

A MODEL FOR PARTICIPATORY MANAGEMENT:
MANAGEMENT BY OBJECTIVES AND
THE SCANLON PLAN IN THE
COMMUNITY COLLEGE

By

GEORGE LESTER COOPER
||

Bachelor of Arts
Oklahoma State University
Stillwater, Oklahoma
1950

Master of Science
Oklahoma State University
Stillwater, Oklahoma
1959

Submitted to the Faculty of the Graduate College
of the Oklahoma State University
in partial fulfillment of the requirements
for the Degree of
DOCTOR OF EDUCATION
July, 1975

MAY 12 1976

A MODEL FOR PARTICIPATORY MANAGEMENT:
MANAGEMENT BY OBJECTIVES AND
THE SCANLON PLAN IN THE
COMMUNITY COLLEGE

Thesis Approved:

Frederic W. Robinson

Thesis Adviser

Thomas W. ...

Theodore L. Agnew

Paul Edward

N. N. Dunham

Dean of the Graduate College

938889

PREFACE

This study is concerned with the delineation of a model for participatory management integrating Management by Objectives and the Scanlon Plan as applicable to management practices in the community college. The primary purpose of the study is to explicate a series of organizational alternatives which provide extended options for improved institutional productivity. A management model format is used both as a mechanism for expository development and as a construct for alternative implementation.

The author wishes to express his appreciation to his major adviser, Dr. Donald W. Robinson, for his guidance and assistance throughout this study. Appreciation is also expressed to the other committee members, Dr. Thomas Karman, Dr. Paul Warden, and Dr. Theodore Agnew, for their invaluable assistance in the preparation of the final manuscript.

A note of thanks is given to Dr. A. H. Elland, President of Hutchinson Community Junior College, for his initial and continued encouragement in the completion of the degree requirements, to Mrs. Virginia Bomer for her assistance in typing drafts of the manuscript, and to the faculty and staff of Hutchinson Community Junior College for their many helpful associations.

Finally, special gratitude is expressed to my wife, Wilma, and our sons, Guy, Kevin and David, and our daughter, Leslie, for their understanding, encouragement, and many sacrifices.

TABLE OF CONTENTS

Chapter	Page
I. INTRODUCTION	1
II. REVIEW OF THE LITERATURE	6
III. DELINEATION OF THE MODEL	16
IV. APPLICABILITY OF THE MODEL	39
V. SUMMARY	57
A SELECTED BIBLIOGRAPHY	59

LIST OF FIGURES

Figure	Page
1. Recommended Line-staff Organization for Community and Junior Colleges	37
2. Recommended Line-staff Organization for Community and Junior Colleges as Integrated with the Scanlon Plan	38

CHAPTER I

INTRODUCTION

Managerial efficiency as observed by Lombardi (1973, p. 75) has become an overriding aspect of community college leadership.

Community college educators have been looking to management reforms, many of which have been adopted from business practices. In-service training programs for administrators have become as common as those for instructional staff. Leadership and training programs have included units on "labor relations, squeezing unit costs, efficient production, meeting impossible budgets" (Tickton, 1971, p. 13).

Ness in the Forward to Jellema (1972, p. vii) writes that the higher education community has been frequently criticized for failing to observe the principles of effective management, particularly in times of financial stringency.

Two aspects of current management practice, Management by Objectives and the Scanlon Plan, are presented in this paper. Each concept is presented separately; then, an integrated model is developed emphasizing the complementary processes of participatory decision-making in the community college.

Participation in decision-making by those affected has been a theme of some significance in industrial and educational literature during the past two decades.

One early point of departure in looking at and making judgments

about managerial behavior stemmed from the research of Mayo and Roethlisberger (1939, p. 396). This and related research started the search for new and better managerial patterns by making the supervisor more aware both of the social organization and of man as a humanistic being rather than merely an economic or technological unit. Research on leadership styles supported the notion that humanistic values play a key role in managerial behavior. These studies led to the identification of different styles of managing, especially two different and opposing styles: autocratic and democratic. Gradually, the concepts of results-oriented management and Management by Objectives became popular.

Peter Drucker made a key point that progress occurred only when the manager and his subordinates agreed upon, and were committed to, firm and meaningful goals--goals which were responsive to needs and opportunities. This commitment and agreement suggested some kind of dialogue. Drucker (1954) made it clear that giving orders per se was not enough.

McGregor (1960) clarified the basic issues around which many debates had been occurring for over half a century. He explained the behavior of many managers by pointing out that they were responding to one of two basic sets of assumptions.

His Theory X assumptions, as he called them, held that:

- A. In general, people have an inherent dislike for work, and they try to escape it whenever possible.
- B. Most people like to avoid responsibility. They are essentially passive and need to be pushed in some fashion if they are to move.

He described a second set of assumptions as Theory Y.

- A. Work is natural. People are not passive by nature but prefer to be active and involved.
- B. The individual is capable of self-direction and self-control, and does not necessarily need pushing and directing in order to move forward.
- C. The average individual will seek involvement and responsibility, and has a desire to contribute to meaningful activity.

Odiorne (1965) wrote that business management takes place within an economic system that provides the environmental situation for the individual firm. This environment imposes new requirements on companies and on individual managers. He states further that Management by Objectives is a way of managing aimed at meeting these new requirements.

In 1972 Campbell commented that those affected by a decision should participate in its formulation. Attention was called to human relations and democratic practices as gaining favor in management processes.

The participating management approach, as briefly illustrated by the above references, has been reviewed by numerous persons in higher education, particularly those in management roles, as a viable and resourceful methodology.

Lahti refers in his 1973 publication, Innovative College Management (p. 1), to "...our colleges, laboring under a confidence crisis." He refers to the "inward turmoil of hostile and confused constituencies." A number of management problems are asserted as

typical. His solution, in a major degree, is to align the educational management process with the industrial systems approach, following a participatory style oriented to goal-setting and performance assessment.

Henderson and Henderson (1974, p. 215) refer to a model drawn from recent theory relating to organization (Likert, 1961), described as a group participative plan. The assumptions of this model are that a college or university is an organization with a variety of goals, that it requires reasonable unity as to goals, and that it is composed of professional men and women, and students, who voluntarily associate with each other because of commitment toward the overall goals.

"The group participative model of governance is in accord with some of the best traditions and expectations in American higher education," according to Henderson and Henderson (1974, p. 216). The plan implies the formation of an organizational structure through which participation of individuals or of representatives from subgroups may assume genuine responsibility as part of the decision-making process. The morale of the total organization depends to a considerable extent on the satisfaction of the member of the organization, and good morale is essential for securing optimal results.

The group participative plan is not seen as involving complete democracy. It is not a plan under which everyone votes on every decision. Instead, in implementing the plan, a method must be found for streamlining the participation in decision-making. This is seen as a problem by Henderson and Henderson (1974, p. 217), because it is difficult to assure genuine representation from all parties. Likert (1961, pp. 113-115) suggested that the administrative structure be

woven together through interlinking pins. He suggested that each subgroup have a representative in the next higher functional group.

Thus, the purpose of this paper is to focus upon participation management as a useful concept for administrators in community college education. Management by Objectives will be reviewed so that an alternative approach can be formulated offering a better "fit" for issues facing the college administrator of the 1970's.

CHAPTER II

REVIEW OF THE LITERATURE

Management by Objectives is the particular participatory management technique viewed by the previously listed sources as a desirable systems type approach to the issue of integrating processes with people toward a more humane and effective management style. Kazmier (1969, p. 349) related the systems approach as an analysis of wholes rather than parts, and as directed toward discovering and explaining the nature of the multiple relationships among the components of a system.

On the more general subject of "systems," Odiorne (1971, p. 13) assessed that, of the numerous kinds of systems which could fall within a general systems theory, the cybernetic (or feedback) system is usually identified as the most typical. In proceeding to describe such a system, that known as Management by Objectives, an examination of the economic and behavioral aspects within a systems approach to industrial and educational management is customary.

Chrchman, Ackoff, and Arnoff (1957, chaps. 2 and 7) see such a system as a regularly interacting or interdependent group of items forming a unified whole. The subsystem in turn is accomplished by imbedding one system within another. The elemental system unit is the input-activity-output paradigm.

Cleland and King (1972, p. 35) assert that the various parts of a system must be linked together in order for them to interact and be

interdependent. "Inputs" to a "transformational unit (activity)" produces, in turn, "outputs." The inputs and outputs may be physical in nature, as with materials or energy, or they may be informational.

Odiorne (1971, p. 15) elaborates on the Management by Objectives approach as follows:

1. In human organizations, there seems a normal tendency to start out with a visible output expected, a visible objective. As one engages in the activity designed to produce the output, the activity becomes an end in itself. Educational management sometimes seems to fall victim to this "activity trap."
2. In the activity-centered organization, the average manager and subordinate manager will not be in agreement on what that subordinate is supposed to produce, in a given area of responsibility.
3. A characteristic of the most effective organizations is that more people in these organizations are in agreement with their supervisors on objectives than in less well-run organizations. Clarity of objectives between all links of individual managers is more likely to produce cumulative clarity of objectives.
4. When an individual finds out how his performance is measured, his performance will improve.

Longnecker (1969, p. 556) states that Management by Objectives is one management approach that tends to minimize undesirable behavioral effects. He comments that the principal feature of this type of management is the establishment of specific performance goals for each position, particularly for each managerial position. Rather than applying control from above, the emphasis is placed upon control from within. The stress is upon accomplishment and results.

