

THE EFFECTS OF DOWNSIZING IN A PUBLIC AGENCY
EMPLOYING QUALITY MANAGEMENT PRACTICES

BY

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TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION	1
REPORT STRUCTURE	3
CHAPTER 2: LITERATURE REVIEW	4
CHAPTER SUMMARY	4
PUBLIC VS. PRIVATE SECTOR	7
HISTORICAL PERSPECTIVE	9
TYPES AND LEVELS OF SCARCITY	12
STRATEGIES FOR MANAGING RETRENCHMENT	16
The "Corporate Strategy Approach"	17
Leadership for Cutback Management	19
Decremental Budgeting	21
PROBLEMS IN IMPLEMENTING CUTBACKS	22
EFFECTS OF DOWNSIZING	25
QUALITY IMPROVEMENT INITIATIVES	30
CHAPTER THREE: RESEARCH SETTING	33
TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION	33
AUSTIN STATE SCHOOL	34
LELSZ V. KAVANAGH	36
STATE SCHOOL CLOSURE COMMITTEE	37
ICF	39
ACDD	39
QUALITY IMPROVEMENT INITIATIVES	40
RETRENCHMENT	42
SUMMARY OF SETTING	45
CONCEPTUAL FRAMEWORK	45
WORKING HYPOTHESES	46
CHAPTER FOUR: METHODOLOGY	48
CASE STUDY RESEARCH	48
INTERVIEWS	49
SURVEY	54
DOCUMENTS	56
SUMMARY OF EVIDENCE	59
CHAPTER FIVE: ANALYSIS	61
LEVEL OF SCARCITY AND RESPONSE TO SCARCITY	61
QUALITY MANAGEMENT AND DOWNSIZING	62
WORKING HYPOTHESIS 1: EFFECTS ON EMPLOYEES	64
Interview Results	64
Hypothesis 1 Findings	67
WORKING HYPOTHESIS 2: IMPACT ON SERVICES	67
Interview Results	67
Consumer Surveys	68
External Surveys	68
Hypothesis 2 Findings	69
WORKING HYPOTHESIS 3: ORGANIZATIONAL EFFECTIVENESS	69

CHAPTER 6: SUMMARY AND CONCLUSIONS	71
BIBLIOGRAPHY	74

- Appendix A: Mission and Values Statement
- Appendix B: Work Place Values Report
- Appendix C: Questionnaire on Work Place Values
- Appendix D: Interview Instrument Middle Managers
- Appendix E: Composite of Interview Responses

CHAPTER 1: INTRODUCTION

When Proposition 13 struck the State of California in 1978, it was the dawning of the age of retrenchment for the public sector. Soon after, Ronald Reagan swept into the White House on a promise to "get government off our backs." The crunch between the cost of public services and the willingness of citizens to pay for them had arrived. "Retrenchment" "downsizing" and "cutback management," ugly words seldom heard by public managers, were suddenly on everyone's lips.

The recent advent of a Democratic administration has offered no relief for the public sector. Saddled with enormous deficits and much rhetoric about balancing the budget, the Clinton Administration launched the "National Performance Review" which promises to reduce personnel in the executive branch by 252,000 over the next five years.¹ Public administrators are being asked to meet growing public needs with shrinking resources.

At the same time, public agencies at all levels are following the private sector into quality improvement programs operating under various names such as Total Quality Management (TQM) and Continuous Quality Improvement (CQI). Public agencies are seeking to satisfy their "customers," empower their employees, transform the work place, and improve their "product" while coping with decreased resources.

While proponents of quality improvement programs promote them as a means to streamline processes and eliminate excess

¹Ronald C. Moe, "The 'Reinventing Government' Exercise," Public Administration Review 54 (March/April 1994): 114.

management, quality rhetoric may sound hypocritical to employees trying to survive in a cutback environment. There is a conflict between the centralized decision-making usually required for cutbacks and the empowerment promised by CQI. A basic tenet of CQI is elimination of fear in the work place but downsizing creates new fears.

A manager in a recently downsized organization relates a tale of organizational crisis:

We had all been friends. We worked well together and covered for each other. Some of our team, including our boss, were ineffective, but we covered for them by doing for them the things they didn't do well. We took seriously the organization's new commitment to CQI and were working to determine what our customers needed. Then downsizing hit and we all knew that three of our twelve positions would be cut. Cooperation and empowerment disappeared. We lost sight of our mission and each fought for our individual survival. We tried to exercise empowerment and everything became a group decision. Empowerment failed because everyone gave protective responses and people did not know how to make decisions. There was extreme paranoia, people would not share information and there was no longer any trust in our environment. We lost faith in CQI because of what we saw happening. There was enormous stress and people in stress resort to old ways of doing things.

Managers caught between the forces of downsizing and quality improvement initiatives may understand well the cliché about being stuck between a rock and a hard place.

The purpose of this research project will be to examine the process of downsizing in a public facility which employs quality management principles and to describe the impact of organizational change on the organization, its employees and its services. The selected organization is Austin State School which provides residential services to persons with mental retardation.

The organization is a division of the Texas Department of Mental Retardation, an agency of the State of Texas.

REPORT STRUCTURE

The five chapters that follow will include

- a review of the pertinent literature;

- a discussion of the research setting including a description of the selected organization, an explanation of the outside forces influencing the agency, a description of the agency's quality improvement initiatives and a description of the agency's recent retrenchment; the conceptual framework and working hypotheses;

- a discussion of the case study methodology and the format of this case study.

- an analysis of the results obtained.

- a summary and conclusion.

The next chapter, the review of literature, describes the significant writings about downsizing and incorporates relevant materials on Total Quality Management.

CHAPTER 2: LITERATURE REVIEW

CHAPTER SUMMARY

Robert Tomasko suggests that "we often use words to distance ourselves from unpleasant happenings" because self-delusion may be necessary to get through a difficult time.' Perhaps this is why there are so many different terms applied to the process of reducing costs, programs and employees. Charles Levine defines "cutback management" as managing an organization towards lower levels of resource consumption and organizational activity.² "Retrenchment" is defined by Clifford Harrison as any reduction in human resource costs including staff reduction, salary freezes or reductions, reduced training expenses, early retirement programs, reduced workweek or similar actions to reduce employee expenses.³ Cameron, Kim and Whetten define "organizational decline" as a condition in which a substantial absolute decrease in an organization's resource base occurs over a specified period of time."⁴ Tomasko uses the term "demassing", a word coined to

¹Robert M. Tomasko, Downsizing: Reshaping the Corporation for the Future (New York: American Management Association, 1990), 43.

²Charles H. Levine, "More on Cutback Management: Hard Questions for Hard Times," Public Management Forum 39 (March/April 1979): 180.

³Clifford E. Harrison, Managing Staff Reductions in Corporations (Ann Arbor: UMI Press, 1986), 3.

⁴Kim S. Cameron, Myung U. Kim, and David Whetten, "Organizational Effects of Decline and Turbulence," Administrative Science Quarterly 32 (1987): 224.

characterize removals of "large chunks of managers and professionals from the their organizations" in order to lower costs.¹

A survey of the literature on cutback management traces the rising importance of the subject in the early 1980s. There are few, if any articles, dated prior to 1979. Writing on the subject as it relates to the public sector tapers off in 1989. Prior to 1985, the great majority of the literature focuses on downsizing in the public sector. After 1986 almost all of the literature focuses on private sector "downsizing". In the last two years, articles on public retrenchment have begun to reappear.

Some of the literature on the private sector is applicable to the private sector. However, the literature often dwells on options not available to the public manager who lacks the corporate freedom to shift priorities, make budget adjustments and provide outplacement services to displaced employees.

A common complaint among writers is the lack of data concerning downsizing. David **Whetten** writes "A review of the literature on organizational metamorphosis yields an extensive bibliography on organization growth but few materials on decline." ⁶ **Whetten** suggests that there is a preoccupation with growth because growth has been seen as the desirable condition for organizations. Decline is associated with failure and there

⁵Tomasko, Downsizing, 29.

⁶David A. Whetten, "Organizational Decline: A Neglected Topic in Organizational Science," Academy of Management Review 5 (1980): 577.

is a "societal taboo against failure."⁷ In addition, the tremendous prosperity following World War II made corporate growth so common that organizations in decline were so rare that "they were viewed as aberrations and . . . dismissed as examples of faulty management."⁸ Managers had little to gain and much to lose by permitting outsiders to chronicle their decline. Furthermore, declining organizations cannot afford the luxury of research.⁹

Robert Behn writes "A manager faced with declining resources can do one of two things: eliminate the organization completely or cut it back. Termination, I have concluded, is the easier task."¹⁰ The purpose of this chapter is to review the body of existing literature which examines and explains the difficult process of organizational downsizing, its history, causes, methods, and consequences. Although the focus will be on the public sector, relevant literature from the corporate sector will also be reviewed. While some relevant materials on Total Quality Management will be incorporated, no attempt will be made to survey the enormous body of literature on this subject.

⁷Ibid., 580.

⁸Ibid., 579.

⁹Ibid.

¹⁰Robert D. Behn, "Leadership for Cut-Back Management: The Use of Corporate Strategy," Public Administration Review **40** (November/December 1980): 614.

PUBLIC VS. PRIVATE SECTOR

While retrenchments in public and private sector organizations share many characteristics, the motivations, strategies, problems and outcomes may differ greatly.

Robert Tomasko, the current guru of corporate downsizing, explains that downsizing has become necessary in the private sector because bloated organizations have become corporate bureaucracies or "corpocracies" with oversized management. After World War II, three-fourths of corporate employees were in production jobs while the remainder did staff work such as accounting, personnel, or public relations. By the 1980s, the percentage was almost reversed. ¹¹

Since 1979, more than one million managers and staff professionals in this country have lost their jobs through downsizing, or "demassing" as Tomasko terms the process of lowering costs through lowering managerial headcounts. Tomasko cites a number of forces behind recent corporate downsizing: overseas competition, globalization of American companies, the decline of manufacturing, declining energy and commodity prices, deregulation, pressures for earning growth in mature markets, stock price-driven strategic planning and the merger and acquisition frenzy. Tomasko cites a "bandwagon" effect at work in corporations. Demassing is no longer a phenomenon limited to the very troubled, but is "in style."

Forces driving public sector downsizing are different.

¹¹Tomasko, Downsizing, 1.

Levine cites five reasons for public sector retrenchment:

- the solution, alleviation or redefinition of a public problem like manned space flight.
- demographic changes affecting services like education
change in taxpayer support such as California's Proposition 13
- change in priorities such as Equal Employment Opportunity programs
- erosion of economic **base/taxing** capacity ¹²

The major difference is that public managers control neither goal setting nor the means for making policy and implementing orderly change. These deficiencies dictate that organizational retrenchment in the public sector will be "more turbulent, more politicized and more uncertain." ¹³ Levine cites six preconditions necessary for successful organizational change, all of which are weak in the public sector:

centralized authority

- continuity of top management to support multi-year strategies
- rapid feedback to evaluate effectiveness
- budgetary flexibility
- incentives
- capacity to target cuts according to goals and priorities

¹²Charles H. Levine, Irene S. Rubin, and George G. Wolohojian, "Managing Organizational Retrenchment: Preconditions, Deficiencies, and Adaptations in the Public Sector," Administration & Society 14 (May 1982): 103.

¹³Ibid., 102.

HISTORICAL PERSPECTIVE

"Expenditure in cash is up to at least 40 millions, the (financiers) are abandoning us, and the masses will not pay either the new or the old taxes. We are now at the bottom of the pot."¹⁴ Although this predicament might sound familiar to many of today's public managers, the statement was written by a 17th Century financial official and quoted by Naomi Caiden in her article "A Backward Look at Fiscal Stress." Caiden notes that the elements of public sector financial problems are unchanged: uncontrollable expenditures, low credit ratings affecting ability to borrow, failing revenues, resistance to increased taxation, and inability to meet immediate commitments.¹⁵

Although today's American citizens consider fiscal problems to be a recent development, rulers have struggled throughout history to extract sufficient income from their subjects. Until recently, fiscal stress was the rule for governments. **Pre-**revolutionary France was plagued by fiscal stress throughout centuries from its inception to its **fall**.¹⁶ The nation's "fiscal stress was a natural consequence of profligate spending policies and hated fiscal policies."¹⁷

Charles Levine and Irene **Rubin** in their book Fiscal Stress

¹⁴ Naomi Caiden, "Negative Financial **Management**: A Backward Look at Fiscal Stress" in C.H. Levine and I.S. **Rubin**, Eds., Fiscal Stress and Public Policy. Beverly Hills: Sage, 1980. 143.

¹⁵ Ibid., 143.

¹⁶ Ibid., 139.

¹⁷ Ibid., 143.

and Public Policy note that Americans, living amidst great wealth, find it easy to forget that resources are "scarce, limited and exhaustible." ¹⁸ The rapid growth of the economy following the second World War and the expansion of public programs "almost buried the classic debate between advocates of limited government and free-market capitalism and proponents of an active interventionist state." ¹⁹

It seemed during the 1950s and 1960s that government had an unlimited capacity to solve problems through public programs. Such expectations were new. Previous national policy had been "dominated by a conservative ideology: Mankind's problems were largely preordained and government intervention was an unlikely source of relief." ²⁰ During the 19th and 20th centuries, the abundant tax resources supported limited activities of war and defense. The success of the Roosevelt Administration's New Deal combined with Keynesian economics to produce a new liberal ideology in which the abundant public resources would be directed to resolve public and private problems.

Economic growth slowed drastically during the 1970s producing inflation, unemployment and budget deficits. Austerity programs were launched and debate grew over the proper scope of government. Writing in 1980, Levine and **Rubin** state

¹⁸ **Charles** H. Levine and Irene **Rubin**, Fiscal Stress and Public Policy (Beverly Hills: Sage, 1980) 11.

