The impact of fiscal resources on organizational structures and cultures: A case study.

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THE IMPACT OF FISCAL RESOURCES 
ON 
ORGANIZATIONAL STRUCTURES AND CULTURES: 
A CASE STUDY 

by 

Lynda Smith 

A thesis 
submitted to the Faculty of Graduate Studies through 
the Department of Sociology and Anthropology in partial 
fulfilment of the requirements for the Degree of Master of 
Arts at The University of Windsor 

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1996 

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ABSTRACT

This study examines how an organization's financial environment impacts its culture(s). Conducted at a mid size university, the research consisted of an archival review and open ended in depth interviews. Utilizing the cultural audit models of Schein (1992), Hofestede, Neuijen, Ohayv and Sanders (1990) and Sethia and Von Glinow (1985), two subcultures within the non academic, administrative division of the university were revealed: one within the non ancillary departments and another within the units operating as ancillaries. It was concluded that the differences in these two subcultures could be partially explained by how they obtained their required fiscal resources.

The ancillary units have traditionally operated in a market driven, turbulent fiscal environment. These units receive their operating funds through a combination of student fees and retail sales. In order to obtain these funds, these units have had little choice but to focus their attention on meeting the expectations of their clientele. Therefore, the tendency for these units to be entrepreneurial in spirit, pragmatic, results and customer service oriented, appears to result from their financial dependence on their customers. Unlike the ancillary units, the non ancillary departments receive their funding from government grants. These grants have historically provided the non ancillary departments with a very stable financial operating environment. This financial stability appears to have allowed these departments to develop a subculture that respects tradition, is employee oriented, and is primarily focused on the process involved in accomplishing
the task. But, due to recent governmental funding reductions, these non ancillary departments currently find themselves operating in a much less stable fiscal environment. This environmental change is also changing these departments' norms, values, and beliefs.

Although the results of this study establishes a link between an organization's fiscal environment and its culture, it must also be recognized that the environment is but one possible factor influencing an organization's culture. In order to gain a deeper understanding of an organization's culture, other environment factors plus the role of the institution's leaders and unions would need to be examined.
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INTRODUCTION

The concept of culture has been linked to the study of organizations (Louis, 1985a; Pettigrew, 1979; Van Maanen, 1979). Although organizations are themselves imbedded within a wider cultural context, they develop cultural qualities unique to the organization (Louis, 1985a; Peters, 1978; Schein, 1992; Smircich, 1983a). For example, researchers studying educational institutions report that individual schools often possess their own distinct internal cultures (Clark, 1970; Rossman, Cobett, and Firestone, 1988; Wolcott, 1973). Not only do individual organizations often have distinct cultures, but there are often multiple subcultures within large complex organizations (Gregory, 1983; Schein, 1992; Smircich, 1983a; Wilkins, 1983). While some researchers have focused on describing an organization's internal culture (Baker, 1980; Jones, Moore, and Synder, 1988; Schein, 1992), others have suggested that in order to understand an organization's culture, it may be as important to look outside the organization to external environmental factors as to look inside at its components (Deal and Kennedy, 1982; Peters and Waterman, 1982; Whorton and Wothley, 1981). It has been argued that one cannot understand the structure or the culture of an organization without, first, understanding the external forces that shape internal arrangements (Pfeffer and Salancik, 1978; Scott, 1992). External forces and factors can consist of the role of the state and corresponding governmental regulations, labour market characteristics, market characteristics and other revenue sources (Aldrich, 1979). The most vital of these are fiscal resources, as all
organizations must generate sufficient financial resources in order to maintain themselves (Peters and Waterman, 1982; Scott, 1992). Organizations obtain these vital resources through a variety of methods: governments through a process of taxation, corporations and smaller businesses through the sale of their product(s) or service(s), and public institutions and social service agencies through governmental funding. Although most public institutions rely primarily on governmental funding, some, such as universities, supplement funding by obtaining additional fiscal resources through tuition and student fees, private donor contributions, and the sale of certain products and services. It has been argued that the need to acquire such items as fiscal resources causes organizations to become dependent on the source of these resources (Pfeffer, 1987; Pfeffer and Salancik, 1978). Furthermore, research has shown that both the source of the economic resources and the corresponding level of dependency to this source affects not only the structure of dependent organizations such as universities (Aiken, 1968; Aldrich, 1979), but also their organizational norms, values, and beliefs (Pfeffer, 1982; Koberg and Ungson, 1987).

While the impact of external environmental factors such as economic resources has been examined within corporate cultures (Deal and Kennedy, 1982; Ouchi, 1981; Peters and Waterman, 1982) and public institutions (Aldrich, 1976; Alexander and Thomas, 1990), research within the education system on this subject is sparse.

This study examined the influence of fiscal resources on the culture of the Division of Administrative and Financial Services at the University of Windsor. The
Division of Administration and Finance is one of two divisions at the University of Windsor. The other division within the university is the academic division. Under the direction of the Vice President of Administration and Finance, the Division of Administration and Finance is subdivided into two spheres: one, known as ancillaries, is overseen by the director of university services and includes the University Bookstore, Medical and Health Services, CAW Student Centre, Residence Services, Duplicating and Word Processing Services, and the Department of Food and Hospitality Services. This sphere receives no government funding and therefore is mandated to be financially self-sufficient and is required to obtain all necessary fiscal resources through fees and the sale of products and services. The other sphere is currently supported with government funding and includes the departments of Computing Services, Financial Services (Accounts Receivables; Accounts Payable; Purchasing; Distribution Centre; Cashiers; Planning, Budgets, and Research Grants; and Payroll), Campus Police, Human Resources, Information Analysis, and Physical Plant (Housekeeping and Grounds; Maintenance; Facility Planning, Design and Construction; and the Energy Conversion Centre).

The purpose of this study was to not only describe the culture(s) within the division, but also to examine if, and how, different fiscal environments affected the division's departments' norms, values and beliefs. The Literature Review, Chapter I, contains a discussion of theories about organizational culture and its environment. In
addition, the chapter highlights various conceptual and methodological issues in considering how and where to look for culture in any organization. Chapter II, titled "Methodology," outlines how the theoretical concepts discussed in Chapter I were operationalized. Furthermore, this chapter discusses various reliability, validity and ethical issues including those involving research conducted by an "insider." Chapter III, titled "The Findings" describes the data collected during both the archival and interview phases of the study. The chapter begins with a review of the archival data, and then moves on to describe in detail the division's two subcultures which were uncovered during the interview phase of the study. The chapter concludes by discussing the relationship between the division's fiscal environment and these two subcultures. The Conclusion, Chapter IV, not only provides a condensed summary of the study and its findings, but also discusses how the study's sole focus on the organization's fiscal environment limits the research findings of this study.
ORGANIZATIONAL CULTURE

Within the fields of anthropology and sociology, the concept of culture is defined as "the beliefs, values, behaviours, and material objects shared by a particular people" (Mocionis, Clarke, and Gerber, 1993:665). Culture includes "the total socially acquired life-style of a group of people including patterned, repetitive ways of thinking, feeling, and acting" (Harris, 1988:122) and "all the objects, artifacts, institutions, organizations, ideas, and beliefs that make up the symbolic and learned aspects of human society" (Tepperman and Rosenberg, 1991:37). Therefore, a group's culture can be characterized as a set of understandings or meanings shared by a group of people. The meanings are largely tacit among members, are clearly relevant to the particular group, and are distinctive to the group (Louis, 1980b). Since culture is distinctive to a group of individuals, research has also found that there are often subcultures within larger cultures (Gregory, 1983; Schein, 1992, Smircich, 1983a; Wilkins, 1983). A subculture is defined as "a group that shares some of the cultural elements of the larger society, but also has its own distinctive values, beliefs, norms, style, dress and behaviour patterns" (Tepperman and Rosenberg, 1991:37).

Theorists studying organizations have taken the concept of culture and applied it
to organizations. Although the term organizational culture did not formally enter the academic literature until Pettigrew's article in 1979, researchers as far back as 1938 had noted the importance of informal organizations and work-place norms. In 1938, Chester Barnard wrote that the informal organizations found within companies were often essential to the successful functioning of the formal corporation. Employee codes of conduct, as he referred to them, arose and ensured commitment, identity, coherence, and a sense of community. In 1939, Lewin, Lippitt and White introduced the term "social climates" in their famous article about boys groups. Building upon Lippitt, and White's initial concept, organizational researchers began to study if, and how, an institution's climate impacted the operation of the organization (Argyris, 1958; Fleishman, 1953; Litwin and Stringer, 1966; 1968; McGregor, 1960). Since Pettigrew's article in 1979, the focus of organizational research has shifted to that of organizational culture (Gregory, 1983; Louis, 1985a; Schein, 1992; Van Maanen, 1979). Within the business community, organizational culture has emerged in the past fifteen years as a topic of central concern to those who study organizations. Books such as Peters and Waterman's "In Search of Excellence" (1982), Ouchi's "Theory Z" (1983), Deal and Kennedy's "Corporate Culture" (1982), and Schein's "Organizational Culture and Leadership" (1992) have emerged as major works in the study of organizational culture. Thus the notion of organizational culture has a rich heritage.

Although higher education researchers have made some attempts to study campus
cultures, there still is a lack of cultural research in higher education overall (Dill, 1982). Initially, in the early 1960s the study of culture within post secondary institutions primarily concerned student cultures (Bushnell, 1960; Pace, 1962). Since the early 1970s Burton Clark has pioneered work on distinctive colleges and universities as cultures (1970), the role of belief and loyalty in post secondary organizations (1971), and organizational sagas as tools for institutional identity (1980). More recent work has included the study of academic cultures, the system of higher education as a culture (Becher, 1981; Bourdieu, 1977; Clark, 1984; Freedman, 1979; Gaff, 1971). Beginning in the late 1980s, there has been a recognition that there are usually a minimum of two distinct cultures within post secondary institutions—one called variously the collegial or community of scholars culture; the other, the administrative, managerial, or corporate culture (Bergquist, 1992; Kuh and Whitt, 1988; Schoenfeld, 1994; Tierney, 1988).

Since the introduction of organizational culture, a variety of definitions of the term organizational culture have been offered. Schwartz and Davis (1981:33) define culture as a "pattern of beliefs and expectations shared by the organization's members" that produces "norms that powerfully shape the behaviour of individuals and groups in the organization." Peters and Waterman (1982:75) regard culture as representing the shared values of an organization's members. Kilmann (1982:11) calls culture "the collective will of members" and argues that it indicates "what the corporation really wants or what really counts in order to get ahead" in the corporation. Tunstall (1983:1)
describes culture as "a general constellation of beliefs, mores, customs, values systems, behavioral norms, and ways of doing business that are unique to each corporation."

Sethia and Von Glinow (1985:403) define organizational culture as the "shared and relatively enduring pattern of basic values, beliefs, and assumptions in an organization."

Schein (1992:12) refers to culture as "a pattern of shared assumptions that the group has learned as it solved its problems of external adaptation and internal integration."

Hofstede, Neuijen, Ohayv and Sanders (1990:286) note that although there is no consensus about its definition, most researchers agree that the constructs of an organization's culture include the following characteristics: "it is (1) holistic, (2) historically determined, (3) related to anthropological concepts, (4) socially constructed, (5) soft, and (6) difficult to change." Although the definitions differ slightly in emphasis, all suggest that culture is expressed in patterns of behaviour that are based on shared meanings and beliefs about those behaviours.

The various definitions of organizational culture have arisen due to two primary reasons. One is the theorist's point of view. Research on organizational culture is being conducted by researchers from various disciplines which include management, communication, sociology, psychology, and anthropology. The second, and according to Alvesson (1994:1), more important reason, is the philosophical and meta-theoretical assumptions guiding the approaches to organizational cultural studies. "The most important distinction is between an objectivist-functionalist view of social reality and
social science and a subjectivist, interpretive approach."

The functionalist perspective is derived from classical anthropology and organizational systems theory and raises questions of how social systems continue to survive and adapt (Parsons, 1951). Functionalism perceives organizations as natural systems, which primarily pursue organizational survival by carrying out necessary functions (Scott, 1992). Organizational culture is viewed according to its contribution to organizational survival. While functionalism focuses on the processes by which values and assumptions become shared among organizational members and the formation of group identity, it does not reject that organizational subcultures may develop due to specific circumstances within the organization.

The subjective, interpretative approach focuses on the symbol. The symbolist orientation perceives organizations as human systems which express patterns of symbolic actions (Pondy, Frost, Morgan and Dandridge, 1983; Geertz, 1973; Frost, Moore, Louis, Lundberg and Martin, 1991). Actions do not take place according to mechanical cause-effect relations or the need for the organization's survival, but rather, due to social constructs regarding the meanings of various acts. "The central message of symbolism is that humans act, organisms behave" (Pondy, Louis, Frost, Morgan and Dandridge, 1983:22).

Regardless of the researcher's field or discipline, and its philosophical and metatheoretical assumptions, the growth in the study of organizational culture has been "a
response to frustration over the dominance of positivistic approaches in American organization theory" (Alvesson, 1994:5). The cultural perspective reveals many aspects of organizational life missed by traditional quantitative organization research.

"Traditional organization research, often objectivist and abstract, has proved incapable of providing deep, rich, and realistic pictures of the objects of study, and the dominance of quantitative, hypothesis-testing studies has discouraged alternative approaches" (Alvesson, 1994:3). Looking exclusively at organizations through the lens of the abstracted, technical and functional categories has simplified the complexities and diversity of organizational life. Organizational cultural research offers a new perspective to studies of organizations as it tries to apprehend and analyze larger chunks of reality and preserve the context in which it occurs as an integral part of that reality. Pettigrew (1979) noted that culture is a concept that highlights organizing rather than organization. As Weick (1969:1) notes, "organizations are processes which create, maintain, and dissolve social collectivities, that these processes constitute the work of organizing, and that the ways in which these processes are continuously executed are the organization."

Thus, culture is both product and process, the shaper of human interaction and the outcome of it, continually created and recreated by people's ongoing interactions. Therefore, organizational culture research brings to light the values and ways of doing things in an organization long taken for granted by its members. Seldom written down or consciously examined, these precepts and practices guide people's actions, inform
decision making, and aid or hinder organizational effectiveness (Schein, 1992). In effect, cultural research tries to encompass more of the complexities and messiness of real life in organizations by developing explanations of human actions taking into account the meanings members assign to their acts and also the manner in which their everyday world is socially constructed (Silverman, 1971). Social construction of reality theory assumes that all reality is socially constructed and that there is no reality that is not socially interpreted (Berger and Luckman, 1966).

Therefore, in order for a culture to develop, people need to spend time together, to interact and share with one another common uncertainties and some ways of coping with them. Researchers working within the symbolic paradigm have suggested that by studying the content and form of such activities as office jokes, coffee breaks, the way people dress, the functions or consequences of the corporation's Christmas party, seating arrangements at meetings, staff layoffs etc. all illuminate an organization's particular culture (Dandridge, 1983; Deal and Kennedy, 1982; Martin, 1990; Pettigrew, 1979; and Trice and Beyer, 1984). Others disagree, arguing that studying organizations at this level only provides an introductory understanding of an organization's culture (Alvesson, 1994; Schein, 1992; Hofstede, Neuijen, Ohayv and Sanders, 1990).

The functionalist perspective as outlined by Schein (1992) states that in order to survive, any organization must resolve two fundamental problems: (1) survival in and adaptation to the external environment; (2) integration of its internal processes to ensure
the capacity to continue to survive and adapt (Schein, 1992:51). An organization's culture is the product of the group's collective process of learning and problem solving via the organization's necessary adaptation to external conditions. Integration occurs as the organization's members develop and learn values and assumptions according to this problem-solving. Schein (1992) argues that office jokes, coffee breaks, firings, seat arrangements and the like are the artifacts of the organizations. While artifacts are important, they are but surface manifestations of the culture. While Schein's cultural audit model examines an organization's artifacts, he posits that in order to understand an organization's culture, the researcher must uncover the organization's basic assumptions.

Schein (1992) analyses an organization's culture from three different analytical levels: (1) artifacts, (2) values, and (3) basic assumptions. The basic assumptions are the deeper, fundamental features of the organization, where as values and artifacts are the organizational culture's more conscious, surface manifestations, operating at a greater levels of awareness. In Schein's work, artifacts are defined in the following manner:

At the surface we have the level of artifacts, which includes all the phenomena that one sees, hears, and feels when one encounters a new group with an unfamiliar culture. Artifacts would include the visible products of the group such as the architecture of its physical environments, its style as embodied in clothing, manners of address, emotional displays, myths and stories told about the organization, published lists of values, observable rituals and ceremonies and so on...this level also includes the visible behaviour of the group and the organizational processes into which such behaviour is made routine, written and spoken language, artistic production and the overt behaviour of its members (Schein, 1992:17).
Artifacts are characterized as "visible but hard to decipher" (Schein, 1992:17). Schein argues that since an organization's culture's artifacts often create a multiple and confusing surface, there is a considerable need to systematize the artifact level, both in order to avoid losing oneself in detail, and to avoid over generalized labelling of the cultural surface manifestations.

Whereas the study of artifacts requires immediate observation, values are seen by Schein as:

All group learning ultimately reflects someone's original values, someone's sense of what ought to be as distinct from what is. When a group is first created or when it faces a new task, issue, or problem, the first solution proposed to deal with it reflects some individual's own assumptions about what is right and what is wrong, what will work or not work... Therefore, whatever is proposed can only have the status of a value from the point of view of the group...until the group has taken some joint action and its members have together observed the outcome of that action, there is not as yet a shared basis from determining what is factual and real (Schein, 1992:19).

Thus the values of the organizational culture have a normative character. They consist of what the organization's members say during and about situations, and not necessarily what they do in situations where these values ought to be operating. Schein notes how organizational values formulated in a company mission statement may not actually be followed. Schein states that while the analysis of the "values" level of his model results in a listing of values, the list seldom leads directly to the basic assumptions:

Even after we have listed and articulated the major values of an organization, we still may feel that we are dealing only with a list that does not quite hang together. Often such lists of values are
not patterned, sometimes they are even mutually contradictory, sometimes they are incongruent with observed behaviour" (Schein, 1992:17).

And this notion is further elaborated:

Large areas of behaviour are often left unexplained, leaving us with a feeling that we understand a piece of the culture but still do not have the culture as such in hand. To get at that deeper level of understanding, to decipher the pattern, and to predict future behaviour correctly, we have to understand more fully the category of basic assumptions (Schein, 1992:21).

The basic assumptions, however, are the invisible and implicit assumptions that actually guide behaviour, that tell group members how to perceive, think about, and feel about things. Schein (1992:22) notes:

Basic assumptions, in the sense in which I want to define that concept, have become so taken for granted that one finds little variation within a cultural unit. In fact, if a basic assumption is strongly held in a group, members will find behaviour based on any other premise inconceivable (Schein, 1992:21-22).

The special patterns of basic assumptions which the organization's members have evolved, create the culture's core. Therefore, the ultimate goal in devising an analytical classification of artifacts and values is to decipher the pattern of the basic assumptions.

In contrast to artifacts and values, the pattern of basic assumptions is not linked to the culture's specific function areas. The basic assumptions create their own paradigm which generates a coherence between the apparently isolated and confusing artifacts and values. According to Schein, the deeper dimensions around which basic assumptions are formed are based on the organization's shared understanding of:
1. The Nature of Reality and Truth

   * How does the organization define what is real and what is not?

   * How is truth ultimately to be determined?

   * Where is truth revealed or discovered?

2. The Nature of Time

   * How is time defined and measured?

   * What importance does time have?

3. The Nature of Space

   * How is space allocated and owned?

   * What is the symbolic meaning of space around the person?

   * Does the role of space define aspects of relationships within the organization?

4. The Nature of Human Nature

   * What are the organization’s shared assumptions regarding human nature and what attributes are considered intrinsic or ultimate?

5. The Nature of Human Activity

   * What are the shared assumptions that define what is the right thing for human beings to do in relating to their environments on the basis of the foregoing assumptions of reality and the nature of human nature?

6. The Nature of Human Relationships
* What are the shared assumptions that define what is the ultimate right way for people to relate to each other, to resolve conflict and to distribute power?

According to Schein, an understanding of an organization's culture(s) is achieved only when these basic assumptions have been discovered. For example, an organization's mission, primary tasks, and goals reflect basic assumptions about the nature of human activity and the ultimate relationship between the organization and its environment. The means chosen to achieve the organization's goals will reflect assumptions about truth, time, space, and human relationships in the sense that the kind of organization that is designed will automatically reflect those deeper assumptions. Similarly, the measurement system and assumptions about how to take corrective action will reflect assumptions about the nature of truth and the appropriate psychological contract for employees. Status systems, reward systems, rules for intimacy and for the channelling of aggression all reflect deeper assumptions about the nature of human nature, human activity, and human relationships.

Schein's model, which was first introduced in his 1983 working paper "Organizational Culture: A Dynamic Model," has now been used by a variety of consultants and other researchers conducting organizational cultural studies. Pedersen and Sorensen (1989) used the model to study three different organizations and then reviewed the model's strength's and weaknesses, Schultz (1994) to study a public bureaucracy and Sathe (1985) to understand how an organization's culture can be
changed.

