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Contract Systems, Bureaucracies, and Faculty Motivation

The Probable Effects of a No-Tenure Policy

Introduction

As has been widely and hauntingly articulated in recent years, colleges and universities have come under increasing scrutiny from their various constituencies, who have been severely disappointed with a perceived less-than-satisfactory return on their investment in the institution of higher education. The finger-pointing from the outside overwhelmingly is directed at faculty who are allegedly underworked and overpaid. So vociferous have the external critics become that drastic measures to improve institutional efficiency are now being considered by state systems, boards of trustees, and top level administrators — the most serious of which is the replacement of the tenure system with short-term renewable contracts¹ that purport to force faculty to adhere to higher standards of accountability (*Chronicle of Higher Education*, 1996, pp. 21–22; Mingle, 1993). Although such proposals are not new (note the British precedents under the Thatcher/Major governments), the threat that there might now be adequate political power to institute them demands yet one more look — a fresh one — at the benefits and problems of tenure (Braverman, 1974; Winter, 1995; Trow, 1997).

The discussion that follows is set in the context of the more general problem of the increasing bureaucratization of professional activity in contemporary society (e.g., medicine), the effects of the substitution of bureaucratic rules for professional norms, and the more general social movement toward legalization (Stewart & Cantor, 1982; Van Maanen & Barley, 1984; Lieberman, 1983; Sitkin & Bies, 1994a).² The arguments should be viewed as considered judgments. The article is not supported

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by a meta-analysis of published empirical data, because the latter are generally not available for higher education. Where possible, however, references to related phenomena observed and reported in the general social science literature are cited.

Past discussions of tenure in higher education generally have focused on two central domains: the relationship of tenure to academic freedom (Finkin, 1996; Menand, 1996; Benjamin & Wagner, 1994) and the impact of faculty beliefs about the likelihood of permanent employment on their motivation and productivity. The first issue is a critical one, but for reasons of space limitations it is not considered here. It should be clear, however, that contracts as potential weapons of management power, affect not only worker motivation, but, in higher education, the autonomy of thought, action, and expression that is protected by academic freedom.

This article addresses the second issue — the impact of contracts on faculty incentives to produce at high levels of quality and quantity. The focus here is on the organizational structural conditions that accompany tenure (versus contract) systems in academic organizations, on the associated motivational “climate” (i.e., norms and values) that inevitably is produced by either tenure or contract systems, and on the effect of alternative climates on faculty motivation and productivity.

What Are Contracts?

In the conceptualization of Chester Barnard (1938), employment constitutes a *quid pro quo* between inducements offered by the employer and contributions by the employee. It is highly “calculative” — one of the terms that Etzioni (1961) uses to describe employer-employee relationships in certain kinds of organizations. Tony Watson (1995) notes, furthermore, that employment always carries with it an element of uncertainty. It is, he says,

an agreement between unequal parties in which the employee, in the light of his or her particular motives, expectations and interests, attempts to make the best deal possible, given his or her personal resources (skill, knowledge, physique, wealth, etc.). The bargain which is struck involves a certain relationship (in part explicit but largely, owing to its indeterminacy, implicit) between the employee inputs of effort, impairment and surrender of autonomy and employer rewards of cash payment and fringe benefits, job satisfactions, social rewards, security, power status, career potential.

The bargain is essentially unstable, especially as a result of the market context in which it is made. (p. 295)

Contracts, then, represent both implicit and explicit calculated bargains between workers and employers. But they are more than simply premed-

itated, rational judgments. As Rousseau (1995) and Rousseau and Parks (1992) note, workers in bureaucratic organizations have a “transactional view” of employment, seeing it as a psychological bargain between employer and employee.³ Further, the psychological character of a contract is inevitably ambiguous, its terms created in the eye of the beholder. Thus, workers abide as much by the symbolic interpretation of the essence of meaning and value contained in contracts.⁴ A contract of “tenure,” then, with its associated psychological undertones and overtones, carries a very different meaning than does a contract with “limited terms.”

Many organizational theorists see contracts as a manifestation of social exchange theory (Wayne, Shore, & Linden, 1997). For example, as Rousseau and Parks (1992) note, control of work is optimally managed through external “markets” rather than “hierarchies” (cf. Ouchi, 1980; Stinchcombe, 1990, 194ff). In response to the uncertainties that organizations experience because of outside market conditions, contracts are instituted that specify expected outputs, the costs of carrying out the contract (e.g., salaries), and the means of resolving the ambiguity and difficulties in measuring the satisfaction of the performances set out in the contract.

