certain that confidences were not betrayed. This potential "pitfall" became more threatening as the investigation progressed because as the researcher gathered more data, he was more tempted to challenge each new piece of data which contradicted something stated earlier by another subject. While these challenges were important, the researcher had to use great care in making certain that when he shared a different perspective with a subject, he did not in any way indicate the source of the contradictory information. This was particularly difficult when "consulting" with the directors for they tended to know which persons would have access to which information and thus could ascertain from the researcher's comments the source of his information.
To the best of this investigator's knowledge, he was successful in protecting the confidentiality of each of his subjects. However, he was aware throughout the study of the need to constantly reassure the subjects that in reporting the information being shared by them, their identities would be protected. It was clear that regular verbal assurances of confidentiality were effective in getting subjects to "open up" to the investigator, thus reinforcing the mutual trust so critical in a study of this kind.

Summary

The five Personal Notes discussed above represent the compilation of many separate, but related, notations made during the investigation. Some offer guidance for future research techniques. Others add context to the data and propositions presented in Chapter IV. All are important in that they serve as useful reminders that the investigator has an impact on the data gathered and the persons interviewed have an impact on the interpretations assigned to the data by the investigator.
APPENDIX C

METHODOLOGICAL NOTES

Although most of the information derived from the Methodological Notes gathered during the study has been integrated into Chapter III, there remain several notations which might be classified as "helpful hints" for the future researcher. The author includes these in hopes of assisting other researchers to avoid the potential difficulties inherent in research of this type.

1. Prior to approaching potential interview subjects, prepare a brief (one page) summary of the intended research which includes information about the researcher, the research question, the methodology to be used, and the way in which the data collected will be presented. Requests for such a document were made of this writer in each unit he approached. Valuable time could have been saved during the preliminary stages of the investigation had such a summary been prepared in advance.

2. After securing permission to study a given unit, devise an appropriate strategy for having the director of each unit contact each potential subject in writing prior to the investigator's personal contact. This author found that subjects were more likely to agree to participate in the study without reservation or prodding in those units where the director either (a) sent a letter to the subjects in the sample, explaining the project and encouraging their cooperation, or
(b) distributed a summary of the intended research to each staff member prior to the researcher’s contacting those in the sample. In those units where the researcher had to make the initial contact with potential subjects over the phone or in person without their having been previously contacted or informed about the research, a great deal more negotiation and coaxing were necessary.

There appear to be two reasons for this phenomenon. First, in those units where the directors either sent a letter or distributed summaries of the intended research in general staff meetings, the subjects felt that they had the permission of their superiors to participate and that the project had been sanctioned by the appropriate authorities. Second, providing information about the research, in advance, gave subjects time to think about whether or not they wanted to participate in the study and thus negated the necessity of their having to make an instant decision when approached by the investigator.

3. Four interviews in one day appeared to be the maximum which could be adequately processed. The method of coding described in Chapter III is very time-consuming and the more interviews which are conducted in a given day, the more time that is required to adequately process and digest each new day’s material. Further, the method calls for the constant comparison of each piece of data with all other data, thus as the research progresses the time required to process each day’s information increases.

While this researcher found that, when it was necessary, he could process four interviews per day, he preferred two or three per day and found that he was able to give the data collected from two or three
interviews a more complete treatment than the data collected from four interviews.

4. Although actual interviews ranged in length from 45 minutes to well over two hours, the scheduling of one-hour appointments with subjects seemed most appropriate. In most cases, approximately one hour was an adequate amount of time to conduct formal interviews. In those cases where interviews lasted over an hour, the subjects appeared eager to continue the dialogue. In no cases did the investigator perceive there to be any discomfort or annoyance with interviews lasting longer than the scheduled time period.

5. While it is important to make certain that all of the subject areas on the interview guide are covered, it is not necessary to always strictly conform to the pre-determined set of questions. In a number of instances, subjects took the lead in volunteering interesting and useful data without the interviewer having asked a specific question. This researcher found that it was counterproductive to insist upon rigid conformity to the interview guide. Instead, the investigator took extra care in making certain that he considered all data which was offered. This is a critical point for the key to a theory-generating method such as the one used in this research in that the author must "look at life through the eyes of a child." That is, while the compilation of an informal set of questions to stimulate thought is necessary, the author must always be cautious not to let his questions pre-determine the data he will collect.

6. Do not get discouraged if, as the study progresses, new data does not emerge quickly. On the contrary, as the study progresses
and categories are formed and molded into propositions, the repetition of data which "fits" with previously collected information indicates that the researcher is adequately explaining the phenomenon which he is investigating. Again, the key is that the investigator must not formulate his propositions too early, thus excluding useful data which may emerge later in the study.

7. Learn as much about the units to be studied as possible prior to conducting interviews. While this writer had a fairly good working knowledge of the functions performed in the library and the counseling service, he knew very little about computing or broadcasting. Thus, valuable interview time was lost as the investigator had to have various terms and processes explained to him by the subjects.

Summary

The suggestions listed above are taken from the author's Methodological Notes which were collected during the study and are intended to assist other researchers using the constant comparative method. Practical "hints" of this type are essential supplements to the current available literature which discusses the Constant Comparative Method.
APPENDIX D

PROPOSITION DEVELOPMENT

In order to illustrate the way in which a proposition is formed using the constant comparative method, this section will re-create, to the greatest degree possible, the process by which one proposition cited in Chapter IV was formed. Of course, propositions are not created in a vacuum. That is, each proposition is integrated with and dependent upon all others. Further, each proposition is the product not only of the data which were gathered, but of the insights developed during the course of the study. Nevertheless, each proposition does represent an identifiable individual link in the chain of theory which while incomplete by itself, serves as an integral part of the whole. For the purposes of this section, Sub-Proposition 2.1.3 will be recreated.

