Exploring the Relationship between Incentive-Based Budgeting and Organizational Governance in Higher Education Institutions: A Case Study of a Public University[*]

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Abstract

This study focuses on the effects of an incentive-based budgeting system on faculty and administrators' frames used during budgetary decision-making at a public higher education institution in the US. More specifically, this study explored the organizational frames (Bolman and Deal, 2003) used by faculty and administrators when they are involved in budgetary issues as well as how these frames have changed overtime. To explain this, a qualitative single institution case study was employed. The data used in the study came from two different sources: Individual interviews with faculty and administrators and institutional documents. The interviews with faculty and administrators took place over a fifteen-year period, corresponding with the implementation and ongoing use of responsibility center management as a budgeting method (RCM). These interviews were used to illustrate the organizational frames used by faculty and administrators at a public doctoral I institution in the Mid-West. The findings suggest that faculty and administrators use multiple frames in decision-making. When involved with budgetary issues, they both predominantly use structural frame, followed by political frame. In general, there has been a change toward a more rational decision-making process. This is made evident by the presence of structural frame being reported as particularly strong. On the other hand, the use of both human resource frame and of symbolic frame in the institution is described as eroding. Additionally, there exists a difference between the faculty and the administrators in the frames they most use.

Key Words: Budgeting, Higher Education, Organizational Frames, Responsibility Center management (RCM).

Yükseköğretim Kurumlarında Teşvik Esaslı Bütçeleme ve Yönetişim Arasındaki İlişkinin Açıklanması: Bir Kamu Üniversitesi Örneği

Özet

Bu çalışma teşviğe-dayalı (incentive-based) bir bütçe modelinin Amerika Birleşik Devletleri'nde (ABD) devlet destekli (public) bir yüksek öğretim kurumundaki öğretim üyeleri ve yöneticilerin (rektör yardımcısı, dekan ve bölüm başkanı) bütçe kararları alınırken kullandıkları örgüt modellerine etkisini araştırmıştır. Çalışma, özellikle bu öğretim üyesi ve yöneticilerin kurumsal bütçe ile ilgili konularda kullandıkları Bolman ve Deal (2003) tarafından geliştirilen örgüt

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modellerinden (yapısalcı, sembolik, politik ve insan kaynakları) hangisini ağırlıklı olarak kullandıkları ve bu bütçe yönteminin değişmesi nedeni ile öğretim üyesi ve yöneticilerin kullandıkları örgüt modelindeki değişklikleri gözlemlemek üzere yapılmıştır. Araştırmada, durum (örnek olay) calışma yöntemi nitel araştırma ilkerine bağlı olarak kullanılmıştır. Veriler öğetim üyeleri ve yöneticiler ile yapılan görüşmeler ve kurumsal dökümanların incelenmesi youlu ile elde edilmiştir. Araştırma aynı zamanda boylamsal bir nitelik taşımaktadır; görüşmeler 15 yıllık bir dönemi kapsamakatadır ve üç aşamada gerçekleşmiştir: bütçe modelinin ilk uygulama aşaması, uygulama başlangıcından 10 yıl sonra ve uygulama başlangıcından 15 sonra. Bulgular öğretim üyeleri ve yöneticilerin farklı örgüt modellerini aynı anda kullandıklarını fakat bütçe ile ilgili konularda daha çok yapısalcı modeli ağırlıklı olarak işlevsellendirdikleri görülmüştür ve bunu politik model izlemiştir. Bütçe yönteminin uygulanması ile birlikte daha çok rasyonel karar almaya eğilimi artmış ve daha önceki bütçe yönteminde politik olarak görülen bütçe süreci yapısalcı açıdan elealınmaya başlanmıştır. Bir diğer bulguda, yöneticilerin ve öğretim üyelerinin farklı durumlarda değişik örgüt modellerini kullandıklarıdır. Ayrıca konun Türkiy'ye uyarlanmsı konusunda öneriler sunulmuştur.