Contracts can be short-, medium-, or long-term, each with different implications for workers and organizations. Very short-term employment contracts protect the organization from the vicissitudes of market turbulence by limiting the organization’s obligation to workers when market downturns so reduce resource inputs that it becomes difficult to maintain steady organizational employment levels. Very long-term or permanent employment contracts make the organization more vulnerable to temporary overemployment. Although warranted financial exigency may result in some downsizing, the latter is difficult legally and politically to effect. Moderate length contracts protect the worker from peremptory job loss but also protect the employer from the obligation to continue employment regardless of economic conditions. In the absence of explicit contracts, implicit bargains (and norms for violating them) obtain and are guided by many factors, including specialized industry or field histories and norms and idiosyncratic organizational practices. “Tenure” in higher education constitutes a system of non-explicit employment contracts, but carries with it an implicit assumption of permanent employment.

The institutionalization of internal hierarchical control through short-term contracts leads to an increase in the frequency and salience of power issues. As Rousseau and Parks (1992) note,

Linked to a broader theory of social exchange . . . sociological treatments of contract emphasize that exchange creates status and power differences, one dimension of which is the organizational hierarchy. Asymmetries in

power reinforce asymmetries in exchange, where power is a function of the reliance or dependency of one of the parties on the other.

Thus, pressures to eliminate tenure and substitute internal hierarchical control through contracts will very likely result in an increase in hierarchical use of power and a reduction in collective and individual faculty independence.

Psychological and Motivational Implications of Contracts

This article is concerned with the effects of contract versus tenure systems on faculty motivation in the light of the above. The discussion below will demonstrate that contrary to external public opinion about faculty work habits, it is not the security of tenure that reduces faculty motivation and hence productivity. Rather, the explanation of low motivation lies in the absence of necessary organizational contextual conditions that build on the underlying requisite base support of tenure and thus induce strong motivation. These conditions include an organizational design that provides for (1) intrinsic satisfactions derived from the work itself; (2) communication mechanisms that permit peer generated productivity and quality norms to be continually salient; (3) multiple career tracks that lead to high status and respect; (4) the opportunity on occasion to take risks in new ventures without penalty; and (5) an expectation of trust and good will (Robinson, 1996). To do away with tenure will be to remove an essential prerequisite to the perception by faculty of the viability of these incentives in their academic lives. The insecurity of limited-term, hierarchically evaluated performance contracts and the symbolism of their meaning as noted above will push these other potential incentives to the background. As Deci and Ryan (1985, pp. 298–299) note, “reward structures that tend to be experienced as controlling also tend to induce pressure and tension and undermine intrinsic motivation, relative to structures that tend to be experienced as informational.” Contract systems control, therefore, ultimately reduce motivation.⁵ Such systems must be enforced through bureaucratic methods that are inherently demotivating, as will be explained below. Intrinsic motivation, which largely drives productivity in the academic sector (where work is complex and challenging) thrives in an atmosphere of freedom, provided informal norms support that productivity. Neither heavy-handed bureaucracy, on the one hand, nor total anomie/anarchy provides the leverage to induce faculty to work hard (Pelz, 1978; Pelz & Andrews, 1976). Strong motivation requires the security of tenure plus an array of incentives for which tenure is a prerequisite. Moreover, replacing tenure with contract systems will result in expensive, dissatisfying,

bureaucratically dominant features that in the long run will be more harmful than beneficial. Let us explore these hypotheses in some depth.

The Debate

The argument in favor of eliminating tenure is essentially that tenure — or the guarantee of lifetime employment — “demotivates” faculty and causes “deadwood.” That is, once faculty are assured that they cannot be dismissed except for gross malfeasance, they (allegedly) lose much of their motivation to produce. Further, the productivity of the system as a whole suffers when faculty are not fully committed both in spirit and time to the work of the institution. To improve the motivation of faculty members, it is necessary, so the argument goes, to institute a system whereby faculty are regularly evaluated, with the results of those evaluations being used as the basis for contract renewal. Faced with the periodic need to demonstrate their productivity and effectiveness, faculty will be forced to increase their attention and dedication to their duties.

A second argument for substituting contracts for lifetime employment is that system vitality as a whole will benefit from more interinstitutional personnel mobility, both within academia and between academia and industry. If colleges and universities do not have to risk committing themselves to 30-year-long, million-dollar institutional investments in individual faculty members, the institutions can offer inducements to “star” performers at other campuses to change employers for limited, production-contingent terms of service. Similarly, institutions will feel freer to offer short-term contracts, rather than permanent employment via tenure, to persons in the corporate world, thereby bringing the fresh and relevant new ideas of the marketplace to what may have become a stale ivory tower.

The strength of the idea of limited, but renewable, term contracts has been significantly increasing of late in the United States. An “assessment movement” has taken hold, and new requirements for hard evidence of faculty productivity have been introduced both at the state level for public institutions and in private colleges and universities, in part through the insistence of the regional and professional accrediting agencies (Tierney & Rhoads, 1995; Chronicle, 1993). More particularly, as the U.S. economy levels off⁶ and with political conservatism dominating state and federal legislatures, the public has become much more demanding in its expectations of higher education. Funding agents such as parents and the public (through its state legislators) faced with college graduates whose basic skills seem to be insufficient to permit them to find good jobs, seek the causes of those failures. Increasingly, they are

looking at college faculty and insisting that colleges and universities hold their faculty more accountable for high quality productivity, especially in teaching.

