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ABSTRACT

As the percentage of societal investment in an organization such as a local school district increases, so too will the amount of external regulation and control, and the organization will proliferate a formal structure responsible for self-evaluation. With the increase in extra-local control, evaluation tends to be used externally rather than internally and takes on a signal nature stressing accountability above performance evaluation. Consequently, evaluation personnel have increasingly minimal influence over internal organizational policies and little connection to actual organizational tasks, ambiguity of the information is stressed to make external evaluation more problematic, and a narrow range of evaluation takes place. Status of evaluation personnel decreases as a result of the ambiguity. These central hypotheses are tested using data drawn from a national survey of evaluation units in school districts, combined with measures of federal and state funding and control of school district organization, and additional variables. This preliminary analysis has shown evaluation units to be more prevalent in school districts reliant upon a greater degree of external funding, and indicates that the degree of institutionalization does vary as a function of differences in the amounts of state and federal funding and control. (AEF)

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INSTITUTIONAL STRUCTURE AND ORGANIZATIONAL PROCESSES:  
THE ROLE OF EVALUATION UNITS IN SCHOOLS\*

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Historically, there has been a gradual but distinct trend toward the vesting of more control in the federal and state government. Localities have not surrendered their autonomy, but have become increasingly embedded in a multi-tier system, where state and federal control and funding of local organizations has risen substantially in the past twenty years (see Zucker, 1980). While this trend is apparent in education, local school districts have been more successful than most public organizations in retaining their autonomy (Kirst, 1970; Meyer, 1979).

Schools are crucial to the pursuit of central societal goals, and therefore have been subjected to institutional definitions of what is proper educational procedure and practice. At the federal, state and local level, school performance is monitored, evaluated, and overall assessments are made. Since the implementation of Title I of the Elementary and Secondary Education Act in 1965, local school districts have been required to evaluate their performance. Further pressure for evaluation is rooted in the increasingly heavy dependence, especially in some states, on other types of extra-local funding for school districts. These sources of funding increase the legitimacy of external demands for assessment; local district needs for evaluation to improve program performance have largely been eclipsed by the need for accountability to funding sources. The current "rational view" of schools held by these outsiders poses a problem for schools because of the legitimate authority the federal and state evaluation requirements have over internal school practices. "Hyper-rationalization" (Wise, 1977a and b)

could be ignored were it not for the concomitant attempt to enforce this view of educational process by each separate funding body.

Conformity to institutional rules can be seen as the raison d'etre schools. Many of the processes in schools involve compliance to external definitions of what schools should do, and responding to external mandates for evidence of such compliance. Especially as state and federal funds have increasingly been allocated to local public schools, these external demands for evidence have become more well defined and complex. Largely in response, local public school districts have established evaluation units. Such units are not required and are generally not funded directly by federal or state sources but the requirements for evaluation data concerning Title I implementation (coupled with grant and special program evaluation requirements and heavy reporting requirements in some states) make it convenient for school districts to establish an evaluation unit. Evaluation units generally serve to centralize and simplify data collection and dissemination. It is not surprising that the number of evaluation units in school districts has literally mushroomed since 1965. About a third of all school districts with over 5,000 students have evaluation units. Fully 85% of the evaluation units have been established since 1966 and over half since 1970 (Lyon, 1978; Lyon et al., 1978).

In this paper, a theory is developed which emphasizes the signal nature of evaluation units. Depending on the degree to which a school district exists in an institutionalized environment, the environment serves as a source of support (including funds) for it. As a result, the environment (state and federal government) exercises legitimate control and surveillance over the district's activities and performance (for a general discussion,

see Pfeffer & Salancik, 1978). From this perspective, the primary function of an evaluation unit is to produce signals from the school district to this external environment. Hence, most of the information produced by the evaluation unit is in response to accountability requirements generated at the federal and state levels. Little of the information is used within the organization (school district), though it may be disseminated within it (see David, 1978, for further support of this argument). Further, the evaluation unit generally has limited internal function (e.g., does not affect district policies or other units), with little connection between evaluation unit staff and instructional staff. In other words, the evaluation unit serves to legitimate what the school district is doing by reporting it (generally in favorable terms) to external sources of funding and control to whom the district is legitimately accountable.