Nuener, Keeling, and Kallaus (1972, p. 654) present a summarization of the "Goal-setting method, or Management by Objectives":

...a number of short-range goals or objectives are established that appear to be within the capabilities of the worker. The goals, which may be established by the employer, the supervisor, or both, become the job

performance standards upon which the employee is evaluated for the period of time for which the goals were established. The method rests on the premise that the only real measure of how an individual performs is whether he achieves specific results. Thus, the goal-setting method is results-oriented rather than trait-oriented. Although not practical for use at all levels and for all kinds of work, the method provides for systematic goal-setting and performance reviews that concentrate upon the work accomplished, rather than upon problems exemplified by personality traits and characteristics.

Lahti (1972, p. 43) in College and University Business, suggested that some of the attraction to the (MBO) system for educational administrators developed for two reasons: Concepts of the system have been used with notable success in private industry; and basic definition of the system and a preliminary review of its processes suggest its adaptability to higher education management.

The influence of Management by Objectives on the current scene within the management levels of community and junior colleges would have to be judged as considerable and of importance as marked by several criteria.

Professional associations such as the American Association of Community and Junior Colleges, the American Association of Higher Education, and the North Central Association of Colleges and Secondary Schools have featured symposia on aspects of Management by Objectives. In 1970 Title III funding supported the GT-70 group in implementing the concepts of MBO. During the past year, Harper College, of which Dr. Lahti is President, has sponsored three workshops and each has been widely attended by college administrators. Numerous "how to do it" publications have appeared--exemplified by Varney (1971), Deegan (1973), and Leverenz (1973).

Two issues, or concerns regarding Management by Objectives, are to be cited here. One is implied in the somewhat abortive deliverance of MBO from industrial to educational management, and the other seems to evolve from that inherent shift from measuring things (material) to measuring people.

Lahti (1972, p. 44), who has been directly involved with implementation of the system on his own campus at Harper for the past five years, states three observations: (1) Objective-setting is not easy on the educational scene; (2) There is the danger of single-mindedness in ascribing higher goals; and (3) There is an apparent lack of management development.

Levinson (1970, p. 125) indicated that because it (MBO) is based on a reward-punishment psychology, the process of Management by Objectives in combination with performance appraisal is self-defeating. He believes that this technique seems simply to increase pressure on the individual, and he calls for an examination of the psychological assumptions underlying them, by extending them to group appraisal and appraisal of superiors by subordinates, and by considering the personal goals of the individual first.

A similar question is raised by Apple (1972, p. 10) when he poses, "Can systems management techniques adequately treat the usual dimension intertwined with educational practice and decision-making?"

Thus, the problem to be pursued centers about the determination of a more appropriate model for participatory management by community college personnel--one that involves all levels and categories of administrators, faculty and staff, and one that is commensurate with and compatible to the personal needs of all personnel. The Scanlon

Plan was proposed.

Statement of the Problem

What issues, in terms of "appropriateness," are encountered in the delineation and application of an integrated model for decision-making to the community college setting, combining the systems approach, Management by Objectives, and the Scanlon Plan?

Type of Research

The methodology in this study was that of description and delineation. A systems model was constructed following a specified format. The construction of the model has employed inductive and deductive processes for determining which elements of the management system are sufficiently important to be incorporated.

Cleland and King (1972, p. 50) define a management model as a representation of a system which is used to predict the effect of changes in certain aspects of the system on the performance of the system.

Models of systems are viewed as an intrinsic part of the manager's life--models represent systems, and as such, they can be manipulated, experimented upon, and used to predict ways in which real systems cannot.

The model type to be followed is deemed by Jellema (1972, pp. 34-35) as the best for organized research in a policy-making environment that is associated with contemporary decision-making theory, although its basic frame-work dates back to antiquity.

The particular management model to be followed in this study is

that presented by Morell (1969, pp. 173-174). An outline is as follows:

- I. Statement of relevant facts.
- II. The statement of the problem.
- III. Statement of alternatives available.
- IV. Final decision.
- V. Final verification.
- VI. Implementation.

In substance, Part I.A. will, in terse yet complete statements, enumerate the salient elements of Management by Objectives. Part I.B. will similarly enumerate the strengths perceived within the system, and Part I.C. will enumerate the weaknesses.

Part II will assert, in a single interrogative sentence, the problem, specifying one or more goals.

Part III will present an enunciation of the Scanlon Plan with an appropriate elaboration of the advantages and disadvantages of this plan as comprising the statement of alternatives.

Part IV, the final decision, will affirm by summation the telling elements of the combined model--integrating Management by Objectives elements compatible with those of the Scanlon Plan.

Part V, the final verification, will be a brief statement of major reasons for utilization of the Scanlon Plan, as applied to Management by Objectives.

Part VI, implementation, will consist of brief statements of actions to be taken in executing the decision. These statements will be enumerated.

The implementation stage will proceed to an application of the final decision to the Recommended Line-Staff Organization for Community

and Junior Colleges as presented by Blocker, Plummer, and Richardson (1965, p. 178, Fig. 7.4). A descriptive analysis will be presented relating the elements of the derived model to the depicted organizational units. A selected citation of references to current literature of community college governance will conclude the process of implementation, affirming applicability of the model.

Significance of the Study

Numerous difficulties have been encountered by educational administrators, faculty, and staff attempting to attain implementation of Management by Objectives as a management technique. Human needs have frequently been over-looked and initiative has quickly diminished for a system overly-dependent on "results."

Drucker (1973, p. 10) reminds college administrators that no matter what system is used, it is performance that counts. The incentive quality of the Scanlon Plan offers a stimulation to such performance. "What now has to be learned--it still is largely lacking--is how to manage service institutions for performance," concludes Drucker.

A recent article in The Chronicle of Higher Education is headlined, "Cash Awards to Teachers Tried as Alternative to Pay Increases" (May 6, 1974). At Bowling Green State University as a reward for special service within a given year, achievement awards offer a non-recurring alternative to regular pay increases which, once granted, must be paid every year thereafter.

Kreps, also in The Chronicle of Higher Education (May 13, 1974), states that if educational productivity is redefined as a measure of

costs relative to returns, educators will be "freed from the relentless drive toward increasing the numbers of students we teach, and charged instead with the responsibility of improving educational quality."

The modification of Management by Objectives by inclusion of the Scanlon Plan holds the potential to add both incentive and consideration for personal need to higher education management.

Limitations of the Study

Several limitations are inherent in this study:

1. This study will be restricted to that participatory management system known as "Management by Objectives," defined essentially by Drucker, McGregor, and Odiorne, as analyzed for modification via the Scanlon Plan (McGregor, 1960, chap. 8).

2. Values of employing model construction processes are recognized in that use is implied only to the conditions specified.

3. The study employs an analysis and evaluation of existing data and information content and seeks, by modelling process, to devise conclusions by inductive and deductive thought processes.

Basic Assumptions

1. The systems approach presented as Management by Objectives has evident consequence upon present managerial and governance practices among community college administrators.

2. The "Modelling Process" is deemed legitimate to pose as a valid methodology for evaluating managerial operations in education (Jellema, 1972, p. 34).

3. This transfer of industrial management principles to educa-

tional procedures is practicable providing the human and professional elements are given worth as "outputs" in addition to evaluation as transformational (activity) agents.

Definition of Terms

System. A regularly interacting or interdependent group of items forming a unified whole.

Model. A representation of something else. There can be many different models of the same real-world system. The description of a model as a "good" model is meaningful only in terms of the use to which the model is to be put.

Constructing System Models. A process of determining which elements of the system are sufficiently important to be incorporated into the model and which are not.

Using System Models. The primary value of a model is that it does leave things out. The primary value of a model lies in its simplicity relative to the real world. Models are used to understand and predict. The impossibility or costliness of dealing with real-world systems leads the scientist to experiment on the model in lieu of experimenting in the system.

Scanlon Plan. A management plan emphasizing cooperation among employees at all levels by means of committees and featuring an incentive bonus for all employees upon reduction of a cost-to-output ratio.

Management by Objectives. A management system initially identifying goals of the organization followed by an orderly distribution of responsibilities among individual managers so that ultimately

managerial behavior is assessed in terms of results measured against established goals.

Community Colleges. The Carnegie Commission favors the comprehensive community college with academic, occupational, and general education programs as against more specialized two-year colleges. The comprehensive college provides its students with a wider range of options.

CHAPTER III

DELINEATION OF THE MODEL

The explication and delineation of the modular format within the context of the model outline is a means of inherent evaluation of that format. This chapter presumes that condition and the narrative is arranged sequentially in the six stages as previously outlined.

I. Statement of Relevant Facts

A. Management by Objectives (Results) means that instead of telling subordinates exactly how to do their work, supervisors delegate authority and give the subordinate definite assignments of results or goals to be achieved. The subordinate is allowed to decide, within the limits of the assignment and the policies of the organization, how best to achieve these results. The supervisor can then measure performance in terms of the employee's accomplishment instead of by his ability to carry out a specific set of orders about how to do his work. It is assumed that the employee knows more than the manager about how to do his job; or, alternatively, that the employee can best take the initiative in discovering from others, reading, training, or research how best to perform his assigned objectives. A relatively large amount of security is provided by the limits of company policy, and

the employee is not thrown completely on his own self-discipline. Also, the employee is free to seek the expert advice of the manager when the manager has a contribution to make to the question of how to do the work (Hicks, p. 306).

- B. Management by Objectives has a number of advantages in that it requires the employee to use his own imagination and creativity in determining how assignments are to be carried out. This freedom to make decisions creates a sense of independence and causes the employee to feel that he is participating more in his work. Second, the employee's knowledge that his independent performance will be evaluated in terms of results provides him with an incentive to achieve the goal. Coming up short of the goal is poor performance; it is not necessary for anyone to make a value judgment that his performance is poor. The supervisor can better evaluate effectiveness and discuss any shortcomings since the subordinate already knows that his performance did not measure up. Third, Management by Objectives (results) provides a continuous training program for future managers. Subordinates learn by example (their supervisor's) and by doing (making decisions). As they move up the organizational ladder, the range for decisions becomes broader and the decisions become more complex. Promoting employees on the basis of their performance and success in goal accomplishment allows them to work toward whatever result is most important to them and the organization at a particular time.