The colleges, in turn, are beginning to institute systems of evaluation that purportedly will identify faculty who are not pulling their weight. Contract advocates, however, argue that because tenure in the United States protects faculty from dismissal except for reasons of moral turpitude, financial exigency, or gross poor performance, administrators presently have (or, more properly, believe they have) limited tools to take action to force faculty to be more productive, even with evidence of poor performance. If tenure were eliminated, they say, administrative power would be greater, because nonrenewal of short-term contracts (or the threat of it) by administrators would be more politically feasible and practical than the cumbersome mechanisms necessary to remove a tenured faculty member.

Finally, it is argued that productivity norms might actually operate more effectively if tenure were eliminated. It might be, for example, that local, ambiguous norms of faculty teaching productivity might actually be raised when hard, empirical evidence of low productivity is made available among the faculty. Because “free riding”⁷ is antithetical to effective working communities, no faculty member, it is argued, will want to take the risk of being labeled as less productive than the newly visible group norms demand. Hence, faculty control over productivity will be maintained, but hard data will replace informal discussions based on hearsay evidence as the basis for setting standards and holding colleagues to them.⁸

Given these amorphous academic work technologies and procedures, the pro-contract advocates believe that bureaucratic evaluative modes of accountability and enforcement are more likely to improve faculty motivation. In the discussion below, we will attempt to demonstrate the fallacy of this position and to illustrate the greater wisdom of revising and strengthening an organization’s structure so that it generates a positive motivational climate and one that encourages and supports high productivity norms in contrast to the negative climate bred by contracts.

The Efficacy of Bureaucratic Controls in Higher Education

Will the institutionalization of evaluative systems under a contract system result in higher performance standards that can and will be enforced by faculty and administrative rules and procedures to increase motivation and productivity? While certainly no one would disagree that faculty need to be held accountable and that high productivity standards

must be generated and maintained, there is some considerable doubt that the imposition of the elaborate bureaucratic system that contracts require will have the desired effect. There are three reasons, which will be elaborated below: (1) the value underpinnings of contracts and bureaucracies, (2) the sources of professional motivation, and (3) administrative expense.

The first reason has to do in general with the ways that human social systems control the behavior of their members. There are essentially three: by hierarchical control, where authority is vested in positions, tradition, or charisma; by lateral, peer-oriented control, where authority is shared by those presumed to possess roughly equivalent knowledge and expertise; and by some combination of these, often in formally structured matrix form or through some informal collaboration mechanism.⁹ In academia, as in many professions and in contrast to the corporate sector, informal, normative constraints and incentives play a much larger role than formal sanctions and rewards in directing behavior. Peer group standards and the enforcement of those standards by subtle peer pressure constitute the primary means of ensuring compliance to expectations of productivity (high or low). Unfortunately, in the field of teaching in higher education, especially in the context of a departmentalized organizational structure, the enforcing ambience of peer norms is virtually invisible. Faculty usually work alone as teachers or in very small groups over their entire career. In contrast to the more cosmopolitan networks for research and publication, faculty as teachers have little opportunity to apprehend or directly experience the values of external professional colleagues and to be guided by them.

In the larger community, societies institute laws that codify desired behavior, then develop structures to ensure that citizens abide by those rules. But adherence to the law depends as much or more on the voluntary agreement of citizens not to violate laws because (1) citizens have been socialized to believe in the morality and practical utility of the laws, and (2) they want to avoid the opprobrium of peers for disobedience (Weber, 1947; Parsons, 1960, p. 121). An excessive reliance on external enforcement results in a police-like state that generates a culture of coercion, further engendering a perpetual personal anxiety in citizens. As Pfeffer notes, "The legal process is, at its core, adversarial. In a similar fashion, the legalization of the employment relationship inside organizations institutionalizes and legitimates conflict" (Pfeffer, 1994).

At the organizational level (in this case, the university), laws are manifested in the historical evolution of bureaucratic rules and regulations developed by successive administrations and faculties. Even when collaboratively determined, however, and in the presence of high levels of

consensus, bureaucratic rules inevitably evoke internal organizational values that contrast strongly with the values that are typically present in “purely” professional organizations.¹⁰ The values of bureaucracy, in contrast to more democratic values, are more sharply defined and clearly manifested, especially when administrative regulations in colleges and universities are imposed through mechanisms of power and authority rather than collegial decision making (Bess, 1988; 1992).