A general theoretical explication of the sources and consequences of institutional environments for organizations is developed in the next section. Then the concepts are applied more directly to evaluation units in school districts. Some central hypotheses are tested using data drawn from a national survey of evaluation units (Lyon et al., 1978), combined with measures of federal and state funding and control of school district organizations.

#### SOURCES AND CONSEQUENCES OF FORMAL STRUCTURE

In schools, as in other large scale organizations, formal organizational structures arise, often not clearly or closely related to the actual activities of the organization (cf. Gouldner, 1954). This formal structure

is fundamentally a blueprint for organizational activity. The organization chart, with its listing of major officers, departments, and programs, details the organization's formally defined structure. These elements are linked by rationally defined connections between activities, impersonally embodied in the organization's explicit goals.

Much of modern organization theory has been concerned with exploring the sources of formal structure in organizations (Scott, 1975). Research thus far has investigated formal structure which arises primarily from problems of coordination inherent in the core technology (e.g., Woodward, 1965; Mohr, 1971; Comstock & Scott, 1977; Billings et al., 1977). In contrast, the emerging theory of institutionalization (Zucker, 1977a; Meyer & Rowan, 1977) has stressed the role of social definition, of "myth," in determining organizational structure. Independent of the core technology, or "loosely coupled" to it (see Weick, 1976; Meyer & Rowan, 1977), formal structure created by social definition serves to legitimate the organization. The organization incorporates elements of structure, such as evaluation units or affirmative action officers, which reaffirm organizational conformity to the externally imposed definition of what is legitimate.

This body of work on the sources of structure, whether task oriented or institutional, has treated the origin of formal structure as largely outside of the organization's direct control: the structure is determined either by the technology or by the institutionalized environment. It is important to note that wider societal definitions are involved in either



case. The application of appropriate technology is defined in terms of "state-of-the-art," and organizations are expected to adopt innovations defined as advances in technological development. Institutionalized procedures, certified professionals, and programs of action involve actual organizational activity, but at the same time incorporate societal definitions of proper practices even when conformity conflicts with efficiency criteria (Meyer & Rowan, 1977). Regardless, then, of the particular advantage or disadvantage for the task performance itself, wide-spread definition of a technology, procedure, or division of departments as rational and legitimate leads to organizational adoption. For example, early adopters of civil service procedures exhibit characteristics which indicate their need for more formal personnel procedures, while cities adopting these procedures later in the process do not, adopting them simply on the basis of their widespread legitimacy (Tolbert & Zucker, 1980).

But the organization itself should be recognized as an important determinant of its own location in the wider environment. Organizations are not simply passive captives of their environments, whether technological or institutional. Their role in regulating environmental effects by developing boundary maintenance functions, domain definitions, and other mechanisms of control has long been recognized in organization theory (see Thompson, 1967). Most fundamentally, however, organizations seek to construct their own environments, not simply manage preexisting environmental constraints (e.g., Pfeffer's study of organizational merger, 1972). For example, organizations may define their appropriate institutional location (Dowling & Pfeffer, 1967): Train institutes wish to define themselves

as educational institutions, thereby gaining access to societal resources such as tax write-offs and G. I. Bill funds, although their functions, in fact, parallel personnel agencies more closely.

The foregoing argument can be summarized as follows:

Proposition 1:

Organizations seek to define their own location in the wider institutional/technological environment.

Organizations define their location along a continuum, ranging from (1) narrowly construing their activities as technical and refusing societal resources (e.g., training stipends for workers) which would broaden the societal relevance of their goals, or (2) broadly construing their activities as fundamentally societal and accepting societal resources which reinforce that view.

This statement differs from earlier work on organizations in a number of respects. Probably the most important, from an operational point of view, is that the degree of dependence on societal resources is a crucial step in defining the organization as one serving societal interests, and thus existing in an institutionalized environment. Hence, public organizations are, a priori, operating in institutionalized environments, though the extent to which obligations of the organization are normatively defined may vary. Organizations which are not public, but which deliver services seen as related to the public good, may also operate in institutionalized environments. Increasingly, all organizations, including profit-making firms (e.g., Lockheed and Chrysler), are being identified as central to the common good, and hence as deserving of societal support. [1]

A corollary of central importance, since organizations are bound by history and convention, is:

Corollary: Once an organizational type is defined as societal or technical, other new organizations will have to demonstrate that they are not of that type before redefinition can succeed.