Although Schein's analytical model is one of the most widely quoted references in organizational cultural research, there are those who question "whether this is a good model for understanding organizational culture" (Alvesson, 1994:83). Upon completion of their research using Schein's model, Pedersen and Sorensen (1989:118) note that while "Schein's culture model is an important contribution to culture analysis of organizations it does not get to the essence of culture." Schultz (1994:157) also notes the "difficulties of approaching the level of basic assumptions" in the results of his study.

To resolve these noted difficulties, other researchers have developed alternative models. Sethia and Von Glinow (1985) note how an organization's reward system influences its culture directly by selectively reinforcing certain beliefs and values. Therefore according to Sethia and Von Glinow, an examination of an organization's reward system will highlight an organization's basic assumptions regarding what is time, space, reality, truth, human nature and how people are to behave and relate to one another within the workplace. They posit that the major underpinnings of an organization's culture are provided by its human resource orientation which they define as the level of concern for people and the level of concern for people's performance in the organization. Concern for people refers to the organization's commitment to the well-being of its members and respect for their dignity. Concern for performance refers to the organization's expectation that its members will give their best on their jobs and make full
use of their talents.

According to their model, a low or high level of concern for people in conjunction with a low or high level of concern for performance suggests four generic types of organizational culture that are grounded in the organization's human resource orientation. These four cultures are the Apathetic culture, the Caring culture, the Exacting culture, and the Integrative culture. The Apathetic culture exhibits little concern for people and indifference to their performance. The Caring culture exhibits high concern for people but relatively undemanding performance expectations. The Exacting culture exhibits little sensitivity to people but has extremely demanding performance expectations. The Integrative culture exhibits high concern for people as well as high performance expectations. According to Sethia and Von Glinow each of these cultures is compatible only with specific types of reward systems (Appendix 1).

Based on their utilization of their model in numerous corporations, Sethia and Von Glinow provide snapshot views of organizations with Apathetic, Caring, Exacting, and Integrative cultures. An example of an Apathetic culture is an organization which holds the assumption that its success is governed primarily by vested interests or political expediencies. Due to this fundamental organizational belief, the company's reward system is often poor to average as employees are not viewed as an important to the organization's success. The Caring culture outlines an organization which holds a basic paternalistic assumption towards its employees. Although these organizations care about
their employees, they believe that employees cannot handle challenging or difficult tasks and therefore should have limited responsibilities. Caring cultures usually utilize a grid reward system in which "everybody at a certain grade can expect about the same salary and the same increase" (Sethia and Von Glinow, 1985:412). The grid reward system supports the Caring culture's fundamental assumption that people are all basically equal. An organization with an Exacting culture is based on a reward system of bonuses and other performance-based reward incentives, which are heavily dependent on performance and results. Organizations with this type of reward system often view their world as competitive, and value employees who are results oriented. These organizations' reward systems often support individual risk taking and initiative. While organizations with an Integrative culture also believe that employees are capable of making significant contributions to the performance of the organization, these organizations value group performance over that of individual performance. Because performance is a core value in this culture, significant rewards are still contingent on performance, but unlike the Exacting culture, emphasis here usually is on group or company success rather than on individual success.

Schein's model has also been criticized for failing to give researchers the tools in which to understand an organization's culture within an environmental context (Alvesson, 1994). It has been argued that neither organizations nor their cultures exist in a vacuum. Indeed, it has been said that "all organizations engage in activities which have as their
logical conclusion, adjustment to the external environmental conditions" (Hawley, 1950:3). Therefore, analysts suggest that to understand the operation of its culture, it may be as important to look outside the organization at its environment as to look inside the company at its components (Khandwalla, 1977; Schein, 1992; Scott, 1992). Scott (1992:123) states that "the characteristics of the organization's structure are strongly affected by the organization's environment and that external forces shape internal arrangements..." Thus, if the environment affects internal structures and processes of organizations, it is essential to look both inside and outside the organization in order to fully understand an organization's culture (Deal and Kennedy, 1982; Whorton and Wothley, 1981).

Schein's basic hypothesis is that an organization's members develop cultures and pass them on to new group members as the correct way to perceive, think, and feel about themselves and the environment. While Schein theoretically supports the concept that an organization's culture is the result of its members adapting to the external environment and that culture is not generated in a socio-economic vacuum, Alvesson questions if Schein's model truly examines the role of an organization's sociomaterial reality. While Alvesson acknowledges that Schein's model does uncover the values, beliefs, and core assumptions held by the members of an organization, he questions if the model truly examines the external environmental factors involved. Alvesson (1994:83) notes "groups are basically interested in themselves, not in the environment" and criticizes Schein's
model for placing too much emphasis on emotional issues. Alvesson's central criticism of Schein's model is that his model fails to examine how an organization's cultural manifestations, including its basic assumptions are "affected by, anchored in and closely related to sociomaterial reality" (Alvesson, 1994:67). Therefore, according to Alvesson, in order to fully understand an organization's culture, one must examine the "tasks of a work group" (Alvesson, 1994:67). Unlike Schein's model, the cultural audit model of Hofstede, Neuijen, Ohayv, and Sanders (1990:286) emphasizes the examination of an organization's tasks, structure, and control characteristics as a means of understanding an organization's culture(s).

Based on Hofstede's previous research (Hofstede, 1980, 1983a, 1983b, 1983c, 1983d) that examined the cultural differences of IBM's various divisions among sixty-four countries, the researchers (1990:305) developed a checklist of six dimensions that could be used as "a checklist for practical culture differences" between organizations or departments within organizations. This checklist of dimensions was then used to study twenty various departments within ten separate organizations with the following results:

1. Process-Oriented versus Results Oriented

   This dimension examined an organization to determine if its culture was more means (process) oriented or more goal (results) oriented.

   If an operation was labour-intensive, it tended to breed a results-oriented culture.
Flatter organizations (larger span of control for the unit top manager) were also found to be more results oriented.

Both specialization and formalization were negatively correlated with results orientation. The more specialized and/or more formalize units tended to be more process oriented.

2. Employee-Oriented versus Job-Oriented

This dimension compared a concern for people (employee-oriented) to a concern for getting the job done (job-oriented).

Results of the research showed that when managers' performances were evaluated on profits and other financial performance measures, the unit tended to be more job-oriented. When managers were evaluated against a budget, the unit tended to be more employee-oriented. The research results indicated that operating against external standards (profits in a market) breeds a less benevolent culture than operating against internal standards (a budget).

3. Parochial versus Professional

This dimension contrasted units whose employees derived their identity largely from the organization (parochial), to units in which people identified with their type of job (professional).
Units with a traditional technology tended to score as parochial whereas high-tech units as professional. Professional cultures also tended to have smaller labour union membership, their managers had a higher average education level and age, and they scored higher on specialization.

4. Open System versus Closed System

Communication climates in the units studied seemed to have been formed historically. Some organizations had developed a tradition of being closed, while other ones displayed remarkable openness.

The percentage of women among managers and the presence of at least one woman in the top management team appeared to be somewhat correlated with openness. The results also indicated that the higher the formalization of the unit, the more the unit's culture was closed.

5. Loose Control versus Tight Control

Units delivering precision or risky products or services (such as pharmaceutical products or monetary transactions) tended to score as tight on control, those with innovative or unpredictable activities tended to score as loose.

Units in which top management claimed to spend a relatively large part of their time reading and writing reports and memos from inside the organization, also reported
tighter controls. In addition, material-intensive units tended to have more tightly controlled cultures.

6. Normative versus Pragmatic

This dimension dealt with the popular notion of "customer orientation."

Pragmatic units were market driven while normative units perceived their work task as the implementation of inviolable rules.

Service units and those operating in competitive markets tended to score as pragmatic, while units involved in the implementation of laws and operating under a monopoly tended to score as normative.

To summarize, although there are numerous definitions of organizational culture, all suggest that an organization's culture is expressed in patterns of behaviour that are based on the organization's members' shared meanings and beliefs about those behaviours. Since these shared meanings and beliefs about behaviour are the result of a work group learning to collectively resolve problems of external adaptation and internal integration, there is a tendency for large complex organizations to develop subcultures. Building on earlier organizational climate research and anthropological methodologies, researchers have developed a variety of models in which to study an organization's culture and subcultures. Due to the researchers' different points of view, organizational research is conducted from either an objective-functionalist or a subjectivist, interpretive
point of view. Although many cultural audit models have now been developed, Schein's (1983) functionalist cultural audit model has received the most attention. Schein's three part model, focuses on uncovering an organization's basic assumptions.

As previously noted, analysts studying organizational cultures have concluded that an organization's environment impacts its culture (Deal and Kennedy, 1982; Peters and Waterman, 1982; Whorton and Wothley, 1981). More specifically, based on Hofstede's previous research on IBM's various facilities in sixty-four countries (Hofstede, 1980, 1983a, 1983b, 1983c, 1983d), Hofstede et al. (1990) posited that differences in an organization's culture(s) could be explained, at least in part, by the differences in each unit's external environments. In addition, although Schein's cultural audit model does not directly examine the impact of the organization's environment on its culture, Schein emphasizes the importance of environment in his definition of culture which includes the phrase "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation..." (Schein, 1992:12). Therefore it can be argued that, in order to gain an understanding of an organization's culture, there needs to be an examination of the organization's environment.

ENVIRONMENT

Organizational researchers use the term organizational environment to refer to everything that surrounds organizations but is not part of them: "Organizational
environment is defined as all elements that exist outside the boundary of the organization and have the potential to affect all or part of the organization" (Daft, 1989:45). The general purpose of drawing a distinction between organizations and their environments is to be able to consider organizations as entities in their own right and to separate those social processes that are supposedly under organizational control from those that are not (Aldrich and Pfeffer, 1976).

Analysts believe that organizations are open systems that cannot operate independently of their external environments. As one analyst put it: "...organizations are not fortresses, impervious to the buffeting or the blessings of their environments" (Scott, 1992:123). Thus, the organization is viewed in a symbiotic relationship with the environment, taking from it the inputs needed for its operations, and exporting to it the outputs of goods and services needed by the environment. Therefore, in order to achieve its goals, organizations must, in varying degrees, depend upon the environment for a variety of resources such as personnel, information, monetary, and physical resources, clients, customers, or markets (Hoy and Miskel, 1991; Khandwalla, 1977; Scott, 1992).

This symbiotic relationship has been the focus of numerous researchers' work over the years (Hannon and Freeman, 1989; Katz and Kahn, 1978; Lawrence and Lorsch, 1967; Pfeffer and Salancik, 1978; Scott, 1992; Thompson, 1967). Thompson (1967) was among the first organization theorists to recognize the importance of the environment for the structure and performance of organizations. Lawrence and Lorsch's (1967)
contingency model supported Thompson's theory as it outlined how it was the
organizations' adaptation to different types of environments that created various types of
organizational structures. Furthermore, they noted how an individual unit's type within
an organization could differentiate from that of other units' when one unit's environment
changed. Pfeffer and Salancik's (1978) resource dependency theory examined the
environment in terms of relative scarcity of resources. The fundamental assumption of
resource dependency theory is that organizations are unable internally to generate all the
resources and functions to maintain themselves and are dependent on the environment for
resources. As a consequence, organizations must enter into exchanges with
environmental elements that can supply needed resources which can include, for example,
trained personnel, raw materials, favourable government regulations, and of course,
money. Problems arise not merely because organizations are dependent on their
environment, but because this environment is not static--it changes. As environments
change, the availability of an organization's resources often changes with it. Thus, when
an organization's environment changes, the organization faces the prospect either of not
surviving or of changing its activities in response to the changing environment (Pfeffer
and Salancik, 1978). Furthermore, Katz and Kahn (1978) noted that under conditions of
scarcity, competition for resources among subgroups can take the form of a zero-sum
game with each subgroup caring more about its share of finite resources than the overall
welfare of the organization. More recently, Hannan and Freeman (1989) have explicitly
linked organizational forms with environmental dependencies. Scott (1992), after reviewing the literature on organizations and their environments, notes: "There is little doubt that environments profoundly shape organizations—their structures, their performances, their outcomes" (Scott, 1992:145).

The theory of resource dependency has been applied in the field of education (Boyd and Crowson, 1981). Researchers studying how urban culture affects urban universities, note that urban universities tend to modify their programs, structure, and overall organizational culture in response to their external environments (Blizek and Simpson, 1978). More specifically, it is now accepted that the dependence of schools on the environment for fiscal resources affects the internal structures and processes within educational facilities (Freeman, 1979; Hardy, 1989; Hoy and Miskel, 1991).

The relationship among external environment, organizational structure, and organizational culture can be further seen in the comparison of organizations in stable and unstable environments. Analysts have found that the structures of organizations that existed in rapidly changing and dynamic environments are significantly different from those that existed in stable environments. When the environment is stable, the internal structures and cultures tend to be mechanistic, that is, characterized by formal rules and centralized decision making. Relying heavily on programmed behaviours, mechanistic organizations perform routine tasks effectively and efficiently, but respond relatively slowly to unfamiliar events. In highly unstable environments, the internal structures and
culture tends to be more organic, that is, informal, flexible, and adaptive. The emphasis in organic organizations is on informal agreements about rules, decentralized decision making, collegial relations, open communication, and influence based on expertise (Burns and Stalker, 1961; Daft, 1983; Duncan, 1979; Miller, 1992; Mintzberg, 1979). Studies of free schools, food cooperatives, and law collectives, for example, have shown that organizations change in response to environmental changes. These organizations initially had an organic internal structure but gradually took on bureaucratic features as an adaptation to changing environmental conditions from unstable to stable external environments. As external governmental funding became more stable for these organizations, their dependence on external funding increased and their organizational structure and culture became more mechanistic (Newman, 1980). Thus, these organizations changed their internal structures and cultures to reflect their changing external environments.

In light of the preceding discussion, it follows that to fully understand an organization's structure and culture, one must also examine the organization's external environment. A study conducted by William Tierney (1988) did exactly that. Tierney's study examined how the culture of Family State College was directly impacted by its environment. Founded in 1894, Family State College existed in a relatively stable environment as it was a career-oriented college for the working class in nearby towns. But during the 1980s, Family State College, like many colleges in the United States,
suddenly faced an unstable environment due to a reduction in government funding levels. Tierney examined how the college adapted to this fiscal resource change and notes how this reduction in funding changed the college's culture. Tierney outlines how the college moved from a having a reputation of being impersonal and bureaucratic to one of providing students with the "personal touch of private colleges" (1988:12). Tierney argues that the institution's shift to a customer service culture is an example of how the school adapted to the changes in its environment. He notes that due to the government funding reductions, the college, for the first time in its history, had to be concerned with attracting and retaining students, as more students meant increased tuition. The institution used this increased tuition to offset its reduction in government grants.

The review of the literature has clearly shown that organizations and their environments are involved in a symbiotic relationship. Furthermore, since organizations are unable to generate all the resources internally to maintain themselves, they are dependent upon the environment for a variety of needed resources. Of these resources, money is of the utmost importance. It is now accepted that the dependence of an organization on the environment for its fiscal resources directly affects its internal structures and processes.

**SUMMARY OF THE LITERATURE REVIEW**

As the literature has shown, an organization's culture is the invisible force behind
the tangibles and observables in an organization. Culture is to the organization what personality is to the individual—a hidden, yet unifying theme that provides meaning, direction, and mobilization. Like individual personalities, no two organizations have exactly the same culture. Operationally, culture is defined as the shared beliefs, values, and norms of an organization's members. Research has shown that these shared beliefs, values, and norms emerge as the organization's members struggle with the uncertainties of their organization's environment. The literature outlines not only the importance of an organization's economic environment in the development of its culture, but also how economic uncertainties continue to influence it.
CHAPTER II

METHODOLOGY

DESIGNING AND ANALYZING THE STUDY

Studies of organizational culture have relied almost exclusively on qualitative methods, such as ethnographic observation or in-depth, open-ended interviewing, as such methods allow for ambiguities, contradictions, and paradoxes to be explored. Given that culture has been defined in terms of a socially constructed reality, qualitative methods are usually considered epistemologically congruent with cultural research (Martin and Siehl, 1983). The aim of qualitative research is to discover a pattern of important assumptions that help "make sense" of the cultural manifestations, and the challenge is to ensure that the "making sense" is from the view of the "natives," those whose culture is being deciphered (Geertz, 1973; Swartz and Jordan, 1980). To understand culture, one must be immersed in the complex clustering of symbols people use to give meaning to their world. In this view, Geertz (1973:5) asserts:

Believing with Max Weber that man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretive one in search of meaning. It is explication I am after, construing social expressions on their surface enigmatical.

As outlined in the literature review, there is still a good deal of conceptual confusion and variation with the field of organizational research. The difficulties consist
of formulating and describing what the researcher actually means by the word culture in terms that can be understood by others without being vague or all inclusive. Due to these difficulties, the decision was made to utilize a model that had been previously operationalized in other studies of cultures within organizations. The decision to employ three different cultural audit models for this study evolved during the review of the literature. Although Schein's cultural audit model (1983) has been widely utilized by both researchers and consultants, they have found it difficult to operationalize. Schein (1992) himself strongly stresses the difficulties of approaching the level of basic assumptions as the systematic conceptualization of the culture's basic assumptions can be very ambiguous. Another criticism of the model is the inability to decipher the meaning of the artifact and value levels of the model until the culture's basic assumptions have been uncovered. Due to these operational difficulties and the conceptual concerns of the model which were previously mentioned in the literature review section of this report, the decision was made to supplement Schein's model with two other cultural audit models. While, due to the noted difficulties of deciphering the meaning of the artifact and value levels of Schein's model, these two levels were only minimally operationalized in this study, the basic assumption level of the model played an important role in this study. The basic assumption level of the model provided the researcher with a tool in which to analyze the data collected during the interview phase of the study.

To provide additional validity to the basic assumptions level of Schein's model,
the cultural audit models of Sethia and Von Glinow (1985) and Hofstede, Neuijen, Ohayv, and Sanders were used. As previously outlined, all three models are designed to highlight an organization's definition of what is reality and truth, its basic assumptions regarding human nature, and its belief system(s) on how people are to behave and relate to one another. The difference between the three models is in how they are operationalized. While Schein's model is based on in depth interviews, Sethia and Von Glinow's model is based on an analysis of an organization's reward system. The model designed by Hofstede, Neuijen, Ohayv, and Sander (1990) provided a mechanism with which to decipher the division's culture(s) through the examination of one of the division's primary tasks--budgeting. Four of the six dimensions of the Hofstede, Neuijen, Ohayv, and Sander's model were operationalized in this study. Due to limiting the analysis to issues regarding budgeting and/or reactions to changing financial situations, the model's dimensions of Parochialism versus Professionalism and Open versus Closed Systems were not operationalized.

To this effect, two methods of data collection were used: archival study and an ethnographic study including open ended, in depth interviews. The study looked at all areas under the Vice President of Administration and Finance at the University of Windsor.
Archival Study

Based on the literature review of the impact of changing fiscal resources on an organization's culture, the archival study began with a review of the University's audited annual financial statements for the period of 1985 to 1995. This included a review of the processes involved in the establishment of the University's annual operating budget and its corresponding financial statements. Particular emphasis was placed on the annual Statement of Revenue and Expenditures in Operating Funds. This financial document outlines the sources of revenue and all corresponding operating expenditures for each fiscal year. A chart developed from these annual statements highlighted trends and fluctuations of resources and expenditures during the past ten years.

In order to understand how funding, the primary source of the University's fiscal resources, is obtained, the second phase of the archival study examined the process used by the Ontario Ministry of Education and Training for the distribution of operating grants to the province's universities. The researcher then focused on how these governmental operating grants are distributed within the University of Windsor. To uncover the impact of changing governmental funding on the operation of the University, the study then examined the monthly minutes from the University's Board of Governor's Resource Allocation Committee from January of 1984 to September of 1995.

In order to understand the impact at the departmental level within the division of Administration and Finance, the researcher attempted to review the correspondence
between the Vice President and his directors regarding budgetary and other financial operating issues. Unfortunately, this proved to be impossible. Not only had the previous vice president cleaned out many of his files prior to his retirement in January of 1995, but when various directors were approached, it was discovered that there was no consistency among the division's departments on what files or correspondence were kept at the end of each fiscal year.

The third phase of the archival study involved a review of the organizational charts for the division, the job descriptions of each of the directors and other senior managerial staff within the Division of Administration and Finance, the formal mission statements of each department, the Report of the Strategic Task Force, Administration, and Services (1995) which is colloquially known as the Price Report, and the division's new strategic plan which was completed in the spring of 1996. Based on the focus of the study the review of the above documents was limited to financial issues.

A review of the University's reward systems for administrative staff concluded the archival phase of the study. This portion of the study began with a review of the University's various collective agreements which focused on wage and benefit sections. The researcher then reviewed the reward system policy for non unionized personnel within the division. The collected data was then reviewed using Sethia and Von Glinow's (1988) culture-reward system model (Appendix 1). As previously discussed the model is designed to uncover basic cultural assumptions within an organization by examining the
organization's reward systems.

**Interview Phase of the Study**

Subsequent to the archival review, the second stage of the study consisted of systematic in-depth interviews. While the review of the above noted empirical data had outlined the University's financial responses to changes in its operating grants from the Ontario Ministry of Training and Education, the archival study failed to provide an explanation for the variations and fluctuations in the distribution of operating funds between the various departments within the division. A secondary concern was the archival study's failure to provide sufficient data for the building of a thorough, rich, detailed, description of the organizational culture(s) within the division. The interview phase of the study not only allowed the researcher to gain an explanation for the variations in the allocation of operating funds within the division, but also an understanding of the various informants' perspective regarding the changing fiscal situation within a broader historical context. In addition, the interviews provided valuable descriptive data for the determination and causality of the different organizational cultures operating within the division.

