Theory Z and Schools: What Can We Learn from Toyota?

Theory Z, which made Japanese industry a twentieth century marvel, can transform American schools into more effective organizations, says this author.

By Paul S. George

WHAT CAN WE LEARN from Toyota?

Today's newspapers and magazines frequently extol the impressive productivity and high quality of Japanese industry. It wasn't always so. Thirty years ago, the label "Made in Japan" indicated an inferior product. TV sets, cameras, and transistor radios manufactured in Japan resembled their American counterparts in every way but performance: they did not work very well.

Today, however, all that has changed. Names like Sony, Honda, and Nikon are affixed to products whose potential purchasers have confidence that they, in contrast to the American alternative, *will* work very well.

What turned Japanese industry around? The answers, as William Ouchi demonstrates in a powerful little book called *Theory Z*, can transform those American businesses willing to bite the bullet and make some changes in their attitudes and behaviors. The same answers can transform those American schools equally willing to bite the bullet.

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Theory Z Management

Ouchi, a professor in the Graduate School of Management at the University of California, Los Angeles, suggests that we have much to learn from Japan and that it must be learned quickly. *Theory Z* (1981) outlines what he believes to be the important formulas for a revival of American industrial and corporate productivity. In spite of the formidable cultural differences between America and Japan, Ouchi argues, we should not assume that Japanese techniques are not applicable to American enterprise.

In fact, he points out, many companies in America already use the management techniques that have made Jap-

anese industry the marvel of latter twentieth century productivity. Among the most highly productive companies in the world are American companies that manage to combine the best of both the American and the Japanese management models. "Theory Z" is the term Ouchi uses to describe those American firms that effectively combine home-grown and foreign management strategies which seem, initially, to be contradictory.

Effectiveness or productivity centers on the same concepts, whether in business or the schools: a commitment to an organizational philosophy.

Type Z companies, simply put, retain a sense of the value of American technology and the scientific approach to the use of it, but in the process, do not take people for granted. These companies have learned that involved workers are the key to increased productivity and have evolved effective strategies for eliciting and sustaining this worker involvement in the service of the company.

While each Type Z company has its own distinctiveness, all display some features that strongly resemble Japanese firms, says Ouchi.

- The Z company, like its Japanese counterpart, favors long-term employment, frequently lifetime, rather than the corporate revolving door that many American firms have developed.
- Managers in the Z company see themselves as generalists. They do not spend their entire careers refining already narrow areas of specialization.
- Although Type Z companies avail themselves of modern information and accounting systems to control corporate operations, they also rely on more ambiguous, subtle, intimate, seemingly nonrational decision-making techniques.
- Decisions made by Z-company managers ultimately become the responsibility of one person, but are based on input from others.

American Type Z companies almost always manifest what Ouchi calls a holistic orientation similar to the Japanese firm; there are, however, important differences. Such companies tend to display "broad concern for the welfare of subordinates and coworkers as a natural part of the working relationship." Interpersonal relations tend to be informal and egalitarian, with people working together. Depersonalization is less likely, autocratic manipulation is difficult, and "open communication, trust, and commitment are common." Ouchi is, obviously, not describing the typical automotive or steel industry atmosphere.

While other features distinguish the Type Z company from the typical American or Japanese firm, Ouchi underlines the central significance of the company philosophy: Dependence on long-term thinking and participatory decision making requires a consistent integrated set of ideals shared by all of the members of the organization. Corporate philosophies must include the objectives of the organization, the procedures that

will be used to accomplish these objectives, and the "constraints placed on the organization by its social and economic environment."

In summary, the characteristics of the successful Type Z company include a number of important commitments generally absent in the conventional contemporary American firm:

- A commitment to long-term employment, with a stable egalitarian social situation involving trust and close personal relationships
- A commitment to the workers which assumes that any worker's life is a whole, not half-machine from nine to five and half-human the rest of the time
- A commitment to individual responsibility within a teamwork milieu, resting on consensual, participatory decision making
- A commitment to a common set of objectives and procedures that guide the actions of the corporation
- A commitment to developing the interpersonal communication skills of all the workers in a corporation
- A commitment to a broader vision of career development in which workers at all levels develop the knowledge which enables them to see and support the total picture of corporate activity.

American industry seems ready to recognize the need for change, and once the seemingly required fads emanating from a surface imitation of the Japanese pass by, (e.g., attempts to use single pieces of the puzzle, like quality circles) important modifications will have been made in American corporate management. All of us can hope that the result will be increased industrial productivity.

Theory Z and School Effectiveness

Can the principles which lead to higher productivity in industry be used to boost the effectiveness of other social institutions? If educational productivity can be improved by studying the manner in which private enterprise achieves higher levels of corporate growth, then perhaps educators should look at schools through the lenses of Theory Z.

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Indeed, recent educational research suggests that there are very prominent parallels between Type Z style productivity in industry and increased effectiveness of schools (Edmonds, 1979; Brookover et al., 1982). Where Theory Z and the school effectiveness literature are congruent, educators might move forward even more confidently than reliance on only one or the other source would permit; no overlap may indicate an area where educational and industrial institutions are dissimilar, or a place where the Theory Z perspective may be useful in extending what we know about educational productivity.