Social definitions of appropriate procedures and practices have, over time, the force of facts. For example, educational organizations are firmly embedded in the institutional environment; it is unlikely that an educational organization could successfully redefine its environment as technological, escaping accreditation, certification, and other institutional requirements (Meyer & Rowan, 1978).

#### Consequences of Institutionally Derived Structure

Little work has focused on the consequences of formal organizational structure, whether derived from technological or institutional environments. Generally, structure derived from needs of core technology is presumed to have consequences largely internal to the organization: altered task organization, altered efficiency (Leifer & Huber, 1977). But structure derived from institutional requirements is thought to be de-coupled from technical activities and to affect, primarily, survival rates of organizations (Meyer & Rowan, 1977).

Generally, while organizations in the more "rational" approach to structure are seen as interpenetrated by the environment, most of these elements are either controlled or buffered to prevent them from having any direct influence on internal organizational functioning or structure (Thompson, 1967). Typically, organizations are seen as autonomous, in most senses not directly accountable to interests located outside

the organization. While private and public organizations are continuously inter-penetrated by customers (e.g., purchasers of cars) or clients (e.g., students of schools), it has been noted generally that these groups do not exert much control over respective organizations (see Hazenfeld, 1972, on people processing organizations in general). While in principle such groups exert control because they must select the product or service, they frequently operate within limited choice ranges (one must have a car and, according to the amount which can be spent, may have a choice between two or three major competitors) or have a "captive audience" (requirements for school attendance coupled with local school concepts ensure, at best, a restricted range of choice).

### External Control

The key to understanding the effects of the environment or internal organizational structure appears to be the locus, extent, and legitimacy of external control over internal organizational process. In normal market environments, organizations are viewed as legitimately autonomous in pursuit of their own goals as defined by them. In striking contrast to this, organizations in institutional environments are seen as properly accountable to societal interests, and therefore as legitimately controlled by societal agents. To put it more directly, external administrative and legislative control is thought to be desirable in order to ensure that such organizations are, indeed, serving the societal interests they were created to serve or perpetuate.

Such external control necessitates the development of rules and procedures, and also rather formal rules for evaluation. As Kaufman (1960)

has pointed out, control without direct supervision (which has been termed "long range control") necessitates development of elaborate monitoring and evaluation systems and other control techniques, such as professionalization, to maximize "self-regulation." It should be noted that all public organizations can legitimately be held accountable, since they are ostensibly organized for the public good. It is not the case, however, that all are actually so controlled. For example, when secrecy is essential (CIA, FBI) such control is relinquished. Further, some control is thought to be legitimate in private industry to the extent that the common good is potentially involved (e.g., railroads, air transportation, "vital resource" industries such as coal and steel).

A second proposition can now be stated:

Proposition 2:

The greater the extent to which an organization exists in an institutional environment, the greater degree of legitimate control and demands for accountability coming from the relevant environment.

The environmental control and demands for accountability are problematic to the extent that direct surveillance of organizational performance cannot be performed. As long as control is local, direct evidence can be obtained. But when funding and control come from extra-local sources, as in the case of school districts, accountability becomes more problematic. Effectively, the organization is required to become "self-evaluating" (Wildavsky, 1972), and to transmit the information obtained to the external sources of funding and control. A third proposition, then, is:



Proposition 3:

If legitimate control and demands for accountability are extra-local, then organizations will be required to perform evaluation (or, minimally, monitoring) of their own activities.

At the same time, however, the support and funding the organization requires may be contingent on the results of the evaluation. One major consequence of this is the creation of internal organizational uncertainties and inconsistencies. Loose coupling of administrative structure from the rest of the organization (and activities from each other) may, instead of being dysfunctional, be the most rational strategy for maximizing production of positive evaluation results. Similarly, subunits responsible for responding to external demands for accountability will be loosely coupled to subunits performing other activities. This point will be developed more fully below.

Formal Structure and Signaling

Much as individuals use signals in negotiating the labor market (see Spence, 1974), organizations use signals to provide information to their environments. Organizations develop tasks, programs and goals, and even subunits to signal their intentions to the environment (on the latter point, see Meyer, 1980). Depending on the control which the environment has over the organization, the organization will proliferate formal structure which produces signals demonstrating accountability to the relevant environment.