Introduction and Purpose

The practice of budgeting in higher education institutions began in the late nineteenth century. College and university organizations evolved into more complex organizational structures after the Industrial Revolution. Since then, budgeting has become a way of dealing with "present and future problems in an organized fashion" to reduce uncertainties and surprises (Meisinger & Dubeck, 1984; p. 6). Although higher education institutions may use different types of budgeting techniques (e.g.: zero-base, incremental, formula budgeting), budgets serve two main purposes. First, a budget provides "a framework for rational, efficient, and predictable allocation of resources," and second, it is used as "an incentive system to guide the decisions and activities of administrators and faculty" (Carnaghi, 1992, p. 1). Thus, as Wildavsky and Caiden (1997) have expressed the main concern and aim of budgeting have become translating financial resources into actionable purposes and objectives for people.

The culture of the institution from a budget perspective, as Meisinger and Dubeck (1984) indicate, is the human dimension. A change in the budgeting structure is expected to influence the institution's culture. This is either a planned strategy that directly targets culture or not. More importantly, considering its nature and differences from the centralized systems, for RCM to be successful, there must be cultural changes among the faculty and administrators. The purpose of this qualitative case study is

to discover the effects of responsibility center management on administrative and academic culture at the Bloomington campus of Indiana University

Budgeting and institutional budgeting models in higher education

Because of limited resources, there are many interested parties in budgets and budgeting processes Understandably There exists many definitions of the terms budget and budgeting. Given the diversity of human desires and institutional and departmental missions, the budget of a collectivity, like a government or a university, can never be just one thing, but must be many. Wildavsky (1975) describes the budget as:

> …a record of the past... A budget also is a statement about the future; it attempts to link proposed expenditures with desirable future events. Budgets, therefore, must be plans; they try to determine future states of affairs through a series of current actions. Hence budgets also are predictions. They try to specify connections between words and numbers on the budget documents and future human behavior (p. 3-4).

For many people, budgets are considered mechanical or technical; however, it is imperative to recognize the human dimensions in budgets and budgeting processes. Most higher education institutions are not in the business of making money (except for-profit higher education entities which gained increasing role in the education sector within the last two decades); thus, in institutions of higher education the human aspect of the budget process plays a more important role than it does in the corporate sector. While a budget is "a plan of action for the institution," it is also a "mechanism for setting priorities for institutional activities…a form of contract…a control mechanism and …above all the budget is a political thing" (Meisinger & Dubeck, 1984, pp. 4-5). Political aspects of budgeting were emphasized in earlier budgeting approaches, so much so that it has almost overcome the structural aspects of budgets and budgeting.

The core assumptions about how fiscal decisions should be made had become the baseline for most the current budgeting and resource allocation methods. Among these core assumptions, two paradigms have been used to describe and better understand the decision models of resource allocation. The first paradigm is based on what has been referred to as rational calculation assumptions. The second paradigm is based on market interaction assumptions. Even though this "essentially dichotomous view of decision theory" is taken largely from the works of Charles Lindblom (1977) and Aaron Wildavsky (1979) (Morgan, 1984, p. 6), it has been a view shared by many authors.

The belief highlighting the *rational calculation* paradigm and the underlying assumptions argue that the resource allocation decisions should

be made by a select few decision-makers who rely on *objective* information. The basic assumption of this paradigm is that if decision-makers can make the best decisions for the institution if they have access to more and better information, (Morgan, 1984). However, one of the biggest obstacles is that obtaining accurate and sufficient data to make the right decision(s). Currently most institutions in the US and the world use rational resource allocation models in their decision-making processes. Examples of institutional budgeting approaches using rational calculation paradigm include marginal utility models like zero-based budgeting (ZBB), goal oriented models like planning programming and budgeting systems (PPBS), and cost reimbursement models such as formula budgeting (Morgan, 1984).

On the other hand, the *market interaction* paradigm and the underlying assumptions argue that resource allocation decisions should be decentralized and based on political or market interactions which result in the greatest good for the most individuals. The underlying argument of this paradigm is that decentralized authority results in better organizational decision-making. Examples of approaches to budgeting based on these assumptions include various incentive financing schemes like "every tub on its own bottom" and responsibility center budgeting (Morgan, 1984).

Over the years, colleges and universities tried and used may approaches, methodologies, and techniques to prepare budgets. There are three distinctive stages in college and university budgeting: the era of *executive budgeting* responded to the perception of waste and inefficiency in organizations and emphasized control, the era of *performance-based budgeting* responded to a demand for precision in cost attribution and outcome and emphasized management using work measures and cost accounting, and, finally, the era of *programming, planning, and budgeting systems* responded to the perception of linking dollars to objectives and emphasized planning and their link to budgeting (Lasher & Greene, 1993). According to Lasher and Greene (1993), in response to increasing demand for accountability and reduced public revenues, another era, that may be a *combination of performance-based budgeting and strategic planning*, may be in use by higher education institutions. These types of budgeting models are called incentive-based budgeting, which is described in the following section, and received wide attention from Higher education institutions especially large public intuitions.