C. In listing limitations of Management by Objectives, one notes that extreme emphasis is placed upon self-actualization and freedom, implying that all people not only do desire but should desire them. Some persons are extremely uncomfortable with too much freedom. The desire for complete individual freedom is not a universal trait, nor is it necessarily compatible with organizational goals--in some cases it may be in direct opposition to them.

A second criticism of Management by Objectives stems from the issue raised by citing the effects of the industrial revolution, miniaturization of the job, simplification, standardization, and programmed work movements, as being anathema to humanization of the worker. Industrial organizations have created a personality-organization conflict that is most often present in large-scale mass-production industries. These forces have so reduced job satisfaction that individuals perform in irrational and dysfunctional ways. This individual-versus-organization conflict may well be just one facet of a universal conflict between the individual and social organizations, the individual and work organizations, and the individual and society. If the conflict is inherently individual versus organization, all organizations, not just industrial ones, are liable, and Management by Objectives, as a Theory Y concept, is not necessarily the solution.

A third criticism of Management by Objectives is that it may overemphasize the job as the primary place for need satisfaction. With the tendency to shorten the work week,

off-the-job need satisfaction may become increasingly important and the use of leisure time more of a problem.

II. The Model: Statement of the Problem

The literature of Management by Objectives details weaknesses in implementation including (1) undue pressure upon the individual employee, (2) intra-institutional conflict, and (3) a narrowed sense of job satisfaction. In light of these issues and others to be cited, what values are to be derived from an integration of the concepts of Management by Objectives and those of the Scanlon Plan?

III. The Statement of Alternative: The Scanlon Plan

The Scanlon Plan is described by McGregor (1960, p. 110) as management applied to the whole organization rather than to superior-subordinate pairs or to small groups. The Plan embodies two central features, which, linked together, represent a powerful system of organizational control.

The first feature is a means of sharing the economic gains from improvements in organizational performance. This method for sharing cost-reduction savings utilizes a ratio between the total manpower costs of the organization and a measure of the output such as total sales or value added by manufacture. The latter index in the ratio can only be derived after considerable study and analysis of the particular company or organization, and it is relatively unique to the situation. A ratio can be developed, in most companies or institutions, which turns out to have been relatively stable for considerable periods of time.

Improvement of the ratio represents an over-all economic gain

for the organization. Some portion of the resultant savings are paid to participants in the plan on a monthly basis as a percentage of their base wages or salaries. Competition is minimized within the organization and maximized with respect to other external agencies.

Employees under a Scanlon Plan are able to trace directly the results of various changes and innovations upon the bonus, and thus to see the connection between their behavior and organizational achievement. The result is a very real and quite sophisticated understanding of the economics of the organization, gained through direct experience.

The economic reward is reasonably well related temporally to the behavior which produced it--a monthly payment, typically.

The distinguishing feature of the Scanlon Plan is the coupling of the bonus incentive with a second feature: a formal method providing an opportunity for every member of an organization to contribute his brains and ingenuity as well as his physical effort to the improvement of organizational effectiveness. This is the integrative principle in operation.

Productivity is seen in terms of the over-all effectiveness of the organization, and everything that contributes to it is valued. The Scanlon Plan rewards and encourages the distinctively human contribution.

The mechanics of the second feature of the Scanlon Plan consists of a series of committees. Each committee receives, discusses, and evaluates every means that anyone can think of for improving the cost-production ratio and to put into effect those

recommendations that are considered to be workable. Representatives from every group and function in the organization serve on these committees. Departmental committees of workers and lower-level supervision are empowered to put into effect ideas appropriate to their level. Those suggestions which have broader implications are referred to a higher level "screening committee" consisting of representatives of the work force and of higher management.

Minutes of formal meetings are kept to insure that ideas are not lost and that the screening committee is aware of all actions that are taken anywhere in the organization.

The focus is not on competing for awards but on improving the effectiveness of the enterprise. The economic gains are shared but the social and ego satisfactions are the employees.

Communication is enhanced at all levels; all groups have a stake in a common objective. Problems do occur--yet they are almost always centered around improved performance. The principle of integration receives regular confirmation in practice.

Lesieur (1958, p. 20) cites that the future task of labor and management will be to evolve a more mature relationship. In this new relationship, collective bargaining would include not merely wages, hours, working conditions, but intelligent cooperation between the bargaining parties. A new principle must be introduced--participation.

Further, real participation is seen as consisting of finding a means by which to reward personnel for any increase in productivity and then in building around this formula a working relation-

ship between management and labor that enables them to become a team.

Two prerequisites to the Scanlon Plan are stated by Lesieur: One is that union leadership must be intelligent. This does not mean that the union should be acquiescent; on the contrary, it may be quite aggressive. But real intelligence is needed to bargain at a participation level, which involves an understanding of such things as competition, competitive pricing, profitability, and many other factors that never enter into collective bargaining at the lower level. Second, and even more important, there must be someone in top management who is vitally interested. A management that wants to stand off and look down its nose at the workers cannot operate a Scanlon Plan.

"If such men can be found," concludes Lesieur (1958, p. 20), "an intelligent union leader and a forth-right management leader, the Scanlon principles can be applied virtually anywhere." In the process of entering upon this area, and of consolidating it, everyone in the organization, high and low, joins the enterprise system.

In referring to the utility of systems, French (1970, pp. 377-378) comments that there is considerable agreement among researchers that certain environmental variables must be present to maximize the usefulness of particular pay plans. Individual- and group-incentive systems tend to be more practical when some or all of the following conditions are present:

1. Units of production are readily measured.
2. Handling or processing by workers is a major determinant of productivity.

3. Time-and-motion study or simplification of work can increase efficiency of jobs.
4. Technological changes affecting jobs are relatively infrequent.
5. Competition requires better predictability of unit labor costs.
6. The company employs experienced time-study personnel.
7. Close supervision is impractical.
8. Employees trust management not to change standards arbitrarily.

French asserts that the set of conditions described above as facilitating the adoption of incentive plans would not preclude the use of Scanlon-type plant- or institution-wide productivity systems. However, he notes that it is probable that the necessity for frequent and close communications between employees and management under a Scanlon-type plan would pose serious problems for an extremely large organization. Furthermore, the Scanlon Plan requires managerial and union leaders willing and able to cooperate in solving production problems.

The literature on the validity of Scanlon-type incentive plans, as seen by French (1972, p. 383), is much less extensive than that pertaining to individual-incentive plans. An increase in productivity and a decrease in grievances is affirmed. In general, the success of Scanlon-type plans seems to depend upon the following factors:

1. Mutual trust among management, the union, and employees.
2. Careful planning and installation to insure both understanding and acceptance.
3. Sincere and diligent efforts of all parties to make the plan work.
4. Extensive and real participation in production problems by union officials, employees, and management at all levels and assumption by all parties of the responsibilities which accompany constructive, cooperative, problem-solving.

The Scanlon Plan, as a productivity-oriented effort, is

applicable to higher education according to Toombs (1973, p. 43). He indicates that, in its simplest form of input-output relationships, productivity offers no absolute remedy to the financial problems of higher education. Nevertheless, the productivity concept offers techniques that can be applied to higher education's needs.

The pursuit of improved productivity today is weighted heavily on the refinement of management systems. At best, this effort can touch only part of the educational process, namely, the efficient construction of an institutional environment. Far more attention needs to be given to the roots of management policy formation that necessarily involves the whole academic community. Equally important and equally neglected are careful examinations of the conditions of professional practice for the scholar.

Toombs concludes his remarks by stating that widespread improvements in productivity will not take place until institutional experimentation with productivity techniques increases and successful methodologies are applied. The Scanlon Plan is offered in this context.

IV. Final Decision

As a means of evaluating criteria relating to Management by Objectives and the Scanlon Plan, reference is here made to ways of gauging an institution's performance as suggested by Beckhard Gardner as cited by Lahti (1973, p. 83). Each point will be reviewed in terms of "appropriateness of fit" by Management by Objectives concepts and Scanlon Plan features.

An effective organization is one in which: (a) The total organization, the significant subparts, and individuals, manage their work against goals and plans for achievement of these goals. (b) Form follows function (the problem or task or project determines how the human resources are organized). (c) Decisions are made by and near the sources of information regardless of where these sources are located on the organization chart. (d) The reward system is such that managers and supervisors are rewarded (and punished) comparably for: short-term profit or production performance, growth and development of their subordinates, creating a viable working group. (e) Communication laterally and vertically is relatively undistorted. People are generally open and confronting. They share all the relevant facts including feelings. (f) There is a minimum amount of inappropriate win/lose activities between individuals and groups. Constant effort exists at all levels to treat conflict and conflict situations as problems subject to problem-solving methods. (g) There is high "conflict" (clash of ideas) about tasks and projects, and relatively little energy spent in clashing over interpersonal difficulties because they have been generally worked through. (h) The organization and its parts see themselves as interacting with each other and with a larger environment. The organization is an "open system." (i) There is a shared value, and management strategy to support it, of trying to help each person (or unit) in the organization maintain his (or its) integrity and uniqueness in an interdependent environment. (j) The organization and its members operate in an "action-research" way. General practice is to build in feedback mechanisms so that individuals and groups can learn from their own experience.

An overview of Management by Objectives, The Scanlon Plan, and these criteria for appraisal indicates a generally comfortable fit; however, a more explicit review is telling in several cases, particularly as limits are encountered.