In brief,

Proposition 4:

To the extent that the environment has legitimate control

over an organization, the organization will produce structure which serves a signaling function.

Even organizations which are largely autonomous from the institutional environment may, under some conditions, be sufficiently constrained by it to produce structure which serves a signaling function. A case in point is the widespread existence of anti-trust departments in corporations. However, organizations more deeply embedded in the institutional environment (Zucker, 1977) have elaborated many aspects of formal structure which produce signals demonstrating accountability--evaluation units in schools, designed to transmit information concerning the quality and degree of task focus, and "management information systems" (MIS units) in local employment and training programs, designed to transmit evidence of internal competence in processing clients.

Formal structure which serves signaling functions is, in many respects, equivalent to boundary personnel: It has the function of representing the organization to the wider environment, of signaling its adequate performance as a means of generating additional resources, but has little internal responsibility (see Zucker, 1979). [2] Formal structure which serves largely boundary functions appears loosely coupled to the rest of the organizational structure precisely because it is not directly responsible for, or not focused on, internal task performance. Hence,

**Proposition 5:**

To the extent that components of formal structure are designed to send signals to the wider institutional environment, they are loosely coupled to internal organizational performance.

Institutional Structure and Evaluation Criteria:

What, then, of the content of the formal structure and the activity it generates? First, the content of formal structure created as a response to non-institutional, technological environments is primarily internal and task-focused, while that created as a response to institutional environments is primarily externally focused. Hence,

Proposition 6:

Formal structure generated in response to technological contingencies is concerned with internal organizational functioning, while formal structure generated in response to institutional contingencies is focused on external representation of organizational functioning.

Second, the actual activities generated by the formal structure will be different: Organizations operating in institutional environments, such as schools, define their scope of activity to require being less and less certain about more and more (emphasizing ambiguity and uncertainty), while organizations not so externally accountable define their scope of activity to require being more and more certain about less and less (emphasizing control and certainty). Schools (and similar organizations) need to emphasize the uncertainty/ambiguity because they are held externally accountable to different (and changing) standards of what is institutionally proper. Business organizations are not held accountable externally to the same degree and the external standards which do apply are more uniform (e.g., anti-trust regulations).

Further, the greater the interpenetration of the local organizations by institutional demands and resources, the more ambiguous and uncertain activities are presented:



Proposition 7:

The greater the extent to which an organization exists in an institutional environment, and the external evaluation therefore becomes more critical, the organization stresses the ambiguity of evaluation criteria in order to make external evaluation more problematic.

An important consequence of enhancing criteria is that the organization becomes less able to evaluate its own performance. For example, before schools were heavily dependent on external (extra-local) support, validation, and resources, they presented themselves as producing rather specific training, evaluated on grounds of efficiency; as schools moved into a more institutionalized environment, they defined their tasks as increasingly ambiguous and uncertain, best evaluated on grounds of certification (see Meyer & Rowan, 1975; compare Callahan, 1962 to Tyack, 1974).

Organizations in institutional environments use the evaluation of task performance as a signal, alterable and ambiguous, to indicate compliance to institutional rules, not to guide adjustments in task organization.

Organizations in technological environments use evaluation of task performance as an index of how well they are performing, as clear, unalterable evidence which can be used to guide adjustments in task organization.

[3] Characteristics of the task itself determine the extent to which it can be redefined as an index or a signal. Teaching, for example, is more ambiguous than automobile assembly (for a general discussion of active and inert tasks, see Dornbusch & Scott, 1975). Basically, it is asserted that organizations in institutional environments will attempt to define their task performance in a different way than organizations

not held accountable to societal interests. Fundamentally:

(1) Organizations will act to produce and apply largely ambiguous criteria for task performance when societal support and funding depend on evaluation:

- (a) They will define the environment as more variable, increasing the scope of activities and making more aspects of the environment appear relevant to their tasks (e.g., range of pupil characteristics);
- (b) They will define tasks as more ambiguous and difficult (e.g., how can "good" teaching be defined, let alone regulated?); and
- (c) They will use evaluation information primarily as signals to the external environment.