**Parameters for Interviews**

The University of Windsor was chosen as the site to conduct the study as the
researcher is an employee of the University and had relative accessibility to this institution's financial documents and personnel. The specific focus of the study emerged during the numerous pre-study visits with senior administrators at the University. The university's Division of Administration and Finance was ultimately selected for the study when the researcher received permission to conduct this study from the Vice President of this division.

A single-stage sampling procedure was utilized for the interview phase of the study. No attempt was made to randomly select informants. Informants were purposefully selected based on their job description's outline of their financial responsibilities regarding the annual development of their unit's operating budget. Based on this criteria, the vice president of the division, and fifteen of his directors, department heads, and managers were selected (Appendix 2).

After gaining permission from the Vice President of Administration and Finance at the University, each organizational member selected for an interview was contacted, given the opportunity to refuse to participate in the study, and then assigned a date and time for their actual interview. All of the subjects agreed to participate in the study. Prior to the commencement of the interview, each interview participant was asked to complete a consent form, highlighting the researcher's guarantee to the informant that all information collected during the interview would be treated confidentially and that any published material would protect their anonymity (Appendix 3). Using predetermined
questions (Appendix 4) as a basic guideline, face-to-face, one on one interviews were then conducted with the vice president; the directors of Computing Services, Financial Services, University Services, Physical Plant, Campus Police, and Human Resources; the department heads of the Bookstore, Document Services, Residence Services, CAW Student Centre, and Medical Services; the assistant director of Financial Services; the manager of Purchasing/Post Office; and, the Superintendent of Housekeeping and Grounds. The Department Head of Food and Hospitality Services was not interviewed as the incumbent of this position is also the researcher who conducted this study.

Each of the interviews took place in each member’s workplace office, was tape-recorded, and lasted from one to three hours. In addition to the interview, the researcher made observations during the interview process which were recorded as field notes.

Interview Design

Although data was collected by means of open-ended in depth interviews, the researcher’s questions were based on six basic themes. The focus of the questions emphasized the role of obtaining fiscal resources from the environment and the possible effects on the culture(s) within the division. The questions were designed to operationalize various aspects of the cultural organizational audit models of Schein (1992), Sethia and Von Glinow (1985) and Hofstede, Neuijen, Ohayv and Sanders (1990).
Analysis of Interviews

Once all of the sixteen interviews were completed, the taped interviews were transcribed verbatim. A content analysis was then completed on each of the interview transcripts to index as many categories as possible. As a research method, content analysis provides a method "for studying beliefs, organizations, attitudes, and human relations" (Woodrum, 1984:1). Based on the nature of the study, the decision was made to utilize latent rather than manifest coding techniques. Although latent coding tends to be less reliable than manifest coding, it allowed the researcher to look for the underlying, implicit meaning in the content of the text (Neuman, 1994:260).

Utilizing latent coding techniques, the data categories were then organized and coded according to (1) Schein's (1985) basic assumption categories regarding reality and truth; time and space; human activity; and, human nature and social relationships; and as previously listed (2) Hofstede, Neuijen, Ohayv and Sander's (1990) six dimensions of an organization's culture. In addition, a list of other major themes was chronicled.

Results of the Study

Lofland (1974) suggests that although data collection and analysis strategies are similar across qualitative methods, the way the findings are reported is diverse. Miles and Huberman (1984) suggest that narrative text has been the most frequent form of display for qualitative data. Therefore, the results of this study are presented in a
narrative, descriptive, holistic form rather than as a scientific report.

The researcher has attempted to write what has been seen and heard so that it will make the same sense to the reader as it does to the researcher. The results of the study identify and describe the patterns and themes from the perspective of the participants. They also provide the reader with an explanation for these patterns and themes based on the review of the literature.

The findings of the latent coding are reported in deliberately vague tones in order to guarantee informants of their confidentiality and anonymity. Rather than utilizing actual statistics, the decision was made to use generalized terms such as "the majority of the respondents," or "few of the subjects," when describing the results of the latent coding.

RELIABILITY AND VALIDITY ISSUES

The desire to undertake this project derived from the researcher's own personal work history as well as the theoretical issues discussed in the review of the literature on culture and the environment. I, the researcher, am currently employed at the University of Windsor as the department head of food and hospitality services. As both the researcher and a member of the division of administrative and financial services, this study, like studies completed within the qualitative paradigm, assumes that all research is value-laden and biased.
Questions of bias and perception are significant issues for all social scientists. This is particularly an issue in qualitative research, as interpretative study. Researchers working within the qualitative paradigm argue that the solutions to problems of perception and objectivity, in so far as they exist, are to be found in honesty, reflection, and criticism (Creswell, 1994; Neuman, 1994). While it has been argued that studying one own's culture inhibits research as "too much is too familiar to be noticed or to arouse the curiosity essential to research" (Aguilar, 1981:16), it has also been argued that insider research can also be very effective as an insider is more familiar with the "home" culture, making it easier to recognize subtle but important differences, and generally simplifying the process of data collection (Aguilar, 1981:17-25). Therefore, it is has been argued that it is not a matter of where one is, but how critically attuned one is to the structures and practices that generate and limit one's place in a complex system of differences and similarities (Aguilar, 1981; Creswell, 1994; Neuman, 1994).

A secondary issue is that of qualitative methodology. While it is recognized that qualitative methods are preferable to quantitative methods when the phenomena to be studied are complex human and organizational interactions as they allow the researcher to ascribe meaning to the data as they emerge, it is here that qualitative research has drawn its heaviest criticisms. It has been argued that there is no check to ensure the validity and reliability of the researcher's interpretation of the data collected during interviews, field observations or review of written documents. In an attempt to alleviate these concerns in
this study, these issues have been addressed using Guba's (1981) criteria for judging the
trustworthiness of qualitative studies.

Guba (1981) has proposed four counterpart criteria for judging the
trustworthiness of qualitative inquiries as well as specific procedures that can be used to
establish that each counterpart criterion has been satisfied at a reasonable level. The
counterpart criteria include: credibility (in place of internal validity), which addresses the
truth value of the inquiry; transferability (in place of external validity), which addresses
the basic question of applicability; dependability (in place of reliability), which responds
to the question of consistency; and confirmability (in place of objectivity), which
addresses the basic question of the neutrality of the inquiry. Guba lists a variety of
techniques for each criterion. He notes, however, that not all techniques are equally
weighty, and that it is unlikely, because of time and resource constraints, that all would
ever be applied in the same study. Therefore, only the techniques used in this study will
be mentioned.

Three techniques for establishing credibility were used: persistent observation,
triangulation, and member checks. First, persistent observation was a basic characteristic
of the data-collection and data-analysis process. With respect to data collection, issues
were allowed to emerge from the various departments using open-ended questions. In the
case of data analysis, the inductive data-analysis procedures were designed to allow
issues to surface from the data and to define the division's cultural values and basic
assumptions. Second, triangulation was a major focusing technique. A variety of points of view about issues were explored by using respondents drawn from the various departments within the division. Documents were used as a second point of reference. The third technique was member checks, which were carried out assiduously. Member checks allowed informants to review the data collected for potential misinterpretation or error. This occurred at the conclusion of each interview with each informant. The final method of triangulation was the observation of nonverbal cues which was an attempt to reinforce or question the information gathered verbally.

Two techniques were used to establish transferability: purposive sampling and thick descriptions. Patton (1980) states that purposive sampling is to be purposeful, not statistical. The goal of purposive sampling is to maximize the scope and range of information gathered and hence to illuminate the most necessary factors to take into account when comparing two or more contexts for similarity (Patton, 1980). Thick descriptions are "full and dense descriptions that will provide a substantial basis for similarity judgements" (Skritic, 1980:201). As the intent of the study is to give readers a feel for the culture and the effects of funding changes on members within this division, the culture is reported as described through the eyes of the participants, and second, to "tease out lessons that might be learned from this local experience" (Skritic, 1980:197). To substantiate and illustrate the assertions being made, as well as to help the reader understand the people and the culture being described, the reported findings of the study
included the use of respondents' quotations.

With respect to dependability, Kirk and Miller (1986) note qualitative research utilizes synchronic reliability as a measure of dependability. "Synchronic reliability rarely involves identical observations, but rather observations that are consistent with respect to the particular features of interest to the observer" (Kirk and Miller, 1986:42). Therefore, researchers working within the qualitative paradigm argue that the solutions to problems of perception and objectivity, in so far as they exist, are to be found in honesty, reflection, and criticism (Creswell, 1994; Neuman, 1994).

In addition, all data collected were reviewed by the researcher's thesis advisor. This review included the researcher's thesis advisor listening to the taped interviews, reading each of the interview transcripts, and reviewing all of the researcher's data analysis. This allowed the researcher's thesis committee to (1) determine whether the research processes used fell within the domain of acceptable professionalism, and (2) for the establishment of the relationship between the researcher's claims and interpretations and the actual raw data collected.

Although utilization of the above noted techniques increased the reliability and validity of the study, it must still be acknowledged that limitations still exist. The proposed sampling technique was limited to administrative personnel who had direct responsibility for their department's annual operating budget. This sampling limitation may have created unknown biases in reporting the final results of the study, as key
information may have been missed. Also, due to time restrictions, the researcher was unable to fully utilize the observation of nonverbal cues as part of the triangulation technique to ensure credibility.

ETHICAL CONSIDERATIONS

Most authors who discuss qualitative research design address the importance of ethical considerations (Guba and Lincoln, 1981; Marshall and Rossman, 1989). First and foremost researchers have obligation to respect the rights, needs, values, and desires of their informants. This is of particular concern in this study where not only the informants' positions and institution are highly visible, but the researcher is also a member of the organization. The following safeguards were employed to protect the informants' rights: (1) the research objectives were articulated verbally and in writing so that they were clearly understood by each informant, (2) written permission to conduct the study was obtained from the University of Windsor's Vice President of Administration and Financial Services, (3) written permission to proceed was obtained from each informant prior to their interview, (4) the proposal for the study was reviewed and approved by the Department of Anthropology and Sociology Ethics Committee, and (5) the informant's rights, interests, and wishes were considered first when choices were made regarding reporting the data. Although all of the interview data collected was used during the analysis phase of the study, several key quotes were not reported in the
Findings Chapter in order to protect the interview subjects' anonymity. When it was necessary to report the subject's position within the division, the researcher contacted the individual, and received written permission prior to reporting the quote.

As previously noted, the desire to undertake this study was both personal and theoretical. Due to the researcher's position within the organization, the researcher interacts with each of the subjects on a fairly regular basis. These business relationships not only create reliability and validity issues for this study but also ethical concerns.

What follows is the researcher's representation of the interviews that were conducted as part of this study. Although in places the words are verbatim transcriptions of parts of the interviews, it cannot be denied that they were chosen to illustrate a certain point. While the text is constructed within the previously noted theoretical cultural audit models, it is undeniable that the personal and theoretical are intertwined in the pages that follow.
CHAPTER III
FINDINGS

ARCHIVAL STUDY

Overview of Financial Funding to Ontario Universities

Canadian universities currently receive their fiscal resources from a variety of sources which include government funding, tuition fees, and other miscellaneous revenue sources. Ontario universities receive the majority of their fiscal resources from government funding. The Ontario Ministry of Education and Training is responsible for the distribution of these grants to Ontario's universities. In 1994, the Ministry's Formula Grant provided 92.7 per cent of the total university operating grants disbursed to Ontario universities. Grants designed to address specific operating concerns made up the remaining 7.3 per cent (Ontario Council on University Affairs, 1994:14). Operating grants are for the purpose of providing universities with financial assistance in covering the cost of: instruction, research, academic support services, library, computing, student services, public service, administration, plant maintenance, and other operating expenditures. The Formula Grant cannot be used for funding sponsored or contract research; capital projects; principal and interest payments such as capital indebtedness; student aid; and, ancillary enterprises which are defined as residences, food and

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hospitality services, bookstores, parking lots, and rental properties (Ontario Council on University Affairs, 1994). These are the financial responsibility of each particular university.

Formula funding of the Ontario university system is an approach which has a history dating back to 1967. Funding was originally set by enrolment levels which were established by counting full-time and part-time students enrolled at a university each term and determining their full-time equivalency (FTE) enrolment. They were then given a program "weight", from 1.0 for general arts and science majors to 6.0 for doctoral students. The weights were roughly reflective of the relative costs of the programs at the time of their introduction in 1967. These weights as applied to each student have become known as Basic Income Units or BIUs. Under the original formula mechanism, the dollar value of each BIU was set as an independent variable (independent of the total level of enrolment to be funded) at the first of each fiscal year (Ontario Council on University Affairs, 1994:12).

The provincial government has made changes to the formula eight times since 1967: five times in the 1970s and three times in the 1980s. In the early 1970's, the value of the BIU became a dependent variable where the government stated the global level of grants available and where the dollar value associated with each BIU became the quotient of the total funds allocated for the system divided by the total number of BIUs in the province (Ontario Council of University Affairs, 1994:7).
The current funding formula, known as the "corridor funding system", was first introduced in 1987-88. Under the "corridor funding system", each university receives a fixed share of the provincial government's university system's Formula Grant rather than receiving funding based on their actual full-time equivalency enrolment figures. Each institution's share of corridor funding system was originally determined by its relative level of student enrolment during the years of 1974 to 1986. An institution continues to receive a fixed share of the Formula Grant so long as the five-year moving-average of its weighted enrolments remains within a band of plus or minus 3 percent of weighted enrolments associated with its fixed share of income. If enrolment levels fall such that an institutions's five-year moving-average drops below its corridor floor, then the university's share of the Formula Grant will decline. If an institution's enrolment goes above its corridor ceiling, however, it does not automatically receive additional funding except for fees collected from the individual student (Ontario Council on University Affairs, 1994).

Although Ontario universities receive their governmental funding directly from the provincial government, the provincial government receives the majority of its educational funding from the federal government. In 1977, the federal government introduced a formula to share the cost of health care and post-secondary education with each of the provincial governments. The Established Programs Act (EPA) was meant to guarantee long term funding stability by providing yearly increases in line with national
economic growth. But in 1990, the federal government put a freeze on payment increases. In 1994, the federal government announced further changes to its Established Programs Act. Transfer payments to provinces would continue to rise according to the existing formula for two years, but, in the third year, transfer payments for post-secondary education would be reduced to their 1993-94 levels.

In response, the Ontario Provincial Government launched an Expenditure Control Plan. As part of its Expenditure Control Plan, the provincial government in 1993 began reducing the level of funding to the province's institutions, including its universities. To assist universities and other provincial institutions in dealing with the reduced level of funding, the provincial government introduced a plan to reduce the labour costs within these institutions. The ensuing "Social Contract" legislated the freezing of provincial government employee's wages for each of the next three years. Since 1993, funding levels have again been reduced to Ontario universities and these institutions have been notified to expect further funding reductions in the future.

**Overview of Financial Funding at the University of Windsor**

The University of Windsor receives its fiscal resources for the funding of instruction, research, academic support services, library, computing, student services, public service, administration, and plant maintenance expenditures from a variety of sources: government funding, tuition and other fees, ancillary operations, and income on
investments. Similar to other Ontario universities, the university receives the majority of its operating fiscal resources in the form of governmental operating grants (Peat, Marwick and Thorne, 1995).

In 1994-95, the University of Windsor’s total operating budget was $125.1 million. Somewhat more than half (54.9%) or $68.6 million of the total funds required to cover this budget were from operating grants provided by the Ontario Ministry of Education and Training. The remaining $56.5 million were generated from students' tuition and other fees ($35.6 million), ancillary operations ($18.7 million), and other income ($2.1 million) (Peat, Marwick and Thorne, 1995).

The Distribution of Fiscal Resources at the University of Windsor

Allocation of resources at the University of Windsor, like other Ontario universities, is determined by its Board of Governors. These governing bodies are responsible for ensuring that their university is operated in an efficient and effective manner. This responsibility includes the responsibility of managing their university’s fiscal resources which is usually overseen by a subcommittee of the Board. The senior administration of the university is responsible for the submission of all financial matters to its Board for approval prior to implementation. This includes the annual operating budget of the university. An annual operating budget outlines the sources of all anticipated revenue including operating grants, and lists how these funds will be
distributed within the institution.

At the University of Windsor, this subcommittee of the Board of Governors is named the Resource Allocation Committee (RAC). The RAC is responsible for overseeing the financial operations of the University. The RAC's terms of reference are:

"To assess and make recommendations, for the consideration of the Board for the attainment of the objectives of the University, including the following:

i) the operating budget of the university

ii) the priority of capital needs

iii) the long-term financing of budgetary deficits

iv) the long-term financing of capital projects

v) the commercial use of University facilities"

(By-Law No.58 of the University of Windsor)

Although the terms of reference include the long-term financing of budgetary deficits, the university's Board of Governors implemented a balanced budget policy in 1975 (Fiscal Planning Committee Minutes, Feb. 11, 1975). This policy is still in place.

The RAC meets every second Wednesday of each month from September to May and then only as required during the months of June, July, and August. The University of Windsor's Vice President of Administration and Finance is responsible for submitting all financial recommendations and requests to the RAC approval. This responsibility includes the annual submission of the university's operating budget prior to the
commencement of the fiscal operating year, and the university's annual financial statements at the close of the fiscal year.

The Budgeting Process and the Preparation of the Annual Financial Statements at the University of Windsor

The university's fiscal year begins on May 1st and ends on April 30th. Since the Board of Governors must approve the operating budget prior to the commencement of the fiscal year, the university's administrative staff begins the process of preparing the upcoming year's operational budget approximately six months prior to the beginning of the fiscal year.

The annual operating budget acts as the operating guideline for the university's administrators, as it outlines how funds are to be disbursed and spent. The budget is developed by first calculating the anticipated total fiscal resources that the university expects to receive within the upcoming fiscal year. This process includes projecting the level of funding that will be received from the Ontario Ministry of Education and Training, estimating student enrolment levels and the corresponding tuition fees that will be collected, calculating the revenues that are expected to be generated by the university's ancillary operations (residence, food and hospitality services, bookstore, rental properties and parking lots), and forecasting any other potential revenue sources. Once the university's Finance Department has calculated the total amount of fiscal resources that
can be anticipated in the upcoming fiscal year, it is listed on the budget under the section titled "Revenue". Based on this amount, the Vice President of Administration and Finance then determines the budget expenditure guidelines for the various university departments. These guidelines include the requirement that the university as a whole submits a balanced budget as required by the Board of Governor's Resource Allocation Committee (RAC). Working within these guidelines, the university's directors, deans, and department heads are then responsible for the development of their individual department annual operating budget. Once these departmental operating budgets are submitted to the Department of Finance, and approved by the Vice President of Administration and Finance, they are summarized and added under the section titled "Expenditures" on the budget. Following the completion of the proposed budget, the Vice President of Administration and Finance submits it to the RAC for their approval. If approved, the RAC then recommends to the full membership of the Board of Governors that the budget be accepted and implemented as prepared. If the budget is not accepted or approved, the university administration must redo the budget and resubmit it to the Board of Governors. Upon receiving the Board of Governors' approval, the university's administration is then responsible for achieving the budget as outlined. If there are unexpected changes in fiscal resources or expenditures during the fiscal year, it is the Vice President of Administration and Finance's responsibility to bring these changes to the RAC's attention.
At the end of each fiscal year every Ontario university is expected by the Ministry of Education and Training to retain the services of an independent chartered accounting firm. The accounting firm audits the university's financial operations for the past year to determine that the universities have spent their resources as mandated by the Ministry. The accounting firm also prepares and publishes the university's annual financial statements using the Canadian Association of University Business Officers "Guidelines: Financial Statistics for Universities and Colleges" format. Part of a university's annual financial statements includes the "Statement of Revenue and Expenditures in Operating Funds" which reports the actual operating costs incurred by a university during the past fiscal year.

The Annual "Statement of Revenue and Expenditures in Operating Funds" (1985 to 1995)

While the annual operating budget forecasts the anticipated costs of operating the University for the next fiscal year, it is a university's "Statement of Revenue and Expenditures in Operating Funds" that reports the actual annual operating costs incurred by the university. The role of these statements is to report how funds were actually generated and spent. They do not explain why operating funds were spent in the manner in which they were. At the University of Windsor, it is the Vice President of Administration and Finance's responsibility at the end of each fiscal year, to explain to
the RAC the causes for any variances between the original operating budget and the "Statement of Revenue and Expenditures in Operating Funds." A written explanation is usually included in the university's annual "President's Report."

An analysis of each of the University of Windsor's past ten years "Statements of Revenue and Expenditures in Operating Funds" was conducted. The section titled "Revenue" shows that governmental operating grants increased for each consecutive year during the period of 1985 to 1993. But, beginning in 1994, this pattern was broken and grant revenue began to decrease. During the past two years, grants to the university have been reduced by over $7.8 million dollars. This reduction in governmental support has been partially offset by the university increasing fees charged to students for tuition and other services, increased earnings by ancillary enterprises, and increases in other miscellaneous revenue sources (Deloitte and Douche, 1985-1990; Peat Marwick and Thorne, 1991-1995).

An analysis of the "Expenditure" section shows that university expenditures increased each year during the period of 1985 to 1994 but, in 1995, overall expenditures decreased by $4 million from those reported in 1994 (Peat, Marwick, and Thorne, 1995).