Criterion (a) refers to the total organization, the significant subparts, and individuals as managing their work against goals and plans for achievement of these goals. Management by Objectives appears directly applicable in a positive sense. The superior-subordinate relationship extends itself throughout the organization, from top to bottom and side to side, typically. Apprehensions frequently develop when top management does not accept its leadership role and remains apart from the extended

organizational processes. Undue attention or emphasis may be placed upon the superior-subordinate relationship with the broader institutional perspective unduly subdued. The Scanlon Plan addresses itself particularly to the whole organization rather than to the superior-subordinate pairs or small groups. The "across-the-board" economic sharing is an example as is the other salient feature--broad-based committee structuring. In this use (a) the Scanlon Plan is seen as readily applicable as a complement to Management by Objectives.

Criterion (b) refers to form following function in that the problem or task or project determines how the human resources are organized. With the Management by Objectives concept deriving its structure from the superior-subordinate pair relationship as identified by a results-oriented and measured performance, adherence to the function-form direction is essential. The assignment of goals is the second component--after the delegation of authority--in the determination of the paired relationship. The Scanlon Plan, by featuring the production-incentive approach, places the issue foremost at achieving the end product as economically as possible. With attention to the project solution, human resources are channeled as efficiently as possible through on-site communication between engineer and technician, for example; and the subsequent directness of decision-making leads to explicit utilization of human resources. The joint problem-solving approach promotes the conclusion that superior-subordinate antagonism is not the issue but directs attention to the primary concern--competing in product effectively with other firms or institutions.

Criterion (c) indicates that decisions are made by and near the sources of information regardless of where these sources are located on the organizational chart. A central problem for decision-making can be the availability of information. Management by Objectives as a concept assumes that the employee knows more than the manager about how to do the employee's job and emphasizes clearly the alternatives for the employee taking the initiative in discovering from others, in reading, in securing additional training, or in doing research on how best to perform his assigned objectives. Thus, a Management by Objectives oriented organization will exert strong efforts at achieving openness of communication and the provision of adequate information for ready task accomplishment. The Scanlon Plan holds that managers must not hold themselves apart from employees as the only decision-makers. Cooperation is strongly encouraged. Departmental committees, attuned to the stimulation of information exchange, establish incentives to the sharing of information so that decisions can be made in an efficient manner as close to the operational level as possible.

Criterion (d) notes that the reward system is such that managers and supervisors are rewarded (and punished) comparably for: short-term profit or production performance, growth and development of their subordinates, creating a viable working group. Management by Objectives does not typically address the question of differentiated reward for managers or supervisors only, but reward is assigned to successful output or goal attainment at whatever level achieved. Comparability of reward is equally

applicable. The reward is assigned further within the paired grouping or as the result of attained goals derived from the paired relationship. Strong emphasis is placed within the Management by Objectives framework upon the growth and development of subordinates. Subordinates learn by example (their supervisor's), and by doing (making decisions). The Scanlon Plan again adds the distinct dimension of organization-wide production incentives, and, in this sense, can serve as a strong adjunct to the Management by Objectives process. Attention by Scanlon Plan followers to improved production indirectly leads to growth of employees although not directly as management versus employee. A more viable working group is, however, specifically encouraged.

Criterion (e) views that communication laterally and vertically is relatively undistorted. People are generally open and confronting. They share all the relevant facts including feelings. The assumptions of the participatory approach to management affirm the desirability of attaining these ends. Indirectly, in practicing Management by Objectives principles, in meeting and conferring regularly, in agreeing upon goals and performance standards, the manager and employee achieve a depth and breadth of communication not assured possibly otherwise. However, one serious criticism of Management by Objectives may be applicable to the achievement of this criterion (e) in that all people do not really desire nor function efficiently in a completely "open" environment. As asserted previously, some persons are extremely uncomfortable with too much freedom. Perhaps, thus, the "generally open and confronting" statement qualification is to be noted. The Scanlon Plan via

the company-wide committee structure for the review and direction of production-centered suggestions advocates a more open and informed staff, yet in a more restricted sense than the criterion states.

Criterion (f) refers to the desirability of minimum amount of inappropriate win/lose activities between individuals and groups. The question is raised in that constant efforts exist at all levels to treat conflict and conflict situations as problems subject to problem-solving methods. Both concepts--i.e., Management by Objectives and the Scanlon Plan--are seen as responding to this criterion. The manager-subordinate relationship, with authority delegated and individual option for implementation ascertained by goal agreement, fosters what could be termed "reasonable" measures of performance with a choice for re-negotiation when obstacles are encountered. By further adopting the values of the Scanlon Plan, an organization adds the dimensions of institution-wide or extended gains in which all employees--management and labor share. In fact, under the Scanlon Plan, rewards of a material nature (cash bonuses) are provided for appropriate problem-solving behavior and procedures. Win/lose situations are frequently further minimized by the collective bargaining process and grievance committee meetings. These are recognized by the Scanlon Plan as natural extensions of participatory management.

Criterion (g) projects the appropriateness of high conflict (clash of ideas) about tasks and projects, with relatively little energy spent in clashing over inter-personal difficulties because they have been worked through. By formalizing the manager-employee

encounter and directing the participant's energies along constructive lines, Management by Objectives tends to reduce conflict between organizational levels. Except for those persons seen as non-participatory in their personal value systems, the cooperative approach to problem-solving is esteemed. By circumstance of implication, too much emphasis upon openness and compromise may well diminish the stimulating levels of conflict preferred for job-oriented problem-solving. Acceptance of and experience in the participatory styles of Management by Objectives can lead to the maturity of behavior here exemplified in Criterion (g). Scanlon Plan concepts again tend to encourage and reward conflict situations, but by conciliatory procedures via various committee structures. The strength of the Scanlon approach continues in that it supports the participatory pairing yet extends this across levels of communication.

Criterion (h) is almost a re-statement of Scanlon Plan requirements as it asserts that the organization and its personnel see themselves as interacting with each other and with a larger environment. The organization is an "open system." In coupling the organizational parts with the "larger institutional picture," the Scanlon Plan poses its strongest bid to serve as an accessory agent to a revised Management by Objectives model. To be sure, Management by Objectives, when delineating closely integrated long-range institutional planning with appropriate operational management-employee relations, serves potentially as a total package for aligning organizational behavior. The issue is, in substance, one of degree, that of specific, localized involvement

contracted with a more extended concern for product output. Both Management by Objectives and Scanlon concepts generally agree with this criterion, and the differences are more complementary than at variance. If the criticism of Management by Objectives is to remain in that individuals inherently are, by degree, anti-organizational, response to extrinsic reward will likely be greater in promoting an acceptance of organizational goals.

Criterion (i) constitutes a rather direct challenge to Management by Objectives, in particular in that a shared value is ascertained, with a management strategy to support it, of trying to help each person (or unit) in the organization maintain his (or its) integrity and uniqueness in an interdependent environment. This challenge surfaces in review of Management by Objectives limitations--that marked emphasis is placed within Management by Objectives implementation techniques upon self-actualization and individual freedom is not necessarily compatible with organizational goals and, in fact, may be in contradiction. The criterion reflects this contradiction by stating a need for "shared" values and then following with a concern for individual integrity and uniqueness. The Scanlon Plan presents strategies for supporting "shared values" and interdependency of role; uniqueness by individuals is appraised, however, only in terms of contribution to increase to the group effort.

Criterion (j) speaks to both Management by Objectives and the Scanlon Plan procedures in that it reiterates that the organization and its members operate in an "action-research" way. General practice is to build in feedback mechanisms so that individuals

and groups can learn from their own experience. Both concepts respond positively to the "action-research" issue. In the Management by Objectives framework a tentative assignment of performance objectives is made by the supervisor, agreed to by the employee, and implemented. As new data and evidence materialize, objectives are adjusted in line with "action-research" techniques. Scanlon Plan operations follow in a similar intent but by the integrated management-employee committee rather than by a one-to-one arrangement. New ideas are being continuously reviewed and tried. Participation arrangements of this sort by union and management are frequently lessened by mistrust of management motives. Participation skills on the part of the employee have a marked effect upon the efficacy of any proposed action-research efforts.

V. Final Verification

Major reasons for implementation of the Scanlon Plan occur, first, as responses to needs only partially answered by Management by objectives and, second, by positive contributions brought by the Scanlon Plan approach to Management by Objectives.

Weakness of the Management by Objectives concept previously cited (Part II) includes (1) undue pressure upon the individual employee, (2) intra-institutional conflict, and (3) a broadened sense of job satisfaction. The two principle features of the Scanlon Plan--production incentives--(shared across-the-board) and intra-organizational screening committees for facilitating communication to increase attainment of production goals--represent viable alternatives rewarding monetarily individual effort yet providing a group vehicle for communication purposes, offering an alleviation

for individual pressure circumstances, facilitating greater intra-organization cooperation, and increasing job satisfaction. In substance, Scanlon Plan options are just that, additional options to the employee allowing him to function beyond the relative constraints of the paired, manager-employee duality.

The Scanlon Plan strongly encourages aggressive, inter-active behavior, advancing the cause for mature, intelligent management-employee relationships in that broad organizational issues are promoted--inter-agency competition and profitability versus the intra-agency grievances. The Scanlon Plan demands, as well, responsible behavior from top management, and assures a minimum of participation for all employees despite varying skills and attitudes of supervision.

Likert views that experience with the Scanlon Plan (1961, p. 206) has demonstrated that work groups at all levels...can contribute in constructive and important ways to the over-all well-being of the organization....

Dale (1969, p. 450) sees the Scanlon Plan as combining profit-sharing with opportunity for self-actualization. This combination of extrinsic and intrinsic reward via integration of Management by Objectives principles with those features of the Scanlon Plan constitute the conclusion and the thesis of this paper.