Incentive-based budgeting models

Incentive-based budgeting methods are classified under market interaction models of budgeting. R*esponsibility center management (RCM),* is one of such incentive-based budgeting models this model is also the most widely used and is also referred to as responsibility center budgeting (RCB)

or as cost center budgeting. However, it is important to note that RCM and RCB entail different meanings, thus a distinction in the terminology is needed. Courant and Knepp (2002), notes that the purpose of a *budget model* is to implement policies, not to substitute for policymaking. However, a *budgeting system* is broader than the budget model. Whereas a budgeting model itself neither recognizes nor cares what the administrators are committed to, a "budgeting system includes all of the discretionary elements (including the authority and values of relevant decision makers) as well as the budget model that policy makers use to help them with budgeting" (Courant and Knepp, 2002: 143). Responsibility-centered management can also be defined as "a change agent that addresses the governance, management, and control needs of large and complex public institutions of higher education in the current financial environment," (Whalen, 1996:130). Considering the aforementioned propositions by Courant and Knepp and Whalen, RCM should be regarded as a budgeting system rather than as a budgeting model. Although Whalen (1991; 2002) calls it responsibility center budgeting, he defines a management system when he describes RCB as being "embodied in a state of mind, an attitude, of both central administration and of center heads that they are empowered to make decisions" (Whalen, 2002:11), and a system designed to help institutions of higher education to accomplish their objectives more effectively (Whalen, 1991:xi). Thus, throughout this research, responsibility center management (RCM) is used as the main focus of analysis.

The idea of responsibility center management can be traced back to Harvard's president, James Conant, who stated that "every tub stands on its own bottom, each dean balances his own budget" (Conant as cited in Lasher & Greene, 1993:452). Under RCM, schools, departments, or support units (the level of decentralization may be different in institutions) are considered cost centers (responsibility centers) for fiscal purposes and are expected to be self-supporting (Whalen, 1991; Lasher & Greene, 1993; Dubeck, 1997; Lang, 1999). For example, in an academic department or college, "faculty and staff salaries, operating expenditures, a share of physical plant costs and overhead expenditures must be covered by the unit's income from tuition and fees, endowments, gifts and grants [unit's income also includes revenues from state government]" (Lasher & Greene, 1993:452). According to Thomas Ehrlich, former president of Indiana University, RCM has three basic principles:

> (1) all costs and income attributable to each school and academic unit should be assigned to that unit, (2) appropriate incentives should exist for each academic unit to increase income and reduce costs to further a clear set of academic priorities; and (3) all costs of other units, such as

the library or student counseling, should be allocated to the academic units. (Whalen, 1991,9)

A small number of universities had implemented some components of the budgeting system as early as 1970, before the well-organized description of RCM was developed by Edward Whalen (1991). Because there is no single definition of RCM, each institution tends to name their budgeting process according to their emphasis and goals within institutional finance. However, because some higher education, institutions may choose different labels to ward off negative reactions by some faculty members to the term RCM. Thus, the difference in the name of the system does not always entail a significant difference in its application. A literature based overview of the strength and weaknesses of the aforementioned budgeting models are provided in Table 1 (Çekic, 2010).

Root Assumptions	Strategies	Strengths	Weaknesses
Rational Calculation	Incremental Budgeting	• Simplicity • Reduced conflict • Stability • Flexibility • Controllability • Pragmatic	• Status quo • Focus on inputs • Driven more by political demands then analytic assessments • Flexibility/opportunism • Continuous commitments not recognized
	Planning Programming-Budgeting System (PPBS)	• Focus on results • Relating goals to outcomes • Sense of direction • Long range planning (macroeconomic focus) • Qualitative and quantitative dimensions	• Assumption of knowledge • Consensus • Flexibility/opportunism • Strong central management • Unreliable measure of inputs and outputs • Costly • Difficult to implement • Institutional missions