¹⁹ **Ibid.**

²⁰ **Ibid.**

All through the capitalist world, conservative political parties who promise to cutback the size of welfare and other government programs have flourished, while the liberal social programs that characterize welfare states, such as national health insurance, welfare and unemployment programs, have been deferred, reduced or terminated.²¹

Eight years later, Patricia Shields wrote that human services were "facing unprecedented retrenchment. The cuts are not small or temporary but rather represent challenges to the purposes and values of cherished programs."²² Demand for services has increased as the number of elderly persons and "poverty level" families has grown. Noting that private substitutes for public funding are not a realistic alternative, Shields warned that "the 1990s will be challenging."²³

In a struggle to effectively match shrinking resources to growing programs, the Clinton Administration launched the National Performance Review in 1993. The initiative was grounded in the rhetoric of the popular book Reinventing Government which itself draws on the current theories of corporate downsizing and excellence.²⁴ The goal is to reduce program costs through

²¹Ibid., 12.

²²Patricia M. Shields, "Less is Less: Fiscal Issues in Human Services," Public Administration Quarterly 12 (Spring 1988): 60.

²³Ibid., 61.

²⁴Moe argues that the study is based on a faulty belief that the size of the federal government is best measured by the number of employees. Moe proposes that the fairest measure is the relation of the number of federal government employees to the overall U.S. workforce. This ratio has declined steadily from 3.48% in 1953 to 2.28% in 1993, a drop of 34.5% during a period when the federal government was accused of growing. Moe, 120.

cutting useless levels of management and "fat" without reducing program services. ²⁵

TYPES AND LEVELS OF SCARCITY

Although **Levine** cited five possible reasons for public sector downsizing, fiscal stress seems to be the root of most retrenchment activity. Naomi Caiden and Allen Schick each discuss the different types of fiscal stress or scarcity. Caiden says it is difficult, first of all, to determine exactly when the short fall between tax revenues and public expenditures becomes fiscal stress. It is also difficult to measure the different degrees of fiscal stress which may take a number of forms. Involuntary fiscal stress, resulting from economic conditions which preclude raising revenues, is different from fiscal stress created by a deliberate decision not to collect available revenues. An entity that suffers deficits through failing to hold down expenditures to the level of revenues clearly experiences fiscal stress. Caiden says it is not so clear whether an entity that reduces its expenditures to balance the budget should be considered as fiscally stressed. ²⁶

Schick agrees that there is a difference between the scarcity that is self-imposed and scarcity that is not. He also writes that there is a big difference in the kind of scarcity

²⁵Moe, 114.

²⁶Naomi Caiden, "The New Rules of the Federal Budget Game," Public Administration Review 44 (March/April 1984): 138.

that is temporary until the next budget year or a new source or revenue arrives and the kind that is ongoing.²⁷ Scarcity is a matter of both attitude and circumstance determined by the perceived relation of supply to demand. To accurately assess scarcity, one must consider (1) the ability and willingness to tax, borrow and use other resources and (2) the expressed and latent demands for public funds.²⁸

Schick identifies four types of scarcity, ranging from the least to the most constraining conditions: relaxed, chronic, acute, and total.²⁹ The defining characteristic for each type is the availability or lack of incremental budget resources. Schick's typology is derived from Aaron Wildavsky's definition of the budget process as employing different decisional rules for the "base" and the "increment" The base is the continuing costs of ongoing programs and the increment is the source of funds for new and expanded programs. Schick' states that his

core proposition is that a government blessed with incremental resources will behave differently than one which must struggle to make ends meet, and that the **differences** will be reflected in the budget and planning process."³⁰

In conditions of Relaxed Scarcity, governments have sufficient resources to continue existing programs and to

²⁷Allen Schick, "Budgetary Adaptions to Resource Scarcity," Chapter 5 in Fiscal Stress and Public Policy, eds. C.H. Levine and I.S. Rubin (Beverly Hills: Sage, 1980), 114.

²⁸Ibid.

²⁹Ibid., 116.

³⁰Ibid.

undertake substantial new commitments. There are enough resources to fund ongoing activities with normal increases in costs and workload, plus new major program initiatives. Relaxed scarcity differs from a budget surplus in that a surplus might represent a decision to limit the use of resources. A surplus might exist while the government chose to operate in conditions of more severe scarcity. Under conditions of Relaxed Scarcity, there is little if any incentive to review or evaluate old programs and the primary focus is on program development.

Chronic Scarcity is the normal condition for most government entities in this country. Under conditions of Chronic Scarcity, public resources grow as fast as the cost of established programs, producing sufficient funds to continue existing activity. But program demands increase. There is sufficient increment to provide limited program growth but not enough for major expansion." Program planning and analysis are likely to be downgraded because they tend to invite new programs. The budget is not used primarily for control of spending. Emphasis is on management efficiency in order to exert some downward pressure on expenditures increasing funds available for new programs. Chronic scarcity is a stable and prevalent condition for most American governments.

Acute Scarcity exists when available resources are insufficient to cover the incremental rise in costs of ongoing programs. New programs are not invited and will be initiated

³¹Ibid., 130.

only for political reasons or for demands that cannot be deferred. The budget is used to force the demand for funds into alignment with resources. Line items are closely reviewed to achieve savings rather than to promote effectiveness. Acute scarcity promotes fiscal conservatism, "a belief that government is in trouble because it has over-extended itself with too many program commitments and that it must retrench in order to avoid a bigger debt or higher taxes."³² Retrenchment **will** be directed against the most vulnerable discretionary programs, administrative and overhead costs and maintenance activities. There is little budget-related planning with operations proceeding on a year-to-year basis and a sense that government can not control its own fate.

Total scarcity exists when resources are not adequate to maintain ongoing **programs**.³³ Whereas under Acute Scarcity, funds are inadequate for incremental costs of programs, Total Scarcity means funds are lacking to pay existing program costs. Government must either abandon programs or spend above its means. Total scarcity occurs when a government is very poor or demands are very high. Often both conditions exist together. Under total scarcity, poor management prevails and the budget document becomes a pretense due to "escapist budgeting." Planning becomes

³²Ibid., 124.

³³Ibid., 127.

an important escapist function, offering "alluring objectives for the future" that cannot be fulfilled.³⁴

STRATEGIES FOR MANAGING RETRENCHMENT

Whatever the level of scarcity, management changes must occur to accommodate the decreased resources. In "The Politics of Cutback Budgeting", Jeremy Plant and Louis White examine how cutbacks generate pressures to decrease or eliminate services and politicize the budget process. They present five possible strategies for managing **cutbacks**:³⁵

- Across-the-board cuts - A fixed percentage is applied to all units. This is the strategy most often employed and has the appearance of being fair. It is the easiest to sell to staff or constituents.
- Productivity monitoring - Efficiency gains and strict ratios of inputs and outputs are used as the basis of cuts.
- Cutting vulnerable programs - cuts are focused on programs that are new, have had bad publicity or have a weak constituency.

Market strategies - Market devices such as user fees, contracts and vouchers are used to save money and stimulate competition and efficiency.

- Program centered - Resources are linked to agreed upon goals and objectives. Officials must establish clear priorities and an overall plan.

Plant and White describe the first three strategies as "micro-management" approaches which pursue resource cuts without

³⁴Ibid, 130.

³⁵Jeremy Plant and Louise White, "The Politics of Cutback Budgeting: An Alliance Building Perspective," Public Budgeting and Finance (Spring 1983): 66.

consideration of program objectives. Cutbacks produced can undermine essential services.

The fourth approach, market strategies, may be beneficial in some instances but has serious weaknesses. It should not be used in isolation from programmatic decisions. Plant and White state that studies of user fees and voucher systems demonstrate that market strategies work best for the kinds of goods that display private market characteristics. Plant and White warn that administrators can be tempted to apply fees whenever a service can be priced regardless of whether it fits the programmatic aims or impacts others.³⁶

Plant and White consider the Program Centered approach to be most desirable in that it allows community priorities to be expressed and allows officials the authority to do an effective job. However, the program centered approach is the most difficult to implement. Under cutback conditions a higher degree of political and leadership skill is needed to make choices and say "no" to interest groups. All resources must be related to program expenditures through "revenue budgeting" or "decremental budgeting."³⁷

The "Corporate Strategy Approach"

Much like the "Program Centered" approach of Plant and White, Tornasko states the corporate or strategic plan should be

³⁶Ibid., 66.

³⁷Ibid., 67.

the reference point for deciding what the outcomes of downsizing should be. Tomasko offers "five principles" for downsizing": start before you have to; prepare for the down side; use a rifle, not a shotgun; continually manage size and shape; and go after more than costs and jobs.³⁸

Similarly, Robert Behn proposes that a new "corporate strategy" is essential for public managers faced with severe cutbacks. Drawing on Kenneth Andrew's "The Concept of Corporate Strategy", Behn defines corporate strategy as

the pattern of major objectives, purposes, or goals and essential policies, programs and plans for achieving those goals, stated in such a way as to define what business the organization is in or is to be in and the kind of organization it is or is to be.³⁹

A clear corporate strategy should be the basis for allocating resources, evaluating performance, resolving conflicts, recruiting support, justifying decisions to legislators, explaining the agency to the public and making a wide variety of management choices. Major problems occur when the corporate strategy is not in line with available resources. The challenge, says Behn, is to turn the organization into one that smaller, doing less, and consuming fewer resources but still functional and effective.⁴⁰

³⁸Tomasko, Downsizing, 57.

³⁹Behn, 613.

⁴⁰Ibid., 614.

Leadership for Cutback Management

Behn cites three types of leadership styles identified by Andrew Glassberg:

- A Cut-the-Fat Tough Guy who attempts to secure organizational survival by drastically paring overhead and holding down labor costs through a combative style of labor relations.
- A Revitalizing Entrepreneur who attempts to redirect the organization into a narrower scope of activity in the hope of recreating an equilibrium between resources and costs.
- A Receiver in Bankruptcy who lacks any concern for organization maintenance but enhances his own status by the smoothness⁴¹ with which he conducts the winding-down process.

Only the Revitalizing Entrepreneur needs a corporate strategy, says Behn. The Cut-the-Fat guy may succeed when cuts are marginal and the necessary retrenchment can be achieved through cutting "fat". This is rarely the case and real retrenchment is usually necessary to save the organization.

Behn also identifies two stages of retrenchment. During the first, there are small declines in resources and an inability or unwillingness to recognize that the decline is permanent. These combine to produce short-run solutions such as across-the-board cuts and deferred maintenance. In the second stage, reality is forced upon the organization either by management or by outside forces who place strict conditions upon continued support.

Management's first responsibility, says Behn, is to explain to the organization's members and constituents that resources are declining and cutbacks are not optional. Cutbacks create serious

⁴¹ Ibid.

conflict and successful retrenchment can not be achieved without the cooperation of at least some major components of the organization. Cooperation will not be given until members are fully convinced that the decline is real and cutbacks are unavoidable. Members and constituents must understand the opportunity cost of not cutting back. Because retrenchment requires sacrifice, a strong sense of purpose is necessary to make it worthwhile. Leadership must show people what they are working "for" while they are retrenching.⁴²

Leadership for cutbacks must be active and intrusive, and decision-making must be centralized according to Behn. Deadlines for balancing the budget, conflicts over the allocation of resources, and the personal effects of cuts upon all organization members necessitate strong leadership. Delegation of decisions is not practical in the cutback environment.

Levine and **Rubin** argue that central control is weakened by the strategies of budgetary politics that emerge as managers, legislators, clients and public employees all strive to protect their favorite programs. The authors cite "perplexing policy issues" which emerge:

1. How can agencies be retrenched or terminated without intense and debilitating political conflict?
2. How can budgets be balanced if resources decline and programs are not cut back?
3. How can budgetary authority be centralized and public officials held accountable for deficits when scarce resources fragment authority?

⁴²Ibid., 618.

4. How can agencies maintain management flexibility when political officials demand budgetary centralization to control expenditures?⁴³

In relation to these budget issues, Levine and Rubin cite a series of managerial problems. Managers faced with declining resources have only three options: find new sources of revenues; improve productivity; or reduce programs.

Decremental Budgeting

Reducing costs requires what Schick calls "decremental budgeting. Just as costs grew in small steps through incremental budgeting, budget reductions can mean a little less instead of a little more."⁴⁴ Schick points out that a distinction must be drawn between one-time cuts and repeated reductions. An agency can endure a singular cut and continue "business as usual." But when reductions continue annually, budgetary strategy must change. "What is true of incremental budgeting applies to decremental budgeting as well: small steps over time aggregate to big changes."⁴⁵ Such repeated cuts can be especially damaging for discretionary programs where cuts are necessarily concentrated.

While decremental budgeting avoids conflict by "cutting dollars rather than programs" major reductions require what

⁴³Levine and Rubin, 14.

⁴⁴Allen Schick, "Incremental Budgeting in a Decremental Age," Policy Sciences 16 (1983): 19.

⁴⁵Ibid.

Schick calls "cutback budgeting."⁴⁶ In cutback budgeting major program changes are made because resources no longer permit government to continue doing all that it did previously.

Naomi Caiden argues that budget cutting is not just incrementalism in reverse. "Rather it heightens conflict and destabilizes the budget process, placing strain on institutions, so that new rules begin to emerge."⁴⁷

PROBLEMS IN IMPLEMENTING CUTBACKS

The conflicts and strains of cutbacks present challenges for managers who face tough decisions about who to terminate, what programs to cut, and which clients will make sacrifices. Charles H. Levine says these problems are compounded by the characteristics of resource scarcity itself:

- Change is most easily implemented when people have something to gain but in cutbacks the rewards needed to gain cooperation and build consensus are lacking.