VI. Implementation

The implementation of an integrated Management by Objectives and Scanlon Plan model will be discussed in the context of a "Recommended Line-Staff Organization for Community and Junior Colleges" as presented by Blocker, Plummer, and Richardson (1965,

p. 178, Fig. 4). This line-staff chart is presented as Fig. 1. Represented in this configuration is an intent to place more direct emphasis upon the educational and personnel functions of the college. The primary functions of the college are implemented by the academic dean and the dean of student personnel; that is, the services provided by these divisions of the college have a direct educational impact upon students. The director of community relations and the business manager occupy a staff relationship with the administrative line officers of the college rather than being classified as line officers themselves. These two functions are not central to the basic educational services of the college; rather they are supporting services necessary for the effective implementation of the educational programs of the college. The line-staff chart also has the advantage of placing the major educational administrators on the same level.

The implementation of a combined Management by Objectives and a Scanlon Plan model would follow a pattern similar to that expressed in the Management Models explication (1969) of Educational Systems and Designs. Five stages were presented:

1. Setting and Clarifying Objectives
2. Problem Identification
3. Collection of Data
4. Determining Alternatives and Strategies
5. Selecting Alternatives

The relationships between depicted levels on the line-staff organizational chart (Fig. 1) from Board of Control to President to Deans to Departments to Faculty would each proceed to an analysis of routine, problem-solving, and innovative objectives for all duties and expectations residing with each level. The Management

by Objectives phase of modular implementation would proceed from an initial job description to a careful exploration of each area of co-involvement by all personnel illustrated in the line-staff organizational chart. Again, emphasis is placed upon the subordinates option to decide, within the limits of his assignments and the policies of the organization, how best to achieve the desired results. The subordinate would be free to seek the advice of his supervisor.

In incorporating the basic elements of the Scanlon Plan, the Management by Objectives elements of routine, problem-solving, and innovative objectives determination would not only proceed from a "here-to-there" analysis for achieving future results, but would, in incorporating the production incentive, require the establishment of measures of past performance within similar categories so that measures of future performance could be, in turn, assigned "bonus" values.

Further, implementation of the second feature of the Scanlon Plan, organization-wide review committees to receive and evaluate information for increased organizational output would be established at each level depicted on the line-staff chart with a master committee set crossing all levels.

Thus, the individual supervisor-subordinate Management by Objectives arrangement would be extended within the enlarged Scanlon concept. Figure 2 illustrates this revised line-staff organizational pattern. Many, if not most, governance structures in higher education strike a similar context.

The function of the Unit Councils (or committees) is to

receive, discuss, and evaluate means for improving the cost or status quo production ratio identified primarily by Management by Objectives processes, and then, secondarily, by the Unit Councils. Those issues of broader implication are referred to the Master Council for screening and recommendation. The councils would serve as accessories to the normal line-staff flow and, in particular, would provide open options for communication flow throughout the organization.

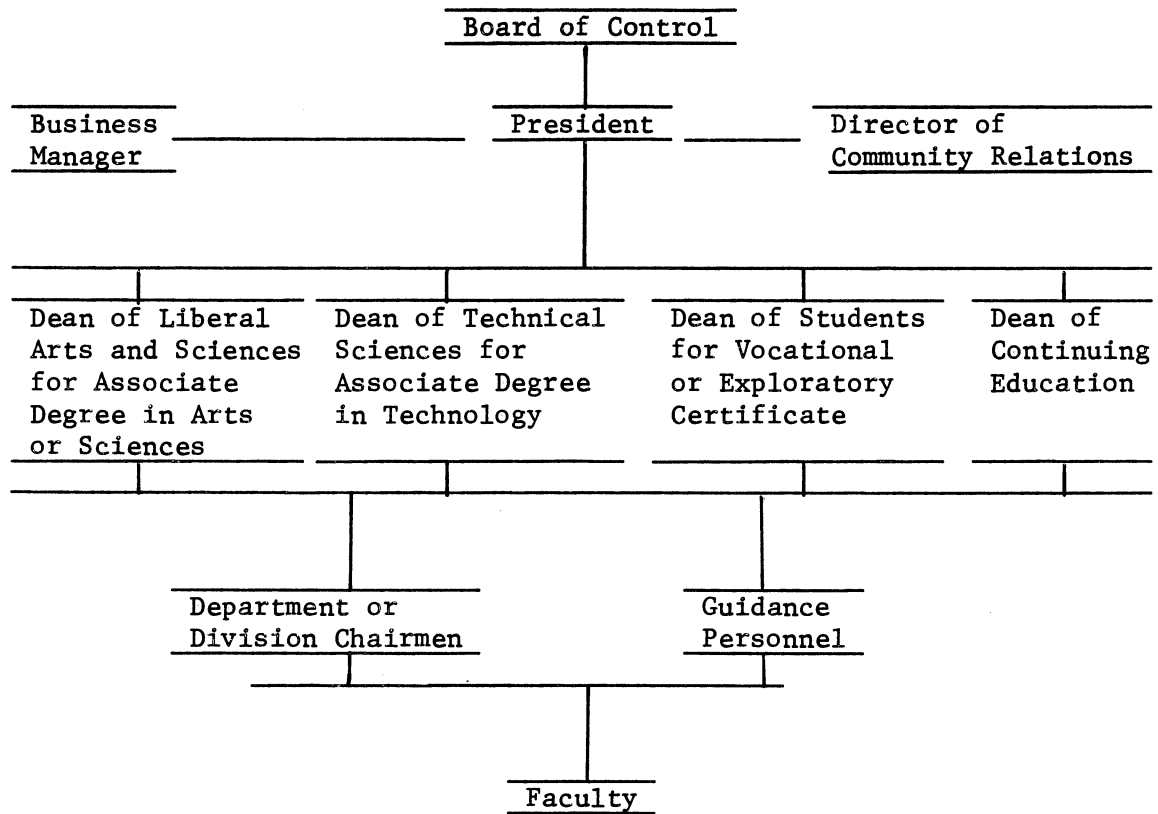


Figure 1. Recommended Line-staff Organization for Community and Junior Colleges

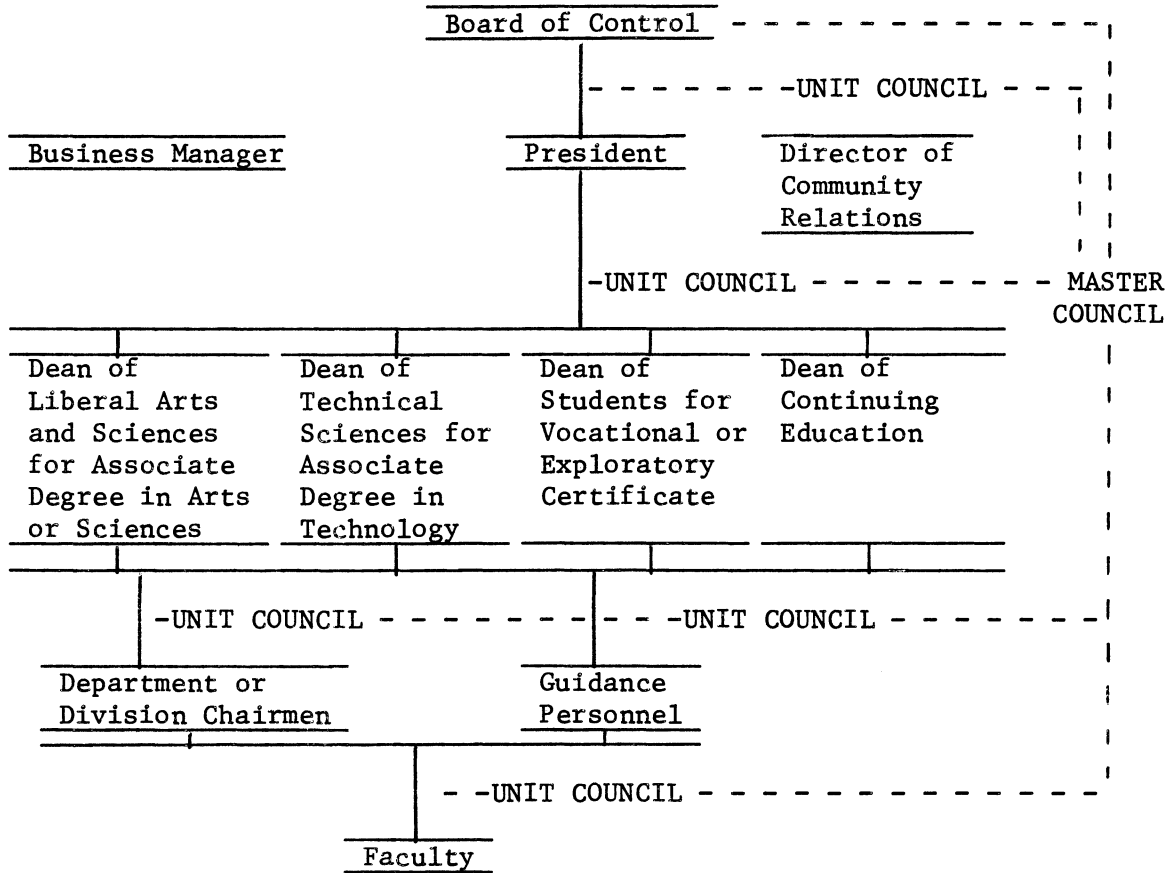


Figure 2. Recommended Line-staff Organization for Community and Junior Colleges as Integrated with the Scanlon Plan

CHAPTER IV

APPLICABILITY OF THE MODEL

Applicability of the integrated model is construed by the presentation of an illustrative sequence, and by citing references to current literature.