Root Assumptions	Strategies	Strengths	Weaknesses
	Zero-Based Budgeting (ZBB)	• Focus on results • Objectivity • Manageable Scope • Decentralization • Better understanding of the organization	• Valid Criteria • Reliable measures • Ad hoc nature • No budget history • Costly (time and paper work) • Continuous commitments not recognized
	Performance Budgeting	• Focus on accomplishments (outputs) • Objectivity • Manageable Scope • Qualitative and quantitative dimensions	• Unreliable measures of inputs and outputs • Ad hoc nature • Complex and long process • Institutional missions • Unable to measure long-term outcomes
	Formula Budgeting	• Simplicity • Reutilization • Equity • Reduced conflict • Accountability • Objectivity	• Status quo • Lack of Planning • Flexibility • Short term orientation • Implicit or explicit incentives in formulas • Quantitative measures • Rigid and simplistic formulas
Market Interaction	Responsibility Centered Management	• Responsiveness • Competition • Decentralization (Decisions close to actions) • Flexibility • Responsibility with authority • Accountability • Effective use of resources • Cooperation among units • More student	• Absence of pure market conditions • Lack of central controls • Service components • Responsibility center formation • Budget driven academic programs • Difficult cost and revenue attribution • Desire to generate income

Root Assumptions	Strategies	Strengths	Weaknesses
		influence	
		• Institutional missions	

Table 1. Strength and Weaknesses of Selected Budgeting Models.

Supporters of RCM argued that RCM provides a rational approach to budgeting and promotes accountability. Furthermore, advocates of RCM claim that it empowers students and makes campuses more responsive to student needs and demands because of its enrollment driven nature. In an RCM environment, decisions regarding academic issues are made closer to instructional units. It provides an environment for the effective use of campus resources and enhances cooperation among units (Leslie, 1984; Morgan, 1984; Whalen, 1991; Lasher & Greene, 1993;). However, it is not easy to decide how to classify units as responsibility centers. Arguments can be made for defining the responsibility centers as either collegiate or departmental units. Academic programs may be budget-driven rather than policy-driven. Because of the service components of many academic units, it is difficult to apply. The introduction of structured incentives, according to Morgan (1984), has changed the whole model of budgetary analysis from "benefit-cost calculations to prediction of human and organizational behavior under various structural [hence, cultural] changes in organization and incentives" (p. 12).

The Framework for the Study

Multi-frame analyses of organizations are believed to provide best results in studying organizational life (Morgan, 1986; Senge, 1990; Bolman & Deal, 1997 and 2003). Although there are several models in utilizing multi-frame approaches (Morgan, 1986; Birnbaum, 1988), Bolman and Deal's (2003), four -frame approach provided the framework for this study. Figure 1 illustrates how the framework will be used in studying RCM at an institution of higher education. Bolman and Deal (2003) identified four frames, each having its own image of reality. These frames can be present at the same time and can be utilized by the leaders of institutions in different situations. They noted that successful leaders continue to reframe—utilize different frames—until they understood the present circumstances.

Structural frame provides a bureaucratic lens and looks at the rules, regulations, policies and goals of an institution. Human resource frame focuses on the needs, skills and the relationships of the organization's inhabitants. Political frame is attentive to the politics of the institution and focuses on power, conflict, negotiation and competition for resources.

According to symbolic frame, an organization is more like a temple, theater, or carnival culture driven by myths, stories, ceremonies, and institutional heroes (Bolman & Deal, 2003).