(2) Organizations act to reduce, or render inapplicable, institutional rules when evaluation control is centered in the local organizational unit, along with resources (or resources are controlled by a large and diffuse "public"):

- (a) They will define the relevant environment to make it seem more constant by reducing the scope of activities and range of relevance (e.g., only serve one small segment of the market);
- (b) They will define tasks as clear, limiting the scope of the task (e.g., not to produce a "good" product, but one which meets certain pre-set specifications); and
- (c) They will use evaluation information primarily internally (it may, in fact, be secret or privileged), as indices of task performance.

Finally, the status of the organizational members of units responsible for evaluation will vary, depending on the degree to which evaluation

serves a signaling function. Hence,

Proposition 8:

The greater the signaling function of evaluation, and hence, the more it is viewed as ambiguous, the lower the internal status of the members or unit responsible for evaluation.

When evaluation simply serves to legitimate an organization, and is defined as largely ambiguous and of little value to the organizational task performance, then the members or unit which produce it will be given minimal resources and support.

In the next section, the relevance of this general model for evaluation units in school districts is established.

#### THE ROLE OF EVALUATION UNITS IN SCHOOL DISTRICTS

It is clear that educational organizations do not operate in the rational technology-oriented fashion that most organizational theorists have assumed (see especially Meyer, 1977; Meyer & Rowan, 1977, 1978). Separate organizational subcomponents and levels of authority do not articulate well with one another but, instead, operate relatively autonomously with little control exercised (Weick, 1976 and Cohen, March, & Olsen, 1976, provide good discussions of these issues). The lack of control over central task processes has been labeled loose coupling. The primary reason for the presence of loose coupling in educational institutions appears to be that they function in environments which demand conformity to institutional rules rather than to technological perfection or innovation, with some subunits largely engaged in producing signals which indicate to the wider environment that the school is accountable to societal interests.

As Meyer (1977: 4-5) puts it, "...the technical organization faces in toward its technical core and turns its back on the environment; the institutional organization turns its back on its technical core in order to concentrate on its institutional environment... [the] crucial thing a school needs to do to survive is to conform to institutional rules - including community understandings - defining teacher categories and credentials, pupil selection and definition, proper topics of instruction, and appropriate facilities."

District-wide evaluation units have appeared, largely as a response to increased funding and control at the state and federal level, to handle reporting, monitoring, and evaluation requirements. On a nationwide basis, 85% of all evaluation units appeared following the implementation of federal evaluation requirements accompanying Title I in 1965 (David, 1978). In the Center for the Study of Evaluation survey, only 3 out of 259 districts (1.2%) reported that they have no state or federally funded programs. State or federally funded programs are evaluated by the evaluation unit in over 80% of the districts, while in less than 14% is this task delegated to other district units or personnel (and in less than 5% delegated to outside evaluators solely).

The direct relationship between the resources coming into the district and control is indicated in the following quote from a director of Title I program (David, 1978: 13): "This district will accept all the strings that go with the Federal money." There is little doubt that the primary function the evaluations serve is to meet state and federal reporting requirements. As one evaluator explicitly states, evaluation is generally associated with

accountability, not with information useful in assessing strengths and weaknesses of programs (David, 1978: 39): "I don't know whether the test scores are useful as a basis for making changes in the program because I don't deal with the content of the program."

Before beginning a more extensive analysis of the data on evaluation units collected in the Center for the Study of Evaluation survey, the central hypotheses, and their relationship to the propositions above, need to be stated explicitly. First, as the percent of societal resources increases, the amount of regulation and control increases (Proposition 2). Second, as these resources are increasingly extra-local, the organization will proliferate formal structure (units, positions) responsible for self-evaluation (Proposition 3). Third, as the degree of institutionalization and extra-local control increases, the percent of self-evaluation information used externally also increases (the signal nature of evaluation, from Propositions 4 and 6). Fourth, as the information is increasingly used externally, the unit or personnel responsible for evaluation increasingly have minimal influence over internal organizational policies, and have little connection to actual organizational tasks (loose coupling of unit or personnel from Proposition 5). Fifth, as the degree of extra-local control increases, the ambiguity of the information is stressed and a narrow range of evaluation takes place (Proposition 7). Finally, as the ambiguity and narrowness increases and as the information use is more external, the status of the unit or personnel responsible for evaluation decreases (Proposition 8).