Ability to target cuts is constrained by affirmative action, veterans preference, civil service rules, professional norms and collective bargaining agreements.

Cutbacks produce morale problems that make it difficult to provide the increased productivity needed.^{48 49}

⁴⁶Ibid.

⁴⁷Caiden, "New Rules", 115.

⁴⁸Charles H. Levine, "More on Cutback Management: Hard Questions for Hard Times," Public Management Forum 39 (March/April 1979): 180.

⁴⁹Both employees and the organization itself endure consequences during and after reductions and these will be discussed in the next section.

Levine outlines the unique problems of managing a declining organization:

Paradox of Irreducible Wholes - An organization cannot be reduced

piece by piece by simply reversing the sequence of activities and resources by which it was built. Taking an organization apart is no easy matter; a cut may reverberate throughout a whole organization in a way no one could predict

by analyzing the steps by which the organization grew. ⁵⁰

Management Science Paradox - Public organizations develop elaborate management information systems, policy analysis capabilities, and hardware and software systems when they have abundant resources but rarely need them until decline hits. Then organizations lack staff and resources to effectively use them.

Free Exiters Problem - Free exiters are people who seek to avoid their share of the sacrifice by either leaving the organization or avoiding the sacrifice. The problem for declining organizations is to limit free exiters and reward good people for staying through difficult times.

Tooth Fairy Syndrome - People refuse to believe that cuts are real or permanent and delay taking action.

Participation Paradox - While wide participation is desirable when implementing change, participation can be problematic when the change means cutbacks. It is difficult to single out units for cuts or elimination when their

⁵⁰Ibid.

representatives are participating in the decision process.

Forgotten Deal Paradox - Unlike private sector managers, public managers are not assured of the management continuity necessary to make multi-year plans or bargain for future cuts.

Productivity Paradox - In a cutback environment, it is hard to find funds to invest in productivity improvement especially when the only source of additional funds is from staff layoffs.

Mandates Without Money Dilemma - Public managers must comply with legislation or court orders which mandate actions without additional funds.

Efficiency Paradox - There are two ironies for public managers: 1) It is more difficult for an efficient organization to increase productivity. 2) There are few rewards for conserving resources in public management because frugal managers just produce resources to make up deficits of poor managers. ⁵¹

David **Whetten** states that organizational crisis is frequently mismanaged due to faulty problem identification procedures. ⁵² He presents a theory developed by Boulding (1975) that suggests managers in different institutional contexts construct different explanations for resource cutbacks, leading to stereotypic responses. For example, managers of a therapeutic institution will interpret a budget cut as evidence that the legislature does not understand the social significance of the institution's function. Therefore, managers may respond with an

⁵¹ Ibid., 180-181.

⁵² Whetten, 583.

information campaign with heavy moralistic overtones. In contrast, a highly bureaucratic organization may respond by producing statistics showing that the organization is already extremely efficient, and, therefore, does not deserve a cutback.

EFFECTS OF DOWNSIZING

Although the process of downsizing is itself problematic, the problems don't end when the cuts are implemented. "The cure may be worse than the disease," writes Tomasko. "The ... destructive consequences of deep, across-the-board cutbacks, sometimes happening wave after wave, are only beginning to become apparent."⁵³ Tomasko warns that these hard-to-quantify problems will return to haunt organizations.

Clifford Harrison explains that the consequences of staff reductions are two-fold. The first dimension is the effect of termination and unemployment on the individual being fired. The other impact is on those who remain and the organization itself. Research on the organizational effects is limited. Harrison suggests that research is limited because organizations are sensitive to the negative repercussions of reductions in force and are not inclined to go public with their internal problems or to share information with outside researchers during disruptive times.⁵⁴

Harrison reports that organizations suffer in a number of

⁵³Tomasko, Downsizing, 4.

⁵⁴Harrison, 9.

ways. Survivors experience grief over the loss of co-workers and friends and anxiety over their own security. Anxiety results in loss of productivity and increased resistance to change. If employees think they are no longer valuable to a firm, they may lose self-esteem, become insecure and ultimately become less productive. Managers suffer guilt over having to terminate employees. There is hostility and anger directed at the organization from employees who do not understand or accept the need for such drastic action. It is also impossible to know that the most competent employees have been retained due to ineffective performance appraisals and the "old boy" system. ⁵⁵

Professionals who survive the terminations of co-workers not only experience high anxiety, resentment and low interest in their work, they may feel compelled to leave their employer at the first opportunity for a more secure job elsewhere. It then may be difficult to recruit qualified replacement workers due to the negative impact of cutbacks on the organization's reputation. The organization may also find itself involved in expensive lawsuits from disgruntled former employees. ⁵⁶

While Harrison targets his discussion to the corporate environment, Greenhalgh and **McKersie** find the same issues facing public sector organizations. In addition they cite the cost of unemployment compensation charge-backs, lost state tax revenues and the cost of recalling laid-off employees. Damage to the

⁵⁵Ibid., 79-80.

⁵⁶Ibid., 81.

employer's image may produce further costs because there is a "tendency for lower job security to require a **tradeoff** in high pay according to the theory of economics which associates risk with higher rates of return." ⁵⁷ Additionally, lower quality workers will permeate public service as quality workers seek better opportunities.

Changes wrought by downsizing may increase the difficulty of successfully introducing changes in the future. Workers will resist change, clinging to whatever stability exists. They may lose their identification with the broader mission of government. Future changes may have to be accomplished in spite of the worker rather than through their cooperation. Changes will have a tendency to last only as long as pressure and surveillance are applied. Greenhalgh and **McKersie** conclude that maintenance of job security is needed to achieve a rolling agenda of changes and to insure that changes remain in effect. ⁵⁸

Brockner, et al, found that survivors of layoffs will exhibit greater reduction in work performance and organization commitment when survivors identify with the victims and feel they have not been well compensated. Brockner, et al, advocate that organizations must do more than compensate those who are laid off: "they must communicate that fact in ways that are credible

⁵⁷Leonard Greenhalgh and Robert B. **McKersie**, "Cost-Effectiveness of Alternative Strategies for Cut-back Management," Public Administration Review (November/December 1980): 575.

⁵⁸Ibid., 580.

and noticeable in the eyes of the surviving workforce." ⁵⁹

Smallwood and Jacobsen say that lack of information about how layoff decisions were made increases guilt and confusion. It leads to a dangerous us-versus-them polarizations that reduce productivity when doing "more with less" is critical to survival.⁶⁰ Smallwood and Jacobsen compare the guilt of cutback survivors to that of surviving soldiers during wartime. The writers also cite the negative impact of "well-intentioned managers caught in the rhetoric of excellence" who make statements about the value of people and the importance of long-term employees. Smallwood and Jacobsen warn that "excellent company" rhetoric can be extremely discouraging when it is just empty promises. ⁶¹

Behn states that organizational retrenchment creates what Levinson calls "the loss of organizational idea." Cutting the scale of the organization requires a cutback on its purposes. Behn warns that retrenchment can produce a downward spiral for the organization.

An initial decrease in resources forces a first round of programmatic cutbacks; these, in turn, discourage the organization's most talented and productive members who,

⁵⁹ Joel Brockner, Steven Grover, Thomas Reed and Michael O'Malley, "Survivors' Reactions to Layoffs: We Get by with a Little Help for Our Friends," Administrative Science Quarterly 32 (187): 540.

⁶⁰ W. Norman Smallwood and Elliot Jacobsen, "Is There Life After Downsizing?" Personnel 64 (December 1987): 43.

⁶¹ Ibid., 42.

also being the most mobile, leave.⁶²

These departures hurt the organization's productivity and make it difficult for the organization to attract resources. The subsequent decrease in resources forces a second round of cutbacks.

David **Whetten** found that decline in an organization tended to exacerbate the interpersonal and interunit conflict within the organization. The incidence of conflict increases and conflicts are more difficult to resolve because there is no "win-win" option.⁶³ Cameron, Kim and **Whetten** wrote that in conditions of organizational decline, conflict, secrecy, rigidity, centralization, formalization, scapegoating, and conservatism increase. Morale, innovativeness, participation, leader influence and long-term planning decrease.⁶⁴

Levine summarizes the problem as follows:

Creativity diminishes, innovation and risk-taking decline and the sense of excitement from doing new things disappears. Simply put, it is just not as much fun working and managing in a contracting organization as it is in an expanding one.⁶⁵

If the organization is threatened, its members feel threatened too, writes Robert Behn. "Thus, if the organization is

⁶²Behn, 616.

⁶³Whetten, 583.

⁶⁴Cameron, Kim and **Whetten**, 225.

⁶⁵Levine, "More on Cutback Management," 180.

to survive and again, someday, prosper, its members must do so too." ⁶⁶

While members who survive layoffs face many problems, persons who lose their jobs face far greater trauma. Tomasko estimates that laid off workers often need five years to get back to their former pay level. Human emotional costs include personal trauma, self-esteem, depression, drinking and drug problems, family difficulties and other damaging mental and physical disorders. ⁶⁷

Harrison says the emotions of terminated employees include disbelief, anger, fear, hostility, grief, frustration and self-doubt. He compares their responses to Elizabeth Kubler-Ross's stages of responses to dying. In stage one, there is disbelief, anger and bargaining. In the second, depression, acceptance, hope and positive activity. The outcomes of the emotional trauma include an increase in mental and physical illness, infant and adult mortality, marital breakdown, abuse of children and alcohol and drug abuse. ⁶⁸

QUALITY IMPROVEMENT INITIATIVES

In discussing the negative effects of downsizing, Harrison states that "well-meant quality rhetoric" can contribute to negative consequences when it is reduced to hollow promises by

⁶⁶Behn, 617.

⁶⁷Tomasko, Downsizing, 44.

⁶⁸Harrison, 11.

cutbacks. However, a quality improvement program can be in itself a strategy for managing organizational retrenchment. Cohen and Eimicke present a case study in which a Total Quality Management program was used to reduce costs and increase efficiency in a municipal department while improving employee morale.⁶⁹

Based on the management principles of W. Edwards Deming, Quality improvement programs operate under various names including Continuous Quality Improvement, Kaizen, and Total Quality Management. Such programs embrace **Deming's** "Fourteen Points":

1. Establish constance of purpose.
2. Improve systems constantly and forever.
3. Eliminate numerical goals and quotas.
4. Drive out fear so that everyone may work effectively.
5. Institute leadership. (Don't boss, "coach")
6. Consider quality, not just price, when considering bids.
7. Break down the barriers between departments.
8. Institute training on the job.
9. Eliminate the annual rating or merit system.
10. Institute a program of education and self-improvement.
11. Eliminate slogans and exhortations.
12. Cease dependence on mass inspection.
13. Adopt the new philosophy.
14. Top management should drive the transformation.⁷⁰

Cohen and Eimicke state that three simple practices are at the core of Total Quality Management:

⁶⁹ Steven Cohen and William Eimicke, "Project-Focused Total Quality Management in the New York City Department of Parks and Recreation," Public Administration Review (September/October 1994): 450.

⁷⁰ Jonathan Walters, "The Cult of Total Quality," in Public Administration Annual Editions, Howard Balanoff Ed., Guilford, Conn.: Dushkin Publishing Group, 1993, 130, citing Andrea Gabor, The Man Who Invented Quality, Random House, 1990.

(1) employees work with suppliers to ensure that the supplies used in the organization's work processes are fit for use, (2) employees continuously analyze work processes to improve their functioning and reduce process variation, and (3) they closely communicate with customers to identify and understand what they want and how they define quality.⁷¹

An additional principle of quality management methods is the empowerment of employees. Managers are advised to "listen to the gemba" (frontline workers) in seeking solutions to problems.⁷²

The next chapter will describe the setting in which this research occurred. Included are the description of the agency, an examination of the outside forces influencing the agency, a description of the agency's quality management initiatives and an explanation of the agency's recent retrenchment.

⁷¹Cohen, 450.

⁷²Kaizen Training Manual, 1991.

CHAPTER THREE: RESEARCH SETTING

The subject agency is Austin State School, a residential facility serving adults with mental retardation and other developmental disabilities. It is division of the Texas Department of Mental Health and Mental Retardation.

TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

The Texas Department of Mental Health and Mental Retardation (TXMHMR) serves about 190,000 Texans annually. The agency claims to serve only about half of the people in need of services due to a lack of resources.¹ Services include 24-hour care in both short-term and long-term residential settings, employment opportunities, supported housing and in-home assistance. TXMHMR operates 27 facilities including thirteen state schools providing residential services for persons with developmental disabilities, nine state hospitals serving persons with mental illnesses, three state centers providing both mental health and mental retardation services and two state centers providing mental retardation services only. TXMHMR also contracts with thirty-five community mental health and mental retardation centers.

The current state biennial appropriation for MHMR services, plus administrative and capital expenditures is approximately

¹Texas Department of Mental Health and Mental Retardation, Mental Health & Mental Retardation Services for Texans.

\$1.124 billion for 1994 and \$1.098 billion for 1995. The agency's policies are set by a volunteer board appointed to six-year terms by the governor. Created in 1965, TXMHMR is the largest state employer with almost 30,000 workers.

AUSTIN STATE SCHOOL

Opened in 1917, Austin State School is the oldest of the state's residential facilities for persons with developmental disabilities. Located on 95-acres on the west side of Austin, Texas, the campus has twenty-nine residences, three vocational training centers and three sheltered work centers. The facility also operates a sheltered workshop located in the community. An infirmary provides acute and chronic medical care. Support departments include Administration, Human Resources, Food Service, Maintenance, Dental Service, Community Relations, Habilitation Therapies, Information Services, Staff Development and Pharmacy. The facility also operates a Community Services division which provides services for persons living in community settings, either in small group homes or with their families.