The utilization of the four frames approach in this study provided a better and systematic understanding of the perceived effects of RCM on budgeting, planning, and governance processes. A conceptual view of this model applied to RCM has been presented in Figure 1 (Cekic, 2010). The figure shows that organizational culture encompasses various frames which help shape decisions related to budgetary issues (in this case RCM) in higher education institutions.
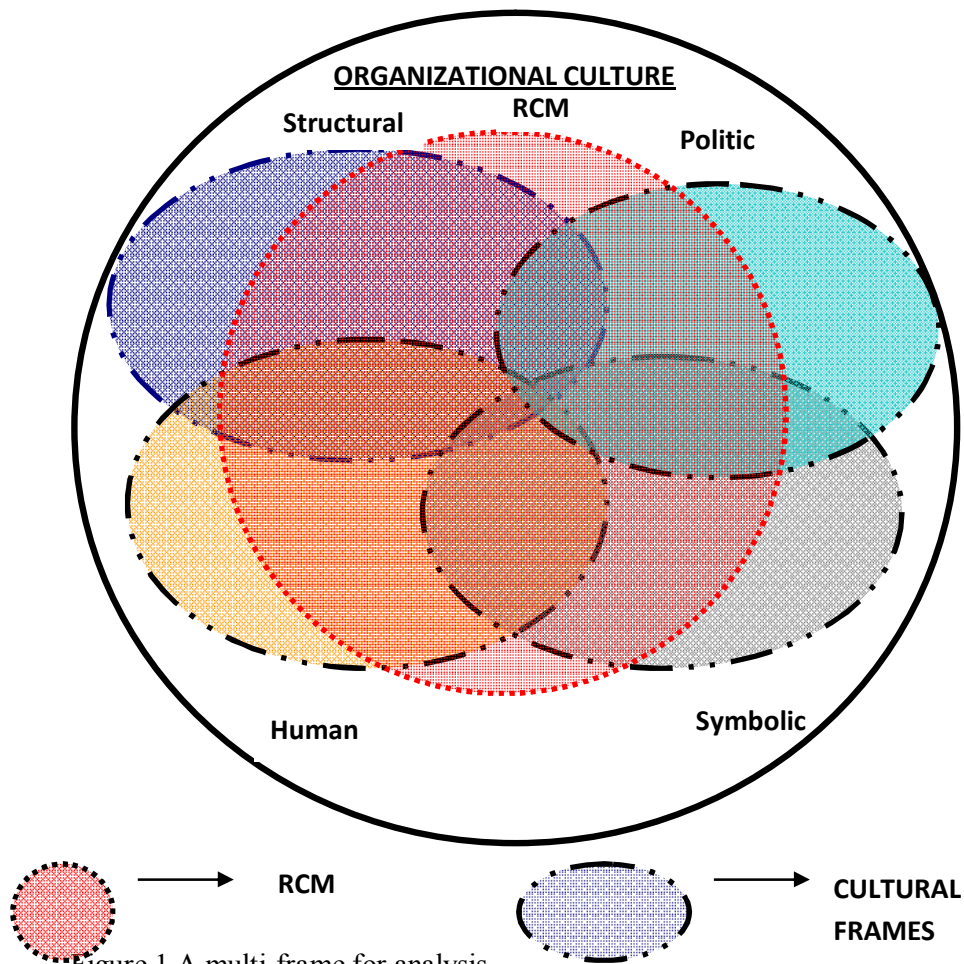

Figure 1 A multi-frame for analysis

Method

The study employed a qualitative method to explore the aforementioned questions. Because the culture is implicit, and the individuals are embedded in this culture, visible and explicit manifestations of culture are the only way to study culture. Interviewing informants provides the most efficient way to study institutional culture (Schein, 1992; Masland, 2000). Thus, qualitative method was used in this study to gather as much information as possible. A single-case, embedded (multiple units) research design was used to gather and analyze the data. . A case study involves an examination and exploration of a system bounded by time and place (Creswell, 1998; Stake, 1995 and 1998) and provides indebt information about a single situation. While the method might be problematic for generalizability purposes, single-case research design is valuable when the selected case is extreme or unique (Yin, 1994 & Merriam, 1998). Using a case study provided an in-depth understanding of the culture at the main campus of a large public university.

The data came from two different sources. The most important source, as suggested by Masland (2000), was the interviews with faculty members and administrators, all of which took place over a fifteen-year period, corresponding with the implementation of RCM. There were three sets of interviews: the first set was conducted during the implementation of RCM in 1989 and 1990 by a research team other than the researcher himself. The transcriptions of this data were provided by the research team in hard copy. The second and third sets were conducted by the researcher, ten (2001) and fifteen (2006) years after RCM's implementation. These interviews were used to illustrate the organizational frames used by faculty and administrators at the main campus of a large public university. The secondary source, which was very instrumental in explaining the context, came from institutional documents. These documents included internal memos, trustee and faculty senate meeting minutes, and three separate campus-wide reviews of the budgeting model that were conducted in 1996, 2000, and 2005.