Furthermore, as is well known, colleges and universities are not (or, at least, have not been) exclusively bureaucratic. Depending on the type of institution (e.g., community college versus private, elite university), academic matters are determined through democratic structures organized and administered by faculty as professionals in “professional bureaucracies” (Hackman, 1976). All professional organizations depend primarily on self-regulation and peer, rather than hierarchical, control. The standards of professional behavior, inculcated during education and training, are presumed to be firmly implanted as *intrinsic* standards. Further, the commonality of those standards allows peer systems of professionals to agree when there is apparent deviance.¹¹

Importantly, there is a different set of basic critical values about human nature and about human societies that inhere in flat, lateral, peer-dominated, professional systems. They are in sharp contrast to values found in hierarchical systems. The contrast is between forms of organization that are “communal or collegial [sic] and rational or administrative” (Van Maanen & Barley, 1984). Collective societies of professionals are Rousseauvian in philosophic underpinnings. They carry with them assumptions of good will, trust, and commitment to work, colleagues, and institution. That is, social systems of collaborating individuals expect that most members of the system will act according to *professional* standards and will make contributions in accordance with individual abilities. Although imperfect and not infrequently violated in practice, these assumptions of professionalism constitute an important determinant of the quality of interpersonal relations in professional organizations. In colleges and universities, the looseness of the expectations of performance following the granting of tenure allows faculty psychologically to infer the continuing benevolence of the institution, indeed, even its beneficence.

The assumptions about human nature of a renewable contract system, on the other hand, are quite different from those in a lifetime employment system. They are Hobbesian in character, in that human beings are assumed to be essentially malevolent and self-serving.¹² In practice, such assumptions breed negative or captious or even punitive dispositions among workers. Formal contracts are legal mechanisms intended

to encourage compliance under the conditions of the contract and, importantly, to permit legally sanctioned administration of punishments. The structure reflects the underlying values; it also intensifies them. As Rousseau and Parks (1992) note:

1. Contracts create organizational hierarchies and roles.
2. Contracts give rise to power asymmetries.
3. Contracts are influenced by differences in power, creating unequal bargaining positions.
4. Each contract is part of a larger set of exchange relationships.

In higher education the structure thus changes the terms of the psychological contract as interpreted by the faculty. As Hofstede¹³ notes,

In individualistic societies the relationship between employer and employee is primarily conceived as a business transaction, a calculative relationship between buyers and sellers on a “labor market.” Poor performance on the part of the employee or a better pay offer from another employer are legitimate and socially accepted reasons for terminating a work relationship. (Hofstede, 1991, p. 64)

“Collegial” organizations, however, are presumed to be collectivist, with “mutual obligations of protection in exchange for loyalty” (Hofstede, p. 64). Academics who are “locals” believe this more strongly than those who are “cosmopolitans” whose loyalties are divided between inside and outside. “Contracts” will destroy the collegiality of a local culture by forcing competition among formerly collaborative faculty. As Selznick notes,

. . . The argument speaks to broad trends in industrial organization as they bear on major issues of law and jurisprudence. Among these is the intrinsic conflict between the premises of contract and those of association. The logic of contract runs up against the logic of sustained cooperation. (Selznick, 1996; cf. Blau, 1993)

Contracts may encourage cosmopolitans further to abandon their already limited commitments to their institutions by encouraging them to seek rewards from outside. They can thus fulfill the weaker “contracts” that academic publishers have with professional colleagues in the outside, wider disciplinary community. This external “market” mentality (Ouchi, 1980) will further vitiate the desired closeness of a collegiate “clan” as a prevailing organizational climate — a climate already compromised in most decentralized research universities.

Furthermore, because contracts assume that there are differences in ability and performance among workers, they also imply that there are gradations in the commitment of workers to their organizations and co-

workers. They presume that some, if not all, workers are lazy, need to be coerced, and made to *fear* negative consequences (instead of being induced by positive incentives) (Fama, 1980). Workers must be watched, evaluated, and explicitly (publicly) punished for failure (McGregor, 1960). These assumptions, when manifested in practical evaluation and enforcement terms, may in fact uncover some few faculty who are indeed lazy and unproductive. It would be naive to assume that there are not some human beings who deviate from group norms, although this is probably more true in the profit-making sector where a tradition of distrust has created a self-fulfilling prophecy among workers — especially in unionized settings. The question is whether it is sensible to build a motivational or incentive system around the habits and proclivities of this small minority. If bureaucratic contract systems are imposed, the result may be a system in which faculty behavior follows a self-fulfilling prophecy. With the expectation of others that they are lazy, many more faculty will try to find ways to be *minimally* successful simply in order not to be punished. They will not do their utmost to achieve their highest level of creativity and productivity. As is commonly known about bureaucracies, the *average* level of motivation of the system as a whole will diminish. The lowest common denominator of acceptable productivity will become the norm. In Herbert Simon's well-known terms, faculty will "satisfice" (Simon, 1957). They will seek the first acceptable solution to problems of teaching and research, instead of searching for optimum solutions. Though they will also rely on group norms as guidelines, those group norms, or averages will be lower than in a meritocratic system with lifetime employment. Further, because as noted above, structure drives values, a climate of distrust will pervade the system and will make most participants defensively competitive, secretive, paranoid, and unhappy, further contributing to lowered effectiveness. As Adler and Borys note, not all bureaucracies are necessarily bad, but the forces that encourage them to be "coercive" outweigh those that might make them "enabling" (Adler & Borys, 1996).¹⁴ As Alpander (1991) notes,

The prices we pay for worker alienation are staggering: underproduction, poor quality, sabotage, turnover, absenteeism and alcoholism. Clearly, motivating workers remains one of management's primary concerns and one of its most difficult tasks.