Annual Percentage Change in Revenue and Expenditures from 1985 to 1995

The Table of "Annual Percentage Change in Revenue and Expenditures" (Appendix 6) is composed of data collected from each of the ten year's "Statement of
Revenue and Expenditures in Operating Funds". The table reflects in percentage points the year to year changes in selected revenue and expenditure sections of the Statement.

The areas within the revenue and expenditure sections of the table were formatted to correspond with the each of the categories listed on the "Statements of Revenue and Expenditures in Operating Funds." The revenue portion of the table includes sections titled: Student Fees, Government Grants, and Ancillary Enterprises. Student fees include tuition and any other fees collected by the University. Government grants includes the Formula Grant and any other operating grants that the university may have received. Ancillary enterprises includes the bookstore, food and hospitality services, residences, parking lot income, and rental properties. The expenditure portion of the table is composed of sections titled: Computing Services, Administration Services, Plant Maintenance, and Ancillary Enterprises. Computing services includes all non academic computing costs. Administration includes the activities of the president's office; vice presidents' offices; registrar and admissions; finance; human resources; university planning; printing and duplicating services; purchasing and stores; public relations; secretariats; research administration; alumni office; public information office; and the development office. It also includes expenditures incurred for convocations, ceremonies, legal and audit fees. Plant maintenance includes the university's heat, hydro and water bills plus all costs associated with cleaning and maintaining all university owned buildings and grounds. Ancillaries' costs includes all costs incurred by the university in
order to provide these services.

While the table's data report the changing patterns in the total revenue and total expenditures over the past ten years, it also shows the relationship between total revenue and expenditures incurred by the departments under the sections titled computing services, administration services, plant maintenance and ancillary enterprises. During the ten year period between 1985 and 1995, there appears to be little relationship between the University's total revenue, collected from student fees, government grants, and ancillary enterprises in a given year, and the total amount spent by the university on its operating expenditures. For example, in 1989, the University's total operating revenue increased by 8.4 per cent, but total operating expenses only increased by 5.5 per cent. In 1994, the university's total revenue decreased by 2.5 per cent from those of 1993 but its total operating expenditures increased by 1.4 per cent.

Also, operating funds expensed by the university's computing services, administrative services, plant maintenance, and ancillary enterprises not only varied from year to year, but also varied from department to department. For example, in 1993, total university revenue increased by only 4.1 per cent but computing service's operating costs increased by 7.8 per cent, plant maintenance's by 12.8 per cent, and ancillary enterprises by 9.8 per cent. Yet during this same year, administrative services operating costs actually decreased by .5 per cent.

However, this initial review of the university's Statement of Revenue and
'Expenditures in Operating Funds' and corresponding table of percentages is misleading because the sections listed under expenditures do not all accurately represent the actual reporting structure within the university. The university's division of Administration and Finance's organizational chart does not include either an administrative nor ancillary enterprises section as defined by the Statement of Revenue and Expenditures in Operating Funds. The category of "administrative services" on the "Statement of Revenue and Expenditures in Operating Funds" includes the president's office, vice presidents' offices, registrar and admissions, finance, human resources, university planning, printing and duplicating services, purchasing and stores, public relations, secretariats, research administration, alumni office, public information office, and the development office. It also includes expenditures on convocations, ceremonies, legal and audit fees. Not only do each of these departments or areas within the actual organizational structure each have their own budgets, but some of the departments report to the President, some to the Vice President Academic, and others to the Vice President of Administration and Finance.

In addition, some of the individual departmental budgets are divided between two or more categories on the Statement of Revenue and Expenditures in Operating Funds. For example, the budget of Campus Police is divided between the categories of "administrative services" and "ancillaries." This split is necessary as parking, which is part of Campus Police's actual responsibility and budget, is defined for auditing purposes as an ancillary service.
The category titled "ancillaries" on the Statement includes only the bookstore, food services and hospitality services, residence services, parking and rental properties. While the bookstore, food services, and residences are part of the Director of University Services' financial portfolio, parking is the responsibility of the Director of Campus Police, and rental properties are included in the financial responsibilities of the Director of Physical Plant. The majority of the Physical Plant budget is shown under the title of "Plant Maintenance."

These variances between what is reported on the "Statement of Revenue and Expenditures in Operating Funds" and the actual departments' financial responsibility are due to the financial statements format outlined by the Canadian Association of University Business Officers. In the 1980s, this association recommended the adoption of a standardized format for all Canadian universities' annual financial statements. The implementation of a standardized format, it was argued, would allow universities the opportunity to compare their financial situation with those of others. In 1985, the University of Windsor initiated the format recommended by the Canadian Association of University Business Officers even though the organizational structure of the University did not, and still does not, match the university's annual financial statements.

The Impact of Changing Governmental Funding on the Operation of the University

Further insight into the consequences of funding changes can be obtained from
Board of Governor's Resource Allocation Committee Minutes. Review of the RAC meeting minutes from January 1985 to April 1995 documents the university's response to the various changes in government financial support during the past ten year period. The major responses can be identified as follows:

Beginning in 1985, the minutes report how the 1984 change in Ontario's Ministry of Education and Training's funding formula resulted in the university generating "a modest surplus for the year ending April 30, 1985" (Resource Allocation Committee Minutes [RACM] April 25, 1985). The effects of this increase in grant revenue is evident in the minutes of the RAC's January 1986 meeting in which the RAC supported the administration's proposal to allocate $1 million from 1985-86's operating budget to the university's reserve fund known formally as the Resource Pool (RACM, Jan. 21, 1986).

At the RAC meeting in April 1986, the administration requested permission from the RAC to use funds from the $1 million dollar Resource Pool to offset the 1986-87 projected deficit (RACM April, 12, 1986). This was now necessary as student enrolment had decreased from the previous year. This drop in enrolment had caused the university to unexpectedly anticipate operating deficits for both 1986-87 and 1987-88. To eliminate these deficits, the RAC approved the administration's request that the $1 million be transferred from the 1985/86 Resource Pool to the 1986/87 fiscal year (RACM, August 12, 1986). These funds drawn from the university's reserve fund would be used to offset the costs of operating the university for the 1986-87 and 1987-88 fiscal
years (RACM, August 12, 1986).

Although the university was mandated to operate a balanced budget, the proposed budget for 1987-88 was approved by the RAC even though there was a projected shortfall of $88,000 (May 20, 1987). The approval was granted on the basis of the RAC's view that the operating deficit was nothing more than a short term problem since the university's administration had been informed in the previous year that the "new grant formula will be implemented in the near future offsetting future operating deficits" (RACM, April 22, 1986).

Although departmental expenditures were not reduced in 1986-87 as originally planned (RACM, Jan.21, 1986), the university reported a deficit of only $5,000 for the 1987-88 fiscal year (Deloitte and Douche, 1988). This was possible due to net revenue increases from tuition fees and rental properties combined with employee benefit cost reductions (RACM, March, 25, 1987).

At the May 1988 RAC meeting, the Vice President noted that due to the projected increase in students, the 1988-89 budget was a balanced one in accordance with the Board's resolution (RACM, May, 18, 1988). At the RAC's January 1989 meeting, the Vice President of Administration and Finance presented a six-month review of the current 1988-89 budget and noted that "the surplus now projected would be carried forward to be used for one-time expenditures in 1989-90" (RACM, Jan. 11, 1989).

At the close of the 1989-90 fiscal year, the university again reported an operating
surplus (Deloitte and Douche, 1990). It was noted that the Ministry's 1989 formula change had significantly boosted the university's total operating grants for the year. The RAC then approved administration's request to spend the 1989-90 surplus on equipment replacement, repairs, renovations and other required capital needs (RACM, July 11, 1990).

At a preliminary review of the 1990-91 operating budget, the university administration informed the RAC that the university was faced with increased costs due to the provincial government's implementation of pay equity and a new payroll health tax. The administration advised the RAC that, "There will be no reductions at the University of Windsor for this year but as the budget does not allow for inflation, departments will see reductions in their purchasing ability" (RACM, Jan. 17, 1990).

In an attempt to further reduce operating costs, the RAC accepted the university's proposal to eliminate the contractor in Food Services, which would save the university an estimated $360,000 in management fees per year (RACM, March 20, 1990).

At the October 1991 meeting, the university administration notified the RAC that it had been informed by the Ontario Ministry of Education and Training that operating grants to the province's universities were being cut by half a percent. The Vice President of Administration and Finance, stated "that this was the first time he had faced a mid year reduction in operating grants". He also informed the RAC "that no necessary measures needed to be taken at this time and that he felt confident that it would not be necessary to
reduce departments' budgets for the current fiscal year" (RACM, Oct. 16, 1991).

Even though the University had received a half percent reduction in its governmental operating grants for 1991-92, the university was again able to report a small surplus for this fiscal period (Peat Marwick Thorne, 1992). This was primarily due to an unexpected increase in student enrolment and a higher investment income than expected (RACM, Jan. 15, 1992).

At the January 1992 meeting, the Vice President of Finance and Administration informed the RAC that the Ontario Ministry of Education had notified the university of future transfer cuts (RACM, Jan. 15, 1992). At the June 1992 meeting, he further informed the Committee that the university was projecting a $1.5 million dollar deficit for 1992-93. He noted that "the $1.5 million deficit showing in the proposed 1992/93 budget could be covered by funds brought forward from the 1991/92 fiscal year" (RACM, June 10, 1992). This step would allow the university to report a balanced operating budget for 1992-93.

It was noted that although the university administration could cover the operating deficit for 1992-93 with the 1991-92 surplus, this was at best a short term solution as the university was not expecting any future increases in governmental funding levels. In an effort to respond to the university's financial difficulties, the Vice President informed the Committee "that meetings had already taken place with the Deans and administrative department heads to prepare for budget reductions of up to 4% resulting in base budgets
reductions of $3,500,000 in order to bring the 1993-94 budget into line." It was noted that the implementation of departmental budget cuts represented a significant turning point for the university as budget cuts had always been successfully avoided in the past (RACM, June, 10, 1992).

According to the minutes, at the Committee's December 1992 meeting,

[The Vice President] informed the committee that the recent news regarding operating support for 1993/94 was not good. The previous announcement from the Province of a 1-2-2% increase for the next three years had been cancelled by the November 26th letter from the Treasurer. The transfer payments for operating funds to Ontario universities would be capped at the 1992/93 level for both 1993/94 and 1994/95 (RACM, Dec. 9, 1992).

The September 1993 meeting minutes reflect the Committee's growing concern regarding the university's financial situation. The Committee was informed that under the provincial government's new Expenditure Control Plan the university would have its governmental funding cut by an additional $3.6 million. To assist the university with this funding reduction, the provincial government's legislated Social Contract stipulated that no employee making in excess of $30,000 per year was to receive a raise within the next 3 year period. It was noted that this was the first time that salaries of university employees had been negatively affected (RAC, Sept. 8, 1993). Prior to the introduction of the Social Contract, University of Windsor wages and salaries had been increasing at a rate of approximately five per cent per year.

Even with this mandatory wage freeze, the university administration informed the
RAC that they still could not present a balanced budget and projected a deficit of $382,000 for the 1993/94 operating year. The Vice President also "indicated that the projected deficit for the 1994-95 fiscal year was expected to be $1.869 million." He noted that "over the past several years the university had established reserves against financial contingencies such as the university was now facing. The projected deficit could be covered by the existing reserves." He informed the Committee that administration was taking steps to address the financial situation at the University of Windsor. He explained that the campus community had been notified that further cuts would be needed over the next two years and that two Strategic Planning Committees had been established to look at how the university could restructure itself in an attempt to become more cost effective. According to the minutes, discussion followed in which Board members expressed concern over using reserves to cover the 1994-95 deficit when there was no guarantee that the next two years would be any better. When asked what the Board of Governors' options were if the RAC did not approve the proposed deficit budget, the University's President responded that "it would be counterproductive to have to redo the budget at this point in time since administration had moved as far as they possibly could in making budget reductions. Downsizing over the next two years would now be necessary." After still further discussion, the minutes show that it was

**RESOLVED** that the Resource Allocation Committee accept the proposed 1994/95 budget and recommend it to the Board of Governors for approval with a deficit of $1.869 million with the clear understanding that the budget would be brought into balance over the next two years (RACM,
June 8, 1994).

At the September 1994 meeting, the Committee again expressed concern to the university's administration regarding the operating deficit. A Board member of the RAC, stressed that the Board of Governors must take a more aggressive attitude and determine where the cuts must be made. He argued that timing was a problem and that the Board should not sit and wait for the task force reports. He also felt that the Board should receive a more detailed analysis of all university expenditures (RACM, Sept. 14, 1994).

At the January 1995 meeting, the university's administration informed the RAC that the administration now realized that the deficit for 1994-95 would be higher than originally anticipated. In an attempt to reduce costs the university administration had introduced "hiring controls and other actions" (RACM, Feb. 14, 1995). The revised deficit for 1994-95 was now being projected at $2.175 million. The minutes reflect the Committee's increasing anxiety and concern regarding the growing deficit (RACM, Feb. 14, 1995).

At the April 1995 meeting, the university administration informed the Committee that even with additional cost reductions in each department, and a proposed reduction in staff, they could still not balance the 1995/96 budget. It was noted that during the "last five years, Provincial grants have been reduced by approximately $9.5 million dollars" (RACM, April 25, 1995). The Committee indicated to the university administration that they expected the university to make even further cost reductions. A member of the RAC "indicated that a clear message should be sent to the Senate as to the amount of actual
dollars that must be cut" (RACM, April 25, 1995).

To summarize, the minutes of the RAC reflect that during the fiscal period from 1984-85 to 1991-92 the university experienced a relatively stable financial operating period. During these years, the minutes document that although the RAC spent time annually reviewing the university's operating statements, the majority of its time was focused on the university's various capital projects and expenditures. Although the university reported an operating deficit in 1987-88, this was viewed by both the university administration and the RAC as nothing more than a temporary problem.

But beginning in 1992-93, the university entered an era of financial instability due to the increasing level of governmental funding cuts. The minutes of the RAC meetings reflect the Board's growing concern in regards to the university's ability to operate within a balanced budget framework. By 1994, the majority of each RAC meeting was spent discussing and reviewing the university's operating costs. In an effort to reduce the Board's growing anxiety, the President of the University in June of 1994 established two Strategic Planning Committees to look at how the university could restructure itself in an attempt to become more cost effective. With the university's financial reserves quickly being depleted, the RAC has in the past year taken an even more aggressive role in the management of the university's operations, demanding that the university administration provide the Board with more detailed analysis of all operating expenditures and informing the administration that it must make additional operating cuts.
The review of the excess of revenues over expenditures section of the university's Statement of Operating Funds and Expenditures for the past ten years outlines that the University of Windsor has only reported a deficit twice since 1985. Once in 1988, and again in 1995. The 1988 deficit of $5,000 was successfully absorbed within the next fiscal year's operating budget (Deloitte and Douche:1988, Peat Marwick and Thorne,1995). The decision on how to handle the 1995 deficit of $1.6 million had yet to be finalized by the university's administration and Resource Allocation Board when this section of the study was completed.


The Strategic Planning Task Force, Administration and Services (SPTF) was established by the president of the university in June of 1994. This review was completed in December of 1994, and published in January of 1995. The task force, which was comprised of one academic and six members of the administration, was given the mandate to (1) conduct a critical review of all administrative areas, and (2) propose ways in with the university might reorganize its available resources, both on a short and long term basis. A five year budget projection which was forecasting significant reductions in the university's operating revenues for the years ahead had been completed previous to the establishment of the task force. Due to the university's Board of

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Governor's policy prohibiting operating deficits, the university was faced with the necessity of reducing future years' operating costs.

The final report made 175 recommendations. Over fifty percent of them were of a cost savings nature. Although the remaining recommendations did not deal directly with cost savings, they were suggested as ways in which the division could provide more effective and efficient services. In addition, the report made recommendations which involved the elimination of both managerial and unionized employees' positions.

Review of the University's Reward System for Non-Academic Staff

The term reward system is frequently used to describe, singly or jointly, the following interrelated elements: (1) the types of rewards that are available in an organization, (2) the conditions according to which different rewards are made available to individual members, and (3) the ways in which these rewards and the criteria for their allocation are selected and administered in the given organization (Sethia and Von Glinow, 1985:403).

At the University of Windsor, all staff wages and salaries within the division of administrative and financial services are based on job content. Hourly wages are determined through the negotiation process between the university's administration and the various unions which represent the division's hourly employees. Salaried employees' pay rates are determined by the number of points the incumbent's formal job description
received when evaluated by the university's Administrative Job Evaluation Committee.

Everyone at a certain grade is paid the same salary and receives the same wage increases regardless of the individual's level of performance within the position.

Salary and wage increases, when given, are unrelated to performance and have more to do with the incumbent's position within the university's formal hierarchy. Status differentiation is supported not only by higher salaries, but also with superior benefit packages, and preferred office space. But salaries and wages at the university for staff at income levels of $30,000 and above have now been frozen for the past three years. Even with the three year salary freeze, the division's wage and salary rates are still considered by the Department of Human Resources as similar to those offered at other Ontario universities. Due to the difficult financial situation that the university now finds itself in, the policy of frozen wage rates is expected to remain in effect. Even though wages are frozen, no other form of bonus or performance-based incentives currently exist within the division.

There is no formal performance evaluation process for staff employed within the division as wages are based on job content rather than on individual performance. While people are expected to make a reasonable effort in their day-to-day work, there have been few terminations based on an employee's lack of performance. Although staff have been promoted in the past, the organization often fills vacant senior managerial positions with personnel from outside the institution.
The university has provided its employees with long term job security. Due to the current fiscal crisis within the institution, layoffs have recently been implemented for the first time in the institution's history. Prior to its recent financial problem, the university had operated in a rather stable environment, in which employees obtaining employment at the institution expected to be assured of life long employment. This expectation is supported when one notes that previous to the layoffs, the University had averaged less than two percent per year in staff turnover, and that even after the recent layoffs, the average length of employee service is still approximately 15 years. In addition, out of approximately 359 full time employees, the division has 58 employees who have worked at the university for more than twenty-five years.

Based on the model of Sethia and Von Glinow (1985), the reward system within the division of administration and finance describes the division's culture as a combination of a Caring and Apathetic culture. The division meets the criterion for the Apathetic culture as it has not only enjoyed an entrenched position in its industry, but has until very recently, operated within a protected environment. In addition, there are no rewards provided for individual performances and status differentiation is high. But the division does not meet the Apathetic culture criterion for salary levels, job security, and issues of job performance. In these areas, the division's culture is that of the Caring culture. Based on the salary and wage rates at other Ontario universities, the staff working within the Division of Administration and Finance at the University of Windsor
have average to good salary and wages. In addition, they have been provided with excellent job security, and have enjoyed working conditions in which reasonable levels of work have been the accepted norm.

SUMMARY AND IMPLICATIONS OF ARCHIVAL DATA

During the years of 1985 and 1993, the university experienced a relatively stable financial period. The division of administrative and financial services received adequate provincial funding to operate all of its various departments. During this period, ancillary services, which are mandated to be financially self-sufficient, generated sufficient revenues to cover all of its operating costs. Overall, these years were financially comfortable for the institution as provincial funding increases continued to match or surpass the university's annual increases in operating costs.

The institution's reward system is a reflection of this period of financial stability. Salaries are based on job content rather than on an individual performance within the position. Conditions for rewards are not strongly related to performance. Salary and wage increases, when given, have more to do with the incumbent's position within the university's formal hierarchy. As Sethia and Von Glinow (1985) note, this type of reward system is most often seen in organizations that operate in stable, protected financial environments.

Beginning in the 1993-94 fiscal year, the province began reducing its financial
commitment to its universities. This reduction in governmental financial support has created a financial crisis at the university. In a period of less than three years, the university's financial environment has gone from one of relative economic stability to one of uncertainty. Due to their growing concerns regarding the financial future of the university, the Resource Allocation Committee of the Board of Governors has begun to take a much more intense interest in the institution's financial decisions regarding day-to-day operations. In order to comply with the University's Board of Governor's balanced budget policy, the division's departments have had no choice but reduce their operating budgets. In addition, the university's president established the Strategic Planning Task Force, Administration and Services to not only conduct a critical review of all administrative areas, but also to propose ways in which the division could reduce its overall operating costs. The task force published its recommendations early 1995. Their recommendations included the elimination of various positions within the division. This was viewed as a radical departure from past practice, as prior to this report, the university had always supplied its employees with long term job security.

Ancillary services do not appear to have been directly affected by the either the reduction in governmental operating grants, nor by the Strategic Task Force Report's many recommendations. Since these departments do not rely on government funding to operate their departments, the reduction in government funds to the university has had little direct impact on them. In addition, there were few recommendations made by the
Strategic Task Force on this area of the division. It appears that in order to comply with their customers' expectations, ancillary services were already being operated fairly cost efficiently.