Sub-Proposition 2.1.3

As human and material resources are reduced to the point where there exists the perception of a serious threat to the status quo, and when this threat is coupled with uncertainty about future reductions, supervisors at all levels will resort to strategies which will enable them to gain increased control over their own internal and external spheres of control.
From the very first interview, it was clear that at least during the most recent retrenchments, the behavior of supervisory personnel had changed. The first behavioral change which surfaced related to the fact that the majority of persons interviewed stated that it was their perception that decision-making had become more centralized—particularly as it related to budget and personnel decisions. While several of the managers at first rejected this claim, they eventually acknowledged its accuracy, though a number of diverse reasons were given to justify the need for more highly centralized decision-making. Upon further questioning, several supervisors admitted that they were not inclined to seek input from those affected by budget and personnel decisions because (a) they (supervisors) felt that they were in a better position to judge where their units could spare resources than were others at lower levels, (b) seeking input would have been time-consuming, and perhaps most importantly, (c) if they appeared unwilling to make the cuts themselves, someone else at a higher level would dictate where the reductions should be made.

Thus, the first area in which there seemed to be some change in management behavior was in the area of decision-making. However, while centralization in decision-making eventually proved to be a reality in all four units, this fact by itself represented little more than an observed impact to which managers assigned varying explanations.

The second area in which management behavior appeared to change was in the degree to which they demanded information. Again, personnel in all four units reported that both internal and external supervisory
personnel requested more detailed information regarding most every aspect of the units' operation and copies of various memoranda were provided to support this claim. In discussing this with the managers, it was again clear that there had indeed been an increase in the information required of personnel at all levels. Again, the reasons given were related, but diverse. Some stated that in order to respond to the demands made of them by their supervisors, they were forced to request more information from their subordinates. Others claimed that during more affluent times there was little need to know every detail of the workings of their own units, but that as money got tighter, they needed to know what it was being spent on and by what authority. Finally, others noted that in order to meet retrenchment goals without doing irreparable damage to their organizations, they needed to understand more fully where money was available.

Again, the observation (demand for more information) proved true in all four units, but again, explanations varied to such an extent that a theoretical proposition did not emerge.

Over the course of the investigation, the researcher discovered that not only had decision-making become more highly centralized and the demand for information increased, but there were also increases in political strategies used by managers to protect their shares of available resources; more rigid enforcement of formal rules; and centralization of financial, material, and human resources. All of these observations were supported both by the data collected in interviews and also by available records. There was little doubt that
these phenomena occurred. What was missing was a thread to tie these observations together for a mere listing of impacts would do little to assist in the formation of a theory to explain why these impacts occurred.

The first break-through did not occur until the researcher was interviewing a member of the staff at WOSU about why he had formed a video club for students at the University (see Chapter IV). The interviewer asked the question, "Why did you wait this long to start the video club if it's such a good idea?" The subject responded that he understood that his unit was being targeted for major cuts and possible elimination and that he thought that the formation of a video club would build a new constituency which might be able to apply pressure on the University administration to stop the threatened cuts. While this explanation reinforced another theoretical proposition--that when threatened with extinction, organizations will shift their emphasis to survival even if survival requires the breaking of long-standing practices and traditions (see Proposition 3.1)--it also spurred in the researcher's mind a possible explanatory link for the impacts which had been observed. Perhaps the answer lay in the degree to which the organization was threatened.

The investigator reviewed his field notes and indeed discovered that the changes in the way decisions were made, amount of information required, political strategies used, formal rules imposed and distribution of resources occurred only during the most recent, more severe cuts and that they were reported less often in those units less threatened. More importantly, though, the researcher noted that the
budget cuts, per se, did not appear to be the primary sources of concern. Rather, subjects seemed to be more bothered by the degree to which their organizations and thus, their own jobs would be changed, assuming that any change would be negative.

A review of financial records and discussions with budget officers revealed that prior retrenchments had not forced any significant changes in the organization. It was only the most recent cuts which actually threatened to alter the ways in which the units functioned. Thus, the researcher concluded that it was the resistance to change that forced alterations in management behavior.

The question then arose, "What do these changes in behavior have in common?" Again, the answer lay in the researcher's notes. The investigator had observed that two of the primary sources of stress among individuals were ambiguity and perceived lack of control (see Individual Impact Sub-Proposition 1.1). That was the answer. Each of the changes in management behavior noted was made at a time when it was perceived by the managers that significant changes in the respective organizations were inevitable, but before the full extent of those changes was known. In their desire to attempt to gain control over the way in which their units or sub-units would be affected, managers resorted to behaviors discussed earlier. All of the behaviors were related in that they were all, in a sense, control mechanisms.

Thus, Sub-Proposition 2.1.3 was developed. As other propositions were formulated, revisions were made and terminology was made uniform. However, the basic proposition remained in tact.
This brief re-creation of the process by which a theoretical proposition was formulated highlights the importance of constant comparison and review of data and the complex manner in which various observations, notions, and preliminary propositions interact with each other. The process is dynamic—what appears to "fit" on one day will disappear the next. The "pieces of the puzzle" do not emerge in any order; rather, the investigator must stay alert so that he or she recognizes important "pieces" when they appear.

Finally, this re-creation highlights the fact that the final order of presentation has little to do with the manner in which the propositions are discovered. In fact, as demonstrated in this example, the researcher is constantly moving forward and backward through the data, discovering a commonality here and a difference there until a final set of propositions emerges which explains all the phenomena observed.

While the author has chosen only one proposition with which to demonstrate the intellectual exercise inherent in the method, the reader should keep in mind that a similar process was followed for each theoretical proposition presented.
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