The chief operating officer of the facility is the Superintendent. There are three assistant superintendents. One is responsible for community services; another is responsible for business operations and support services; and the third directs program services including vocational and residential services.

Residential services at Austin State School are divided into four units, each composed of between five and nine residences.

Each unit is headed by a Unit Director and a management team usually including Assistant Unit Director, Administrative Assistant, Social Workers, Psychologists, Unit Registered Nurse and Training Coordinator or Vocational Site Supervisor. Each residence is supervised by a Home Team Leader. Direct services to residents are mainly provided by MHMR Service Assistants who staff the homes in eight hour shifts, twenty-four hours per day. First line supervision of each shift in each home is provided by an MHMR Specialist II, assisted by a Specialist I. The number of units was reduced from five to four in March, 1993, although the number of residences remained at twenty-nine.

As of August 31, 1994, the end of the last fiscal year, there were approximately 1,050 full time equivalent positions at Austin State School. Of these, 535 were Direct Contact Staff, including MHMR Service Assistants, Specialist II's and Specialist I's. These positions are among the lowest paying in state employment with Service Assistants being a grade four (\$1188 per month).

Although the total number of staff has been decreased through recent retrenchment, the number of Direct Contact Staff has increased. There was a large increase during 1989 and 1990 and a slight increase (10 positions) in FY 1994. It is impossible to determine exact staffing levels because comparable data are not available for the different years due to different reporting formats. The increased level of staffing in 1989 and 1990 was due to the resolution of the *Lelsz v. Kavanagh* lawsuit which also

brought a reduction in the number of residents served. (Specific requirements of the settlement will be discussed in the next section.) In July 1990, 510 persons lived at Austin State School. Currently, residential services are provided to approximately 480 persons, most of whom have severe or profound disabilities. Although it is projected that there will be little change in the total enrollment, there will be a constant change in population as persons with more skills move into the community and are replaced by others, usually persons with fewer skills and greater needs. Much client movement is also a result of the Lelsz settlement agreement which precipitated sweeping changes for TXMHMR and Austin State School.

LELSZ V. KAVANAGH

Lelsz v. Kavanagh was originally filed against TXMHMR in Federal Court in 1974 by the parent of a state school resident. In 1981, a class was certified consisting of all present and future residents of Austin State School, **Denton** State School and Fort Worth State School; all past residents of these named schools; and all persons on the register for state school placement from 1981 forward. San Antonio State School was later added to the class. Instead of financial compensation, the suit sought

improvement and change in many areas which included chronic abuse and neglect, inadequate training and habilitation,

inappropriate institutionalization, and failure to expand community services."²

An agreement to close the lawsuit was negotiated by the parties in October 1987. The settlement required an increase in staff-to-client ratio by 15 percent over the next three years, including doctors, nurses and physical therapists as well as direct contact staff. The named facilities were required to meet certification requirements of the Accreditation Council on Developmental Disabilities (ACDD), a nationally recognized survey agency for mental retardation services. The named schools were required to improve services in the following area: medical services; behavior treatment programs; educational and vocational programs; and the prevention, reporting and investigation of client abuse and neglect.

In addition, the Department was required to implement personnel and staff development measures at all state schools to improve screening of employees, recruitment efforts, and training and orientation for employees. The named schools were also required to maintain quality assurance for class members moved to community placements. Finally, all state schools were required to maintain ICF-MR certification.

STATE SCHOOL CLOSURE COMMITTEE

In December, 1991, Judge Barefoot Sanders approved a

²Legal Services Division, Texas Department of Mental Health and Mental Retardation, "Historical Overview of in Lelsz v. Kavanagh," Feb. 4, 1988.

settlement agreement calling for the closure of two state schools, community placement of 600 individuals (from throughout the system) and subsequent dismissal of the Lelsz lawsuit. In advance of court approval, Governor Ann Richards appointed a task force to study all state schools for closure or consolidation.

On March 6, 1992 the task force recommended closure of Travis and Mexia State Schools. The Governor accepted the recommendation to close Travis State School but rejected the recommendation to close Mexia State School and suggested that Fort worth State School be closed instead. That recommendation was accepted by the task force on March 31, 1992.

The department developed plans to accommodate client and staff movement from the facilities slated for closure. Employees would have two options once their position was targeted for elimination:

Option 1 The offer of a comparable position at a Department facility of the employee's choosing. Comparable position is defined as the same exact pay and similar duties.

Option 2 The offer of paid administrative leave for a period of time determined by the employee's longevity with the department (a base of two months' paid leave, plus one week of paid leave for each full year of service with TXMHMR)

Persons choosing Option 1 would receive additional benefits including travel expenses and time off to visit prospective new job sites and moving expenses of up to \$1500 when relocating to another MHMR facility.³

³"State School Closure Plan," TXMHMR 1992.

As of June 1, 1994, 179 Travis State School employees had received notification of the scheduled elimination of their positions. Of these, 67 had chosen Option 1. It is estimated that about half of these chose employment at Austin State School. Although Fort Worth State School employees could also designate Austin State School under Option 1, it is more likely that they will choose other facilities geographically closer to Fort Worth.

ICF

The Lelsz settlement required that the facility continue to maintain ICF-MR certification (Intermediate Care Facility-Mental Retardation). Certification by ICF-MR, a division of the Texas Department of Health, is required for any facility receiving federal Medicaid funds. Denial of certification by the agency means loss of federal funds which are the major source of operating money for agencies such as Austin State School.

ACDD

Another major outcome of the Lelsz settlement was the requirement that Austin State School, along with the other named schools, meet certification requirements of the Accreditation Council for Services to Persons with Developmental Disabilities, recently shortened to the Accreditation Council. The Accreditation Council is a national quality enhancement organization, representing national consumer and professional organizations and service providers, "dedicated to advancing the

quality of services for people with disabilities."⁴ Only twelve percent of facilities in the nation are accredited by the Council, an organization whose standards are viewed as the professional benchmark for quality services, according to the Austin State School "Book of Quality."

Austin State School underwent its first ACDD survey in October, 1990, and received a one-year accreditation. It was surveyed again in October 1991 and received a two-year accreditation. The 1993 survey **also resulted** in a two-year accreditation.

QUALITY IMPROVEMENT INITIATIVES

Once the facility had met quality objectives for services to residents, attention was turned to improving services to internal customers through Continuous Quality Improvement (CQI). Managers received training in "Kaizen," a form of CQI in the summer of 1991. Austin State School administrators describe the facility's quality improvement initiatives as having three parts: customer service values, work place values and process improvement.

Seven Quality Improvement Teams (QITs) were launched in the fall of 1991 to produce process streamlining. Participants received in depth training in the tools of process streamlining. Additional teams were initiated the next year. QITs produced mixed results for the facility with some being highly successful.

⁴The Accreditation Council, Update on Quality 9 (Summer 1992):4.

The formal QIT approach was abandoned in 1993, being replaced by less formal cross-functional work groups.

In addition to process streamlining, the facility operationalized Continuous Quality Improvement through a statement of Mission and Values statement introduced in June 1992. (See appendix A) The statement was developed by the facility superintendent through discussion meetings with employees at all levels. The agency's stated mission is "To enable the people we serve to continuously advance the quality and independence of their lives." The agency stated five "service values" that described the quality of services to which the organized had committed:

people with developmental disabilities have the same basic rights, needs, and desires as other citizens.

all people can learn and develop skills which help increase independence and quality of life.

a normalized rhythm of life and opportunities for personal choice should be available to the people we serve.

the interdisciplinary approach best assures that individual needs are addressed in a comprehensive habilitation plan.

individuals should be as free of restrictions as their developmental needs and training objectives will allow.

The service values were closely aligned with the principles of ACDD.

The agency also stated seven work place values which employees considered necessary to support delivery of quality services:

understanding and support of the facility mission and

values by staff at all levels of the organization.

recognition that increasing employee job satisfaction is a key factor in continuous quality improvement.

staff who feel valued and rewarded for their integrity, dedication, effectiveness, and efficiency.

open, honest and timely communication.

staff at all levels who are empowered to participate in the problem-solving and decision-making processes of the organization.

supervisors who eliminate fear in the work place, who set realistic expectations, and who encourage and support innovation, creativity, and conflict resolution.

commitment to excellence and customer satisfaction in everything we do.⁵

The work place values were related to the Deming principles of quality improvement. Dr. James Armstrong, Austin State School Superintendent, explains that the principles were specifically related to the stated Deming principles of eliminating fear, establishing a constant purpose, and instituting leadership. More importantly, he explains, they described what was necessary to create a fertile environment for the growth of quality improvement.

RETRENCHMENT

At the same time the facility was beginning to implement programs of Continuous Quality Improvement, major cutbacks were looming. The **Lelsz** lawsuit had brought radical changes to the facility along with the funding necessary to implement change.

⁵Austin State School, "Mission and Values Statement," 1992.

On December 30, 1991, the court granted approval to the settlement agreement. The lawsuit was no longer a threat, and the facility was free of restrictive court monitoring for the first time in more than ten years. Over \$3 million had been poured into the facility to meet Lelsz demands between 1987 and 1991. The new freedom from court monitoring brought new limits due to the loss of Lelsz funding.

Between 1989 and 1992, Austin State School had undergone a series of small budget cuts. Cuts had occurred in some areas while others were still experiencing growth due the demands of the Lelsz lawsuit agreement. Other facilities within the MHMR system had complained about the increased funding to the Lelsz schools such as Austin State School. Also, the client population had been declining steadily as residents moved into community homes taking funding with them.

Allocations to the facility dropped by \$607,797 in FY 93 and by another \$588,715 in FY 94, totalling more than \$1.2 million out of a budget of about \$23 million. While the decrease was a small percent of the overall budget, the impact was enormous for an organization where most expenses are fixed costs. And the actual extent of loss was far greater. Costs in several areas had increased dramatically. Costs of drugs, over which the agency has no control, increased from \$171,000 to \$371,000 in one year and have continued to grow. The vocational workshops for the school had been located on an annex campus which was sold to the another state agency. The loss of this facility, combined

with the quality standards of the Accreditation Council, motivated the facility to provide a new workshop in the community for residents at an annual expense of \$160,000 - \$175,000. TXMHMR reduced the amount of capital money in the agency's budget, but expenses remained constant.

The agency had to turn to cuts in personnel to achieve the needed budget savings. It is difficult to determine the actual degree of cuts in personnel due to changes over the last five years in report formats. It appears that in August of 1992, the facility employed 1,549 persons or FTEs (full time equivalents) Of these, 349 worked in the community services division leaving 1,200 persons employed on the residential campus. In August 1994, the facility employed 1,497 FTEs with 446 being community workers, leaving only 1,051 persons employed on the residential campus. The number of direct care workers had increased slightly to 535 meaning that the loss of 149 FTEs came from the ranks of management, professional staff, para-professionals and support services which had numbered approximately 700 in 1992. Some positions and persons were moved from campus-based programs into community services. Approximately twenty positions were eliminated in a programmatic reorganization unrelated to budget needs.⁶

⁶The facility completed a transition in FY 92 to the "Home Team Leader" model which placed Qualified Mental Retardation Professionals (QMRP's) in supervisory positions for each home. QMRP's formerly were case managers with a caseload of clients from one or more homes. They were supervised by a unit Lead QMRP. Home Supervisors, non professional staff, supervised home staff. Supervisors managed two homes each and were supervised by a unit

In spite of the magnitude of personnel reductions, the facility administration held to a policy of no cuts in direct care staff and no terminations or loss of pay for employees. Staff reductions were accomplished through attrition. As positions were eliminated, employees were moved to other positions, sometimes lower in the organization. Although there was sometimes a loss of title and a change in responsibilities, there was never a loss in pay.

SUMMARY OF SETTING

Between FY 92 and FY 94, Austin State School faced multiple challenges. Loss of funds and increased costs drove cutbacks in personnel. Systems downsizing and the closure of two residential facilities required the facility to absorb displaced workers from Travis State School. At the same time, the population served grew more challenging. Austin State School was bound by court agreement to maintain a constant high level of services to residents, and the facility had committed itself to a program of Continuous Quality Improvement.

CONCEPTUAL FRAMEWORK

Schick's levels of scarcity will be used to describe the

Managing Supervisor. The move to the Home Team Leader model eliminated the need for Home Supervisors and merged the position of Managing Supervisor and Lead QMRP into Assistant Unit Director. The move to the new model was driven by programmatic philosophy rather than budget savings, but it resulted in elimination of approximately 20 positions.

conditions of scarcity which mandated downsizing in the agency. Plant's cutback strategies, along with **Tomasko's** strategies, will be employed in examining the management response to scarcity. In addition, the research will describe how, or if, the agency's quality initiatives were incorporated into the downsizing strategy.

Austin State School's seven stated work place values which describe the agency's desired work environment will be used to assess the impact of downsizing on employees. Is the work environment more or less similar to the desirable characteristics than it was prior to downsizing? In addition, the study will examine where the various negative effects suggested in the literature were present.

Criteria for assessing the impact on service delivery will be external standards set by the state regulatory agency (the Texas Department of Health ICF-MR survey) and an independent accrediting agency (the Accreditation Council).

WORKING HYPOTHESES

A formal hypothesis is not required for an exploratory or descriptive study such as this. However, based on review of the separate bodies of literature regarding downsizing and quality management, these working hypotheses are proposed:

1. Agency employees were negatively impacted by downsizing as evidenced by a weakening of work place values following downsizing.
2. There was no measurable decline in agency services following

downsizing.

3. Because the agency consumes fewer resources and services are no less effective, the agency is more efficient.

In addition, the research will examine how quality improvement initiatives were incorporated into downsizing strategies and whether downsizing had a negative impact on quality improvement initiatives.

The next chapter will describe the methodology of case study research in general and the format of this specific case study.