On occasion, of course, assumptions of good will, honor, responsibility, and professionalism will be misplaced in the presence of inevitably imperfect peer sanctions. "Ambient stimuli" (Hackman, 1976) — messages communicating norms of behavior — on occasion will not enter

the consciousness of some faculty, and faculty as a whole may be reluctant to express norms when that expression appears evaluative or/and confrontational. As noted above, the structure of academic work in colleges and universities often prevents peer groups from acting on their values. As a result, some relatively small number of persons may escape and may take advantage of the situation by coasting on the coattails of colleagues' hard work and achievement.

The damage to the system as a whole, however, is relatively minor. Most workers depend on and benefit from the security of employment to satisfy basic needs. Anxiety about work over a long period seldom leads to high productivity (though it may ensure average productivity at some psychological cost). Usually, given other incentives that bolster high standards and support peer monitoring, the majority of workers can be counted on to be productive throughout their employment lives. With lifetime employment in the Japanese corporate world, for example, workers rarely suffer a diminution in motivation, because, importantly, other critical motivational forces are in place (Smitka, 1994). In general, as sociologists tell us (Parsons, 1951), human systems work best when the collective elements in the system (e.g., corporations or educational organizations) take on the social burden of variance in individual human motivation and productivity, leaving individuals feeling more secure and hence better able to concentrate on more challenging and demanding tasks. A complex system with human resource redundancies, in other words, is better able on the whole than its individual members to absorb organizational uncertainties in predicting productivity. Collectivities, as entities with merged and offsetting individual psyches, are less vulnerable than are individuals; hence, they can better provide for the individual security needed for high system output, especially when the system is subject to fluctuations in levels of environmental turbulence (e.g., budget uncertainties or/and vicissitudes).¹⁵

Public Perceptions of Productivity

How can we account, therefore, for what is alleged by the public to be a breakdown in the motivation (and hence productivity) of faculty in higher education? Part of the problem lies in the public's confusion about research and teaching productivity. The argument that there is a drop-off in productivity following the tenure decision refers primarily to research output reflected in publication. The literature reveals, however, that although there are significant differences among faculty in productivity rates across different kinds of institutions and throughout the career, there seems to be no apparent reduction in productivity after tenure

is granted (Blackburn & Lawrence, 1995; Blackburn & Havighurst, 1979; Blackburn, 1985; Blackburn & Lawrence, 1986). In other words, there may be low productivity (and the motivation to produce), but among those faculty who begin as high publishers there is virtually no change in productivity rates after tenure.

What can be said about teaching productivity pre- and post-tenure? Again according to Blackburn and Lawrence (1995, p. 204), in an empirical study of faculty, “Neither rank nor career age predicted percentage of time given to teaching,” and “Our results do not support the earlier research finding that there is a positive relationship between age and effectiveness, interest, or effort in teaching (or research).” One would assume that age and tenure are highly correlated. Hence, it is reasonable to say that after tenure faculty on the whole are no less interested in or committed to teaching than they were prior to receiving tenure (though, of course, interest and effort for any faculty member may wax and wane throughout the career).

Nevertheless, despite this evidence to the contrary, there is a persistent belief that the guarantee of permanent employment that comes with tenure results in a diminution of motivation to teach and of teaching productivity. It is likely that in the public eye, the visibility of some long-tenured faculty who are not productive generates the argument that it is the tenure system that makes them so. (The public is not aware that the low achievers may always have been less productive.) In point of fact, as has been noted earlier, the low productivity and low motivation of some faculty result from other contextual factors in the institutional environment. The granting of tenure (the guarantee of lifetime employment) does not alone influence productivity. It is a necessary but not sufficient condition for strong motivation. For tenure to serve as a stimulus to productivity, there must be rewards and sanctions that reinforce the basic human values that laterally dominated social systems embody. Tenure ensures that basic security needs are satisfied; it alone does not offer incentives (or disincentives) for performance. These are provided elsewhere. In the terms of Herzberg, Mausner, and Snyderman (1959), tenure is a “hygiene.”¹⁶ It only prevents dissatisfaction. It is not a “motivator” (or a “demotivator”). Motivators are intrinsic and extrinsic stimuli in the work environment and in the individual that answer basic human needs for achievement, responsibility, recognition, status, competency, personal growth, and satisfaction from the work itself. If these stimuli are not present in the educational system, then faculty will not be motivated, regardless of whether tenure exists or does not. Only if the security of tenure is in place, however, can these other motivators become operative. Lacking sufficient motivators, even if tenure is the policy, fac-

ulty may lose their motivation. In sum, it is not the tenure system that causes low motivation but the presence or absence of other conditions of academic work.