A purposeful status sampling (Dobbert, 1982) was used to identify the respondents. The criterion for selecting the sample was the interviewees' involvement in the budgetary process at the department, school, or campus level. Deans and department chairs are found in this category. Among the faculty, the individuals who were more concerned with budgetary process were identified and selected. The study used 36 interviews (fifteen in 1988-89, thirteen in 2001, and eight in 2006) in total to explore the context of culture, implementation, and the working process of RCM. The resulting data from the interviews was analyzed with the help of Atlas.ti — a

computer-based qualitative data analysis program using constant comparative method.

This study used a constant comparative method to construct codes and categories relevant to organizational culture and to responsibility center management. The constant comparative method developed by Glaser and Strauss (1967) as a means to develop grounded theory, is one of the most common methods used to construct categories and subcategories (Lincoln & Guba, 1985; & Merriam, 1998). The main focus was the specific research questions during the data analysis. However, emerging themes from the data were also noted in the findings section. Member checks, triangulation, and detailed descriptions of the process were used as the validation procedures (Lincoln & Guba, 1985).

Findings

The data indicated that faculty and administrators used multiple frames when involved in decisions concerning the budgetary process. Structural frame emerged as the dominant frame, followed by political. There was a change from a political to a rational decision-making process when the budget was the focus. Human resource frame (collegiality) and symbolic frame were described as eroding. The changes in the RCM process were not reported as an element influencing the change of cultural frames.

The findings suggested that faculty and administrators use multiple frames in decision-making. When involved with budgetary issues, both groups predominantly use structural frame followed by political frame. In general, there has been a change toward a more rational decision-making process. This is made evident by the presence of structural frame being reported as particularly strong. On the other hand, use of both the human resource frame and of symbolic frame in the institution is described as eroding. Additionally, there exists a difference between the faculty and the administrators in the frames they most use. Furthermore, it must be noted that explaining this difference was not one of the original goals of the study. However, the analysis of the data revealed it as being an important emerging theme. Although increased revenue generation efforts were visible, they were not directly tied to the budgeting system. Instead, they were mostly viewed as an effect of a constantly changing environment. Some of the major findings and their implications were explored in the following section.

College faculty and administrators are aware of and use multiple frames in various situations. The most frequently used frames, while involved in decisions concerning budgetary issues, were structural and political frames. However, it is important to consider the nature of budgeting when looking at the frames used by the faculty and administrators. The nature of the budgeting process is essentially balancing incomes and

expenditures. In this sense, the process itself has rational elements. Faculty and administrators functioning under different budgeting mechanisms might employ structural frame more than other frames as well.

In the last round of interviews, references to structural frame made up almost fifty percent of all the references made to all four frames put together. A comparison between the sets of interviews revealed that there was a shift from political frame, which was the predominant frame in the first set of interviews, to structural frame. One important point is the fact that the definition of structural frame has changed over the years. The respondents did not mention any bureaucracies, but rather, focused on the rationalization of the process, which was defined by a data-driven and transparent decision-making process. One of the respondents clarified that;

> One of the things I like about RCM is; the [formulas] drive [the budgeting process]; so much in RCM in this transparent way that I think it minimizes the contests. … I mean, there are politics and there are contests, but …these kinds of regulations, these models or the rules of RCM … leave a lot less room to kind of argue over resources.

Furthermore, while most of them had financial problems at the beginning of RCM use, the units (schools) that were the focus of this study were the ones that currently benefit from the principles of RCM. However, the level they benefitted from RCM is debatable. College of Arts and Sciences would be the one that benefitted the least. However, this unit only had faculty participants, as opposed to participants who had administrative roles at other units. In that sense, they did not show much variation. The units that had budgetary problems while the study was being conducted did not have any participants at the administrative level in the study. Would the results be the same for the administrators from less successful units under RCM?

It is important to understand that one event can be interpreted differently, and there exists more than one solution to any given problem. According to Morgan (1998), using multiple frames to understand organization and management gives individuals a capacity to understand different dimensions of a situation, showing how different qualities of organization can co-exist, support, reinforce, and contradict one another. The administrators and faculty members at IUB showed a clear sense that multiple realities were recognized and the educational institutions had multiple goals. The realization of multiple viewpoints were also required balancing these realities and channeling them into the good of the organization.