CHAPTER FOUR: METHODOLOGY

CASE STUDY RESEARCH

This research employed field research in a single-case, case study format. Yin states that

case studies are the preferred format when the "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context. Such "explanatory" case studies can also be complemented by two other types - "exploratory" and "descriptive" case studies.¹

Yin further states that the case study allows investigation into such real life events as organizational and management processes² and is the best method when one needs to know "how" or "why" a program had worked or not **worked**.³ Another strength Yin cites is the case study's "ability to deal with a full variety of evidence -- documents, artifacts, interviews, and observations."⁴

Yin defines a case study as

an empirical inquiry that: investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly **evident**; and in which multiple sources of evidence are used.⁵

This study closely aligns with Yin's stated characteristics in that it explores a contemporary phenomenon of a "real life"

¹Robert K. Yin, Case Study Research (Newbury Park: Sage Publications, 1989): 13.

²Yin, 14.

³Yin, 18.

⁴Yin, 20.

⁵Yin, 23.

organizational process and how the process worked. A variety of evidence are employed including interviews, questionnaire and documents. Hence the field **research/case** study methodology was employed.

Although employed by the agency selected, the author made no attempt to use the participant observer format. The organizational change that is the object of this study was essentially complete. The author **relied** only on information provided by others in interviews, a questionnaire and documents. As an employee, the author had the benefit of access provided a participant observer as well as the "ability to perceive reality" which Yin cites as invaluable in producing an "accurate" portrayal. As an employee, the author was also at risk of the major weaknesses of the participant observer study, bias and manipulation. As Yin suggests, use of existing documents when possible to triangulate information lessens this danger.⁶ Given the difficulty of accessing information on downsizing, as evidenced by the lack of published material, the benefit of access outweighs the weaknesses.

INTERVIEWS

The primary source of evidence for this case study is interviews with top management and selected middle managers. Yin states

Overall, interviews are an essential source of case study

⁶Yin, 93.

evidence because most case studies are about human affairs. These human affairs should be reported and interpreted through the eyes of specific interviewees, and well-informed respondent? can provide important insights into a situation.

Yin warns that interviews are verbal reports subject to the problems of bias, poor recall and poor or inaccurate articulation.' The interview was structured to aid recall and follow-up questions helped interviewees better articulate answers. The emotional nature of the subject of downsizing probably increased the risk of interviewee bias. A large and diverse sample was used to minimize the risk of bias.

Included in the interviews were the facility Superintendent, two Assistant Superintendents, Unit Directors (4), and Assistant Unit Directors (3). Twenty other persons including department heads, professional consultants, and managers were interviewed. Professional consultants generally do not supervise staff but provide oversight to unit professional staff who are supervised by unit directors. For the purposes of this study, middle managers are defined as Unit Directors, Assistant Unit Directors, members of the unit management teams (generally including Training Coordinators, Administrative Assistants, RN Supervisors, Home Team Leaders, Social Workers and Psychologists), professional consultants and directors of support departments outside of residential units. The facility employs approximately 100 persons in this group defined here as middle managers.

⁷Yin, 90.

⁸Yin, 91.

Approximately one third of these were interviewed.

A combination of quota and snowball sampling was used to determine the persons to be interviewed. Babbie presents the quota sample and the snowball sample as two of the three types of sampling methods that are "specifically appropriate to field research."⁹ In a "snowball" sample each interviewee suggests others to be interviewed. Babbie states

if the group or social process under study has fairly clearly defined categories of participants, some kind of quota sample might be used...for example,¹⁰ you might want to interview both leaders and non-leaders.

A quota system was used to determine what categories of persons were to be included. A snowball system was then used to determine which persons within each category were interviewed.

Austin State School is organized into three primary divisions: residential services, support services and community services. The focus of this study is on the downsizing of the residential facility and the services that support the residential services. Therefore, the community services division was not included. All upper managers (Superintendent, Assistant Superintendents) were interviewed. The sample of middle managers included both residential services and support services managers. Using a list of departments and units, the author prepared a list of possible interviewees: persons who had been employed at Austin State School for at least three years in a

⁹Earl Babbie, The Practice of Social Research (Belmont, California: Wadsworth Publishing Company, 1983), 268.

¹⁰Ibid.

middle management position, as defined above. The list was separated into persons who were directly affected by downsizing and unit reorganization (through loss of position or movement to another unit or department) and persons who were less directly affected. Approximately one-half of the interview subjects were taken from each group. All unit directors, assistant unit director and professional consultants were first targeted for interviews. A snowball technique was then used and initial interviewees were asked to suggest others who should be interviewed. A balance was maintained between persons directly affected and persons not directly affected and between persons employed in residential units and persons in support services.

The middle managers interview consisted of eleven open-ended questions. The first group of questions concerned the process used by the facility in downsizing. Managers were first asked to identify cuts in their department or unit. The sole purpose of this question was to provide context for the discussion to follow as actual data on positions eliminated were drawn from documents. Managers were then asked how the decisions regarding cutbacks and reorganization were made and whether decisions were made differently following the implementation of quality improvement initiatives.

The second part of the interview focused on quality improvement initiatives, hereafter referred to as CQI. Managers were first asked what quality initiatives had been implemented in their area. Again, the primary purpose of the first question was

to provide context for the questions that followed. Managers were then asked about the difficulties of implementing CQI programs while downsizing; about the impact of downsizing on CQI; and about the impact of CQI on the downsizing process. Next, managers were asked specifically about the status of work place values; how they compared to two years ago; and whether the adoption of these values had impacted the work place. Managers were then asked to describe, from their point of view, what impact downsizing had on employees and what impact downsizing had on services.

A final section of the interview consisted of short answers in which managers rated personal job satisfaction, working conditions and facility services as better, worse or the same compared to two years ago.

A different interview format was used with administrators, a group which included the Superintendent of the facility, the Assistant Superintendent for Programs and the Assistant Superintendent for Business Operations and Support Services. The interview included all questions from the manager interview except the short answer section about job satisfaction. In addition, administrators were asked about the history and cause of downsizing. A follow-up interview with the Superintendent provided clarification and response to issues identified in manager interviews.

All interviews were conducted face-to-face, and respondents were promised anonymity. The author's personal acquaintance with

interview subjects was both a help and a hinderance. Because a trust already relationship existed with many of the respondents, they talked freely. Other interviews were somewhat strained because the existing professional relationship made it threatening to share personal information with the writer. True anonymity does not exist when the interviewer and interviewee share a continuing personal and/or professional relationship. However, respondents were assured that statements would not be attributed to them in any identifiable way.

SURVEY

A questionnaire was used to systematically collect information on the current state of the organization's work place values. Yin states that surveys can be a useful component in a case study but should be considered as only one component of the overall assessment rather than an independent measurement of the phenomena.¹¹ The inclusion of a self-administered questionnaire in this survey provided a rapid means of collecting in depth information about opinions on the current status of work place values. The disadvantage of the survey method is that it reduces responses to the least common denominator and lacks social context in that it measures responses at one point in time.¹² As suggested by Yin, the questionnaire was not used as

¹¹90.

¹²Babbie, 254.

an independent measure, but to triangulate information from interviews.

Twenty Home Team Leaders and Assistant Unit Directors were asked to complete the questionnaire. (See Appendix C: Questionnaire) A **1992** report documenting the perceptions of middle managers concerning the then current state of work place values was used to develop a comparison of post-downsizing attitudes. More than **100** issues were identified in the **1992** report which was developed through a series of middle-manager focus groups. The author and three other persons reviewed the list of issues and independently chose issues to use for current comparisons. Other participants included a professional consultant and a manager both of whom participated in the leadership of the original focus groups and a middle manager not involved in the previous focus groups. Selections were based on their individual perceptions of which issues were significant indicators and were stated in a manner that would lend itself to objective rankings. Based on these independent evaluations twenty-three issues were selected, and respondents were asked to rate each as currently better, worse or the same than two years ago. A fourth option was "never was an issue." The methodology in processing the data was to treat the total number of responses as a composite rather than rating each issue separately. The total number of "worse" ratings was compared to the total number of "better" or "same" ratings.

DOCUMENTS

Yin states that case studies require multiple sources of evidence and that "except for studies of preliterate societies, documentary information is likely to be relevant to every case study topic."¹³ Their most important function is to corroborate and augment evidence from other sources. One function, according to Yin, is to verify the correct spellings and titles of names that are mentioned in interviews. They are also used to corroborate information and, if found contradictory, can point the investigator toward further *inquiry*.¹⁴ Yin cautions researchers to understand that a document was written for some specific purpose and audience other than those of the case study being done.¹⁵ Although budget documents were considered documents for the purpose of this study, Yin classifies them as "archival records" and applies the same caution about their original *purpose*.¹⁶ Such records provide important quantitative information. However, Yin cautions that numbers alone should not be considered a sign of accuracy.¹⁷

Documents reviewed included Focus, the agency newsletter, the State School Closure Plan, budget documents, the personnel services schedule, and management memorandums. The format of the

¹³Yin, 85.

¹⁴Yin, 86.

¹⁵Yin, 87.

¹⁶Ibid.

¹⁷Yin, 88.

TXMHMR personnel services schedule was different each year making comparison of Full Time Equivalents difficult.

Survey reports of two external agencies, Intermediate Care Facilities - Mental Retardation (ICF-MR) and the Accreditation Council for Services to Persons With Developmental Disabilities (ACDD), were used to compare the current and previous state of service delivery. ICF surveys are considered to be less valuable for purposes of comparison than ACDD because ICF reports may be structured differently each year. Identified problems may be grouped under one deficiency or rated as separate deficiencies. ICF surveys also tend to follow different general trends each year. For example, if one facility receives a deficiency on a particular standard, other facilities apparently are checked closely for problems in that area and are likely to receive a deficiency in the same area that year. The Accreditation Council, as a private independent agency, is less subject to this type of annual variability and is a more objective indicator of quality of services.

Data from consumer satisfaction surveys of residents' families and advocates were also used in comparing the quality of service delivery. Survey data included annual surveys for 1990-1993.

Due to the qualitative nature of this study, there were no formal hypotheses or high level statistical analysis. The open-ended interview format produced responses that did not lend themselves to exact comparisons. Interviewees sometimes gave no

response or an irrelevant response to questions. Therefore, no attempt was made to perform any statistical analysis of findings. Responses are reported in terms such as most, few, nearly half or other general terms. The working hypotheses were tested against the responses of the managers and administrators.

A table summary of the use of evidence may be found on the following page.

SUMMARY OF EVIDENCE

	DATA SOURCE	DOCUMENT NAME
Working Hypothesis 1	(1) Work Place Values Questionnaire (2) Management Interview Questions: 3, 4, 6, 7, 8, 9, 10	
Working Hypothesis 2	(1) Documents (2) Management Interview Questions 5, 11	(1) ACDD Survey Reports 1990, 1991, 1993. (2) Annual ICF-MR Survey Reports 1990-1993. (4) Austin State School Consumer Satisfaction Survey Comparison of Results 1990, 1991, 1992 and 1993.
Working Hypothesis 3	Documents	(1) AuSS Fiscal Year Operating Budgets 1992, 1993, 1994. (2) AuSS Personnel Services Schedule 8/31/92, 8/31/93, 8/31/94.
Use of CQI in Downsizing	Management Interview Questions 1, 2 Administrator's Interview	
Effects of Downsizing on CQI	Management Interview Question 2, 3 Administrator's Interview	

The next chapter will describe and discuss the findings regarding managers' perceptions of the impact of downsizing on

employees and services. It will also discuss comparisons of external measurements of the quality of services. These findings will be compared to the working hypothesis. The relationship between the downsizing process and the facility's quality improvement initiatives will be discussed based on perceptions of both managers and administrators.

CHAPTER FIVE: ANALYSIS

LEVEL OF SCARCITY AND RESPONSE TO SCARCITY

The level of scarcity at Austin State School over the last three fiscal years has been a state of acute scarcity approaching total scarcity. Core services to residents remain strong but ancillary services have been diminished.

True conditions of Total Scarcity as described by Schick are not present in that there is no evidence of poor management or budgeting practices. Management has prepared well for projected budget decreases so that cuts occur during the fiscal year prior to the projected shortage. The facility begins each fiscal year with its budget balanced so that drastic cuts are not required on short notice to meet budget shortfalls. This planning has allowed a true "program-centered" approach to retrenchment as described by Plant.

Actions also closely align with Robert Tomasko's "five principles" for downsizing: start before you have to; prepare for the down side; use a rifle not a shotgun; continually manage size and shape; and go after more than costs and jobs.

An historical perspective on downsizing at the facility shows increasing influence of quality management principles. Prior to 1989, cuts were done quickly and across the board rather than program-centered. Management decisions regarding cuts

during and following the 1993 unit reorganization were based on program needs and service delivery.

QUALITY MANAGEMENT AND DOWNSIZING

It is clear that the administration has attempted to employ quality management principles in downsizing the organization. However, many mid-level managers are unable to identify how the principles were incorporated in the observed actions during the 1993 reorganization. There is a broad perception that, although input was sought from managers and professionals at all levels, decisions were actually made in secrecy prior to input. In some instances, persons directly affected believe they did not receive open, honest communication.

There is a natural conflict between the participatory philosophy of quality management programs and the centralized decision-making that occurs in the downsizing process. Dr. Jim Armstrong, Austin State School Superintendent, states

Decisions regarding cuts have to be made at the superintendent/assistant superintendent level based on what is best for the facility. Most people don't have the perspective to make decisions of that type. A broader perspective is necessary for decisions with broad-based effect.

A middle manager who said she had no input into decisions regarding downsizing agreed: "Sometimes people who make decisions just have to make them for the overall good of the organization."