The Culture of Meritocracies in Tenure Versus Contract Systems

In all meritocratic systems, high merit individuals are rewarded for excelling in the short term at higher levels than their colleagues. Compensation is norm-referenced, rather than criterion referenced. Rewards are based, in other words, not on absolute standards of achievement but on achievements compared with others. Colleges and universities in the United States are predominantly meritocratic systems. Some kind of annual merit evaluation typically results in differential annual salary adjustments depending on performance (more so in private institutions). Most Americans approve of merit evaluation systems, because they recognize individual achievement and offer the promise of higher status and better life styles based on talent and hard work. There is an especially malevolent downside risk to any merit system that is based on potentially nonrenewable contracts rather than on the assumption of continuous employment as in a tenure system.

By definition, merit systems do assume, anticipate, and encourage different levels of performance. Regardless of the context — contract or tenure — peer-generated, locally norm-referenced (versus externally established criterion-referenced) reward systems generate a culture of differentiated expectations with a built-in hierarchy of gradations in disappointments and satisfactions. When faculty do not receive expected salary increases, emotional reactions of several kinds result. Those faculty who think they deserve higher levels will be unhappy at not receiving them (Adams, 1965; Weick, 1966). Those faculty who performed competently, but “comparatively” poorly will be unhappy at being labeled not exemplary. Faculty who do receive higher salaries, while enjoying the reward, will find that the approbation of their colleagues will be mixed with resentment and jealousy. Indeed, a climate of jealousy, envy, captiousness, with a variety of counterproductive behaviors (e.g., withholding information, stealing, even sabotage) may emerge.

The difference between normative merit systems operated in peer-dominated conditions versus hierarchically based, punishment centered, short-term contract systems is that in the former the resulting dissatisfactions of low performers are “cooled out” by the peer group. The salary differentials are generally hidden, thus protecting low salaried faculty from the invidious comparisons of openly differentiated status. In contract systems, on the other hand, those who perform below the

norm (or, who think they do (McKeachie, 1997)) come to resent the system. More important, the threat of nonrenewal of contracts in the face of manifested inferior performance intensifies the anger and disaffection with the system.

There is still another downside effect of the psychology of contract systems. As Hirsch (1976, pp. 81ff) notes, commercialized, market systems tend to diminish and undervalue the social contribution that workers are willing to and actually do make. The satisfaction of altruistic needs through the provision of uncoerced labor is not forthcoming under a system that essentially “buys” the products produced or services performed by faculty members through contracts.

Common and Uncommon Needs and Rewards

But critics of this view might argue that there are different levels of productivity among faculty and that a value system that rewards differentiated productivity is, after all, moral and proper. That is, those who produce more or/and at higher quality should receive more formal organizational rewards. Does it not make sense, they would suggest, to institute a system that openly recognizes better performers?¹⁷ The answer is that different levels of productivity *within* the same institution usually occur not because there are different levels of ability among employed faculty, but because the institution’s reward structure has failed to provide the necessary incentives to maintain commitment and hard work. The fact of the matter is that virtually all faculty members hired by a particular institution are *assumed* at organizational entry to have approximately equal levels of potential to contribute to the institution. Hence, assuming relatively equal levels of faculty talent and ability in each institution, if motivation systems (including a sufficient variety of incentives) are working properly, all of the faculty “should” be producing at roughly equal levels.

For example, consider the basis for the original employment of any faculty member at an institution of higher learning. As is well known, the process of recruiting, selecting, and hiring faculty is a long and arduous one, requiring much time and effort by faculty (and administrators in the United States). One reason is that picking a colleague is somewhat like picking a spouse, because it is expected that the new person, when integrated in a closely-knit functioning department, will share profound lifelong professional (and oftentimes personal) issues, problems, feelings, and satisfactions. Hence, it is critical that a person be found who is compatible. The assumption, however, is always that the person selected will not only fit in, but that he or she will be able to produce at a quality

and quantity level that is commensurate with if not greater than the norms existing at the hiring institution. Most faculties do not pick scholars who exceed the standards at the institution because their higher productivity is likely to embarrass the older faculty, and they do not select scholars unlikely to produce up to standard, because low productivity will not bring sufficient credit to the institution and hence, by proxy, to them. In other words, most faculty hire future colleagues with the expectation that their productivity level will at least measure up to the extant standards. The careful scrutiny of the candidate's documents and records and the extensive solicitation of information from the candidate's present and former colleagues are designed to assure that the person to be selected is capable and has a record of performance that will be sustained after being hired.