While some departments within the division of administrative and financial services have experienced reductions in their operating budgets, it appears that the level of reductions has fluctuated between the various departments. The archival portion of this study has not been able to determine the reasons for these noted variations and fluctuations between the various departments within the division. In addition, as previously noted, the data reported on the university's annual Statement of Revenues and Expenditures do not accurately represent the actual operating budgets of several of the directors within the department. Therefore, in order to gain a more in depth understanding of the budgeting process and its impact on the division's culture(s), interviews with the directors and department heads within the division became necessary.
CHAPTER III
THE INTERVIEWS

PAST PRACTICES AND FINANCIAL PHILOSOPHIES

As previously discussed in the literature review, analysts studying organizational cultures have concluded that an organization's environment impacts on its culture. Furthermore, it is now accepted that the "business environment is the single greatest influence in shaping a corporate culture" (Kennedy and Teal, 1982:13). Although the archival study objectively outlined the relationship between the university's fiscal environment and its various policies and procedures, it could not provide an in depth view of the division's culture(s). The interviews, with their rich descriptions, filled this void. By discussing various financial practices, the interview respondents provided the researcher with an in depth description of the cultural assumptions operating in the division. The interview data revealed that in the past, two relatively distinct operating philosophies existed within the division. Although these distinctions still exist, the data also record recent changes in the two cultures as their members adapt their norms, values, and beliefs to reflect the changes occurring in the institution's fiscal environment.

In the past the division's budget "was quite centrally done." As the vice president described the process, "It's my understanding that the previous vice president would set
the financial targets that would be required...each department then had some input, but he made all the final decisions on what changes did or did not take place in their operating budget."

While the archival study documented fluctuations in the amounts of budget increases and/or decreases between the various departments within the division, it could not explain why this occurred. The issue was resolved in the interview with the vice president. Although he has only been in the position since January of 1995, he explained that it was his understanding that the former vice president's philosophy had been to always treat each of his departments as equals as much as possible. But he also noted how this goal had not always been accomplished due to the reality that, "there were different priorities year to year...different pieces changed." Therefore, by the end of the annual budget preparations, the vice president had often had no option but to award some departments a higher percentage of the allotted operating grant than had been originally planned. In order to balance the division's total budget, he was then forced to compensate these additional expenditures by decreasing the amount of operating funds to other departments within the division.

**Budgeting and Financial Practices in the Non Ancillary Departments**

Subjects from Campus Police, Human Resources, Computing Services, Physical Plant, Document Services, and the Department of Finance, each of which rely on
government funding to cover their operating costs, noted how their budgets had been historically determined. In the words of one respondent, "We would take the previous year's operating budget and look at any difference that we anticipated between the current year when you are planning and the year you are planning for which is the future year. So, if we had $100 expense one year, and it was going up ten percent, then you would budget for $110 in year two." There was a general consensus among these non ancillary subjects that once one received an increase to a line item expense, one did not voluntarily reduce it during subsequent budgeting preparations. As one non ancillary respondent noted, "If there was the potential for a savings, we would still budget the same figure as the previous year. If the savings happened, it provided us with some additional padding."

As outlined in the archival study, each of the division's directors are responsible for submitting their budget proposals to the vice president for approval. In the past, the vice president would review these budget proposals and then arbitrarily make a decision based on their submission. Noted one non ancillary respondent, "Although I was required to submit a budget proposal, there was no budget negotiations, no budget meetings. I was just literally handed the budget and told this is what you are getting for next year."

Another described the process as, "Basically, it was set for us. This is your budget, you can't change it." A third director, responsible for a very large operating budget, stated, "It [the budget] was always set for us [by the former vice president]. The process was top down. I didn't feel like I had a whole lot of choices."
None of non ancillary respondents recalled that the operating budget had played a significant role in their department's day to day operations. "We never spent much time looking at the budget once it was completed as most of our costs were fixed."

Overspending of budgets throughout the fiscal year appeared to be a regular occurrence. As one director explained, "It has always been budgeted at $8,000 since day one--pure fiction. I always overspent it." Another noted, "Certain unforeseen events would occur throughout the year and I would get extra monies assigned to them [by the vice president]." This practice of being given additional funds when needed explains the variance that was noted in the archival portion of the study between the original budget and actual expenditure figures.

Subjects, especially those working in the non ancillary departments, also believed that "there's a financial pot somewhere..." for covering unexpected additional expenditures. Each of the non ancillary directors noted how, when they needed additional funds during the fiscal year, they would approach the vice president for access to this financial pot. One described the process, "Historically, we have always gone to the vice president when we needed additional [financial] support during the year." The vice president would listen to their request for additional funds, and if he believed the additional cost was justified, he would then proceed to give the director the money. As one director noted, "He [former vice president] was always very good in giving me additional funds."
At the end of each fiscal year, any unspent funds in the non ancillary departmental budgets had to be turned back over to the vice president. Although there was an institutional mechanism in place to deal with unspent budgetary funds at year end, the prevalent cultural norm was one of "if you didn't spend it, you lost it." Many of the directors noted how this attitude had resulted in dysfunctional year end spending habits. "There are stories around this place of finding equipment that was never used, that is now obsolete... because somebody in the past decided to stock pile at year end rather than turning the remaining money back in [to the vice president]."

**Budgeting and Financial Practices in the Ancillary Units**

While the above practices, norms, and beliefs describe the past budgeting and financial philosophies of the non ancillary departments, they do not describe those of the ancillary units, comprising of the Bookstore, Residence Services, Food and Hospitality Services, CAW Student Centre, and Health Services. As previously discussed in the archival section of the study, ancillary units have never been eligible for government funding. Unlike non ancillary departments, ancillary departments do not obtain the funds to cover their operating expenses from any government operating grant. As the director of University Services explained, "Ancillaries don't receive anything from the government. We have historically covered our operating costs through a combination of student fees and cash sales." This difference has created not only different budgeting and
financial practices within the ancillary units, but also different cultural assumptions.

While non ancillary departments were basically given their budgets by the vice president, ancillaries were responsible for developing their own budgets. Budgeting in ancillaries was completed at the unit level. In the words of one respondent, "Each department head has always been responsible for developing their own budgets... that was always viewed as the manager's responsibility." Although non ancillary budgets were based on past expenditure patterns, ancillary budgets "historically started with a zero base." Ancillaries used historical data as budget reference material. Since each unit was responsible for achieving a balanced budget, and any proposed price and fee increases had to be approved by a student advisory committee, each line item of an ancillary budget was closely scrutinized for any potential cost savings. If savings were possible, the line item amount would then be reduced to reflect this saving. Once the expenditure section of the budget was completed, strategies would be developed to cover the cost of the department's forecasted expenses. These funds, known as revenues, were obtained through a variety of student fees and cash sales. Once completed, the budget and all proposed fee increase would be reviewed by the appropriate student advisory committee. Numerous department heads commented on their awareness that if students did not feel that the costs were justified, they were unlikely to approve any requested fee increase. As one department head explained,

We looked at what our costs were going to be. We also looked at what the comparable service could be provided for in the outside community and
we struck a balance... students are very cost conscious... we always had to convince them that our costs were similar or lower than that of our competition... if we were unsuccessful in convincing them, they would not approve the proposed fee increase.

Since each ancillary department was responsible for operating a balanced budget, one in which revenues had to equal or surpass operating costs, each department tried to maximize its revenues and minimize its costs. When fee increases were not possible, costs had to be reduced. As one department head observed, "In the early 80s unionized staff in Food Services were made aware of the deficit situation in that department, and for the need to roll back wages. At that time inflation was running at double digits, and I believe that most staff in the non ancillary areas received an 11 percent increase. The Food Service staff agreed to a six and one half percent increase due to the deficit situation."

Once completed, an ancillary unit's budget continued to play an important role in each unit's day-to-day operations as each department head was responsible for ensuring that their department's actual revenues were offsetting its actual expenses. "Because of the expectation that we met the bottom line, we always had to pay attention to it [the budget], so I would review it on a very regular basis to determine that our costs stayed in line. If our costs were not in line, then we would just have to make adjustments." Another department head discussed how they constantly reviewed their sales and expenses with their staff: "We talk about what the sales were for the past month, and
then compare them to the year before. We then would talk about how we could increase them and things like that." Unit staff were also involved in monitoring costs: "They [staff] were aware of what they could and could not ask for, what we could and could not afford."

Unlike non ancillary units, obtaining additional funds from the vice president's contingency fund was not an option for these departments. If an ancillary department incurred an unexpected cost, it was their responsibility to resolve it. As one ancillary department head explained,

If something happened I had some money that I kept in my expense accounts that I could move around to cover the expense... if something terrible happened?... well, I have borrowed money from the University in the past, and paid it back... yes, I paid interest on the money I borrowed... I get no free money. It would be nice but I don't.

The interviews make clear that since ancillary units were never given funds from the vice president, they were also treated differently regarding their year end surpluses. While non ancillary departments had to hand over any left over funds, ancillaries were allowed to transfer their surplus to a reserve account set up on their behalf. Although they had to request permission to spend funds deposited in this reserve account, each department head viewed this reserve account as their department's "financial cushion." If these funds were not required to offset financial emergencies, the department would then be allowed to spend this reserve on equipment purchases and/or renovations for their department. Due to this policy, ancillary units did not appear to engage in the
dysfunctional year end spending patterns like those described by the subjects in the non ancillary departments. As one ancillary department head stated, "My whole department was involved in trying to save money through out the year as they knew if we could save, we would be able to spend it later upgrading our department."

These distinctions between the non ancillary and ancillary departments can be explained by the differences in these units' financial environment. The non ancillary units, dependent upon government funding, operated in a stable financial environment while the self-supportive ancillary units operated in a much more unstable environment. As previously discussed in the literature review, research has shown that organization's environment profoundly shapes its norms, values, and belief systems, and the situation at this university provides one more illustration of this pattern.

**CURRENT FINANCIAL PRACTICES AND PHILOSOPHIES**

As was outlined in the archival study, the division is currently operating in a much less stable environment than in the past. The interview subjects spoke extensively about this change. The data collected during this portion of the study report not only that the division's members perceive current financial practices as different from those in the past, but that these differences are a direct result of the government's decision to reduce funding levels to post secondary institutions.

All of the subjects interviewed discussed the impact of the reduction in
government funding to the university. The interviews clearly express an awareness that change is inescapable. As noted by one respondent, "At fifteen per cent less government money, which is nearly $10 million dollars, they say OK, now we understand that there has to be some fundamental changes." There was general consensus that the changes are a direct result of the reduction in operating grants that the institution is now receiving.

The following two quote summarize the awareness of the need to change:

   We are now going to have to organize our services in different ways that are more efficient and effective in the delivery of services. To a degree I think the cost reduction is enforcing us to become more efficient... we have to look at more radical approaches in the way we deliver services in order to survive in the new year.

   I think that there is some willingness to look at doing things differently now... you have to remember that the whole structure from the top to the bottom had a level of comfort, their jobs were never at risk if things didn't work out... this idea is now beginning to change.

   Many of the subjects also gave the University of Windsor's Report of the Strategic Task Force, Administration, and Services (1995), colloquially known as the Price Report, and the division's Strategic Plan as examples of how the university is dealing with its funding reductions.

**The Price Report**

   Not only did many of the subjects believe the formation of the task force and the corresponding completion of the Price Report were a direct result of the reductions in funding levels but that they also symbolized some sort of turning point for the division.
As one subject noted, "I think it made people aware of changes to come, new direction. Prior to this things seemed to just go along as they always had...I think you would have to be a little naive to think there was no direction in it." Although previous reports had been completed on the division, there was general agreement that the Price Report was different. Not only did the respondents believe that the report was a direct result of the funding reductions, but unlike reports in the past, they perceived that its recommendations were likely to be implemented. As one respondent noted,

I was told by my staff who have been here for years not to worry about it. That there is a room somewhere full of these reports that have been written over the years... and that in the twenty years that they have been here nothing has ever changed. But, I'm not so sure that this is still true,... the university is now looking for money.

There appears to be objective support for this assumption. As reported in the archival study, the president of the university made an agreement with the Board of Governor's Resource Allocation Committee that as part of the University's response to the announced funding cuts by the government to post secondary institutions, he would form a task force to analyze how the division could reduce its operating costs.

As mentioned in the previous section, the Price Report made 175 operational and/or cost cutting recommendations. Many of the respondents working in non ancillary departments expressed feelings of animosity towards the recommendations. There was anger that the committee had recommended the elimination of some positions. As one director stated, "having people's jobs identified as being redundant has made people
fearful and angry." Others commented on how the report "was not helpful," as it had only heightened employee morale problems within their departments. As another subject noted,

"It has been hard on the staff...the whole atmosphere has changed as to what it was five years ago. Its recommendations have made things more difficult for the staff to feel safe and comfortable in their positions."

Subjects working in the ancillary departments reported a more ambivalent reaction to the report. Unlike the non ancillary areas, the majority of the reports' recommendations for these units focused on items like structure, policy, and procedures. There were few financial recommendations. Ancillary subjects believed "there wasn't anything really of what I would call a major substantive nature in the report." These respondents perceived that the report had much more of an impact on non ancillary units than on themselves.

As one subject explained, "We have always operated in a mode similar to that of the Price Report. We on a regular basis complete an analysis on everything we do: systems, policies, regulations, fees, funds. In addition to that we are always examining the effectiveness and efficiency levels regarding particular individual jobs, roles and responsibilities...this is new for the other departments."

The Division of Administration and Finance's Strategic Plan

The majority of the interview subjects felt that the division's new strategic plan
was also a direct result of the funding cuts. Although there were two distinct responses to the plan, the responses differed not by department, but by rank. As outlined in the archival study, the vice president and his directors developed the division's strategic plan over a period of several months. The majority of the directors interviewed believed the plan to be an asset to the division. "Overall, it is very positive. What the strategic plan helps us to do is focus our financial priorities and rethink some, to be honest with you."

A minority of the directors expressed some reservations about the plan as they were afraid that their managers and staff would view it as yet another cost cutting tool. As one director noted, "We run some big risks of suddenly pulling a strategic plan out of the bag now... we have to do a fairly decent job of suggesting to people and making them believe it, that the strategic plan isn't a veiled financial threat."

This concern appears to have validity as the assistant department heads and managers perceive the strategic plan as little more than another cost cutting mechanism. The following respondent's comments is representative of the majority of the group's general feelings regarding the division's strategic plan:

I am hoping it will have a positive impact... it talks a lot about customer services but I think the real issue is financial--its about saving money... up to now it has been of no benefit to me... but, I suspect that it will have little impact.
While the general feeling of the subjects was of reserved wariness, others voiced outright cynicism. Comments ranged from "I am very cynical about it," to "It's nothing but a lot of air balloons." For many people at this level, the prevalent issue was one of job security. Everyone was conscious of the institution's need to cut costs and that "we [the university] are downsizing for the first time." As one respondent stated:

They want us to talk about strategies, vision?... My God, I'm not even sure that I am going to be here next year and they want me to strategize about quality issues and customer service. I have kids, mortgages and cars— that is what I am worried about. Where am I going to go if the University lays me off?

**Budgeting Changes**

During his interview, the vice president discussed how the reduction in government funding levels has changed the budgeting process at the divisional level. As previously outlined, each department in the past had basically been handed their annual operating budget. While budgeting was discussed between the director and the vice president, it was always previously done on a one to one basis. The vice president described how this practice has now changed, "Last year, for the first time, we [directors and vice president] did the budget together. I believe that in order to develop a budget that hangs together, you need to be able have transparency among departments...what is going on and why...this is especially true in a downsizing mode...I needed to build consensus in order to take the pieces out where it makes the most sense."
Budgeting and Financial Practices in Non Ancillary Departments

This budgeting philosophy clearly had some impact. Indeed, all of the directors working in this area spoke of this change in the budgeting process. Many noted "there is more sharing of information." As one director stated, "everybody used to do their own thing, now we not only have more say in our own budgets but also in each other's budgets." There was a general consensus that this change in budgeting practices was due to the reductions in the division's operating grants. "With the severe cuts, things have changed...I have a lot more involvement in budgeting process than I had in the past.

Rather than being given my budget, he [current VP] told me to give it to him! ...we then discussed it as a group [directors and VP]...this is very different than in the past." While many view this as positive, claiming that, "I and my department felt more involvement in the process...we are being treated as participants now," others are having more difficulty dealing with the change as they believe "budgeting is the VP's responsibility, not mine!"

Seven of the nine non ancillary subjects interviewed also commented on how much more difficult it now is obtain funds that were not originally budgeted for. "Historically, we have always gone to the vice president when we needed additional support [funds that were not originally budgeted for]. He would give us the money...there's a contingency fund somewhere..." Although among some there is still the perception that "there is still no real problem here, because we have a lot of money in the bank somewhere," respondents also noted "how we now have to beg" for additional
funds. Many non ancillary respondents expressed their frustrations with this new policy, noting that "before the cuts, we never really had to ask, we just spent it...it is just absolute lunacy what we now have to do to get money." Some gave examples:

The rigmarole we now go through to get replacement staff... We are talking about $10.00 per hour for a week for somebody. It takes three to four days to get the approval by the time we write a memo, send it to the director, then it has to go to the VP and it is often gone for two days before he sees it. By the time he finally signs the piece of paper that says we can spend $400 the person is often back to work.

Today, justifying a relatively minor expenditure, if it is outside of my department's budget,... well lets just say its much more difficult. It seems to me we are now spending an excessive amount of time and effort justifying and looking at different approaches for a relatively small amount. I would prefer to say let's just do it. That's what we did in the past.

While the vice president acknowledged that there is a contingency fund for emergencies, he also spoke of how he is currently trying to wean the non ancillary areas away from their past dependency on this fund. As previously noted, the past practice was for directors to utilize this fund in order to cover unexpected day-to-day operating costs. As one director noted, "people never had to manage before. It is not hard to manage at the University when you have money rolling like oranges." The vice president discussed how he is currently trying to change this perception by restricting directors' access to this fund.

We have a contingency or carry-forward to cover unexpected costs... Traditionally, they [directors] were given 100 per cent of the money needed to cover any of their unexpected costs. I'm now saying to them, why should I do that [totally pay for the expense]? If you want additional
money, then tell me how you are going to help pay at least some of it back. Although that isn't well ingrained in the process yet, it will be soon.

The directors recognize this new policy, but do not appear to be enthusiastic about it.

"He [vice president] not only wants more facts and details than my former boss [former vice president], but he also wants to know how I am going to help pay for it. My old boss never asked me to help cover the cost of the expense!"

**Budgeting and Financial Practices in the Ancillary Departments**

Strikingly, in the interviews conducted with subjects working in the various ancillary units, none of these subjects discussed the university's contingency fund nor their access to it. As previously noted, ancillary departments do not have access to government operating grants. Therefore, they are not eligible for receiving additional funds from the vice president. Rather than discussing how they approach the vice president to "resolve their financial problems," each spoke of their personal responsibility for their department's financial destiny. "We have to balance our budgets. If we get an unexpected cost, it is a major problem as we have to find a way to resolve it ourselves."

Another commented, "There's no pot of gold for us [ancillaries]. If I have a financial problem, I have to figure how to solve it." A department head responsible for an ancillary area noted, "we had an unexpected problem... an internal loan was arranged for us, which we are now paying back over a number of years and that [loan payment] cost, including the interest charges, has to be incorporated into my current and future budgets."
Since ancillary departments have never received government funds, their budgeting and financial practices have thus not been directly affected by the recent funding cuts. However, they are being affected on an indirect basis. Ancillary departments are now being required to contribute to the University's general operating fund. Ancillaries "have just gone through an external review by the KPMG auditing firm and they have recommended cost allocations to each of the ancillaries for the services being provided by the University's Finance and Human Resources departments." In addition, there is general acknowledgement by the ancillaries that "we will also be asked to contribute to the University's general operating budget." These new costs have increased the ancillary departments' level of financial responsibility. Not only are ancillaries required to be financially self-supportive, but they are now being asked to assume more of the university's general operating costs while still maintaining a balanced budget. The ancillary subjects general sentiments regarding this new policy are well summarized in the following comments:

I now have all kinds of different fees which I wasn't paying before. For example, I now have to pay fees to accounting, finance, and payroll. I am sure that these new charges are because of the University's financial problems. These fees are a joke... I feel in many ways they are very unfair. In addition, a lot of the work that these departments did for me in the past, has now been passed back to me. Why am I being asked to pay for services that they are no longer performing for me? ...I'll tell you why... it's only because they [administration] are now looking for money!

Respondents working in ancillary units, not only discussed how the reductions
were impacting their departments, but also commented on how the reductions in funding "may force the other departments [non ancillary areas] to become more accountable."

Ancillary areas viewed this potential change in the non ancillary areas as a positive result of the funding cuts. All of the ancillary subjects spoke at length on this issue. The following two comments can be used to summarize their discussions:

I think that in general there could be a lot of merit from looking at the way that they [non ancillary departments] do business... and trying to perhaps operate more of these departments in the way that ancillary departments have been required to operate for a number of years...

I think that restructuring in that area [non ancillary] may now happen. I think that by restructuring, and really questioning if the job they perform is useful, can they do more, is it the best use of resources,... which is what ancillary departments have always had to do,... this [government funding cuts] may now force them [non ancillary areas] to become more responsible.

There appears to be some validity to these assumptions. An example of this are the changes that have occurred in the past year in Duplicating and Document Services.

Until a year ago, Duplicating and Document Services was considered a non ancillary department. Its operating budget was funded with governmental operating grants. The unit's manager described the University's previous philosophy regarding his department:

It was a service-oriented department and if it did make money, fine; if it balanced, fine; if it broke even, fine; if it lost money, fine. We were known as a service department...I was here to keep the place open, keep it in good standing, don't cause any waves, and do the best we can... of course we never made any money, we never had a profit,... we couldn't, we had too
many staff... in the seven and a half years that I have been here, we have always lost money. But there were no layoffs... the University had a policy of no layoffs then... for me to balance the budget, I would have had to lay off two people, and he [former vice president] always said no.