When questioned about the decision-making process, most middle managers stated quality improvement programs did not affect the way decisions were made. However, when questioned

about how quality improvement programs had impacted downsizing, almost half of the managers were able to specifically identify how quality improvement initiatives were incorporated into downsizing. An equal number could not identify any relationship between the two. Several who saw no direct impact noted that quality improvement activities provided "a positive focus" during a negative process.

There was broad agreement among middle managers that the downsizing process did affect the ability to implement quality improvement initiatives. It was noted that the position chiefly responsible for implementation of quality improvement programs was cut to one-quarter time directly affecting the facility's ability to achieve CQI progress. Downsizing produced barriers to progress including breakdown of teamwork, fear, poor staff morale, increased workload, competing priorities, lack of commitment and uncooperative attitudes. One manager noted that people lost faith in the quality improvement program because of what they saw happening in downsizing. One noted that people in stress always resort to their old way of doing things; therefore, quality improvement initiatives were abandoned. One manager summed up the problem: "No initiative is well-received in a downsizing climate."

Although administrators agreed that it is difficult to do anything while involved in major organizational changes, the Superintendent stated that downsizing did not affect the facility's ability to enact quality improvement initiatives. He

believes that the facility's quality improvement program had a "false start" in that it had adopted a cumbersome "Quality Improvement Team" process. His perception is that the organization had a one year false start, followed by one year of "re-grouping" and is now actually in its first year of enacting realistic quality improvement initiatives. He also noted that quality improvement initiatives were launched in an uneven fashion. "It was not like rolling a bowling ball down the alley. It was more like throwing a handful of balls of various sizes at the pins," he said in explaining the varied successes. "People who believed it and wanted to make it work were able to use it."

WORKING HYPOTHESIS 1: EFFECTS ON EMPLOYEES

Interview Results

Interview responses indicate that agency employees were negatively impacted by downsizing during the process. **Mid-**managers' description of the process and its effect on employees indicate that employees experienced some form of decreased job satisfaction (all respondents) and a loss of empowerment (85 percent of respondents). Approximately half of managers reported that employees experienced a decrease in commitment to the mission of the organization, increased fear and a lack of open, honest communication. More than one-third of the managers reported that employees felt devalued and unrewarded and that employees experienced a lack of open, honest communication. Approximately one quarter of middle manager's felt the principles

of excellence and customer satisfaction were weakened during downsizing. It was noted by some managers that some persons in the organization were completely unaffected and that the degree of negative impact was directly related to one's personal outcome. One manager stated there was no effect within **his/her** department while the manager's subordinate staff noted significant negative impact.

However, there is evidence that most negative effects were transitory. Improved commitment to excellence and customer satisfaction was noted by twenty-one managers while only four indicated continued negative values in this area. Of the twelve managers who noted increased fear during downsizing most said that fear, in the form of anxiety or lack of job security, remains. Only four of the twelve noted significant improvements in the level of fear. While most managers acknowledged improvements, significant concerns were still noted in the area of communication.

Many managers ascribed to employees and co-workers continuing feelings of anger, fear, grief, low morale, anxiety, loss of commitment, loss of motivation, resentment and feelings of displacement. Such descriptions of employee feelings would indicate a low level of job satisfaction. However, when directly questioned about their own level of job satisfaction, most respondents indicated their personal job satisfaction was the same or higher than it was two years ago. An even higher number indicated their commitment to the mission of the organization was

the same or higher than it was two years ago.

Interview responses indicated total agreement that work place values in general were the same or better than they were two years ago. Most agreed that awareness of work place values was much higher and that there were sincere efforts toward making them a reality. It was noted by several that the status of work place values depended upon the individual manager or supervisor and that for some persons there was no improvement.

The finding that current work place values are the same or better than they were two years ago is supported by responses to a questionnaire by twenty middle managers (Home Team Leaders and Assistant Unit Directors). When asked to rank specific issues as the same, better, or worse compared to two years ago, fewer than 10 percent of the composite **rankings** were noted as worse. Nearly one-third of the responses indicated improvement.

Based on the status of work place values, no significant long-term negative employee impact was identified. It was clear from the interviews that employees most directly affected experienced severe negative impact from downsizing. While the degree of impact lessens with passage of time, some persons continue to experience anger and a sense of personal loss. This was also apparent from personal emotion displayed through facial expressions and voice by some interviewees in discussing the subject. Even those persons who were not significantly affected often used highly charged emotional language in describing the events and effects.

Hypothesis 1 Findings:

Findings confirm that downsizing did have a negative effect on employees during and after the process; although, few long-term negative effects can be proven. A few employees felt no negative impact, but a lot of employees suffered short-term negative effects. A small number still feel the negative impact. One must conclude that the impact of downsizing on employees was negative because at least some employees were hurt by the action.

WORKING HYPOTHESIS 2: IMPACT ON SERVICES

Interview Results

There was overwhelming agreement that services to residents are now better than they ever have been. Only two persons indicated that services to residents were worse than they were two years ago.

There is less agreement about services to internal customers. Only three managers noted overall improvements in these areas. More than half of managers noted that services in at least some areas had declined although there was little agreement about what services were worse. The most frequently mentioned problem area was the Human Resources Department which has undergone major reorganization and staff changes unrelated to downsizing. " Persons citing problems with Human Resources

¹⁸It was noted by one respondent that, due to downsizing, a key position in the Human Resources Department was filled by an internal move rather than through competitive hiring of an

also noted recent improvements in services. Another problem noted was loss of time to monitor services and supervise staff due to increased supervisory workloads. Several managers noted improvements in services from the Supply and Maintenance Departments. There were mixed reviews for the Staff Development Department where managers felt the quality of services was better but the quantity had suffered due to cutbacks in the frequency of new employee orientation courses.

Consumer Surveys

Consumer satisfaction surveys conducted by the facility in December of 1990, 1991, 1992, and 1993 showed consistently high results. Families and advocates who rated themselves as very satisfied or somewhat satisfied totaled 96.7 percent in 1990 and 97.1 percent in 1993.

External Surveys

Austin State School has consistently achieved annual ICF certification although the number of deficiencies cited has varied from a high of seven in 1990 to a low of two in 1993. As discussed in Chapter four, the number of deficiencies cited is not very meaningful due to the imprecise system used for classifying problems. However, it can be determined from ICF

experienced person. The time required to train the relocated employee during other critical transitions may have negatively impacted services.

results that the services of the facility continue to meet required standards.

ACDD ratings have consistently improved. In 1990, the facility achieved 77.8 percent of the 580 standards applied and received a one-year certification. In 1991, it met 510 of 596 standards for a score of 85.6 percent and received a two-year certification. In 1993, the facility met 86.75 percent of standards and again received a two-year certification.

Hypothesis 2 Findings

Based on results of manager interviews, consumer surveys and external surveys, it is evident that services to residents have continuously improved. Some internal support services may have declined, but these problems cannot be wholly attributed to downsizing. This author concludes that downsizing did not have a negative impact on services.

WORKING HYPOTHESIS 3: ORGANIZATIONAL EFFECTIVENESS

Documentary evidence shows that the agency experienced a significant decline in resources for campus-based services. Between August, 1992, and August, 1994, the facility lost 149 FTEs of campus-based employees. Funding cuts totalled \$1.2 million. Fixed costs of medications and rent increased. The facility continues to provide services that are at least as effective as those prior to downsizing while using fewer resources. Therefore this author concludes that the organization

is more effective following downsizing than before downsizing occurred.

The next chapter will present a summary of the research and conclusions.

CHAPTER 6: SUMMARY AND CONCLUSIONS

There is still much to be learned about downsizing. Future studies should focus on mitigating the negative effects on employees, especially in public agencies. As reported in Chapter 2, Charles Levine warns us that change is more easily implemented when employees have something to gain. Levine noted that the rewards needed to gain cooperation and build consensus are lacking in the cutback environment. This lack is especially true in the public sector where management is usually prevented from offering the benefits and inducements available in the private sector.

Austin State School employees have continued to provide the highest quality of services for persons with mental retardation in spite of adverse conditions and personal emotional turmoil. Discussions with managers showed that frustration exists at all levels over the absence of promotional opportunities and lack of pay increases. If valuable employees are to feel "valued and rewarded," they must receive some compensation for the adverse employment conditions created by downsizing. Pay increases are the most obvious reward but perhaps the most unlikely under current conditions of scarcity. Increased opportunities for training and interaction with other professionals outside the facility were identified by some as possible rewards.

There is much to be learned about the use of quality management programs as downsizing strategies. A conflict does exist between the activity of downsizing an organization and the

implementation of quality improvement programs. However this author is convinced from the evidence of this study that Deming methods of quality improvement can provide a strategy for successful downsizing of an organization. While Austin State School did not fully employ **Deming** methods in downsizing, there is some evidence that CQI initiatives ameliorated the negative effects of downsizing and that the desire to maintain quality services drove decisions. Quality improvement initiatives were too new and were not firmly entrenched when the major cutbacks and reorganization occurred. Had the **stated** work place values been more of a reality, the negative effects of downsizing could have been **greatly** lessened. It would be beneficial to study the relationship in an environment where quality initiatives are well entrenched.

Both managers and administrators interviewed wholeheartedly embraced the stated work place values. While the document is a source of hope for employees, it can also provides a sharp contrast between current reality and stated expectations. However, as the Superintendent pointed out, "that is why they call it **continuous** quality improvement." Managers and **administrators** acknowledge that they have a long way to go before the work place closely resembles the stated values. It is important that full development of work place values be vigorously pursued.

A recurring theme in comments by managers at all levels was a belief that the organization had learned from its mistakes.

Many people who felt that they had been treated badly in downsizing seemed to have some confidence that upper management was aware of their failures and would avoid such mistakes in the future.

To date, downsizing at Austin State School has produced a more efficient organization. There is agreement at all levels that further reductions will seriously impact the quality of services and lead to a less efficient organization.

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APPENDIX A
MISSION AND VALUES STATEMENT

AUSTIN STATE SCHOOL

I. MISSION

To enable the people we serve to continuously advance the quality and independence of their lives.

II. SERVICE VALUES

We believe that:

- people with developmental disabilities have the **same basic** rights, needs, and desires as other citizens.
- all people can learn and develop skills which help **increase** independence and quality of life.
- a normalized rhythm of life and opportunities for **personal** choice should be available to the people we serve.
- the interdisciplinary approach best assures that individual **needs are** addressed in a comprehensive habilitation plan.
- individuals should be as free of restrictions as their developmental needs and training objectives will allow.

III. WORK PLACE VALUES

We believe that services are best provided in a workplace characterized by:

- understanding and support of the facility mission and **values by** staff at all levels of the organization.
- **recognition** that increasing employee job **satisfaction** is a key factor in continuous quality improvement.
- staff who feel valued and rewarded for their integrity, dedication, effectiveness, and efficiency.
- open, honest and timely communication.
- staff at all levels who **are** empowered to participate in the **problem-solving** and decision-making processes of the organization.
- supervisors who eliminate fear in the work place, who set realistic expectations, and who encourage and support innovation, creativity, and conflict resolution.
- commitment **to** excellence and customer satisfaction in everything we do.

APPENDIX B

WORK PLACE VALUES REPORT 7/92

Appendix B

In July 1992, a group of approximately 30 selected middle managers met as a work group to consider the status of the facility's Work Place Values. The group reviewed each of the stated values and considered two questions as they related to each value: "Where are we now?" and "Why are we there?" Following is the work group report.

WORK PLACE VALUES
WHERE ARE WE AND WHY
MIDDLE MANAGERS

7/92

We believe that services are best provided in a work place characterized by:

- o commitment to excellence and customer satisfaction in everything we do.

Identification of Customers

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We are concerned about such customers as clients, parents, etc. rather than internal, so services have been designed at the expense, sometimes, of our peers.</p>	<p>Historical focus - "nose to the grindstone, etc. - services driven.</p> <p>Emphasis on "needs without regard to resources" which is distorted due to pressure.</p> <p>We have never asked people to identify internal customers - lack of knowledge re: concept.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Needs of some customers (clients) are mis-identified because of needs of other customers.</p>	<p>Administrative decisions (i.e. moves) are made without regard to customer's (internal and ultimate) true needs, resulting in tremendous customer (internal and ultimate dissatisfaction.</p> <p>Common sense judgments are sometimes overridden by "political correctness".</p> <p>External requirements (ICF, etc.) result in conflicting requirements.</p>	
<p>The customer is an interruption to our normal work.</p>	<p>Resources are spread so thin.</p> <p>We forget the reason we do our work is to ultimately satisfy the customer.</p> <p>The wrong person is taking care of the customer - someone else could have dealt with it first.</p> <p>The customer doesn't know the protocol.</p> <p>Customer satisfaction hasn't been a priority,</p>	

II. Standards

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Staff don't distinguish between "excellent" and "run of the mill" service and there is no incentive or system to distinguish the two for staff.</p>	<p>Don't offer enough training to demonstrate or teach "excellent" service skills.</p> <p>Staff don't ask for help - "learned helplessness" - due to poor experiences in the past, or "that's not my job".</p>	
<p>People don't always agree on what constitutes good customer service.</p>	<p>Different biases.</p> <p>Different priorities.</p> <p>Difficult to obtain input from the ultimate customer (client).</p>	

III. Customer Service

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We've improved in customer service, but we have a long way to go.</p>	<p>We've made initial changes, but still have breakdown in follow through.</p> <p>There is vagueness about whom to call for problem resolution.</p> <p>Empowerment; communication.</p>	
<p>We feel that some employees are expendable and we don't need to please them.</p>	<p>Rather than deal with their stuff, we can easily replace them (NOT).</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We have come to realize the need for customer satisfaction for employees, but we don't know exactly what to do.</p>	<p>Money has been perceived as the main way of reinforcing staff. (Poverty wages for some cause external problems that effect performance.) Now we have a new focus after meeting client service needs.</p> <p>Expectations of our jobs have been externally dictated and now customer satisfaction is part of it.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Some staff don't know or are unsure who their customers are.</p>	<p>"Turf issues"</p> <p>We are used to thinking about clients as our only customers.</p> <p>The focus of services has been on people who live here, not people who work here (does vary among departments).</p> <p>Staff haven't bought into the value of customer service. It hasn't been important for us to know.</p> <p>Lack of effective training, haven't received training or the training is not utilized.</p> <p>Too much at one time and low performance requirements without follow-up support and intervention.</p> <p>We have been too busy satisfying powerful external customers - Lelsz, ACDD, ICF-MR.</p>	<p>Still see a need for more release</p>

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
We don't give good customer service.	We have cumbersome procedures. There are staff shortages in some areas. Empowerment: communication.	