As an illustration of the integrated model in practice, reference is initially made to The Carnegie Commission on Higher Education report, The More Effective Use of Resources (1972, pp. 107-109).

The Commission observed that one obstacle to the achievement of effective use of resources in higher education is the fact that compensation and budgetary procedures are not structured in such a way as to induce change. In private industry, innovations that achieve savings in production costs tend to improve the firm's competitive position and to increase profits, which, under profit-sharing schemes, will benefit the firm's executives. "No such mechanism exists in higher education or in most non-profit organizations. In fact, budgetary procedures tend to discourage innovations to save costs," states the report.

Under typical budgetary procedures, a department or school wishing to acquire more efficient duplicating equipment, for example, must first persuade the administration to permit inclusion of the item in its "equipment and facilities" budget for a given year. If the item is costly, this may be difficult. Suppose it is approved, and the equipment, once installed, has the effect of reducing the department's need

for clerical workers by one full-time position. No benefit accrues to the department by simply allowing that salary item to disappear from its budget for the following year, so it is likely to seek a way of using the FTE position for some other purpose.

The Commission report comments that a preferable way of handling such an investment might be for the department to submit a proposal indicating the savings that could be achieved through installation of the new equipment, and for the administration to permit a significant proportion of the savings to be retained by the department. The capital cost of the new equipment would not appear in the department budget, but only in the budget of the central administration. The department budget would include a rental charge for the equipment against which any savings achieved would be measured. Part of the difference between the rental charge and the salary savings--for example, one-half--would be retained by the department with "no strings" attached as to how the savings would be used. Alternatively, the department might be required in its original proposal to indicate how the savings would be used.

'Ways and means should be devised to provide monetary rewards to individual employees who make constructive suggestions for changes or innovations that result in economics, as is frequently done in private industry. In recent years, there has been a very desirable trend toward providing monetary rewards for faculty members who are identified as outstandingly successful teachers, but we know of no such trend toward awards for administrators or academic employees who suggest innovations that will induce economies. However, some institutions do have such awards for non-academic employees,' concludes the Carnegie report (1972, pp. 107-109).

The essential elements of a programmed budgeting system are seen as broad participation, long-range budgets, and development of all costs around programs. Four steps, or cycles, are presented.

The integrated Management by Objectives/Scanlon Plan Model parallels the above recommendation rather closely in that within the Management by Objectives context an open communication between superior and subordinate levels is advocated, problem-solving and innovative behavior is emphasized, and motivation as represented in the human dimension is encouraged. The Scanlon Plan acknowledgement of production-incentive as an integral element of improved performance coupled with the enlarged perspective of the Unit and Master Councils review assures--in the integrated model--the "ways and means" of achieving more effective resource management.

As a further illustration, reference is made to Kenworthy (1973, p. 24) who presents a series of recommendations for budget preparation in the small college. The first point of emphasis is that of increasing participation in the budgeting process. Department chairmen would consult their colleagues in developing the budget and be prepared to support their requests for each line item with sound educational reasons. Budget development in the educational area is seen as the responsibility of the educational line officers, not the business manager. Departmental objectives and priorities are discussed, teaching and research objectives are reviewed, as the budget is being developed. The dean, or appropriate administrative officer, would review the proposals and ask for details on those items that require explanation.

The Management by Objectives procedures specify that face-to-face discussions occur between all superior-subordinate levels at this stage of the objective-setting and budget-constructing stages. The Unit Councils under the Scanlon Plan concepts would receive the statements of educational objectives and budget proposals at each level for review

and recommendation to the Master Council.

The second step as presented by Kenworthy introduces a stronger planning component, both by moving the budgeting process six months ahead of its usual time and by tying the budget of each program more closely to its objectives. The total process is shortened from six months to three months; and with work beginning on this second cycle immediately upon initiating the former budget under step one, a concrete budget can be produced as much as fifteen months before it becomes operational. The departments and offices of the college can deal with program objectives more competently and at greater depth as a result of their experience with the first budgeting cycle. The elements of the first cycle are repeated, in essence, in a much shorter time.

The third cycle produces a budget in concrete form as much as two years before it becomes functional. All the procedures previously described are followed, but with even more emphasis on reviewing objectives.

The fourth budget is begun as much as two fiscal years prior to becoming operational, as is every subsequent annual budget, and the program elements are built around educational objectives. Faculty members review the objectives under each element, determine which of these will have validity, and delete some or add others with ease because they have developed and understand these program elements.

These suggestions by Kenworthy are seen or thoroughly compatible with the Integrated Management by Objectives and Scanlon Plan Model. In fact, a logical projection of the model says that, not only is the communicative style expressed by Kenworthy and the Model conjunctive,

but the Model provides the additional incentive and council support paradigm assuring that the best efforts available are recognized, rewarded, and affirmed in terms of the broadest sense of program or institutional identity.

Cleveland (1972, p. 99) notes that a collegial decision-making system must be based on shared, collegial information. The traditional practice of keeping a tight rein on financial information contributes only to the formulation of bad decisions in a setting where many are involved in the final decision.

Each of the following references states definition and process considered by the author to be essential in organization understanding and management. Each citation is seen as supportive to the principles of the combined Management by Objectives and Scanlon Plan model.

Blocker, Plummer, and Richardson (1965, p. 179) assert that administrative structure should be designed to achieve the educational purposes of the institution. If the community college purports to be comprehensive in service and curricular offerings, it must be organized so that each of the different areas will receive equal attention and direction.

Rourke and Brooks (1966, pp. 36-37) refer to the advent of the computer specialist as raising due question to the advisability of compartmentalized systems of organization. Advocacy is made to an uncompartmentalized system approach to university administration.

In presenting a suggested organization for the area of educational services, Hungate (1964, p. 97) recommends two advisory committees to the dean (chief education officer) in the form of an administrative council and a faculty committee on personnel. The view is expressed

that because the elements of management policy, program, and finance, are so closely interrelated, the manner of involvement of the faculty in educational policy formulation is of utmost importance. "What must be sought is a cooperative relationship in which the board, the administration, and the faculty can work together with mutual understanding and respect."

Halpin (1971, p. 31) defines an organization as a special kind of group--a social group whose members are differentiated as to their responsibility for accomplishing the group's task. He relates that most organizations in contemporary society describe job positions, allocate functions, delegate responsibilities, and establish some form of organizational hierarchy. He further observes that it is important to recognize the informal organization as well as the formal, and to take these informal organizations into account.

Continuing on a similar theme, Culbertson, Jacobson, and Reller (1960, p. 382) describe communication channels as formal and/or informal relationships. Also, organizations are seen as networks of formal and informal communication channels. A concern is asserted of the extent that the informal networks are open or closed to various members in the organization. Size of the organization is seen as materially affecting the number, the types, and the interrelationships of formal and informal channels.

Corson, (1960, p. 105) believes the central question of faculty role in governance to be in the question whether the faculty's traditional right to decide educational issues be so comprehensive "that every matter involving educational policy is to be decided only by and with the consent of the faculty." Corson's reaction is that through

observation the answer should be "no." He sees that greater collaboration among all institutional segments is the stronger need.

Following the example of "The Model in Application" presented by Morell (p. 176), the Scanlon Plan modular adaptation should be observed in terms of "How does it work?" In the case of Midwest Community College, a hypothetical example, the proposed model incorporating Scanlon Plan principles is introduced to a "real" organizational situation. The following is presented as a case-study:

Midwest Community College

A Case Study

Midwest Community College was a comprehensive two-year college which offered instruction in Liberal Arts and Sciences, and Technical Sciences, leading to the Associate Degree in Arts or Sciences, and the Associate Degree in Technology. Certificate level coursework was offered in Vocational or Exploratory programs, and numerous adult course offerings for credit and non-credit were available in the Continuing Education division. Total enrollment for the previous fall term numbered 2200 students served by a full-time faculty of 100 and a part-time faculty of 43 instructors. This enrollment total reflected a 15% drop within the past two years after many years of previous growth.

The Board of Control consisted of a local district elected group of six members who had historically exercised broad decision-making power since the college's inception, 45 years ago. The chief executive officer employed by the Board, the College President, had been delegated essentially unlimited authority to deal with internal matters of the college. Four deans assisted the President in his discretionary

administration, a Dean of Liberal Arts and Sciences, a Dean of Technical Sciences, a Dean of Student Services, and a Dean of Continuing Education.

Instruction was accomplished by the faculty arranged into ten liberal arts and sciences categories, one in technical sciences, one in vocational programs, and one in continuing education. Department Chairmen had traditionally exercised very little authority, performing as directed from the central administration. Recently, however, several Department Chairmen had questioned the appropriateness of marked central office control and had informally proposed a more decentralized style of administration.

In addition, three years previously, the faculty had organized under a new state statute into a negotiating unit, bargaining collectively with the Board of Control on such matters as faculty load, conditions of employment, grievance procedures, authorized leave provisions, retrenchment, and salary. The insistence upon looking to alternatives in campus decision-making had increased sharply. The view that operating decisions be made as close to the operating activities as possible had been advanced. Consequently, increased friction between administrative supervisors and department chairmen and faculty had become apparent to the President and the Board of Control.

The Board of Control and President of the College, concerned about the falling enrollment and the rising internal friction between faculty and top level administrators, posed that a formal review effort be made inquiring into the options towards a participative, decentralized state of management. The Board of Control, Deans, Department Chairmen, and Faculty agreed upon a study to be followed by adoption of a particular model for implementation.