Due to the reductions in government funding, and the recommendation by the Strategic Planning Task Force, Administrative and Services to "close the doors" on Duplicating Services, the new vice president decided he could no longer afford to subsidize this department with government operating grants. It would have to either eventually close or become financially self-supportive. Based on this decision, the vice president transferred Document Services to his ancillary department named University Services. A thorough review of this operation was then conducted by the Director of University Services who is responsible for all ancillary departments on campus. He outlined the process:

In looking at that operation it was very clear to me that there was a tremendous customer need. Universities are factories for documents and the alternative is to say there are places off campus in the private sector where faculty could go but what is the cost of that? We decided that we can do it better, faster, cheaper, and retain government operating funds internally within house that will basically circulate instead of simply going out. While there is a definite need for the operation, it must be also become economically viable.

Based on this analysis, the decision was made to enter into a partnership with Xerox. At no initial cost to the university, Xerox replaced the department's outdated printing presses with modern, highly automated duplicating equipment. In addition, the university would also receive technical and marketing expertise from Xerox. In
exchange, the university entered into a profit sharing agreement with Xerox. When interviewed in the spring of 1996, six months after the University established the partnership with Xerox, the unit manager noted how "we are in different times now and I now have to watch every dollar. Xerox is not here for their good looks. They are here to make money."

SUMMATION OF PAST AND PRESENT FINANCIAL PRACTICES AND PHILOSOPHIES

The interviews outlined two separate sets of financial practices and philosophies within the division. While the departments of Human Resources, Finance, Physical Plant, Campus Police, and Computing Services have similar financial philosophies, the ancillary department, known as University Services, consisting of Residence Services, Food and Hospitality Services, Health Services, CAW Student Centre, and Duplicating Services operates under a different set of financial assumptions. As previously outlined, government operating grants cover the cost of operating the non ancillary departments, while the ancillary units must be financially self-supporting. As reported in the literature review, an organization's fiscal environment is one of the most important variables involved in the formation of an organization's culture(s). The archival portion of this study reported an objective link between changing government funding levels and changing financial practices at the university. The data collected during the interview
phase of this study has not only outlined how the acquisition of fiscal resources affects financial practices but also how it impacts an organization's culture(s).

The subjects' responses to the interview questions regarding budgeting and associated financial practices outlined two distinct subcultures within the division, one within the ancillary units, and another within the non ancillary departments. Their responses also described how the recent changes in government funding is impacting on various norms, values, and beliefs of these subcultures. While the ancillary units, which have been least affected by the funding reductions have for the most part retained their previous culture, the non ancillary subjects, perceive changes in their basic assumptions. The non ancillary departments' changing norms, values, and beliefs, have been manifested most clearly in the case of Document Services. The previously discussed changes that have recently occurred in this department clearly outline how an organization's financial environment shapes its norms, values, and beliefs.

OTHER BASIC CULTURAL ASSUMPTIONS

Not only is there evidence to support the connection between the environment and the budgeting and financial elements of the division's subcultures, but the interviews also outlined how fiscal resources impacts upon other norms, values, and beliefs in the ancillary and non ancillary departments. The interviews revealed relationships not only between various basic assumptions and the division's financial environment, but also
noted how the changes in this variable tended to change these assumptions. Examples of this can be seen when one examines the division's assumptions regarding performance and even more general abstract concepts such as time, space, reality, human activity, and human nature and social relationships.

Assumptions Regarding Performance

Overall there is a general assumption that the division places little focus on performance. As the archival study noted, while all managerial staff salaries within the division are based on the individual position's job content, there is no wage recognition for an individual's level of performance in the position. In addition, the division has no formalized employee performance evaluations. Not only are there objective data for this basic assumption, but the respondents expressed beliefs match this objective information. The general consensus of the subjects interviewed was that the division placed little value on either unit or employee performance.

In the past, each of the directors in the division, and all of the department heads responsible for an ancillary unit, were responsible for developing formalized goals and objectives for their particular departments. One subject outlined the process,

We [director and vice president] would sit down and set out my goals and objectives for the year. He [vice president] would establish what projects and things we should work on and then they would be laid out in a framework that had a spreadsheet with spaces for comments and evaluations. There was also a space for explanations for why you didn't achieve what you were suppose to achieve.
Although this process was completed on an annual basis, several of the non ancillary subjects noted that on more than one occasion, they had never met with the vice president to complete the evaluation portion of the process. As one respondent noted, "We were so busy some years,... that we just never got around to the evaluation phase of the form." Even though this evaluation process was in place, none of the non ancillary subjects perceived this to be a performance appraisal mechanism. Their responses to the question regarding performance evaluations makes this quite clear. In the words of one respondent working in the non ancillary department, "No we were never evaluated on performance." Another commented, "No one ever gets fired here," and still another gave this example:

I have one or two people in my department who have been here over 20 years and everybody on the campus knows that they are not productive, they do everything they can to avoid doing useful work... but they're still here.

As previously discussed, the majority of the non ancillary subjects believe the vice president's to be responsible for the completion of their department's budget and to resolve any of their financial problems. Therefore they see little need for being evaluated on their financial performance. As one subject noted, "I don't get paid to make those [financial] types of decisions... he [vice president] does."

Although this is still the prevalent belief in the non ancillary areas, this perception is beginning to change. Many of the non ancillary subjects commented on the vice
president's decision to move them towards a group decision making process when preparing the division's annual operating budget, and also on his efforts to wean them away from his contingency fund. As one director noted, "He [vice president] is creating a situation in which we [directors] are going to be assuming more of these financial responsibilities."

While none of the non ancillary subjects remembered receiving an evaluation, all but one of the ancillary subjects noted they have always been regularly evaluated. While there was general acknowledgment that "there are no formal appraisals like you would see in the private sector," non ancillary respondents noted that "we [ancillaries] are always evaluated on the financial performance of our departments." But even within this department, there was recognition that rewards are unrelated to performance. As one respondent noted, "It [performance] is certainly not salary or wage driven...there is no performance appraisal system that rewards one on merit..."

The lack of emphasis on performance can be tied to the influences of the fiscal environment. When there is a guarantee of sufficient fiscal resources, an organization does not need to place much emphasis on performance as unit and/or employee performance levels are not tied to the unit's ability to generate operating resources. As previously discussed, the non ancillary units operated for many years in an environment that provided them with sufficient funds to cover their operating costs regardless of how effectively or efficiently their departments operated. Since there was no need to worry
about covering their costs, there was little need to be concerned with the level of either unit or employee performance. This was not the case for the ancillary units. Since each of these units was responsible for generating the funds needed to cover their operating costs, performance was a much more important factor. If these departments did not provide the services that their customers requested or needed in a cost effective manner, their customers would not utilize their services. If their customers did not use their services, the ancillary departments did not receive the fiscal resources necessary to operate their units.

As discussed in the literature review, the Hofestede et al. (1990) cultural model notes that it is an organization's financial environment which determines an organization's tendency to focus more on being either employee or job oriented. Organizations operating in market competitive environment and whose members are evaluated on profits and other financial performance measures tend to be much more job-oriented. Organizations working in stable financial environments, with few financial performance measurements tend to be more employee-oriented. This explains why many of the respondents in the non ancillary departments noted a higher concern for people than those working in the ancillary units. Although the interview respondents working in the ancillary units also expressed concern about their employees, these units, due to their economic environments, must balance their concern for their employees against their need to maximize employee performance levels. Until very recently, a job in the non
ancillary departments often provided employees with a life long job opportunity. As one respondent noted, "Once you got in here, you were here for life, it was a job for life."

Another subject noted that in the past, job candidates being interviewed for positions within their department were often told, "this is a life time job." The non ancillary units have historically not only been able to provide their staff with life-time employment but to also "give everyone the benefit of the doubt even if to the extent of hurting the organization."

Due to the reduction in funding, this belief is now changing. As one non ancillary respondent noted, "We are facing serious times and we have to get down and dirty, and deal with the issues at hand." Many of subjects working in the non ancillary departments also noted changes in the division's philosophies during the past year. An example which was given over and over again, was the University's new position on staff layoffs... "we are downsizing for the first time." In the past, the non ancillary units reportedly had never laid anyone off: reductions in staffing levels had always been accomplished through attrition. But since the funding cuts, the division has laid off numerous part-time workers and thirty-eight full time employees. Several subjects discussed how the division appears to be moving away from its previous easy going attitude regarding performance issues. As one subject stated,

The private sector has been involved in re-engineering, downsizing, rightsizing, for a long time because it had to in order to survive. The University hasn't had to do this in the past. But now due to the financial components of the government's cutbacks, the division is going to have
start doing the same kind of thing as the private sector has been doing.

While many of the non ancillary subjects appeared to be upset with implementing an employee layoff policy, there was little discussion on this issue in the ancillary units as subjects working in the ancillary units did not view this policy as anything new. None of the subjects working in the ancillary units spoke of the opportunity for life-time employment as staff have been laid off in these units in the past. For example, during the past five year period, departments such as Food and Hospitality Services have not only eliminated positions but have also laid off staff. Due to their financial environment, ancillaries have never had the financial ability to carry unproductive employees. As one respondent noted, "I have never been able to afford to carry people who do not perform."

The above discussions highlight how a change in environment often has a dialectical impact on both organizational performance and on the organization's management of its human resources. As one respondent noted, "everything is much more results oriented now...it's now get it fixed, do it now, and who cares what the human cost is...is this a result of the recent cuts?...I think so."

Assumptions About Time

According to Schein (1992), an organization's culture(s) is often reflected in its basic assumptions regarding time. Although the researcher did not ask particular questions regarding this, the data collected during the interview phase of the study
revealed two distinct assumptions regarding this concept. Subjects in the ancillary units primarily focused on the present while the non ancillary respondents tended to talk more about the past. In addition, there appeared to be a greater sense of urgency in the ancillary units when compared to the non ancillary departments.

Ancillary subjects often spoke of the present, how to accomplish current fiscal goals and objectives. Few referred to the past. As one ancillary department head noted, "How well we did financially last year doesn't matter. It's what we do today that's important. If we don't perform we don't get the sales, if we don't get the sales, we don't survive. We don't get a second chance." Another, reviewing their financial day-to-day procedures, stated, "I check my sales and expenses every day. If I see something I don't like, like dropping sales, I speak to the staff right away." The ancillary subjects' answers regarding questions on the budgeting and financial processes of these departments also emphasize their focus on the present. A department head, in discussing the budgeting process, noted, "It [budgeting] involves a lot of different processes every year to how I come up with the final budget. Just because we spent X dollars last year on a line item, doesn't mean that we will automatically spend that much again this year."

While non ancillary departments also pay attention to the present, these departments appeared to be more oriented towards the past. Unlike their ancillary cohorts, the non ancillary subjects made numerous references to the past. Many of the non ancillary subjects perceived that traditional practices were highly valued and any
proposed change "would have to be closely evaluated prior to its implementation." As one non ancillary subject noted, "Innovation?...how I perceive it?...if it is not broken, don't fix it. If it has been running OK for all these years, why go in another direction?" Another put it more bluntly, "I see this place as fairly risk averse. It values how things have been accomplished in the past. Anyone proposing changes to the way things have been done better make sure that the proposed changes are successful." Respect for traditional practices was coupled with the belief that "projects need to be done slowly," beginning with a "thorough review." One non ancillary respondent gave an example:

This is a simple project. It is not rocket science... We started talking about the concept for about 1 1/2 years ago. We have now gone out for proposals three times. Finally, we just finished selecting a vendor. This program is costing us zero dollars, and yet the decision and review process took about 18 months... no, it's still not implemented.

Although the above noted values, norms, and beliefs regarding the assumptions of time are still present in the non ancillary departments, four of the non ancillary respondents noted how these assumptions are beginning to change. As one respondent wistfully observed, "Things aren't like they used to be...things were better before,... we never used to worry about how we were going to pay our bills...but that's changing now..."

The distinctions between the ancillary and the non ancillary departments' basic assumptions regarding the concept of time can once again explained with reference to the literature. Research has shown that organizations operating in unstable, turbulent
financial environments, like those of the ancillary units, tend to focus primarily on the present as their environment often takes unpredictable turns. Due to the high level of unpredictability, past practices are seldom of any value to members working in a turbulent environment. These assumptions are very different from those developed by organizations, like those of the non ancillary units, which have a history of operating in stable environments. Due to their ability to depend on receiving predetermined amounts of money on a regular basis, traditional practices tend to play a much more important role (Khandwalla, 1977).

Assumptions About Reality and Truth

Research has shown that a fundamental part of every culture is its set of assumptions regarding what is real and how one determines or discovers this. What is defined as physical, social, or individual reality is itself the product of social learning and hence, by definition, a part of a given culture. But, according to Schein (1992), cultural assumptions are assumed to have relatively less importance in the area of physical reality, which in Western society is assumed to operate according to natural laws as discovered by the scientific method. Therefore, an organization's cultural assumptions become relatively more important in the area of social reality. Schein's cultural audit model utilizes an adaptation of England's (1975) moralism-pragmatism scale for uncovering cultural assumptions regarding social reality within organizations (appendix 7).
Based on England's scale, ancillary departments tend to see truth and reality in a more pragmatic way than non-ancillary departments. As one department head noted, "We do what works." Another describes the process in more detail, "We often try something out and then evaluate how it works. If it works, great,...if it isn't successful, we'll try another approach." Ancillary subjects talked extensively about the importance of customers. As one respondent noted, "We are basically entrepreneurs. Without our customers, we don't exist...we need them ... if they don't spend money we can't pay our bills." According to Hofstede et al.'s (1985) cultural audit model, the tendency for a unit to focus its attention on customers is a prevalent characteristic of a pragmatic unit. Hofstede also notes that pragmatic units tend to operate in competitive markets, be entrepreneurial in spirit, and are often service delivery units. Overall, each of the ancillary units clearly exhibit these additional pragmatic characteristics.

Non-ancillary areas focused less on a pragmatic approach and more on what England refers to as "pure dogma" and "revealed dogma." Pure dogma is defined by England as a practice that is always completed in the same way, while revealed dogma is "wisdom based on trust in the authority of formal leaders" (Schein, 1992: 102). As previously outlined, the non ancillary subjects tend to rely on proven past practices to resolve current financial issues. Eight of the nine non-ancillary subjects interviewed also noted that while it was their responsibility to bring financial concerns to the vice-president, it was the vice-president's ultimate responsibility to resolve any financial
problem.

According to Hofstede et al.'s research, an organization has either a pragmatic dimension or a normative dimension. Characteristics of a normative dimension are organizations which are responsible for implementation of rules and/or those operating under a monopoly. Due to the function of the department, the primary role of Human Resources, Campus Police, and the Department of Finance is the implementation of rules. While this is not the primary focus of either Physical Plant or Computing Services, both of these non ancillary units meet the second of these criteria: operating under a monopoly. Although not true monopolies, none of the non ancillary departments face competition for their services on campus. It should be noted that this is not the case for the ancillary units. Although no ancillary unit faces direct competition on campus, each face a variety of local competition. Although Residence Services, for example, provides the only student housing on campus they have many competitors as students do not have to live on campus. Students may choose to live in one of the university's residence dorms or at one of university's affiliated colleges or fraternities. In addition, Residence Services must also compete with the local community's landlords for students.

The differences in the ancillary and non ancillary basic assumptions regarding reality and truth and between the dimensions of pragmatic versus normative can be explained, at least in part, by the influence of these departments' fiscal environments. It can be argued that the ancillary units' pragmatic view has evolved as their members
developed mechanisms to cope with an unstable fiscal environment. As previously discussed, these units are financially dependent on a combination of cash sales and student fees. Both of these revenue sources are highly unpredictable. In order to obtain student fees, ancillaries must convince student advisory groups on an annual basis that their services provide a level of value that is comparable to the fee being requested. Not only does the membership of these student advisory boards change from year to year, but the students' priorities and perception of value are constantly changing as well. Revenues from cash sales also have had tendency to fluctuate from year to year depending on the size of the departments' customer base and upon the level of competition from local vendors. Therefore, due to their turbulent financial environment, the ancillary departments have developed a philosophy that tests the value and truth of ideas by their practical consequences. As one ancillary subject noted, "we do what works." As previously discussed, the non ancillary units have traditionally operated in a much more stable financial environment. Although their current environment is now less stable, these departments are still notified by the government well in advance of any upcoming changes to their operating grants. Due to this relatively stable environment, the original practices and policies set out by the management of an organization continue to remain relevant as long as the environment does not change. As outlined in the archival study, the non ancillary departments enjoyed an extended period of financial stability. Since their environment was financially stable, the policies and procedures which were initially
developed in these areas remained intact, and eventually evolved into traditions. Over
time these traditions were written down as departmental policies. As one non ancillary
subject noted, "There is a rule for everything!" In addition, since these practices were
originally designed by senior management, and are perceived as having stood the test of
time, it should come as no surprise that the members of these units tend to believe that it
is senior management's function to develop policies and resolve problems.

Assumptions About Human Nature and Social Relationships

As discussed in the literature review, in every culture there are shared
assumptions about what it means to be human, what our basic instincts are, and how we
are to conduct our relationships with one another. At the organizational level, the basic
assumptions about the nature of human nature--that is, how employees and management
are viewed,--have evolved from "a classical notion of humans as rational-economic actors
to humans as social animals with primarily social needs to humans as problem solvers
and self-actualizers with primary needs to be challenged and to use their talents" (Schein,
1992: 125). Motivation theorists, such as Maslow (1954), organized these assumptions
into a hierarchy: if the individual is in a survival mode, economic motives will dominate;
if survival needs are met, social needs come to the fore; if social needs are met, self-
actualization needs are released. McGregor (1960) observed that within this broad
framework an important second layer of assumptions was held by managers vis-a-vis
employees. Managers tended to hold one of two sets of assumptions regarding employees. Theory X managers assumed that people are lazy and must therefore be motivated and controlled while Theory Y managers assume that people are basically self-motivated and therefore need to be challenged and channelled, not controlled. Since these assumptions about employees often become imbedded in the organization's incentive, reward, and control systems, Schein notes that an examination of an organization's policies regarding the correct level of participation and use of authority can also reflect the different assumptions that management has made regarding the nature of their subordinates.

Working within this framework, the division's core assumption about human nature appears to be one in which managers assume that their subordinates are incapable of responsible and creative decision making abilities. Due to this fundamental belief, the division's managers tend to assume that their staff must be motivated and controlled. These basic Theory X assumptions about human nature are manifested in the division's emphasis on hierarchy, its bureaucratic nature, and senior managements' paternalistic assumptions regarding their employees. However, while these cultural characteristics are prevalent throughout the division, they tend to be less evident in the ancillary units.

The emphasis on hierarchy is evident both through the objective and subjective data collected during the interview phase of the study. Objectively, the emphasis placed on hierarchy can be seen most obviously when one examines how office space within the
division is assigned. As each interview was conducted in each subject's personal office, the researcher was given the opportunity to observe the work spaces of many of the division's employees.

Office space is apparently assigned according to an individual's rank in the division. Every subject interviewed had their own personal office. Of all the subjects, the vice president had the best office. It was the largest, located on a corner of the top floor of the university's main administration building. The office has floor to ceiling windows which overlook the city's skyline and a large river. Although not as large as the vice president's, each of the directors also have offices with views. While many of the department heads, assistant directors, and managers interviewed had windows in their offices, few had views. It was also noted that while the majority of unit managers had offices, they were often small, and located in areas which did not have access to natural light. While it was observed that some of the support and secretarial staff had their own work cubicles, few possessed their own office. The majority of the clerical staff worked in large, open areas that permitted supervisors to tightly manage and control this work group as the physical layout of the space permitted them to not only observe who might need assistance, but also who was not working.

As Schein (1992) notes in his cultural audit model, the assignment of office space often reflects an organization's cultural values and assumptions. Because buildings and the environment around them are highly visible and relatively permanent, organizations
often attempt to symbolize important values and assumptions through both their design and assignment of space within these facilities. The distribution of office space within the division of administrative and financial services not only symbolizes an employee's rank within the division, but also reinforces the assumption that there is a ranking or hierarchical system operating within the division. As the literature notes, the assignment of space has often been used as a subtle tool in which to guide and channel behaviour of members of organizations (Berg and Kreiner, 1990; Gagliardi, 1990).

In addition to this objective evidence, there is also subjective evidence to support the proposition that the division values a hierarchical chain of command. Deference to an individual's rank within the division was an issue that over fifty percent of the respondents touched upon in their interviews. As one interview subject stated, "it's understood that you never go over your boss's head... if you do, you better be prepared for the consequences." Another noted, "We have to show extreme loyalty to the people at the top... it puts us in a difficult position if we disagree [with them]."

The hierarchical nature of the division was also observed when the subjects described the budgeting process and various other financial procedures. Peter Block, a leading managerial consultant, notes how the review of an organization's financial policies and practices not only outlines the degree of hierarchy operating within an organization, but also often provides some of the best indicators for assessing senior management's basic assumptions regarding the issues of power and control.
The right to manage the money of others is in some ways more powerful than the right to fire somebody. Firing happens so infrequently that it lacks day-to-day currency. Controlling dollars, because of the frequency and immediacy of the act, is the operational definition of power in our institutions (Block, 1993: 140).