We believe that services are best provided in a work place characterized by:

- o supervisors who eliminate fear in the work place, set realistic expectations, encourage and support innovation, creativity, and conflict resolution.

I. Level of Fear

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We're afraid - fear is alive and well - full-blown paranoia in some cases.</p>	<p>Punishment paradigms prevail - poor reinforcement. Historical precedents.</p> <p>Mid-managers make personnel decisions that are later overturned.</p> <p>Sometimes mid-managers want to use mistakes as teaching moments, but their supervisor directs them to put employees on "levels". Mid-managers need more power.</p> <p>Since mid-managers lack authority to make decisions, timeliness suffers.</p> <p>Staff are intimidated into half-truths and sugar-coating reality because they fear punitive responses.</p> <p>Professional staff see themselves as knowing more.</p>	
<p>Some fear is based on lack of information.</p>	<p>Depend on the grapevine.</p>	
<p>Some folks are conditioned to fear.</p>		

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
There is a lot of fear in the work place.	Loss of job - Travis State School closure.	

I. Value of Human Resources

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We are guided to finding problems with people rather than with systems or processes. This leads to a cover-up of systems failures.</p>	<p>Easier and simpler to focus on a person. The system or process seem overwhelming. It's perceived to be more work.</p> <p>There are a lack of skills and understanding in how to look at a process.</p> <p>Mindset.</p> <p>People who set up a process often are not open to changing it. They fear someone questioning their authority.</p> <p>Managers fail to present problems to the employees who be will implementing a process for their ideas on how to accomplish goals.</p>	
<p>The work place is full of ultimatums rather than options. There is zero tolerance for errors. We perceive people as problems rather than processes or systems.</p>	<p>It's easier to say, "You screwed up" than to look at the process.</p>	

<p>It is easier to replace people (good people sometimes are lost - there is a fine line between good and not so good). How much are we willing to extend ourselves to try to keep people.</p>		
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III. Leadership and Management

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Supervisors are afraid to give up power and decision-making.</p>	<p>History. Lack of trust. Like a fraternity initiation.</p>	
<p>Some managers inhibit open communication.</p>	<p>Fear' of losing power. easier to be dictator rather than get consensus.</p>	
<p>Managers fear losing good staff.</p>	<p>There is no reward system. Good staff get more work.</p>	
<p>PPP is used the wrong way - as punishment.</p>	<p>It's used that way. It's easier to punish than reinforce positive behavior or develop. No incentive to use it. In training most of the emphasis is on using it for problems.</p>	
<p>Managers feel that if their staff does something wrong, they (the manager) will be blamed. Our expectations are too high.</p>	<p>We expect people to succeed using poor processes. We sometimes shove things down people's throats.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We haven't let staff determine expectations.</p>	<p>We don't have confidence in them.</p> <p>Managers perceive staff as a threat to them.</p> <p>Some people want (are conditioned) to be told what to do - don't want responsibilities.</p> <p>Fear of failure on the part of the manager.</p>	

IV. General

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Expectations have continued to increase.</p>	<p>There is fear of failure.</p> <p>Job descriptions are vague.</p> <p>Supervisors are inconsistent in expectations.</p> <p>There are differences in skill levels and training.</p> <p>Show biases and favoritism.</p>	
<p>There are "Old Timers" who haven't been able to adapt to changes.</p>		
<p>Staff are afraid to speak up because of perceived consequences. We have a history of being a punitive environment.</p>	<p>The PPP system is punitive and time-consuming. There are no rewards.</p>	

We believe that services are best provided in a work place characterized by:

- o staff at all levels who are empowered to participate in the problem-solving and decision-making processes of the organization.

Front Line Staff

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Many times FLS (Specs) don't want power and responsibility. They don't want to make decisions.</p>	<p>Negative consequences for their decisions in the past.</p> <p>It's not my job. Don't get paid enough to take that responsibility. That's what managers get paid all that money for. They perceive managers as lazy.</p> <p>If they embrace that power it requires a shift from "them" to "us".</p> <p>It is easier to assess blame than to get your hands dirty.</p> <p>Lack of self-confidence.</p> <p>Fear of punishment for a mistake.</p>	
<p>Some staff can't understand why we want to empower them.</p>	<p>They are paranoid and think someone is out to get them.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
We have poor conflict resolution.	PPP system. There is a built-in tattletale system. We have a history of moving people rather than resolving conflicts.	

<p>People are afraid of lines of authority - stepping out of acceptable boundaries. Some people are not able to claim power.</p>	<p>Boundary lines are not really drawn.</p> <p>Find out what you "can't do" by making a mistake.</p> <p>The worth of people is judged by their position not by their abilities.</p>	
<p>We have limited empowerment in some areas - can't follow through.</p>	<p>Lack of trust.</p> <p>Fear loss of control and/or loss of credit.</p>	
<p>No effective information process.</p> <p> </p>	<p>Poor communication.</p> <p>Pear of change and resistance to change.</p> <p>Not a free sharing of information.</p> <p>There is competition between units.</p> <p>Decisions are based on politics rather than customer service.</p> <p>No enough time.</p>	

FI. Leadership and Management

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Supervisors don't want to give up their power, and they don't want to accept the power that is already there.</p>	<p>Lack of trust.</p> <p>Pear of being blamed; making mistakes.</p> <p>Lack of skills in empowering.</p> <p>Their perception is loss of personal power rather than of overall growth.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Managers and staff don't understand what it (empowerment: means. There is confusion between empowerment and delegation.</p>	<p>Lack of education, training, examples and recent focus.</p> <p>Staff think they must wait until someone (Jim) says it's OK.</p> <p>Different definitions.</p> <p>Some staff think delegation equals empowerment.</p> <p>Staff aren't trained in how to make decisions and how to develop a sense of trust.</p>	
<p>Supervisors are inconsistent in empowering - some get overloaded, others are ignored.</p>	<p>Lack of trust, skills, knowledge.</p> <p>Skills differences.'</p> <p>Risk-taking vs. empowerment.</p> <p>Staff person lacks confidence to respond positively to the supervisor's efforts to empower.</p> <p>It's easier.</p> <p>There is a cycle where lack of confidence leads to avoidance which leads to not being asked.</p>	
<p>If you delegate or empower you still are blamed for mistakes.</p>	<p>Not looking at the process; still looking for someone to blame.</p>	
<p>Power is a dirty word.</p>		

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>Staff sometimes feel empowered by their department heads, but feel that the department heads are not empowered by the Assistant Supt's,</p>	<p>We suspect that the Assistant Supt.'s haven't bought into empowerment yet.</p> <p>It's possible that the department heads are more empowered than they admit.</p> <p>Could be fear of loss of control or power. They already have a personal agenda of what they want.</p> <p>Empowerment would create a need to define the role of senior management or eliminate some jobs.</p>	
<p>The role of a good supervisor has been perceived as a person who knows and controls everything.</p>	<p>People are afraid of not having all the answers and it is perceived that the Assistant Supt's. expect you to know all.</p>	
<p>With middle ^{higher} level folks, we don't deal with people who make bad decisions - we change the process.</p>	<p>People in power don't want to be blamed or acknowledge responsibilities for bad decisions.</p>	

WHERE ARE WE NOW?	WHY ARE WE THERE?	COMMENTS
<p>We talk the talk, but don't walk the walk. (Ex: client moves, personnel decisions being overturned internally, upper management says, "You're empowered, but. . .")</p> <p>What we say doesn't match what we do. There hasn't been a paradigm shift yet in our perception of a good supervisor.</p>	<p>Waiting and having decisions overturned results in people not being empowered to learn positively from mistakes.</p> <p>Managers are fearful of giving up power.</p> <p>Managers think they will be blamed.</p> <p>Some managers think its more efficient.</p> <p>Managers fear they will be perceived as inept.</p> <p>Empowerment is inconsistent - "You can make decisions as long as I like them."</p>	

APPENDIX C

QUESTIONNAIRE ON WORK PLACE VALUES

Following is a list of issues related to work place values identified by mid-managers in July 1992. Please indicate whether these conditions are now better, the same or worse than two years ago or if it never has been an issue.

ISSUES IDENTIFIED IN JULY 1992	BETTER	SAME	WORSE	NEVER AN ISSUE
We have never asked people to identify internal customers - we lack knowledge of concept.				
Customer satisfaction has not been a priority.				
We have been too busy satisfying powerful external customers - Lelsz, ACDD, ICF-MR.				
We have cumbersome procedures.				
We're afraid - fear is alive and well - full-blown paranoia in some cases.				
Mid-managers lack authority to make decisions, timeliness suffers.				
We depend on the grapevine for information.				
There is a lot of fear in the work place related to loss of job - Travis State School closure.				
We are guided to finding problems with people rather than with systems or processes. This leads to a cover-up of systems failures.				
There is a lack of skills and understanding in how to look at a process.				
We perceive people as problems rather than processes or systems.				
Some managers inhibit open communication.				
PPP is used the wrong way - as punishment.	I		●	

	BETTER	SAME	WORSE	NEVER AN ISSUE
Some people want to be told what to do - they don't want responsibilities.				
Managers fear failure.				
Staff are afraid to speak up because of perceived consequences.				
People are afraid of lines of authority - stepping out of acceptable boundaries.				
Empowerment is inhibited by a lack of trust.				
Empowerment is inhibited by fear of loss of control.				
There is fear of change and resistance to change.				
Managers and staff don't understand what empowerment means.				
The role of a good supervisor has been perceived as a person who knows and controls everything. People are afraid of not having all the answers and it is perceived that the Assistant Supt.'s expect you to know it all.				
Empowerment is inconsistent - "You can make decisions as long as I like them."				

COMMENTS:

APPENDIX D

INTERVIEW INSTRUMENT: MIDDLE MANAGERS

Job Title: _____

1. Downsizing process:

How has your unit/department been affected by downsizing [positions lost, jobs changed, personnel moved]? How have you personally been affected?

How was decision made for each round of cuts (provide specific cuts) Who was participated in the decision? To what extent were you involved in the decisions regarding cuts? Did you have input into decisions?

Were decisions made differently following implementation of quality improvement initiatives?

3. Quality improvement initiatives:

What quality improvement initiatives have been implemented in your department/unit?

Has it been difficult to implement cqi while downsizing?

What has been the impact of downsizing on cqi?

What has been the impact of cqi on downsizing?

3. What is the current status of workplace values? How does it compare to two years ago?

What has been the impact of the adoption of workplace values? (are they aware of them?)

4. From your point of view, what impact has downsizing had on employees?

5. From your point of view, what impact has downsizing had on services?

6. Are you more or less committed **to** the mission of the organization than you were 2 years ago? **Why?**

7. Are you more or less satisfied with your job now as opposed to 2 years ago?

8. **Is** your work now more or less interesting than it was 2 years ago?

9. Do you experience more or less conflict in the workplace than you did 2 years ago?

10. **Is** there more or less cooperation between units and departments than 2 years ago?

11. Are services to residents better or worse than 2 years ago?
How?

APPENDIX E
COMPOSITE OF INTERVIEW RESPONSES
BY QUESTION

Job Title: COMPOSITE

1. Downsizing process:

How has your unit/department been affected by downsizing (positions lost, jobs changed, personnel moved)? How have you personally been affected?

How was decision made for each round of cuts (provide specific cuts) Who was participated in the decision? To what extent were you involved in the decisions regarding cuts? Did you have input into decisions?

Were decisions made differently following implementation of quality improvement initiatives?

Efforts were made during major reorganization to make people feel like they had input but personally my input was not considered.

No input really just lip service, But not sure they could have done it differently. Sometimes people who make decision just have to make them for the overall good of the organization.

A lot of input into decision, but decision was probably made before input given. Decisions are made differently now. There is more input

I gave written input but received no response. There seems to be some improvement since then. Maybe we learned from our mistakes. Administrators seem real committed now to do better and inform people affected as soon as possible

qci has no effect on how we make decisions

Asked for suggestions and recommendations made but they were probably not taken seriously.

The reorganization position affecting my position was made openly and fairly.

Decision to cut position within department was made as a team. We streamlined and cross-trained and work as a team.

My staff did not have input into decision about cutting positions but participated in deciding how to reorganize work. more participatory, but participation has no effect. They make a good effort to get input but then they do what they have to do.

unit management team involved in what positions to be cut but

most decisions seemed to be made at the ud level

no involvement at all in decision to cut position in department. all had opportunity to participate, but input not a determining factor.

input but not influence

no difference in how decisions made

decisions are still handed down with ud input

much more open. Departments make decisions now. As dept. head, I am integral part of decision-making process. Used to be dictated.

No input into decisions re: professionals

Our cuts were done with full participation but everyone gave a protective response. Everyone tried to find jobs so no one would lose their job. There were no opportunities within the facility for us because positions were eliminated or other people moved into them. We had a committee look at what services other departments needed from us and what we could cut back. For the first time, we really found out what customers needed. The downside is that everything became a group decision due to empowerment and people didn't know how to make decisions, they lacked information or had personal agendas. It became a no trust environment.