The man appointed to be manager of the project was a faculty member, Mr. Williams, who had been associated with the college for six years as an Instructor and Chairman of the Department of Business. Mr. Williams came to his post at Midwest College with previous experience as an accountant with a number of firms. He had previously attended the University of Chicago and received a Master's Degree in Business Administration in production management. He had demonstrated managerial ability in his previous employment and as department chairman, had a reputation as a skilled accountant and instructor, and was seen as a good man in human relations.

Mr. Williams was not unaware of the problems facing him in his new assignment. He realized that a new effort such as that proposed at Midwest College, after many years of central control, would create major changes and problems. He would present new processes, new methods, new resource people, and new organizational relationships. Mr. Williams sought, and was granted final authority to decide upon the revised organizational relationships necessary since he would be responsible for the success of the decentralizing process. Mr. Williams chose the Recommended Line-Staff Organization for Community and Junior Colleges as Integrated with the Scanlon Plan (Figure 2). Upon careful analysis, he disclosed certain relevant facts and stated them as follows.

I. Statements of Relevant Facts.

1. Decision-making power historically has been centralized at the top administrative levels.
2. The Faculty, as a collective-bargaining unit, now pursues much more discretionary involvement in campus-decision-making than in the past.

3. Department Chairmen are questioning continued autocratic management techniques.
4. Top level administrators and the Board of Control have concluded that inquiry into and adjustment of organizational processes must occur.
5. Enrollments are declining.
6. Competition is increasing.
7. Budget adjustments to lowered costs and a reduced staff are imminent.
8. Mr. Williams is charged by the Board of Control, President, and other top administrators with full responsibility for the organizational study and the ensuing implementation of adjustments.
9. All key segments of the institution, including the faculty, have confidence in Mr. Williams ability.

II. The Statement of the Problem.

By means of what organizational plan can Mr. Williams achieve best acceptance of a decentralized organizational operation so that all segments of the college can work more harmoniously together to achieve institutional goals such as increased enrollment, and necessary budget and staff adjustments?

III. Statements of Alternative.

1. Use the proposed organizational structure (Figure 2).

1.1. Advantages:

- 1.1.1. The proposed organizational structure, incorporating the two salient features of the Scanlon Plan-incentive pay and Unit Council structuring-have the

support of The Board of Control and top administration.

- 1.12. The Faculty Association is willing to give the proposal a one-year trial period as long as existing contractual agreements are not abridged.
- 1.13. The general faculty and the Department Chairmen will have access to alternative communicative channels with the central office administrators via the Unit Councils on a formal basis.
- 1.14. The general faculty and Department Chairmen will receive feedback information pertaining to total institutional effort in dealing with all broad issues, including retention and recruitment of students, instructional program planning, budgeting and staffing.
- 1.15. An incentive pay alternative is available to all salaried personnel for improved cost-ratio factors. Institutional personnel may select from a number of alternatives, each equated with the incentive pay amount in value. Released time for research purposes and additional supportive staff are two examples.
- 1.16. Competition will be minimized within the organization and maximized regarding external agencies.
- 1.17. Faculty and staff will become more fully informed of other intra-institutional changes and innovations and may make contribution in suggestion form

to added change and innovation.

1.18. A competent project manager, Mr. Williams, is assigned full-time responsibility for study and implementation.

1.2. Disadvantages:

1.21. Faculty and Department Chairmen may continue to receive arbitrary direction from central administration.

1.22. Cash or other incentive may be seen by some staff as unethical in implication to professional behavior.

1.23. The trial period may be too short for meaningful results.

2. Use a plan of organizational structure with no alternate communicative channels and no incentive allowance (Figure 1).

2.1. Advantages:

2.11. A discrete line-staff relationship is explicit with singular access to the central office staff restricted to department chairmen.

2.12. The department chairmen could perhaps continue to achieve more independence.

2.2. Disadvantages:

2.21. The department chairmen must eventually choose an administrative liason.

2.22. Restricted information channels are explicit.

2.23. This organizational plan no longer has the support of top administrators, department chairmen and

faculty.

2.24. No financial incentive is available to total personnel for innovative effort.

2.25. Faculty redress can be sought only by negotiations outside formal channels.

3. Use a plan of organizational structure with multiple line relationships (Figure 2 with the broken lines replaced by solid lines).

3.1. Advantages:

Faculty and department chairmen will have direct access to all levels of management.

3.2. Disadvantages:

3.21. An extensive selling job would be necessary to get the plan considered.

3.22. Faculty and department chairmen have too many superiors with line authority.

3.23. The Master Council would become a second Administrative Council answerable only to the Board of Control.

IV. Final Decision:

The College Board of Control and the President, as recommended by project manager, Mr. Williams, should adopt Alternative I (Figure 2).

V. Final Verification:

1. The major reason for the choice of Alternative I in Step IV is that it has the support of top management, department chairmen and faculty, while the other two alternatives do not.

2. The relationship established in Alternative I between the department chairmen and the central office personnel has the option of seeking and extending advice, i.e., the plan is participatory.
3. The disadvantages of Alternative I and the advantages of Alternative 2 and 3 seem less important than statements one and two above under V.

VI. Implementation

1. The choice of Alternative I in Step IV minimizes the problem of decision execution and acts as its own guide to implementation.
2. The top management personnel have already approved the decision. This approval seems an automatic confirmation of Alternative I. In this case, a mere communication of the decision would effect its execution.
3. The Deans of Student Services and Continuing Education wanted some kind of relationship with the department chairmen. Alternative I grants them their wish. Again, a mere communication of the decision would effect its execution.
4. The project manager should decide the best way to communicate his decision to the Deans, the Department Chairmen and the faculty. This could be done orally, by a memorandum or at a meeting.
5. The implementation of the Unit Councils will be directed by the project manager with initial decision alternatives at his discretion. Since he has final authority to decide organizational relationships, an expeditious method may well be by memorandum, thereby eliminating a meeting and reducing the

decision to a written communication.

Considerations for Implementation

At various points through this study, issues have been indicated which were seen as posing problems to the practical implementation of both Management by Objectives and the Scanlon Plan.

The following represent the author's views of "critical" elements which must be present if the model is to succeed: (1) A broader consideration for implementation of the integrated model would be that all parties to the organizational process possess a relatively common understanding of the concepts of the system. (2) With a fairly broad understanding at hand, personnel must, in turn, make a commitment to pursue "in good faith" the objectives specified. (3) Preliminary workshops, conferences, visitations, and individual study by key representative personnel would be imperative. (4) Formal written agreements between faculty, administration, and board are highly desirable. (5) Concern is expressed that positive experiences predominate initially, and that such principles as humaneness and improved communication prevail.

Specific issues cited by Lahti (1972, p. 44) indicated that (1) Objective setting is not easy in the educational setting, (2) There is a danger of single-mindedness in ascribing higher goals, and (3) There is an apparent lack of management development in higher education. The resolution of these points would require that care, patience, and continued effort be expended as necessary conditions for implementation. Further, an extended period of time would be required for institutional behaviors to materially change; goals could not be too short-sided in

time limitation. Continued learning experiences throughout the staff of the organization would be necessary, both formally and informally.

Levinson's assertion (1970, p. 125) of the reward-punishment principle inherent in Management by Objectives pointed to the possibility that if an excess of punishment, or negative reward, occurred within the implementation process, then the process would be defeated.

In the case study presented above in this chapter, much responsibility is assigned to the role of Mr. Williams, the project manager, in his efforts to direct institutional change effectively. A particular relationship would exist between him and the college president so that a discretionary alignment of authority would be retained and exemplified by each. Any changes in the power structure of the organization should come as the result of the participatory processes and not as directed by the project manager. He must keep in mind that the success of the implementation procedure completes his job. Through his stay as project manager, he would need to maintain his acceptance by all levels within the organization to achieve his objectives.

"Half-heartedness" by any segment of the organization in pursuing change could be destructive, certainly delaying, to the new procedure. Similarly, the opposite condition, "over-zealousness," could pose an equally serious problem. Participatory principles could be used as "tools" by the ambitious and "over-zealous" type of manager to advance his self-interests. Firm and reiterated commitments to positive ends would be extremely important to the success of the change enterprise.

Careful and precise communicative limits would need to be specified for the Unit Council behaviors in the Scanlon Plan concept, particularly in the case of the Master Council. The extent to which each council was

"advisory" would require careful delineation. The two key ingredients of the Scanlon Plan, the sharing of economic gains and the committee or Unit Council system, would be applied to the whole organization. Faculty and staff should have available a number of alternatives by which to share the economic gains allowed by increased productivity. Under Scanlon Plan provisions, all personnel would have ready opportunities to devise alternative means for sharing the economic gain. Intelligent leadership would be essential for all segments of the organizational structure, top management would be vitally interested, and close communication would receive primary emphasis.

Writing on the "Purposes and Problems in Higher Education," McMurrin (1974, p. 7) commented that those who serve on college and university faculties and administrative staffs face over the years immediately ahead a rather formidable complex of new forces--in many cases some strictures on institutional autonomy, a slowing of rates of growth and funding, a constriction of educational programs and functions, a possible decline of independence among academic personnel, a disturbing degree of public distrust, the imperative of increased productivity, and the growing demand for accountability to students and the public. He concluded by viewing that a few fundamental changes in our ways of thinking and doing would not be all bad for higher education.

A closing comment regarding implementation issues would bring attention to those assumptions underlying the initiation of the change process. The validity, the "face value" of those causative factors, would require careful scrutiny by all parties to the change process. Once a course of change is agreed to, the ensuing behaviors should reflect the quality of that initial conclusion.

Theoretical Review and Summation

The organizational behavior reflected in adoption of the Scanlon Plan alternative emphasizes the implications of McGregor's Theory Y. The organization is accepted as people working naturally in an active and involved style. The recognition of the individual as capable of self-direction and self-control is enhanced. Further, the seeking of involvement and responsibility is seen as positive, and both the option and incentive to improve is provided.