Among the frames, which were used as the reference in this study, structural frame was mentioned more frequently. The results displayed that

RCM is more rational and structured than the previous budgeting system used at IUB. However, when the respondents described the structure, they described a rational process rather than describing the bureaucratic elements of an organization. Most of the deans referred to decisions in hiring part-time faculty, offering more courses, and the use of formula as the rational elements of the system. The results also revealed that the campus does not employ a pure model of RCM, thus the decisions were not solely based on rational calculation of monetary input and outputs. Intangible elements of the education process, such as prestige and values of an educator were also mentioned, and sometimes more valued. Another responded reported that:

> We'd be blaming a particular administrator for not giving us money instead of RCM. It's the *system* that doesn't give us money…but I'm a little serious about that. I think that our deans and [the chancellor] would be taking more heat for not being able to cough up dollars than they do now because now it's just somewhat formula-driven.

Politics and rationality were very intertwined at the institution chosen for this case study. This was evident in one of the comments from most of the deans and the faculty. When deans go to the campus administration, they defined their situation by having more power due to the resources they have. This power, which is mostly related to political frame, enabled the deans to plan and have campus administration to agree on their plans easily, since the deans could support these programs. Yet, they also rationalized the plans. Most deans agreed that if they have the resources, and the proposed plan is within the university's general goals, they would have no trouble implementing those plans. Such examples provide evidence that the same situation could be seen as rational as well as political depending on the interpreter.

The rationality explained by formulas or revenue generation efforts falls short of completely explaining the shift when the environmental factors are brought into the equation. The environment that public higher education institutions function in is changing and becoming more tuition-driven and less state-supported. The decreasing state support has influenced this environment. State higher education institutions especially had to respond to the realities in the environment. The rationalities that RCM introduces and the increasing adaptation of RCM-like systems at public higher education institutions also relate to the environmental changes. Recent publications (for example; Priest et. al., 2002; Bok, 2003; Pries and St. John, 2006; and Ehrenberg, 2006) on incentive-based budgeting systems at higher education institutions and the privatization of academia are attempts to explain the changes in higher education institutions' environments.

Collegiality has an important place in higher education administration literature. Higher education institutions were described as collegial entities in the early 1970s. The results from the study also showed that collegiality is an important element in the University campus that is the central focus of the study. However, the collegiality of the institution was described as eroding. Faculty and administrators both agreed that once more collegial, the campus was becoming more and more divided. The respondents agreed that RCM did not play a role in the erosion of the collegial (human resource frame) elements in the institution. The division was explained by the growth in the size of the institution and intense use of technology. One of the faculty members stated regarding collegiality:

> I realize that universities are very political places, but I would like to think, and I try to sort out decisions that we recommend budget people make, that I'm using probably a structural frame first and a human resource frame second because you have to be aware of the need to maintain a sense of well-being and collegiality and progress in many of your units.

Collegial (human resource) frame was used less than structural and political decision frames in decisions involving budget. Faculty and administrators wished that there was more use of this frame along with the symbolic frame, which is the least utilized among the four frames explored. One of the faculty members explained the possible reasons:

> I think there was a time when … [name of the institution] was a smaller place—when rituals [were present] and a sense that this was a community of scholars was greater. I think that has declined. However, the decline of that began well before RCM came into existence, and I think it is much more related to the size of the institution than it is to the particular form of budgeting.

Growth in size of college and university campuses, followed by the student enrollment increase and the use of technology (i.e. e-mail and online instruction) were seen as reasons that contributed to the decrease in symbolic frame as well. Some of the faculty members expressed their longing for the "good old days." The growth in size had diminished the faculty interaction, and, coupled with the busy lives of the faculty, the symbols started to lose their meanings.

Discussion

The use of multiple frames enables faculty and administrators to see the different realities within the organization. The organizational culture studies (Bolman and Deal, 2003; Morgan, 1998; Bensimon, 1989 & 1990;

Birnbaum, 1988; and Riley and Baldridge, 1977) have emphasized the importance of using multiple frames. These studies found that the ability to use multiple frames was consistently correlated to managerial effectiveness. Bensimon (1989, 1990) studied college presidents and found that presidents who can utilize multiple frames were viewed by their subordinates as more effective than presidents devoted to a single frame. However, the combination of the frames used in analyzing events also matters. The earlier research on higher education organizations described governance as collegial, established, and run by a community of scholars (Goodman, 1962 and Keeton, 1971). Nonetheless, further research into the higher education organizations added another dimension to the type of organizational culture (Riley and Baldridge, 1971 and Rosenzweig, 1998). This line of research described universities as being more political rather than bureaucratic or collegial.