## THE TEST

Since the analysis is preliminary at this point, full discussion of the results awaits additional work with the full data set. For now, a brief discussion of the sample, the variables created for this analysis, and a very preliminary presentation of regression results serve to provide the framework for further work.

### The Sample

There are two basic samples. First, a postcard survey concerning presence or absence of evaluation units in a nationwide sample of school districts was conducted (Lyon, 1978). Second, a detailed survey instrument was sent to the heads of evaluation units in all districts having 10,000 pupils or more (N=319), and to a 50% sample of districts having 5,000 to 9,999 students (N=573). Of these, 263 responded. While these districts varied widely on many of the characteristics measured by the survey instrument, there is little data on the characteristics of those districts which do not have evaluation units; Table 1 exhausts the information available.

### Variable Definition

There are several sets of variables crucial to this analysis. First, organizational characteristics are used largely as given in the original data: (1) The staff and budget of the evaluation unit (EU Staff; EU Budget), and (2) the Budget and assessed value of the entire district (Dist. Budget; Dist. Value). Second, the extent of local or external resources is defined in terms of the percent white (highly negatively correlated,

in turn, with free lunch provision and low student performance, both also good predictors of the inflow of federal and state funds). Third, internal role of the evaluation unit is assessed by a simple summing of the number of school policies the evaluation unit is said to effect (Table 2 presents these marginals). Fourth, tight coupling is in terms of the district having some general guideline affecting instructional activities. Fifth, the range of activities the evaluation unit engages in is defined as a simple sum (EU Act Range).

The largest class of variables created are those which measure internal/external emphasis in terms of time the evaluation unit devotes and in terms of the use of evaluation information. Since construction of these measures is complex, fuller discussion is deferred until the analysis is more complete (some of the measures will be reconstructed to better reflect the underlying variance). Basically, each measure is constructed so as to either weight the relative use (Test Use: Ext is a ratio of external to internal use of both CR and NR tests) or sum across a number of categories of internal or external (e.g., External Use).

### Results

Evidence for the role of external funding or control in the creation of evaluation units can be found in the distribution of evaluation units across states (Lyon, 1978). While in most states roughly a quarter to a third of the school districts have evaluation units, in states which have requirements for local evaluation or extensive state funding of schools, the percent having evaluation units is significantly higher (see Table 1).

While the size of the district is important, with larger districts more likely to have both extensive external funding (especially in metropolitan districts) and evaluation units, the variance across states is at least as striking. While most states have no small (5,000 to 9,999 students) districts which have evaluation units, states with extensive funding or evaluation requirements typically have evaluation units in a quarter to a third of their small districts.

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 Insert Table 1 here  
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Therefore, while all schools exist in an institutional environment (Meyer & Rowan, 1975), the degree of institutionalization does vary as a function of the differences in the amount of federal funds and regulations (depending on size, location, and minority or poor enrollment) and as a function of state differences in funding and control over local public schools. As Propositions 4 and 6 above state, under these conditions, as institutionalization increases evaluation units are more likely to be established, since they constitute archetypical examples of formal structure which signals compliance to external demands for accountability.

To the extent that evaluation units serve as signals of compliance to external directives and interests, their role in internal functioning of the organization is predicted to be minimal (Proposition 5). They are loosely coupled to the rest of the organization, but not by accident (Weick, 1976) - they are established to serve as a boundary unit of the organization, to negotiate a complex institutional environment, not to



guide the internal task performance. There is, of course, a complex relationship with the extent of federal or state interpenetration of the local school, but as Table 2 demonstrates, it is fair to characterize most evaluation units as having minimal internal roles. Only in the area of in-service training do over half of the evaluation units report having an internal organizational role.

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 Insert Table 2 here  
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Evaluation units devote most of their time to generating information for groups internal to the organization (about 29% of their time), as compared to less than 10% of their time devoted to generating information for external groups (federal or state agencies; parents). However, as predicted (see Proposition 6), actual use of the information generated is roughly equal externally and internally, depending on the particular measure.