As a summary to statements regarding modular implementation, Management by Objectives and Scanlon Plan concepts are seen as complementary procedures which, together, "fill-out" the organizational chart to provide a more comprehensive series of channels for communication and general management purposes. As such, the proposed integrated model embodies elements of many existing institutional charts, and, particularly, is viewed as compatible to and an advancement of issues raised in current literature on college management and governance. The involvement of all segments and individuals within the organization is assured. Faculty role is recognized and encouraged both restrictively and as extended through committee structuring. Formal and informal communication channels are allowed identity. Greater collaboration by all elements within the organization is specified. Etzioni (1964, p. 3) sees organizations as social units (or groupings) deliberately constructed and reconstructed to seek specific goals. The integrated model presents a logical recourse.

CHAPTER V

SUMMARY

The problem presented in this study was that of combining a participatory management system and a production-incentive plan into an integrated concept applicable for administrative implementation in a community college setting.

Management by Objectives was elaborated as a means of establishing performance goals through superior-subordinate collaboration. The Scanlon Plan was advocated as a complementary arrangement stressing incentive reinforcement and a committee option to facilitate institutional perspective in innovative awareness.

The methodology employed in the study was that of description and delineation observing the format of a management systems model exhibiting the logical elements of induction and deduction. The model followed consisted of six steps:

- I. Statement of Relevant Facts
- II. Statement of the Problem
- III. Statement of Alternatives available
- IV. Final Decision
- V. Final Verification
- VI. Implementation

The findings, or "Final Verification," stated that major reasons for implementation of the Scanlon Plan occur, first, as responses to

needs only partially answered by Management by Objectives and, second, by positive contributions brought by the Scanlon Plan to the Management by Objectives concept.

The conclusion reached by inference and affirmed by literary citations specified the present need for a comprehensive, pluralistic, continuous, responsive, and openly straight-forward management system as applicable to the community college.

The case-study illustration proceeded to list specific issues for comparison purposes, indicating that the community college setting was a viable organization for modular implementation, that an increasing demand for de-centralized management processes by a more aggressive faculty can be met in a positive manner by the adoption of Scanlon Plan principles.

SELECTED BIBLIOGRAPHY

- Apple, M. W. "The Adequacy of Systems Management Procedures in Education." Journal of Educational Research, Vol. 66 (September 1972), pp. 10-18.
- Blocker, C. E., R. H. Plummer, and R. C. Richardson. The Two-Year College--A Social Synthesis. Englewood Cliffs: Prentice-Hall, 1965.
- Campbell, R. F. "Educational Administration--A Twenty-Five Year Perspective," Educational Administration Quarterly, Vol. VIII (Spring, 1972), pp. 1-15.
- Carnegie Commission on Higher Education. The More Effective Use of Resources. New York: McGraw-Hill, 1972.
- Churchman, C. W., R. L. Ackoff, and E. L. Arnoff. Introduction to Operations Research. New York: Wiley and Sons, 1957.
- Cleland, D. I., and W. R. King. Management: A Systems Approach. New York: McGraw-Hill, 1972.
- Cleveland, H. The Future Executive. New York: Harper and Row, 1972.
- Corson, J. G. Governance of Colleges and Universities. New York: McGraw-Hill, 1960.
- Culbertson, J. A., P. B. Jacobson, T. L. Rella. Administrative Relationships. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1960.
- Dale, E. Management: Theory and Practice. New York: McGraw-Hill, 1969.
- Deegan, A. X. Management by Objectives. Clearwater, Florida: Leadership Seminar Publication, 1973.
- Drucker, P. F. "The New Managers on Campus." in The Chronicle of Higher Education, Vol. VIII (April 1, 1974), p. 4.
- Etzioni, A. Modern Organization. Englewood Cliffs, N.J.: Prentice-Hall, 1964.
- _____. The Practice of Management. New York: Harper, 1954.
- Flippo, E. D. Management: A Behavioral Approach. Boston: Allyn and Bacon, 1970.

- French, W. The Personnel Management Process. Boston: Houghton-Mifflin, 1970.
- Halpain, A. W. Theory and Research in Administration. New York: MacMillan, 1966.
- Henderson, A. D., and J. G. Henderson. Higher Education in America. San Francisco: Jossey-Bass, Inc., Publisher, 1974.
- Hicks, H. G. The Management of Organizations: A Systems and Human Resources Approach. New York: McGraw-Hill, 1972.
- Jellema, W. W. Efficient College Management. San Francisco: Jossey-Bass, 1972.
- Kazmier, L. J. Principles of Management. New York: McGraw-Hill, 1969.
- Kenworthy, W. "A Program Budgeting Strategy for a Small College." New Directions for Higher Education: Strategies for Budgeting. San Francisco: Jossey-Bass, 1973, pp. 19-39.
- Kreps, J. M. "High Quality Seen Lifting Education's Productivity." In The Chronicle of Higher Education, Vol. VIII (May 13, 1974), p. 3.
- Lahti, R. E. "Implementing the System Means Learning to Manage Your Objectives." College and University Business, Vol. 53 (February, 1972), pp. 43-46.
- _____. Innovative College Management. San Francisco: Jossey-Bass, 1973.
- Lesieur, F. G. The Scanlon Plan. Cambridge: Technology Press and Wiley and Sons, 1958.
- Leverenz, S. K., C. O. Hopkins, and W. W. Stevenson. Management by Objectives Implementation Sequence. Stillwater: Oklahoma State Department of Vocational and Technical Education, 1973.
- Levinson, H. "Management by Whose Objectives?" Harvard Business Review, Vol. 48 (July-August, 1970), pp. 125-134.
- Likert, R. New Patterns of Management. New York: McGraw-Hill, 1961.
- Lombardi, J. Managing Finances in Community Colleges. San Francisco: Jossey-Bass, Inc., Publishers, 1973.
- Longnecker, J. G. Principles of Management and Organizational Behavior. Columbus: Merrill, 1969.
- McGregor, D. The Human Side of Enterprise. New York: McGraw-Hill, 1960.

- McMurrin, S. M. "Purposes and Problems in Higher Education." AAUP Bulletin, Vol. 60 (Spring, 1974), pp. 5-7.
- Morell, R. W. Management: Ends and Means. San Francisco: Chandler, 1969.
- Nuener, J., B. Keeling, and N. Kallaus. Administrative Office Management. Cincinnati: Southwestern, 1972.
- Odiorne, G. S. Management by Objectives. New York: Pitman, 1965.
- _____. "Management by Objectives." College and University Journal, Vol. X (March, 1971), pp. 13-15.
- Roethlisberger, F. J. and W. J. Dickson, with the assistance of H. A. Wright. Management and the Worker. Cambridge: Harvard University Press, 1939.
- Rourke, F. E. and G. E. Brooks. The Managerial Revolution in Higher Education. Baltimore: Johns-Hopkins, 1966.
- Schein, E. H. Organizational Psychology. Englewood Cliffs, N. J.: Prentice-Hall, 1965.
- Tickton, S. G. "Managing Higher Education Better." Educational Technology, Vol. XI (May 1971), p. 13.
- Toombs, W. "Productivity: Burden of Success." ERIC/Higher Education Research Report No. 2. Washington, D. C.: American Association for Higher Education, 1973.
- Varney, H. H. Management by Objectives. Chicago: Dartnell, 1971.

VITA

George Lester Cooper

Candidate for the Degree of

Doctor of Education

Thesis: A MODEL FOR PARTICIPATORY MANAGEMENT: MANAGEMENT BY
OBJECTIVES AND THE SCANLON PLAN IN THE COMMUNITY COLLEGE

Major Field: Higher Education

Biographical:

Personal Data: Born in Hobart, Oklahoma, February 11, 1927, the
son of Mr. and Mrs. J. C. Cooper.

Education: Graduated from Hobart High School, Hobart, Oklahoma,
in May, 1945; received the Bachelor of Arts degree in Speech
from Oklahoma State University in 1950; received the Master
of Science degree in Secondary Education from Oklahoma State
University in 1959; enrolled in doctoral program at Oklahoma
State University, 1960-62, and 1972-75; completed requirements
for the Doctor of Education degree at Oklahoma State
University in July, 1975.

Professional Experience: Secondary teacher, Fairfax, Oklahoma,
High School, 1950-51, 1952-53; graduate teaching assistant,
Department of Speech, Oklahoma State University, 1951-52;
secondary teacher, Classen High School, Oklahoma City,
Oklahoma, 1953-54; Instructor, Northern Oklahoma Junior
College, Tonkawa, Oklahoma, 1954-56; Secondary teacher,
Stroud, Oklahoma, High School, 1956-60; National Defense
Education Act graduate fellow, Oklahoma State University,
Educational Psychology, 1960-62; School Psychologist,
Hutchinson, Kansas, Public Schools, 1962-65; Director of
Special Education, Hutchinson Public Schools, Hutchinson,
Kansas, 1965-66; Dean of Academic Affairs, Hutchinson
Community Junior College, Hutchinson, Kansas, 1966-present.

Professional Organizations: Phi Kappa Phi; Phi Delta Kappa;
Kansas Association of School Psychologists, President,
1964-66; Kansas Association of Academic Deans, President,
1969-70; Kansas Council of Deans and Directors of Instruction,

Chairman, 1972-73; Kansas Council of Instructional Deans of Community Colleges, Chairman, 1973-74; Council Chairman and member of Joint Council: Council of Chief Academic Officers, Regent's Institutions, and Council of Deans and Directors of Instruction completing Community College, Regents Transfer Agreement, 1974; Who's Who in the Midwest, 1975; National Council for Community Services, National Council for Community Development, American Association of Higher Education, Association for School, College, University Staffing.