Decisions have become more participatory. Earlier movement was more autocratic but we didn't have a lot of time. Moves based on client needs and preferences

Can't compare because I am now closer to the decisions being made. Was personally informed very early of impending change in my job.

Found out after the fact. Not participatory. Input but not influence. cut and dried decision

recommendations made but no influence

sort of secretive. people informed of need to cut. misleading information given about what cuts would occur. Should have talked to people actually affected. People you worked with and people you supervised were also affected. People were led to believe they would not be moved. Persons not involved in decision about their position and not informed.

2. Quality improvement initiatives:

What quality improvement initiatives have been implemented in your department/unit?

Customer satisfaction surveys.

Customer needs survey

Customer service always a value in this department but cutbacks have meant less opportunity to perform desired services

Streamlining of staffing process was real improvement.

QIT process was cumbersome. It was too time consuming for our resources.

Process improvement, streamlining, reorganization, better working conditions, communications

Biggest impact is the way we look at problem solving. The bulk of decision are made by the people most impacted or with the most input from people from people involved. The more we do it the better it works- Staff give better input now because they know we really use it.

Teambuilding

Informally use principles of quality-driven services

Much more attention is paid to customer service. People more aware.

Lots of streamlining, but probably more due to specific change in department leadership than to cqi

Streamlined staffing process has worked well. Work order improvements. New monthly review format. Unit work groups.

A committee worked to streamline and restructure our services with direct feedback from customers.

Practicing more positive ways of impacting performance problems. More consistent and lenient.

unit-based exit interviews determine customer satisfaction
More emphasis on processes. They are getting better. Need continued re-definition.

Changed how we do some things -- cross-functional teams. Higher involvement of staff. We do business differently

Customer satisfaction was always a value.

tremendous amount of training. developed vision statement, mission statement.

Heavy emphasis on streamlining

Peer review born more out of Lelsz but has had the greatest impact on health care. Opportunity for input on issues and growth opportunity for nurses.

Emphasis on team building, working together..

More input from direct contact staff. People impacted by decisions ate more involved.

no real changes - still rude secretaries, safety people, Human resources.

QITs could have worked if they followed through with them.

Some changes(wo, b-17)

Me have done a lot of process streamlining and have embraced customer service.

Downsizing forced us to streamline processes.

Has it been difficult to implement CQI while downsizing?

People lost faith in cqi because of what they saw happening was in conflict with the concepts of empowerment, satisfaction and customer service. But process streamlining helped.

Difficult to implement cqi anytime and change is very difficult here. The diversity of people makes it more difficult. There never would have been a good time to implement cqi because there has never been a time here when things were routine. There has been constant reorganization over the past 1.0 years with major improvements.

Yes due to elimination of key position of cqi coordinator position. UD assumed responsibilities but has no time to do.

Yes. staff commitment lacking. Unit reorganization produced anger and resent. They weren't compatible with cqi. Greater latitude to give up things we "always did". Got rid of staff that was less essential. We could not keep addition tasks without subtracting.

Downsizing increases negative attitude. Quality talk is salt in the wound - a conflict.

During cutbacks and adjustment period, you go back to basics.

Yes and no. Cutting positions creates negative feelings for everyone, not just the person involved. It is hard to get people to buy into new concepts when they are feeling negative about the system. Trust is necessary to implement cqi. But we really did manage to do things differently - especially maintenance. It takes a long time to serve customers better anyway.

Extremely difficult. Had to contend with bitterness and people's loss of growth potential.

Not in my area.

Cutbacks made it difficult to meet customer needs.

Everybody had a fuck you attitude.

When morale goes down everything suffers.

Poor morale, fear, lack of promotion

hard to focus on positive when in negative climate.

They tell staff they are expected to treat clients and each other. with dignity and respect, but staff don't feel that administration treats them that way.

Fear due to downsizing creates conflict with quality issues.

In some cases it helped. Through streamlining, we looked at

quality. As cuts went deeper we had to give up some quality.

seen as lip service. conflict

People were so anxious about downsizing and morale issues so prevalent that cqi was difficult. However **it** was essential. **It** helped people get over **it** - to i-cover from their grief.

Unit reorganization: people were upset because we talked Kaizen but didn't do it. **It** really hurt our efforts to move forward on cqi. How could they say this and do what they are doing?

Joyce Holz was an example of how we did things poorly - how **it** was done - the way **it** was done. ■ understood the need for **the** reassignment itself.

What has been the impact of downsizing on CQI?

outcome no different

none*

There was a lack of time due to dealing with other stuff. **It** slowed the implementation of cqi. **It** frustrates people when they don't have the resources and the don't want to give up quality or stop anything they are doing.

Forced process streamlining

Necessity breeds ingenuity, but we lack the **time**. Things keep getting put on the backburner and never moved.

shut a lot of doors. shutting down avenues.

basic survival takes all of time

listen more, but listening has no impact on decisions.

cqi gets done when people have nothing else to do - off-survey years, after Christmas. **It** is something we do in off-times.. not the way we do business. **It** is difficult to sell. People see it as the current passing **fad**.

Might have been smoother if downsizing, but outcome probably not affected

caused **it**: to be slower than **it** needed to be. There was great stress and people in stress resorted to old ways of doing things. They went back to what they did before!. This was an opportunity to use our process stuff. We had gone through a paradigm shift and should have gone forward. People thought cqi was a separate activity instead of a way of doing things. They quit doing **it** (processes and problem solving) and just put band-aids on **it**, fixing symptoms i-ather- than solving problems.

People believed QIT's were to enable us to eliminate positions

Initial cqi initiatives QIT's died because they were cumbersome and because cutbacks eliminated or changed key positions of

people who were lending efforts.

CQI was not given a priority because people were worried about other things.

Because of downsizing good things started to happen

What has been the impact of CQI on downsizing?

it influenced how we did our process
have done it with more thought on the impact on employees;

tried to keep people First. No one lost Job and they had options to refuse placements. Management tried to treat people humanely and openly.

slight
none***

cqi was timely because we were downsizing. It made us do it better - to think about how we were doing things and consider the need to involve people as much as possible.

People better informed. Some would like more impact on decisions. Some would like earlier input -- in time to be considered.

CQI heightened awareness of individuals and quality were working for. Details were looked at closely by upper management in making decisions. There was a awareness of need to preserve quality.

CQI help us recover well. It kept us together while we were downsizing.

Downsizing took its course and pushed cqi out of the way.

Early it was like we'd never read the book. Later actions were handled better. Unit reorganization was handled better than some of the earlier individual cuts.
provided positive Focus

I believe principles were incorporated campus-wide. People worked hard to make it work. Quality drives downsizing initiatives in this department.

3. Work Place Values:

What is the current status of workplace values? How does it compare to two years ago?

What has been the impact of the adoption of workplace values? (are they aware of them?)

Sincere efforts by Kif to do better. On a good road now. There is still some skepticism.

Depends on supervisors. Perceptions and attitudes play a big part. Perceptions may be inaccurate and some attitudes are bad.

depends on supervisor and whether they buy into it. Not noticeable. Still fear if you think you made a major screw up. Communication is not much better. People are still in the dark.

People actually have opportunity to participate. Just being aware and thinking about things improves what we do

People don't really understand what they mean. In the day to day grind they are meaningless.

Hear more about them. Grass roots staff don't adhere to them. don't think they are catching hold. There is little awareness among DCS. Most couldn't name one.

The way we do it now is good. People aren't as negative as 2 years ago. Trust is better now. You can't make people do it. They have to buy in.

Fear is not as bad as it used to be. There is still a lack of communication and understanding.

Fear has been reduced on some issues. Managers who used fear have been lost.

better much better. Room for improvement but a lot of good things have happened.

Getting there. Wish it could be faster.

Concept of customer service - internal customers- has had major impact. We are more sensitive to needs of customers.

They have been resurrected. We are talking about them now. lot of talk about them.

Most managers have bought into them.

A long ways to go.

Awareness up.

very little change

minimally opened up discussion

Not really used until now. Meetings are good. Have progressed.

Team building has lessened fear in work place.

Recognized.

Talking about them has opened avenues for implementation
values were already embraced by self and supervisor
impact now being realized
depends on your supervisor
DCS would probably say yes.
communication still lacks.
not a reality here

People more aware now due to more emphasis and Focus articles

People may be more aware due to Focus articles but Pear* is
increased due to cuts. People are more paranoid. Jot,
satisfaction is down as people pick up more duties.

no impact

Starting to dialogue now. Administration has now bought into it
starting with upper management.

Caused trust to decline because they talked it but didn't walk
it. People who tried to walk it have left or shut up. Lots of
people who have used work play values as an excuse to make
changes they wanted to make. It brought openness at upper
levels. Folks became outraged over the difference between what
people said and what they did. People then voiced complaints to
administrators and made them look at department heads and how
they operate.

More active from unit level down but not at administrative level.
The superintendent really believes in these values but lack;
follow through to see that it happens. Little communication
about what is happening with TSS employees, especially higher
level ones.

4. From your point of view, what impact has downsizing had on employees?

low morale***
 heavier workload*
 anger*****
 grief****
 loss of friendship
 paranoia*
 loss of commitment*
 stress***
 lack of initiative
 less motivated
 feel unappreciated
 grudges between people affected
 effected staff at all levels
 displacement/loss of team*
 loss of long term expectation
 loss of security*****
 reassured because no one has lost job**
 bitterness
 fearful at first but have seen people don't lose jobs**.
 less tearful but still lack security.**
 loss of trust
 resentful
 People also see opportunity for growth.

lack of understanding. People don't understand how we lost money.
 When positions cut, people feel their work has not been valued.
 They feel unappreciated.

Some jobs are more stressful due to additional duties. People were less committed a year ago but things are better now.

We lost some good ones and we lost some bad ones.
 TSS ~ No motivation due to lack of promotional opportunities..

Some people have really stuck out through a lot of stuff. They have weathered the storm well. But we lost some good staff too. pain for self and everyone I cared about. Loss of family. fear. of additional responsibilities

fear

bitterness for some people but very positive outcomes for others
 short-term grief has ended but people are still uncertain about future. There are anxieties about movement to community services and end of state school

Displaced and have not rebounded

Morale is down, people more fearful but that has settled down some now. There is less loyalty. People are less willing to do extra work.

Trust leaders less

anacletic depression
not as much fun

loss of family

Change scares people. It's threatening. Emotional responses are transient but ongoing changes keep emotions going.

Mixed. Some people were hurt. Their loyalty was betrayed. Moral went down. Negative talk affects work and others.

People were so overworked during reorganizations and cutbacks that they didn't have time to grieve their loss. It keeps coming back. Most don't realize there's a loss to grieve. they can't explain their behavior. They don't understand their denial and acceptance.

Anger impacts the workplace. People direct anger at people and things responsible for their separation,

We lost good people. Bad people hang onto jobs because they fear no other jobs available.

Good people leaving

people disgruntled
tension in air
apathy
loss of enthusiasm

People are more careful to have clear job boundaries and expectations to protect their jobs. They don't trust. People create needs for what they have to offer.

Unnecessary stress in time between announcement and determination of which unit to be eliminated. Then moved too quickly to split up. didn't give us time to grieve.

people still disgruntled.

people affected still have some unhappiness

marly people were untouched.*

People fear the "administrative tricks" that can be done. They see some people treated more favorably. It is hard for people to understand how some departments grow and there are rumors that some people 'receive raises during cutbacks.

5. From your point of view, what impact has downsizing had on services?

no change**

very little

some units are too big to provide good support for staff*

Services are as good but there is not as wide a variety (ie cuts in recreation, community services)

Human Resources worse but probably not due to downsizing unless it made good people leave.

Human Res. services still lacking

Better in some cases, ie, Staff Development

The Xnfirmary is stretched too far. We need to staff for maximum stress and we are staffed for averaged stress instead. We lack resources. Any additional stress pushes us too far.

Don't see significant decrease. Frills aren't there but quality is still there overall. To some extent, I see pride in the accomplishment of maintaining services. There is a cohesiveness that comes from enduring really tough times.

Increased caseloads have negative impact. Reorganization had impact on services for a long time.

Pool hours decreased.

Human Resources closed part time for a while was a major impact. There has to be some things that you don't do any more. But we do better on surveys.

There is less QA.

Not a lot of changed. We have continued to work toward improvement. Client services are the same but services to staff are not as good. Human Resources needs to improve services.

Much better in this department

Loss of consultants a problem.

Cutting resources always impacts services. When there are fewer people to do the job, quality or quantity must suffer. People must choose what they will do.

Everybody has a backburner. People don't always make the best choices about what to put on it.

Supply services better

Glad to see toileting team go

Maintenance better because they reorganized and streamlined.

Maybe more accountable

Because of who we are?, impact was not major. **People** have! picked up and done what they had to do to maintain quality.

number of people supervised increased, therefore less monitoring.
less **direct** support of people supat-vised

people not as motivated and caring

Human Resources is worse

Some things not done

Some services are better because people are afraid of losing their **jobs**. There are gaps in services. Some things **aren't** being done.

Paperwork quality is riot as good

6. Are you more or less committed to the mission of the organization than you were 2 years ago? Why?

more*****

same*** (anxious but still dedicated. ambivalent: about retirement in this field)

less**

7. Are you more or less satisfied with your job now as opposed to 2 years ago?

more*****

same**

less*****

8. Is your work now more or less interesting than it was 2 years ago?

same*****

more*****

less***

9. Do you experience more ~~or~~ less conflict in the workplace than you did 2 years ago?

more*****

less*****

same**

10. Is there more or less cooperation between units and departments than 2 years ago?

more*****

same*****

less***

11. Are services to residents better or worse than 2 years ago?

same***

better*****