According to Block, control means that there is a clear line of authority. Decisions about policy, strategy, and implementation are the domain and prerogative of senior management. People at the middle and the bottom exist to execute and implement. Control is often achieved through a collection of policies and rules that are developed and enforced by senior management or their delegates.

Due to the hierarchical nature of the division, a clear line of authority exists within it. In addition, the general consensus of the respondents was that decisions tend to be top down, and that only the most senior levels of the division have, and should have, the right to make important financial decisions. As one director noted, "I think that [top down decision making] was the model that the University used for a very long time in a lot of departments." As previously outlined, the vice president made the majority of the financial decisions including finalizing each department's annual operating budget and the resolution of any associated financial difficulties in the past. Although this practice is now changing under the new vice president, senior level managers still believe that "it is my job to work on the budget." As one director noted, "when it comes to looking at any of the budgetary priorities that would impact our areas, there may be some funnelling up from there [hourly staff], but to be honest, it is really minimal." Although there is
recognition that "in some cases the front line staff have a great many good ideas to offer us," the current prevalent belief among directors is that financial decision making is not only a function of their position within the organization, but also a right. As one director noted, "I told my staff what was going on ... so I got input, but I told them that the decision was mine to make."

While some of the senior executives discussed the problems of "positional power influencing financial decisions," the interview data clearly revealed that the right to control is still a core assumption. To ensure that their decisions are implemented and enforced, senior management have developed a series of policies and procedures. Many mid level managerial respondents, especially those working in the non ancillary departments, commented on the importance placed on following the division's rules and procedures. As one non ancillary respondent noted, "There's a policy for every eventuality." Another stated, "God help you, if you don't follow policy...they [senior management] care more about us following policy than on our results." Several of the respondents reporting to non ancillary directors also noted how they themselves are often left out of the decision making process. As one respondent noted, "I find more out by reading the local paper."

Unlike their peers working in the non ancillary areas, subjects working in the ancillary units clearly have a different set of belief systems regarding the issues of power and control. While non ancillary departments believe that the division's policies and rules
must be strictly enforced, ancillary subjects perceived these rules as general operational
guidelines. As one ancillary subject noted, "We are much more entrepreneurial than the
other departments... we are focused on results,... we operate under policies, rather than
rules." While it is the vice president and the ancillary director who ultimately approve
each ancillary units' operating budget, it is each ancillary unit's department head that
develops the unit's annual operating budget. As the director responsible for these areas
noted, "it is each manager's responsibility to develop their own budget." The
responsibility for developing their own unit's budget, has provided mid level managers
working within ancillary units with a sense of financial control. As one incumbent noted,
"At least we have the power to control our own budgets."

Although none of the division's hourly staff appear to have direct input into the
budgeting process, many working in the ancillary units are involved in the day-to-day
decisions regarding the operationalization of their unit's budget. One department head
described the process involved:

Well, I [department head] go through the whole budget with each person,
and I report to each unit what their sales are for that month and what they
were the year before and then we talk about ways of either increasing sales
or what we should done about next year's sales and things like that. I also
involve them in my expenses a lot so that they know that I have $4,000 for
this and we are now have $3,300 left or whatever. They are then aware of
what they can and cannot ask for.

This level of hourly staff participation was not mentioned by any subject working
in the non ancillary departments. While some non ancillary directors noted how "in a lot
of cases they [hourly staff] have felt that their views have never really been listened to or appreciated," others do not believe that their staff are interested in being part of the decision making process. As one non ancillary director noted, "When I first started here, I used to ask for their [hourly staff] opinions on what we really needed and such as far as the budget was concerned. I would try to get them involved as much as possible but they never seemed to be interested."

These differences between the non ancillary and the ancillary respondents' comments outline their perceptions regarding the characteristics of the departments that they are working within. These characteristics have been used to describe what Burns and Stalker (1961) referred to as mechanistic and organic systems. Mechanistic systems are organizations that stress rules, policies, and procedures; specify techniques for decision making; and emphasize the development of well documented control systems backed by a strong middle management and supported by a centralized staff. Organic organizations tend to be much less bureaucratic in both appearance and functioning. These organizations emphasize results. There are few procedures, and those that do exist are not as formalized. The organization relies on the judgement of its personnel, and places a grater emphasis on its front line staff to accomplish its goals and objectives.

Based on Hofestede et al's (1990) cultural audit model which utilizes Burn's and Stalker's systems theory to determine if an organization tends to be either process versus results oriented, it appears that the non ancillary departments are mechanistic systems and
process oriented, while the ancillary units tend to be more organic systems and are results oriented.

The characteristics of a mechanistic system have also been used to describe bureaucracies. The term bureaucracy was first developed by Max Weber. Weber suggested that large organizations would thrive if they relied upon legal authority, logic, and order. Weber argued that the necessary components included a division of labour, hierarchical control, promotion by merit, career employees, and administration by rule. He named this design "bureaucracy" (Ritzer, 1992).

As first outlined in the archival study, the division, like that of many of today's organizations, has each of the components Weber required for a bureaucracy. This too is the view of the subjects who believe that they are working within a bureaucratic structure. Comments ranged from "this is a bureaucracy," to more negative ones which included "this is such a bureaucratic organization!" As one non ancillary respondent noted, "We are a bureaucracy... we are structured like a bureaucracy, ... and we operate and respond like a bureaucracy."

While there are positive aspects associated with being bureaucratic, there are also many negative traits associated with this style of management. As Schermerhorn, Templer, Cattaneo, Hunt, and Osborn (1993:342) note, the focus on specialized labour often tends to create overspecialization which stimulates a divergence of interests that leads to conflict. The development of a formal hierarchy often creates inflexibility,
requiring the need to follow official channels. Conformity to the organization's ways can become detrimental to both the organization and to its employees as rules become ends in themselves. The resultant political systems often become mechanisms to serve elite corps of managers.

Many of the subjects discussed these negative aspects of the division's bureaucratic system. Several commented how the division appeared to value policies and rules over results. Others, their frustrations dealing with specialization. As one respondent noted, "they [hourly staff] will only do what is in their job descriptions." He noted how "there was some [employee] bumping with the installation of the new equipment, as some of the new job descriptions specified computer work." Several others discussed how decisions appear frequently to be governed more by vested interests or political expediencies than by concerns of efficiency or effectiveness. As one non-ancillary respondent noted, "Everything is so political...how we appear in the community is more important than how we conduct business." Another gave an example of the political nature of the organization:

We had people pushed into our department that we really didn't need. Take for example my secretary... she needed a job, and basically her brother was the deputy minister or something. Anyhow, one phone call later, she is working at the University... they [the university] didn't need a secretary, they had enough,... they created a place for her.

Of all the respondents, the ancillary subjects were the most critical of operating within a bureaucracy. While not everyone used the term bureaucracy or bureaucratic, all
of the ancillary subjects spoke of the difficulty of trying to operate like a business in an institutional environment. They viewed the requirements to follow official channels, the division's many rules and policies, and their hourly staff's determination to only perform work as outlined in their job descriptions as obstacles rather than as tools in which to accomplish their goals and objectives. As one ancillary subject stated in disgust, "This place is so bureaucratic...there is so much red tape involved...it takes forever to accomplish anything!"

Although the division's relationships characterize a mechanistic and bureaucratic system focusing on process, there are also more organic, results oriented relationships occurring within the ancillary units. In addition, these units appear to have the most difficulty dealing with the overall bureaucratic relationship style of the division.

The development of the bureaucratic nature of the division and the respondents' two different working relationship styles for accomplishing their goals can be linked back to the different fiscal environment within which the non ancillary and ancillary departments operate. While Burns and Stalker (1960) noted mechanistic systems are often bureaucratic in nature, other writers such as Hofstede et al.'s (1990) established a link between an organization's operating environment and its tendency to be bureaucratic.

These researchers reported that process oriented or mechanistic systems have a greater tendency to develop in financially stable environments, whereas organic, results oriented organizations are more often located in financially turbulent environments. The
study of the division of the administration and financial services at the University of Windsor provides yet another example to these researchers' basic hypothesis as the data collected during the interview phase of this study lends additional validity to the link between the fiscal environment and an organizations design and operational style. As previously discussed, the division's non ancillary units have traditionally operated in a fairly financially stable environment whereas its ancillary units have operated in a much more turbulent, market driven environment. This link between the environment and operational style is further supported when one examines how the recent changes in the non ancillary department's fiscal environment is currently impacting these departments. As the vice president noted,

"It [the environment] is getting more competitive now... I think that there is some willingness to now look at doing things differently. Getting the changes in place is going to be the trick... we need to become more innovative... we need to change how things are done. This is going to be difficult as this has been a very traditional institution."

Although he did not use the terminology, the vice president's comments describe a mechanistic system moving towards an organic system of management. He also notes that this move towards "innovation" is a direct result of the environment becoming "more competitive." According to Burns and Stalker, competition is a major characteristic of an unstable financial environment. Therefore, it can be argued that the vice president's comments reflect the non ancillaries current attempts to adapt to their changing environmental conditions.
In addition to relationships being bureaucratic and hierarchical in nature, there is also evidence that division's management tends to relate to their employees in a paternalistic style. Although the word paternalism means acting toward others as a father would act towards his children, it is used in businesses to convey the concept that managers know best. Rather than consulting their staff, managers tend to make decisions on behalf of their staff. Paternalistic managers also tend to believe that they have the power and responsibility to protect their staff. Block (1993) outlines how organizations that limit power and control to only their most senior executives, also tend to have many of these paternalistic characteristics. He argues that since senior management holds the majority of power and control within the organization, the majority of the employees often feel powerless. In an attempt to alleviate this negative and possibly disruptive feeling, "an organization's primitive statement to its employees is: Don't worry so much about the fact that we own you, because we will take care of you" (Block, 1993:147).

As the archival study noted, the institution has traditionally offered market comparable wages and excellent benefits to its employees. Due to the university's reputation for never laying anyone off, employment at the university, especially in the non ancillary departments of the division, has been viewed as being very secure. While these features do not necessarily characterize a paternalistic organization, they arguably tend to attract employees with high security needs. Indeed, four of the interview subjects noted how they felt that their staff had been initially attracted to the university due to the
university's reputation for providing "life time employment opportunities." As one
director noted, "People with stronger bias towards stability are attracted to the university
as it provides secure employment."

It is the interview data that provide the evidence for the hypothesis that senior
management tends to relate to the division's work force in a paternalistic behaviour style.
The interview data revealed that many of the respondents assume that they know what is
best for their staff, and that it is their responsibility to act on behalf of their staff. While
some subjects made direct statements like, "it is my responsibility to look after my staff,"
others only inferred that the division was paternalistic. For example, one respondent gave
an example of how a non ancillary staff member with a long term reputation for being a
poor performer had traditionally been handled:

He [former vice president] said, I am not going to fire a person 20 years
later because no one could be bothered dealing with the situation back
then...when a person is 57 or 58 they have no chance of getting another
job... I am not now going to suddenly start disciplining them.

Many of the subjects discussed how the reductions in government funding
appeared to be impacting this paternalistic relationship style. Not only did subjects talk
of "the need to withhold information from the staff in order to protect them," but five
individuals also noted how many of their subordinates were no longer convinced of their
ability to protect them. One director outlined a conversation that he had recently had with
one of his subordinates,
I essentially said something like, Don't they understand that I can protect these people if they let me handle it my way? Their comment back was, No, they don't think you can protect them any more, they are looking to their union to protect them.

There was also general consensus by the directors that involving staff in the financial decision making process was generally not in their staff's best interest. Four of the directors believed that with holding financial information from their staff prevented their workforce from becoming emotionally upset. As one subject noted, "We are downsizing... people are going to be hurt... there's no need to involve them in the decision making process... they will just become upset... they'll know soon enough." Block argues that while senior leadership seldom questions their desire for dominance, many understand that this dominance must be implemented humanely, as "the handcuffs of control only become golden when they are fitted with the promise of protection and satisfaction" (Block, 1993:148). An example of this core assumption was demonstrated by the concerns of the division's senior management regarding the recent layoffs. All of the non ancillary directors believed that the layoffs must "be handled as humanely as possible." As the vice president noted, "HR [Human Resources] is to come up with an approach that will have us deal with a very difficult situation--layoffs. People must be dealt with fairly, humanely,...they must be allowed to leave in as much grace and dignity as they can while at the same time protecting the institution."

Although many of the subjects were aware of the decision to handle the layoffs in
the most "humane" ways, there were many who expressed concern with the initial decision to downsize the division. As one respondent observed,

Loyalty is a two way street. They [senior administration] have no legitimate reason to assume the employees will continue to walk their side of the street. I think that in the long term the cost of this approach [layoffs] will be extremely high.

While many of the non ancillary subjects talked about the need to "protect" or "look after" their subordinates, only one member of the ancillary units spoke on this issue. As previously mentioned, in terms of Hofestede's cultural audit model, the ancillary departments tend to be more job-oriented while the non ancillary departments tend to be more employee-oriented. These differences in orientation tendencies appear to impact the degree of paternalism operating within a department. The non ancillary departments, which were employee-oriented, also appear to be more paternalistic. The ancillary units, which were more job-oriented, appear to be less paternalistic towards their staff. As one ancillary subject stated, "staff have to assume some of the responsibility for their futures,...if we [staff and management] don't get the sales, we don't keep our jobs."

Once again, the fiscal environment appears to be a contributing factor to the several differences between the level of paternalism being exhibited in the ancillary units versus the non ancillary units. Peter Block (1993:148) argues that, "the entrepreneurial mind set is incompatible with paternalism,... as caretaking tends to undermine ownership and responsibility." This study has already established that the ancillary units'
entrepreneurial spirit is the result of these units operating in a financially unstable environment. As previously discussed, unlike the ancillary units, the non ancillary units have traditionally been able to afford to be more employee-oriented due to the stability of the fiscal environment. This environmental stability also appears to be a contributing factor in the higher level of paternalism within these non ancillary departments.

Assumptions about Human Activity

Closely connected to assumptions about human nature and their relationships are assumptions about the appropriate way for humans to act in relation to their environment. Schein (1992) utilizes the work of Klockholn and Strodtbeck to uncover an organization's basic assumptions regarding its relationship with its environment. Klockholn and Strodtbeck note in their comparative study that at one extreme one can identify a "doing" orientation, which correlates closely with (1) the assumption that nature can be controlled and manipulated, (2) a pragmatic orientation toward the nature of reality, and (3) a belief in human perfectibility. In other words, it is taken for granted that the proper thing for people to do is take charge and actively control their environment. According to Schein, organizations with a doing orientation tend to focus their efforts on results, efficiency, and on problem solving. At the other extreme from doing is a "being" orientation, which correlates closely with the assumption that nature is powerful and humanity is subservient to it. This orientation implies a kind of fatalism: since one cannot influence nature, one
must become accepting and enjoy what one has. Schein notes that organizations operating according to this orientation would look for a niche in their environment that would allow them to survive and would also think in terms of adapting to external realities rather than trying to create markets or dominate some portion of the environment. A third orientation, which lies between the two extremes of doing and being is "being in becoming," referring to the idea that the individual must achieve harmony with nature by fully developing his or her own capacities and thereby achieve a perfect union with the environment. An organization with this typology emphasizes hierarchy, rules, clearly defined roles, and other means to help people curb and control their natural impulses and desires. Implicit in this view is the assumption that basic impulses are dangerous and must be controlled. According to Schein, the relevance of this dimension can be seen most clearly in organizational attitudes and norms regarding the expression of emotions.

Working within these typologies, the division's overall orientation is that of the "being in becoming." As the results of both the archival and interview portions of the study noted, characteristics of the division include a clear definition of roles, a focus on rules and policies, and an emphasis on hierarchy. Similar to many other North American organizations, emotional responses are viewed as unprofessional. As one subject bluntly noted, "Emotions have no place here... we are expected to leave our emotions at home." While ancillary units also have many of these "being in becoming" characteristics, they
also have many of the characteristics of the "doing" orientation. As one ancillary subject noted, "We solve our own problems, ... its up to us to figure out how to be self-supportive... I think that we ancillaries have a solid record for achieving results." There is also evidence that the non ancillary departments are currently shifting towards a "doing" orientation. As previously mentioned, the vice president is currently attempting to wean these departments away from their dependency on his contingency fund and move them more towards more innovative problem solving models.

The non ancillary department's new focus on customer service provides additional evidence that the non ancillary departments are moving towards a "doing" orientation. While the ancillary departments have always focused on customer service as a means of ensuring that their customers continued to utilize their services, this is a relatively new concept for the non ancillary departments. As one non ancillary subject noted, "The need to meet the needs of the students has become much more intense. The university must increase its current levels of student retention if we are going to survive." Another stated, "We have to improve our services...for instance, we are looking at how we can expand our services." While each of the non ancillary respondents spoke of customer service, not all perceived this new focus as a positive development. As one incumbent noted, "All I ever hear now is customer service,... this is nonsense,... we are not a business, we are a university!"

The division's overall "being in becoming" orientation, the ancillaries' "doing"
orientation, and the current shift of the non ancillary departments towards a "doing" orientation can once again be explained in part by the influences of their particular fiscal environments. As previously discussed, the non ancillary departments have traditionally operated in a fairly stable fiscal environment whereas the ancillary units have operated in a much more unstable fiscal environment. The stable environment of the non ancillaries has allowed these departments to focus their attention more on the process involved than on the financial results achieved. Ancillaries operating in a much more turbulent environment were much more focused on ensuring they achieved their financial goals. There was less attention paid to the process, as their primary focus was on their ability to achieve sufficient funds to cover their operating expenses. In order to survive in this environment, these units had to ensure that their customers would continue to purchase their services. This objective was accomplished by ancillaries focusing on their customers' needs and expectations. As one ancillary subject noted, "We conduct customer surveys as we need to know what our customers want and expect from us...we need our customers,...without them we won't have jobs." Due to the new financial insecurity now being experienced by the non ancillary departments, these departments have recently shifted their attention more towards achieving financial results than on the process involved. This new focus on the need to achieve financial results has led in the non ancillary departments to focus their attention on customer service issues.
SUMMATION OF CULTURAL ASSUMPTIONS

As noted in the summary of the archival review the division's culture can be described, according to Sethia and Von Glinow's cultural model, as a combination of an apathetic and caring organizational culture. While the data collected during the interview phase of the study supports this preliminary description of the division's culture, the interviews provided additional elements of the culture which had been missed in the archival portion of the study.

While several of the subjects interviewed believed that their departments were unique: "we have a very different mentality than almost anyone [department] else," the interview portion of the study revealed two fairly distinct subcultures operating within the division. One subculture is within the non ancillary departments (Human Resources, Department of Finance, the two Physical Plant departments, Computing Services, and Campus Police), and the other, within University Services which includes the division's ancillary units (Book Store, Duplicating Services, Food and Hospitality Services, Residence Services, Health Services, and the CAW Student Centre).

The non ancillary subculture appears to be much more mechanistic than that of the ancillary subculture. It tends to have a sense of tradition and history. Based on the cultural model of Hofestede, Neuijen, Ohayv and Sanders (1990), this subculture appears to place more emphasis on the process than on results. Due to the emphasis on process, it also has the tendency to have many normative traits and can be described as being
bureaucratic in nature. Although bureaucratic, it was also found that of the two subcultures, the non ancillary culture was the most employee oriented. This focus on employees was also evident in this subculture's paternalistic assumptions.

Unlike the non ancillary departments, the subculture of the ancillary units has much more of an entrepreneurial spirit and can be described as pragmatic. It tends to be primarily organic in nature. Its primary focus is on the present and the future. There is little focus on the past. It is very results oriented. There is considerable emphasis on the need to get the job done. This focus has resulted in these departments being much less benevolent to their employees than that of the non ancillary culture.

Many of the interview subjects were aware of the two subcultures. As one respondent noted, "We [ancillaries] have a different culture [from that of the non ancillary departments]. Several interviewees noted that the differences between the two cultures was due to the differences in their fiscal environments. As one subject stated, "I honestly feel that there is a difference between the two groups [ancillary and non ancillary]...we [ancillaries] have to be innovative...since whatever funding is required, its our responsibility to provide it...unlike the other areas we must be totally self-supportive."

As previously discussed, the differences in the two subcultures can be partially explained by the differences in their fiscal environments. The ancillary units have traditionally operated in a market driven, turbulent fiscal environment. In order to financially survive, these units had no choice but to focus their attention on meeting the
demands of their clientele. This led to a customer service subculture that was both pragmatic and results oriented. Unlike the ancillary units, the non ancillary departments receive their funding from governmental operating grants, which until very recently have provided these departments with a financially stable environment. This stability allowed these departments to be much more employee oriented, and for its managers to focus on their attention on processes rather than on results. Due to the recent funding reductions, the non ancillary departments are currently operating in a much less stable fiscal environment. As the interviews reported, the non ancillary subculture is in a state of change as it adjusts to operating in this new fiscal environment.
CHAPTER IV

CONCLUSION

The results of this study support various theoretical positions discussed in the literature review section of this paper. Similar to the cultural research findings of Clark (1970), Rossman, Cobett and Firestone (1988) and Wolcott (1973) on large organizations, it was found that the Division of Administration and Finance at the University of Windsor also possesses its own distinct internal culture. Although the study only examined the non academic, administrative division of the university, the results of the study support the argument that post secondary institutions' non academic divisions often tend to have more of a managerial or corporate culture than the collegial culture found in the academic units of the universities (Berquist, 1992; Kuh and Whitt, 1988; Schoenfeld, 1994; and Tierney, 1988). In addition, the study revealed two subcultures within the division: one within the departments of Human Resources, Finance, Computing Services, Physical Plant and Campus Police, and another within units reporting to the Department of University Services. The discovery of two subcultures within the division support other researchers' hypotheses that subcultures often develop in large complex organizations (Gregory, 1983; Schein, 1992; Smircich, 1983a; and Wilkins, 1983). In addition, the results of the study clearly demonstrate the relationship between an organization's culture(s) and its fiscal environment. Similar to
Scott's (1992) analysis of organizations and their environments, it was found that the division has a symbiotic relationship with its environment. In addition, the results of the study provide support for the argument that in order to understand an organization's culture(s) one must also look outside the organization to external factors as well as those internal to the organization (Deal and Kennedy, 1982; Peters and Waterman, 1982; Whorton and Wothley, 1981) and that an organization's fiscal environment is an important variable in the development of both its structure(s) and culture(s) (Lawrence and Lorsch, 1967; Schein, 1992).