In sum, low productivity cannot be ascribed to differences in ability levels (except where the institution has made an error in hiring). In the face of unexpectedly low productivity for some faculty, therefore, the question must be asked as to what caused performance to deviate from the expectation at the time of employment. Is it because faculty have tenure (lifetime employment)? Or is it because the other system rewards and sanctions are not part of the existing academic structure? The argument here is that the latter is more plausible. Homogeneity of faculty talent levels would suggest that individuals would be equally susceptible to employment conditions that are imaginatively designed to motivate them.

Bureaucratic Expense

Finally, in a contract system, especially one in which review is required every five years, an elaborate and expensive bureaucracy must be employed to carry out the evaluations and to enforce them. At present, after tenure, only one evaluation need be conducted — to determine suitability for promotion from associate professor to professor. Assuming that tenure is granted at age 35 and a career ends at age 70, evaluations every five years will require seven separate evaluations — in contrast to the currently required single one.¹⁸ The faculty will be required to engage in time-consuming preparation of papers. Faculty committees will have to be formed to evaluate the papers. Review and appeal committees will need to be instituted to address grievances. Records will have to be kept in order and procedures regularized and periodically reevaluated. Indeed, it is quite likely that institutional goals will in some degree be displaced by the goal of attending to the rules (Gouldner, 1954). In sum, a nontenure system will result in lower average produc-

tivity, a more dissatisfied faculty, and higher costs (Meyer, 1975; Kerr, 1975; Hackman & Wageman, 1995; but see also Podsakoff, Williams, & Todor, 1985).

Absent organizationally designed and mandated opportunities for (1) continued intrinsic satisfactions through the work itself, (2) peer communication, if not approbation, (3) a clear avenue to higher status and respect over the course of the career, and (4) the chance to shift intellectual directions on occasion without penalty, and (5) an expectation of trust and good will, some, if not most faculty will lose motivation. The fault clearly is not lifetime employment but the missing intrinsic and extrinsic rewards that ought to be provided by an organizational structure that recognizes basic and unique human needs and the requirements for growth and development over the life span.

If there is evidence that the present tenure system is not working as it might, is the cause the guarantee of lifetime employment? To find the answer, it makes much more sense to examine the conditions that may or may not motivate faculty throughout the lifelong term of employment than it does to question the term of employment itself.

Finally, it is somewhat strange that colleges and universities are now being asked to consider formally recognized *periodic* evaluation when many management gurus are now calling for “continuous quality improvement” or “TQM” or “CQI” (Marchese, 1995; Ciampa, 1992; Lawler, 1994; Hackman & Wageman, 1995). Essentially, TQM means that all employees are trained to be involved *continuously* — i.e., perpetually scrutinizing their performance, rather than doing so only periodically at the end of their contracts. In Japanese industry, for example, although “quality circles” have not always been successful, the effort to engage employees in regular, sustained self-evaluation has been widely followed. Hence, a proposal in higher education to institute not continuous quality improvement, but recurrent (e.g., five-year), externally mandated requirements for self-evaluation is at odds with contemporary management philosophy and with the success of continuous forms of evaluation that work in industrial settings.

Summary

The argument in this article is that the system of tenure, or lifetime employment, may seem as if it were the cause of poor motivation and hence underproductivity in higher education. But that appearance is misleading. In point of fact, tenure is the system’s mode of absorbing and dealing with the individualized anxieties of a social system. It is much more likely that other extant features of the academic employment and

reward system are responsible for undermotivation. The absence of an academic structure that provides sufficient intrinsic and extrinsic motivating rewards is the problem. Moreover, the success in the corporate sector of lifetime employment and continuous quality improvement can be mirrored in higher education by appropriate organizational structures and culture. It would be far more sensible to improve the conditions for making tenure successful — new kinds of academic organizations, peer review procedures and peer sanctions, and better interinstitutional mobility — than to replace it with a contract system whose negative consequences in the long run will be much more damaging than the short-term benefits that may result.¹⁹ As William Cotter (1996) has noted,

In virtually every case, the granting of tenure has liberated that faculty member to become an even more productive and important contributor to the quality of academic and campus life, and her or his finest scholarly work is usually produced after the tenure decision, not before. Tenured faculty members are motivated by a pride in their profession, a sense of responsibility, and a recognition that they are the real “owners” of the college.

It behooves institutions to find ways to sustain these sources of motivation, not undermine them by removing the security of tenure.

Notes

¹Note that this discussion of “contracts” refers to employment contracts, not civil contracts drawn up between parties to a business arrangement.

²In a larger sense it reflects the cycles in advanced, industrialized, technocratic, democratic societies in which power generates first a hierarchical ordering of status and benefits based on the salience of utilitarian knowledge and expertise and then an egalitarian countermovement based on social equity norms. The switch from tenure to contracts represents a philosophical shift from democracy and egalitarianism to a hierarchy of class and power asymmetry — even exploitation. It can be considered a not so subtle, neo-Marxian, attempt by a de facto owner class in certain social agencies to assert their power and to solidify it by legal means.