As external use of the evaluation information increases in importance relative to internal use, the unit becomes increasingly loosely coupled to the rest of the organization, with organizational characteristics becoming less important in predicting how effective the evaluation unit perceives itself to be in affecting use of its results. Following Proposition 7, the use of evaluation research becomes more problematic, both externally and internally. Inconsistent, ambiguous relations between different measures of use become apparent, and normal measures of performance of the evaluation unit, such as the range of activities it per-

forms, become decoupled from the use of the information the evaluation unit generates.

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 Insert Table 3 here  
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Table 3 presents the correlation matrix for all variables used, as well as means and standard deviations. The first main results are presented in Table 4. This table is strongly supportive of the third hypothesis stated above. The higher the proportion of local funds, the less the time spent on evaluation for external sources and the less the external use of evaluation results. Time spent on internal evaluation and internal use is also negatively related, but not as strikingly. The evaluation unit staff is significantly smaller when local funds are a high proportion, though overall budget is not strongly related (evaluation unit or district). Finally, as might be expected, district assessed value is positively related to extent of local support.

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 Insert Table 4 here  
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Table 5 presents some strong results on the internal role of the evaluation unit. As Table 2 above shows, most evaluation units play minimal roles in formulating internal school policy, even on issues directly related to the evaluation function. What is striking in Table 5 is the strong relationship between a performance measure, EU Act Range, and internal role. While not as strong, the pattern of external or internal time and use is equally striking. Internal role is positively related to external use time, but negatively related to internal use time,

as the second hypothesis above predicted. As might be expected, tight coupling in the district is directly related to an internal role for the evaluation unit. Finally, organizational characteristics are not strongly related to the presence of an internal role.

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Insert Table 5 here  
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Table 6 presents less consistent results. Rather than attempt an ad hoc interpretation at this point, the strong relationship between the amount of evaluation unit time spent for external purposes and the external use of evaluation results provides some independent validation of the variables created. However, the strong negative relationship between the internal evaluation unit evaluation of federal programs (not outside consultants or other school units) and external use is problematic. Further investigation of the external use measure seems appropriate, even though this table presents results which are largely supportive of the argument made in this paper.

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Insert Table 6 here  
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## NOTES

[1] I am indebted to Marshall Meyer for suggesting this interpretation.

[2] Its responsibility can be defined as "environment management," with few internal responsibilities (Zucker, 1979).

[3] Spence assumes that education is a signal, that is, an alterable observable characteristic, while race is an index, that is, an unalterable observable characteristic. However, sociologists would argue that education will in most instances serve as an index (though affected by individual choice, the employer in fact assumes it is fixed at the current level), while race is not uniformly an index, as the phenomenon of "passing" clearly illustrates. However, the willingness to identify and rely on signals or indices is of interest here.

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Table 1: Extent of state regulation and funding of local public schools and presence of evaluation units (N=1321)\*

Regulation/Funding	# Districts with EU	Percent	N
High State Involvement	226	45.0	502
Moderate State Involvement	136	25.7	529
Low State Involvement	47	16.2	290

\* Universe of 750 districts with enrollments of 10,000 or more; 50% sample of districts with 5,000 to 9,999 students (573). Response rate of 100% for larger districts (n=750); 81% for smaller districts (n=464). Table total n of 1321 must reflect telephone follow up results (Lyon, 1978).



**Table 2: Internal Role of Evaluation Units (N=227)**

<b>Activity</b>	<b>Percent</b>	<b>N</b>
<b>Staff In-service Training</b>	<b>66.5</b>	<b>151</b>
<b>Selection of Curriculum/ Program Materials</b>	<b>42.3</b>	<b>96</b>
<b>Allocation of Funds</b>	<b>36.6</b>	<b>83</b>
<b>Facilities Planning</b>	<b>33.9</b>	<b>77</b>
<b>Collective Bargaining</b>	<b>14.5</b>	<b>33</b>
<b>Teacher Performance Review</b>	<b>9.7</b>	<b>22</b>