The archival study examined the relationship between the institution's fiscal environment and the development of its financial policies. The results of this phase of the study not only support Lawrence and Lorsch's (1967) general hypothesis that there is link between an organization's environment and its structure, but also the work of Pfeffer and Salancik (1978) who argued that organizations often change their activities in response to their changing fiscal environments. More specifically, the investigation provides additional support for the argument that the dependence of schools on their environment for fiscal resources affects the internal structures and processes within educational facilities (Blizek and Simpson, 1978; Freeman, 1979; Hardy, 1989; Hoy and Miskel, 1991).

The relationship between the external environment and an organization's structure(s) and culture(s) became even more apparent during the interview phase of the
study. Even though both the non-ancillary and ancillary departments belong to the same organization, operate under the same centralized formalized operating systems and policies, including wage and benefit packages, and manage their hourly staff with the same union contracts, the investigation found that there were two unique subcultures operating within the division. The differences in these two subcultures could, at least in part, be explained by their different fiscal environments.

The non-ancillary departments, which had traditionally operated in a stable fiscal environment, tend to be mechanistic, characterized by formal rules and centralized decision making. Unlike their non-ancillary peers, the ancillary units, which have historically operated in a much less stable fiscal environment, were found to be much more organic in nature. There was much less emphasis on formalized rules, and financial decision making tended to be decentralized. These findings matched the research results of Burns and Stalker (1961), Hofstede (1983a, 1983b, 1983c, 1983d), Hofstede, Neuijen, Ohayv, and Sanders (1990), Newman (1980) and Tierney (1988).

As first noted by Burns and Stalker, organizations operating in stable environments often tended to be mechanistic in nature while those operating in unstable, turbulent environments were much likely to be organic in nature. This initial observation was reinforced by the work of organizational scientists such as Hofstede's research on organizational culture. When the cultural audit model of Hofstede et al was operationalized as part of the cultural study on the Division of Administration and
Finance, similar results were obtained. In addition, similar to the research of Tierney (1988), the investigation highlighted how changing environmental conditions impact an organization's subcultures. More importantly, the research results of this study builds on the results found by Newman (1980). Similar to the research findings of Newman's study on government funded institutions, this study also found that the level of government funding impacted the division's culture.

While this study's theoretical focus holds that the fiscal environment indisputably plays an important role in the development of an organization's culture, it cannot be conceptualized as the only variable impacting an organization's culture(s). Although the results of the study clearly indicate the impact of economic resources on the division's subcultures, this is but one external environmental factor. Other recognized environmental components influencing an organization's culture are the societal cultural factors, and the organization's legal-political environment (Khandwalla, 1977). For example, as others have noted, the managers' beliefs and values could have been shaped by their education and/or their previous work experience in other organizations (Schein, 1992; Scott, 1992). Therefore, the study's sole focus on the organization's fiscal environment limits the research findings of this study.

In addition to environmental factors, other organizational variables have been recognized as impacting an organization's culture. One of the most prevalent of these is the role of the organization's leaders. Schein (1992), for example, argues that leadership
style is often one of the most important variables influencing an organization's culture. He outlines how the assumptions of leaders are gradually taught to new members and how organizational culture is thereby created. In addition, he describes how various organizational mechanisms allow leaders, unlike other agents, to embed their personal assumptions into the organization's routines and processes.

Indeed, although not examined, the role of leadership may be a significant variable in helping to explain the causation of the subcultures within the Division of Administration and Finance at the University of Windsor. As outlined in the archival study, a new vice president was hired in early 1995. Furthermore, many of the interview subjects noted how the new vice president has a very different leadership style from that of the former vice president. Although there was consensus among the respondents that the apparent changes in the division's norms, values, and beliefs were a direct result of the changes in the level of the government's funding, there was also recognition that the new vice presidents's leadership style was influencing these changes. As one subject noted, "their [new vice president versus former vice president] styles are immensely different...we are adjusting our practices to suit his style."

Another limitation of the study arises from its methodology. As discussed in the literature review, the functionalist diagnostic models such as Schein's (1983), Sethia and Von Glinow's (1985), and Hofestede et al.'s (1990) are typically viewed as the most accessible tools in which to study organizational cultures as they are perceived as being
well defined. Due to functionalism being well defined, it is argued that these analytical models can be directly applied to the empirical field (Schultz, 1994). The results of the case study on the University of Windsor's Division of Administration and Finance tend to support this argument as the these models provided the researcher with fruitful cultural research tools. Although the artifact and value level of Schein's model were only marginally operationalized, the model's basic assumption level proved to be extremely beneficial in uncovering the division's cultures. But, as Schein (1992) himself has noted, and similar to other researchers utilizing this model (Perdersen and Sorensen, 1989), it was difficult to approach the level of basic assumptions using this model. The utilization of the reward system model of Sethia and Von Glinow (1985) and Hofestede et al.'s (1990) cultural audit model proved beneficial in overcoming the limitations of Schein's model.

Although useful, a noted limitation of these functionalist models is their tendency to only provide a quick overview of an organization's culture (Schultz, 1994). It has been argued that to uncover an organization's cultural nuances, interpretative approaches provide more in depth research tools than that of the functionalist perspective. Therefore, important nuances of the two cultures may have been missed since only a functionalist paradigm was utilized in this study.

In addition to the chosen methodological perspective, the decision to restrict the interviews to select senior managerial staff also created limitations on the study's ability
to generalize its findings to the overall populations of the division. Like most
organizational research, the study of organizational culture has been primarily conducted
from a managerial standpoint. This study was no exception. But, as Tim Davis
(1985:164) notes, "The study of organizational culture is incomplete without taking into
account the prevailing culture that influences organization members in lower-level jobs.
People in non managerial positions often view both their jobs and the experience of
working quite differently from those in managerial positions." Since only managerial
staff with direct departmental financial responsibilities, and no other management staff or
hourly employees, were interviewed, the results of the study may only reflect the beliefs,
values, and norms of the division's senior management rather than those of the division's
overall workforce. However, as the interview data makes clear, the subject's responses
were much more a reflection of the changing environment than of their position within
the hierarchy of the organization. Therefore, it can be hypothesized that the interview
data outlined values, beliefs, and norms that are congruent to the division's overall work
force.

As this study has clearly shown, the fiscal environment influences an
organization's culture. Although this study only examined the administrative division of
one Ontario university, its results may be representative of the hypothesis that university
culture is moving from one of scholarship to one of business. Members within the
academic community have hypothesised that due to government funding cutbacks,
private market principles are now penetrating everyday working practices within publicly funded universities. This hypothesis is combined with a growing concern that the trend to "introduce market discipline into the public sector is changing the relationship between intellectuals and the state" (Dominelli and Hoogvelt, 1996:89). Intellectuals argue that universities are one of the few places left in society that provides "a home for intellectuals critical of society looking for alternative visions, as well as for those supportive of the status quo" (Dominelli and Hoogvelt, 1996:72). The concern is that with the introduction of market principles, the government is "subverting the critical scholarship and the value-free and non-commercial ethos of the academic community," and becoming a controller of intellectual activity rather than a promoter of it (Dominelli and Hoogvelt, 1996:84). They argue that as the state becomes a vehicle for the adjustment of the domestic economy, it takes on a whole range of tasks and functions on behalf of international capital including transforming "higher education from a critical activity to short-term training for the labour market and from basic research to research that is relevant to the needs of industry" (Dominelli and Hoogvelt, 1996:75). Although the data collected during this study appears to provide evidence to support the argument that private market place practices are penetrating the administrative division of the University of Windsor, further research needs to be conducted in order to determine if this study is an isolated case or an example of a larger trend.

Although the data collected for this case study creates additional questions that
only further research can answer, the data clearly shows the importance of the relationship between an organization's fiscal environment and its culture.
APPENDICES

APPENDIX 1 Sethia and Von Glinow Culture-Reward System Model
APPENDIX 2 Interview Schedule
APPENDIX 3 Consent Form
APPENDIX 4 Interview Questions
APPENDIX 5 Schein’s (1992) Cultural Audit Model
APPENDIX 6 Table of the Annual Percentage Change in Revenue and Expenditures (University of Windsor)
APPENDIX 7 Schein’s Adaptation of England’s (1975) Moralism-Pragmatism Scale
APPENDIX 1

Sethia and Von Glinow Culture-Reward System Model

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<tr>
<th>Reward-System Dimension</th>
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<td>1. Kinds of Rewards</td>
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<td>Financial Rewards</td>
<td>Poor</td>
</tr>
<tr>
<td>Job Content Rewards</td>
<td>Poor</td>
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<td>Career Rewards</td>
<td>Poor</td>
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<td>Status Differentiation</td>
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2. Criteria For Rewards (Examples)

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<th>Individual success Illusory</th>
<th>(Reasonable effort) Day-to-day</th>
<th>Individual success Short-term</th>
<th>Group/company success Long-term</th>
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<tbody>
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<td>Manipulation</td>
<td>Compliance</td>
<td>Efficiency</td>
<td>Innovation</td>
</tr>
<tr>
<td>Nonperformance Considerations</td>
<td>Contract</td>
<td>Cooperation</td>
<td>Competition</td>
<td>Independence</td>
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<td></td>
<td>Patronage</td>
<td>Position</td>
<td>Nature of Work</td>
<td>Replaceability</td>
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<td></td>
<td></td>
<td></td>
<td>Equity</td>
<td>Potential</td>
</tr>
</tbody>
</table>

Source of Table: Sethia and Von Glinow 1990:410
APPENDIX 2

INTERVIEW SCHEDULE

Office of the Vice-President, Administration & Finance:

Vice President

University Services:

Director

Department Head-----Bookstore

Manager--------Document Services

Department Head-----Residence Services

Department Head-----CAW Student Centre

Department Head-----Medical and Health Services

Campus Police:

Director

Computing Services:

Director

Department of Finance:

Director

Assistant Director

Manager---------Purchasing/Post Office
Human Resources:

Director

Physical Plant:

Director

Director of Operations

Acting Superintendent-Housekeeping & Grounds
APPENDIX 3

CONSENT FORM

You are being requested to participate in a master's research project under the direction of the University of Windsor's Anthropology and Sociology Department. The study examines the influence of fiscal resources on the internal culture(s) of the Division of Administrative and Financial Services at the University of Windsor.

Your participation will involve being interviewed for approximately two hours within your workplace office. The researcher will request your permission to tape record the interview. The purpose of tape recording the interview is to assist the researcher in ensuring that the interview is transcribed accurately. The researcher will have full control of the interview tapes, and the tapes will be destroyed after being transcribed.

Your participation in this project is completely voluntary. However, your participation will be greatly appreciated. If you do choose to participate, you have the right to refuse to answer any of the particular interview questions. You also have the right to withdraw from this project at any time.

Your answers will be confidential. Neither your name nor identity will appear on the interview transcripts. All information about participants is strictly confidential and your anonymity will be maintained.

If you would like to receive the abstract section of the thesis, a copy will be sent to you upon request. A copy of the completed thesis will be given to the Vice President of Administrative and Financial Services. You will receive notification when the full report is available in the Leddy Library for review.

This study has been approved by the Ethics Committee of the University of Windsor's Anthropology and Sociology Department. If you have any questions, concerns or complaints regarding the ethical component of this project, please direct them to the chairperson of the Anthropology and Sociology Ethics Committee, Prof. Allan Hall (253-4232, ext.2202).

If you have questions regarding the research project itself, please feel free to contact the researcher: Lynda Smith (973-7016) or the research supervisor, Prof. Adolf Ehrentraut (253-4232, ext. 2196).

Your cooperation and assistance in this research project will be greatly appreciated.

I, ___________________________ consent to
(Please print full name)
the following study with the understanding that participation is voluntary, that withdrawal from the study can be done at any time and that confidentiality will be maintained.

______________________________ ________________
(Signature) (Date)
I would like to receive a copy of the thesis's abstract ____.
APPENDIX 4

INTERVIEW QUESTIONS

1. You are currently the ________________ (position). How long have you been in this position? What areas are under your responsibility?

2. a) Prior to the current fiscal restraints, how did your department determine its annual operating budget?

   * What has been your department's primary source of fiscal resources over the years? Is this changing? If so, in what ways?

   * In the past, how did your department achieve funds for special projects, one time expenses etc? Has this process changed? If so, in what ways.

   * In the past, how much input did the managerial staff within your department have in the development of your department's annual operating budget? Has the level of input changed? If so, how has it changed?

   * In the past, were unionized employees ever involved in the budgetary process? If so, in what ways? Has this practice changed? If so, how has it changed?

   b) Has the budgeting process changed in any additional ways now that the division is faced with a 15% reduction in operating funds? If so, how is it different?

3. Once your annual operating budget was completed, what role did it play in the day-to-day operation of your department? Has this role changed? If so, in what ways?

   * How much emphasis was placed on the day-to-day bookkeeping /accounting of your operating funds? Has this now changed? If so, in what ways?

   * Once your budget was determined, were funds reallocated from one budget line to another during the course of the fiscal year? If so, why was this done? Is this practice still done? If not, why not?

   * How did your department handle unexpected financial emergencies that occurred during the actual operating year? Is this practice changing? If so, how has it changed?
* How have financial difficulties within your department been resolved in the past? Is this practice changing? If so, in what ways?

* How did your superiors respond when you proposed innovative solutions to financial problems? In your opinion were they willing to take a calculated financial risk in order to resolve the problem? Has this practice changed? If so, in what ways?

* If budgeted funds remained unspent at year end, was your department allowed to keep this surplus? How did your department respond to this policy? Has this policy changed? If so, in what ways and what impact has it had?

* In the past, were you evaluated by your superiors on how successfully you handled your operating budget? How was your performance acknowledged? Has this practice changed?

* Has your department traditionally had a long term financial plan? If not, why? If yes, why? How far in advance is your department now currently financially planning for? Why?

* Have you or your management staff ever discussed financial issues/problems with the unionized staff within your department? If so, to what depth have you discussed your department's finances? Why have you done this? Is this practice changing? If so, why?

4. How does your department measure its level of success?

* Who do you provide services to?

* How does your department ensure that it is providing the services required of it?

5. a) Does your department have any similarities to other departments within the division of administrative and financial services? If so, what are they?

b) Is your department different from those of other departments within this division? If so, how is it different?

6. What impact has the university's "Report of the Strategic Planning Task Force, Administration and Services" had on your department? How did your department respond to its recommendations?
APPENDIX 5

Schein's (1992) Cultural Audit Model

Schein's Three Levels of Culture

<table>
<thead>
<tr>
<th>ARTIFACTS</th>
<th>Visible but often hard to decipher</th>
</tr>
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<tbody>
<tr>
<td>Physical Manifestations</td>
<td></td>
</tr>
<tr>
<td>Language</td>
<td></td>
</tr>
<tr>
<td>Stories</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Visible Traditions</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>VALUES</th>
<th>Strategies, goals, philosophies Greater level of awareness</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>BASIC ASSUMPTIONS</th>
<th>Unconscious, taken for granted Ultimate source of values and actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Nature of Reality and Truth</td>
<td></td>
</tr>
<tr>
<td>The Nature of Time</td>
<td></td>
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<td>The Nature of Space</td>
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</tr>
<tr>
<td>The Nature of Human Nature</td>
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<tr>
<td>The Nature of Human Activity</td>
<td></td>
</tr>
<tr>
<td>The Nature of Human Relationships</td>
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</tr>
</tbody>
</table>
## APPENDIX 6

### TABLE OF THE ANNUAL PERCENTAGE CHANGE IN REVENUE AND EXPENDITURES
(UNIVERSITY OF WINDSOR)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Student Fees</td>
<td>-4.3</td>
<td>+3.4</td>
<td>+8.8</td>
<td>+8.6</td>
<td>+10.8</td>
<td>+12.5</td>
<td>+13.3</td>
<td>+10.6</td>
<td>+4.3</td>
<td>+9.4</td>
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<td>Government Grants</td>
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<td>+4.9</td>
<td>+7.2</td>
<td>+9.1</td>
<td>+7.5</td>
<td>+6.1</td>
<td>+1.2</td>
<td>-6.4</td>
<td>-4.1</td>
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<tr>
<td>Anciliary Enterprise</td>
<td>+9.8</td>
<td>+6.9</td>
<td>+15.0</td>
<td>+13.8</td>
<td>+3</td>
<td>+16.6</td>
<td>+8.8</td>
<td>+4.5</td>
<td>+5.6</td>
<td>+5.4</td>
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<td>TOTAL REVENUE</td>
<td>+0.6</td>
<td>+5.0</td>
<td>+6.2</td>
<td>+9.4</td>
<td>+9.4</td>
<td>+9.9</td>
<td>+7.7</td>
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<table>
<thead>
<tr>
<th>EXPENDITURES</th>
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<th></th>
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<tbody>
<tr>
<td>Computing Services</td>
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<td>-3.5</td>
<td>+9.2</td>
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<td>+7</td>
<td>+7.8</td>
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<td>-17.1</td>
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<td>Admin. Services</td>
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<td>+10</td>
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<td>+9.1</td>
<td>+14.9</td>
<td>+4.5</td>
<td>-5</td>
<td>+2.2</td>
<td>-0.1</td>
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<tr>
<td>Plant Maintenance</td>
<td>+0.1</td>
<td>+2.2</td>
<td>+1</td>
<td>+7.3</td>
<td>+5.9</td>
<td>+9</td>
<td>+9.7</td>
<td>+12.8</td>
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<td>+1.3</td>
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<tr>
<td>Ancillary Enterprises</td>
<td>+3</td>
<td>+10</td>
<td>+13.7</td>
<td>+12.1</td>
<td>+7.7</td>
<td>+14</td>
<td>+6.2</td>
<td>+9.8</td>
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<tr>
<td>TOTAL EXPENDITURES</td>
<td>+1.3</td>
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<td>+7</td>
<td>+5.5</td>
<td>+8.5</td>
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<td>+6.3</td>
<td>+5.8</td>
<td>+1.4</td>
<td>-3.1</td>
</tr>
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</table>

**SOURCE:** ANNUAL AUDITED FINANCIAL STATEMENTS
APPENDIX 7
SCHEIN'S ADAPTATION OF
ENGLAND'S (1975) MORALISM-PRAGMATISM SCALE

1. Pure dogma, based on tradition and/or religion:
   It has always been done this way; it is God's will; it is written in the Scriptures.

2. Revealed dogma that is, wisdom based on trust in the authority of wise men, formal leaders, prophets, or kings:
   Our president wants to do it this way; our consultants have recommended that we do it this way; she has had the most experience, so we should do what she says.

3. Truth derived by a "rational-legal" process:
   As when we establish the guilt or innocence of an individual by means of a legal process that acknowledges from the outset that there is no absolute truth: We have to take this decision to the marketing committee and do what they decide; the boss will have to decide this one because it is his area of responsibility; we will have to vote on it and go by majority rule; we agreed that this decision belongs to the production department head.

4. Truth as that which survives conflict and debate:
   We thrashed it out in three committees, tested it on the sales force, and the idea is still sound, so we will do it; does anyone see any problems with doing it this way...if not, that's what we'll do.

5. Truth as that which works, the purely pragmatic criterion:
   Let's try it out this way and evaluate how we are doing.

6. Truth as established by the scientific method, which becomes, once again, a kind of dogma:
   Our research shows that this is the right way to do it; we've done three surveys and they all show the same thing, so let's act on them.

(Schein, 1992: 102)
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Beyer, Janice

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Block, Peter
Bourdieu, Peter

Bowditch, Hames, and Anthony Buono

Boyd, William and Robert Crowson

Bushnell, John

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Wolcott, Harry
Woodrum, Eric
Vita Auctoris

Lynda Smith was born in 1955 in Toronto, Canada. Following high school, she was employed for several years with Union Carbide as an unionized assembly line worker. In the late 1970's, Lynda decided to train as an executive chef. In 1981, she successfully completed a three year apprenticeship program and earned her Ontario journeyman's papers. Since 1985, she has been employed at the University of Windsor as the department head, of Food and Hospitality Services. Having both being employed as a unionized employee, and now being responsible for managing a workforce of over 300 unionized employees, Lynda became interested in the social dynamics of large work groups. Due to this interest, Lynda decided in 1986 to study sociology. In 1994, she graduated from the University of Windsor with a B.A. in Sociology. This thesis represents the final requirement for Lynda to graduate with a Master's degree in Sociology at the University of Windsor. She hopes to graduate in the fall of 1996.