³As Morrison and Robinson (1997) note, the idea of a *psychological* contract was first explored in some depth in the early 1960s by Levinson, Price, Munden, Mandl, and Solley (1962) and by Schein (1965).

⁴As Smitka (1994; cf. Adler, 1993) notes, the Japanese economy “is best characterized as functioning without contract. . . . Let it suffice that Japan demonstrates that it is possible to have a complex, vigorous economy without contract law and associated legal institutions playing a central role.”

⁵When work is routine, bureaucratization (especially rules) serve the latent function of protecting workers from intrusions of superordinates into areas not covered by the formal job description (Gouldner, 1954). But academics traditionally perform in a peer evaluative setting where control comes via post-hoc assessment. Academia does not usually anticipate error by controlling inputs or procedures (Mintzberg, 1983; Hardy, Langley, Mintzberg, & Rose, 1984), though there is variation depending on Carnegie classification.

⁶The actual state of the economy is debatable, but there is evidence that from the perspective of the common citizen, there is less money to go around, hence, more stringent

expectations as to the use of public funds for state institutions or tuition paid to private colleges and universities.

⁷“Free riding” refers to particular individual members of groups who receive the full and equal benefits of group membership without contributing equal effort to the production of those benefits. They are able to “hide” from management because high group productivity tends to reduce management concern and attention to individual achievement (Albanese & Van Fleet, 1985).

⁸The assumption, of course, is that group norms and management standards overlap, a concept of limited validity as the long history of research on organizations — viz. the Hawthorne studies — has shown.

⁹Philip Selznick noted some years ago that administrative theory does not yet exist that explains the reconciliation of the organizational needs for expertise and the exercise of its authority with the organizational need for “legal” oversight (Selznick, 1996).

¹⁰The argument that follows borrows from the Marxist position that structure ineluctably generates values, rather than the opposite. Here, it should be noted, however, that there is no implication that the present structure serves to perpetuate any one class over another (though exploitation of students by faculty is not an unknown phenomenon).

¹¹The discussion here centers on performance standards, not disciplinary paradigms. In high paradigm disciplines there tends also to be epistemological consensus on definitions of “truth” and on methods to determine that truth, whereas in low paradigm disciplines truth is more ambiguously defined. Nevertheless, the canons of professional conduct obtain in both settings.

¹²This was not always the case. As Selznick (1969) notes, until the end of the 19th century, the “law of employment” was predicated on the assumption of “master and servant,” where the assumption was that a “contract at will” would govern an indefinite period of association between worker and employer (p. 134). With the rise of the industrial revolution, a “prerogative contract” — evolved as the legal paradigm and gave management absolute discretion over the employment relationship and the conditions and expectations of work. Now, the “master” no longer was constrained by community expectations of benevolence. As unions emerged and grew in strength (including the AAUP in higher education), the normal contract changed to a “constitutive contract.” Here, a more adversary relationship obtains. (See also March & Olsen, 1996.)

¹³See also Etzioni’s (1961) distinction among normative, utilitarian, and coercive organizations in the forms of control used.

¹⁴See also Gouldner’s (1954; cf. Mintzberg, 1979) similar distinctions among “punishment-centered,” “negotiated,” or “mock” forms of bureaucracy.

¹⁵That societies frequently do not acknowledge such commonsensical notions can be attributed to the “tragedy of the commons” — the mindless self-aggrandizing behavior of individuals that depletes the common good (see Garrett Hardin, 1968). This is not to suggest that strong, competency-based ego is unimportant to individual sense of security. It is only to recognize that organizations can better protect individuals from the buffeting of the environment, especially in periods of recession.

¹⁶Herzberg, Mausner and Snyderman did not presume that hygiene presence is a prerequisite to motivator activation (as, for example, do Maslow, Alderfer, and others), but their model did not include the latent effects of organizational climate on individual perceptions of motivators.

¹⁷The answer to this notion goes beyond the scope of this article but reflects some assumptions about the nature and extent of similarities and differences in human needs and personalities across individuals. For this article the argument is that a common set of basic human needs inheres in all individuals, while both a diversity of idiosyncratic, higher-order needs and the opportunities to satisfy them also exist.

¹⁸Some fast-food firms in the United States recognize the necessity to balance costs of control against losses from unscrupulous customers. The system of allowing cus-

tomers to serve themselves soft drinks presumes that while there will be some who abuse the system by taking more than they are entitled to, the cost of policing the system or of controlling the drink service by having employees measure the drink volume is far greater than the theft by the minority of the public who deviate from the norms of the honor system.

¹⁹As Sitkin and Bies note in agreeing with Philip Selznick's cautions about the infusion of a legalistic mode of governance in an organization, "Sometimes this process of infusion involves the adoption of an effective administrative technique, while other times it involves the adoption of the trappings of law in a context for which those trappings are largely inappropriate" (Sitkin & Bies, 1994b).

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