TABLE 3: CORRELATION MATRIX

	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Local/External Resources	-.007	-.087	.079	-.236	.266	.030	.160	-.087	-.025	-.045	-.373	-.335	-.268	.110	.171
2. Inrole	x	.177	.162	.163	-.202	-.038	.084	.365	.053	-.014	.068	.066	-.076	.063	.153
3. External Use	x	x	.346	.262	-.292	-.115	-.110	.179	-.016	.061	.097	.138	.028	.086	.102
4. Internal Use	x	x	x	-.055	.068	-.065	.134	.053	.124	-.125	.054	.090	-.116	.152	.058
5. EV Time: Ext	x	x	x	x	.867	.011	-.205	.136	.105	-.032	.085	.085	.124	-.178	-.032
6. EV Time: Int	x	x	x	x	x	.031	.207	-.177	-.106	.056	-.210	-.154	-.146	.135	.017
7. Test Use: Ext	x	x	x	x	x	x	.018	.021	.038	.030	.054	.070	.023	-.061	-.101
8. EV Eval Fed	x	x	x	x	x	x	x	-.138	-.089	.099	-.202	-.116	-.109	-.011	-.018
9. EV Act Range	x	x	x	x	x	x	x	x	-.066	.096	.300	.267	.066	.126	.230
10. "Tight" Coupling	x	x	x	x	x	x	x	x	x	.030	.056	.051	.142	-.089	-.009
11. Consult Budget	x	x	x	x	x	x	x	x	x	x	.111	.109	.224	.017	.139
12. EV Staff	x	x	x	x	x	x	x	x	x	x	x	.848	.466	.177	-.089
13. EV Budget											x	x	.389	.131	-.052
14. Dist Budget												x	x	.055	-.021
15. Dist Value													x	x	x
Mean	2.01	5.29	9.65	9.42	23.23	1.47	2.03	6.72	1.13	3.08	4.77	206.18	79.33	282.28	1.41
S.D.	1.40	.88	.70	6.23	6.67	.75	.82	2.07	.74	7.90	9.94	439.72	219.25	242.54	.60
N	263	221	250	256	256	200	259	263	245	241	262	247	238	186	244

Table 4: Regression of external and internal emphasis/use of evaluation results and organizational characteristics on the extent of local/external resources (R = .21)

	Unstandardized Regression Coefficients	(Standard Errors)	Standardized Regression Coefficients	F-ratios
External Use	-1.17	(3.63)	-.04	.10
Internal Use	-.55	(4.62)	-.01	.01
EU Time: Ext	-2.13	(1.46)	-.46	2.14
EU Time: Int	-1.61	(1.42)	-.37	1.30
EU Staff	-.81	(.55)	-.41	2.20
EU Budget	-.01	(.01)	-.06	.09
Dist. Budget	-.01	(.05)	-.02	.01
Dist. Value	.01	(.01)	.14	1.58
(Constant 1.39)				

Table 5: Regression on external and internal emphasis/use of evaluation results and organizational characteristics on the external use of evaluation results (R =.32)

	Unstandardized Regression Coefficients	(Standard Errors)	Standardized Regression Coefficients	F-ratios
External Use	.14	(.17)	.08	.57
Internal Use	-.13	(.23)	-.06	.31
EU Time: Ext	.01	(.07)	.02	.01
EU Time: Int	-.05	(.07)	-.24	.66
Test Use: Ext	-.09	(.22)	-.04	.19
Local	.13	(.22)	.06	.34
EU Act Range	.24	(.08)	.37	9.48
"Tight" Couple	.12	(.17)	.07	.53
EU Staff	-.01	(.02)	-.12	.33
EU Budget	.00	(.00)	.06	.08
(Constant 1.82)				

Table 6: Regression of external and internal emphasis/use of evaluation results and organizational characteristics on the external use of evaluation results (R = .26)

	Unstandardized Regression Coefficients	(Standard Errors)	Standardized Regression Coefficients	F-ratios
Internal Use	.39	(.15)	.30	7.10
EU Time: Ext	.05	(.05)	.36	1.39
EU Time: Int	.01	(.04)	.07	.04
Test Use: Ext	-.20	(.14)	-.15	1.91
EU Eval Fed	-.18	(.12)	-.18	2.29
EU Act Range	.01	(.05)	.02	.02
Local/Ext Res.	.00	(.00)	.02	.03
"Tight" Coupla	-.08	(.11)	-.08	.55
Consult Budget	.01	(.01)	.09	.64
EU Staff	-.01	(.02)	-.10	.16
EU Budget	.00	(.00)	.20	.86
(Constant 1.37)				