However, these multiple realities can cause conflicts within the institution. The important issue is to be aware of such conflicts and to be able to manage and find the right ways to handle them effectively. The faculty and administrators had a good sense of balance between the financial and academic priorities of the institution. According to the faculty and administrator respondents, financial process was a way to achieve the educational goals of the institution. Commitment to these goals was clear in the answers about part-time faculty, revenue-generation by enrollment increase and intra-school collaboration.

As early as the 1960s, Clark (1963) pointed out that the culture of academia was changing from unitary to federal structures. The college, according to Clark, started to evolve into large federal structures which were defined by multiple sub-units, goals, and priorities rather than small unitary structures with a small number of sub-units, more clear goals, and less ambiguous goals. However, the change was normal due to the changing environment. Universities and colleges had to adopt and be responsive to the environmental changes as well as the changes within the institution. Furthermore, a multiple value system that, of the administrators and of the faculty, were also developing along with the internal and external changes.

Historically, the budgeting process was identified as a political process. This was due to the fact that budgets deal with limited resources, and there are many competing priorities and constituencies. IUB had moved from more political than rational decision-making in its budgetary process. Similar developments have also been seen at other public higher education institutions, like the University of Minnesota, and the University of Michigan. However, the shift from political to rational decision-making does not mean that all the politics of the budgetary process have vanished. This was evident by the fact that political frame was mentioned right after the

structural/rational frame. The limited resources were there, and the politics emerged when it was necessary. Bolman and Deal (2003) agree that the political elements are always present just below the surface and ready to appear at any time. Hearn et. al., (2002) also agreed that RCM systems are not at all free of politics.

The study did not intend to look for the differences between the cultural frames used by faculty and administrators. However, this difference emerged as a strong theme from the analysis of the data. The faculty saw the budgeting and the decision-making processes from different lenses. While faculty members emphasized the importance of, or a wish for, the increased existence of collegial frame, administrators emphasized structural frame. While this situation can be explained with the individuals' roles in the institution, a more important finding emerged that even the faculty who have previously held administrative roles in the past reported to hold different frames when they returned to their original faculty positions. Both Clark (1963) and Birnbaum (1988) emphasized the changes in the culture of the academia in terms of cultural differences between faculty members and administrators. According to Birnbaum (1988), "faculty and administrators fill different roles, encounter and are influenced by different aspects of the environment, and have different backgrounds (p. 7). Both authors observed that a culture of administration had emerged within academia. In this culture of the "administered university," administrators and faculty had two separate conclaves that were very distinct from each other.

Furthermore, the findings suggested that both administrators and faculty members agreed that an individual faculty member was not very knowledgeable about the budget and budgeting procedures. This can be explained by the low interest from faculty members regarding budgetary issues and their increased focus in their disciplines. It can also be explained by the fact that the complexities in the administrative culture may hinder any effort from faculty members to attempt to understand and to involve themselves in budgetary decision-making. Birnbaum (1988) agrees that when administration and management processes have become so "complex that even those faculty [members] who are interested in governance may not have time or the expertise to fully understand the process of decision-making or resource acquisition and allocation that are the heart of many governance issues" (p. 7). The different cultures of the faculty members and of the administrators coupled with other findings from this study have implications for policy and practice in higher education institutions. Some of these implications are explained in the following section.

Conclusion

The implications of this study are particularly important for college and university administrators in implementing new initiatives and in providing an explanation to the institutional change process. The findings can help administrators to see the differences in the faculty and administrators' perceptions of the budgetary process. Furthermore, the effects of the change in the institutional budgeting system on institutional culture are instrumental in understanding the workings of the institution. During the times of resource cutbacks and limited funding resources, higher education institutions need to expand their funding base and look for other resources than the direct government funding. Some of those resources can be identified as tuition and fees, project grants, and contracts with the industry which they cater.

The study also presents a fact that, higher education institutions—especially private (foundation) universities, in Turkey, should consider market forces in their decision-making and internal resource allocation mechanisms. Because, the more the capacity is expanded the more each student will have a chance to enter higher education system. This in turn will result in an environment of competition for higher education institutions to attract the best and the brightest (in some cases paying) students. However, while using incentive-based budgeting techniques, it important to consider that the way the budget is structured will affect the organizational culture and the views of the administrators.

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