Productive schools have a number of common characteristics. Such schools boast strong administrative instructional leadership. They exhibit a climate that is

safe and orderly, and which clearly communicates the expectation that both teachers and students will be successful in attaining their instructional ends. The faculty of effective schools have a clearly understood commitment to specific educational goals, priorities, and assessment procedures—a commitment that usually focuses on the attainment of basic school skills. Home-school support systems are in operation in effective schools. In spite of a healthy and necessary diversity, effective schools are alike in several critical dimensions.

The portrait of the effective school and the image of the successful Type Z corporation exhibit an uncommon likeness. Effectiveness or productivity centers on the same concepts, whether in business or the schools: a commitment to an organizational philosophy. The members of each staff feel a sense of mission. Strong leaders involve the staff of the institution in the development and maintenance of this sense of mission, and the plan of action that results is consistent with the values of the staff, the clients, and the culture. Individuals in each institution work separately, and in teams, to reach the agreed-upon goals. The organizational climate is characterized by trust, subtlety, and caring; group cohesiveness and interpersonal affiliation needs are comfortably, appropriately, and intentionally met within the boundaries of the institution.

Finally, in productive (or effective) institutions, whether schools or corporations, decisions are made, sometimes laboriously, through a process of consensus and participation; everyone has a say in the decisions that affect their lives. Productivity and effectiveness are synonymous in the fullest sense.

The Theory Z School

A Theory Z school should be able to answer affirmatively to these questions:

1. Does the school staff have a written philosophy that is implemented in the daily activities of the school? Does each member of the staff subscribe to the philosophy and also have regular opportunities to participate in refining that statement?
2. Does the curriculum of the school fit the philosophy? Are the goals of the curriculum specific and clear? Will the members of the staff be able to determine the extent to which the goals have been met? Are both extrinsic and intrinsic methods of accountability brought to bear in the measurement of the degrees of success that have been achieved?
3. Are the instructional strategies used by the faculty in line with the curriculum goals to be achieved? (If, for example, increasing the school's profile on standardized tests of academic achievement is a goal, do the teachers act in ways that are consonant with what is known about teacher effectiveness?)
4. Is the school organized in a way that permits teachers and students to get to know and care about each other and to extend these relationships over time?
5. Is there evidence of regular and continuing involvement of all persons, in appropriate ways, in the decisions that determine the course of life in the school? Are there vehicles in place to ensure that this occurs?

How common are schools where all five of these areas are fully functioning? Less than we would like. How difficult will it be to create such schools? If the

evidence from educational research and parallel findings from the area of corporate management are carefully weighed, it may not be as difficult as it might first appear.

All of the components of the Theory Z school (vital philosophy, curriculum clarity, instructional focus, social organization, and decision-making procedures) are known to contemporary educators; indeed, few districts can be found in which these program components are not present in one school or another in the system. Pulling them together under one roof seems to be the challenge, albeit a major one.

In one Florida school district two middle schools, serving equivalent student bodies, are perceived by their clients to be almost equally effective. School A's philosophy emphasizes academic achievement.

- Curriculum development and alignment are valued.
- Instruction is almost exclusively teacher-directed.
- Teachers and students are organized into departments, with traditional homerooms and grade level grouping.
- Decision making is unilateral, beginning with the school principal, moving through department chairpersons, to teachers, and on to students.
- Academic achievement in the basics is high.

By contrast, School B's sense of mission focuses on "doing the very best for each student," usually interpreted in strongly affective tones.

- Curriculum development and alignment are not rigorously pursued, since many faculty members perceive standardized curriculum as a potential threat to their ability to carry out their philosophy.
- Instructional strategies are diverse, with a significant amount of so-called individualized instruction; interdisciplinary thematic units are not uncommon.

School B's organization results in an incredibly strong and healthy sense of group cohesiveness; every person in the school is a member of an advisory guidance group, and an interdisciplinary team. Teams of 150 teachers and students stay together for three years, reinforcing the strength of the group cohesiveness year after year. Every major school policy and related decisions are submitted to lengthy discussions in team meetings, in advisory groups, and in the schoolwide program improvement council. Students, faculty members, and administrators feel good about themselves, each other, and the school program.

Both schools are good schools; both are, in terms of effectiveness and productivity, less than complete. School A has achieved a moderately high level of success in teaching the courses of study which they have been assigned. School B fails to reach the achievement mark established by its counterpart, but does a marvelous job in the affective areas that have been their target.

The staffs of each school harbor less than positive feelings about the attiiude toward teaching that prevails at the other institution. Neither school will accomplish the complete package of goals that the American community asks of its professional educators until the staff members are able to view the insti-

tution, its goals, procedures, and its organization as a system, a whole.

How might school districts with situations such as these borrow from Theory Z to improve the effectiveness of both schools? If the perspective of Theory Z can help American schools such as the two above achieve the best of both affective and cognitive goals, how might they move in this direction?

Ouchi suggests a series of steps for improving corporate productivity which can be readily adapted to educational institutions. In brief, educational leaders at the district level interested in encouraging this process should:

Step 1: Understand the Type Z school and the change agent's role
Step 2: Audit the school's philosophy, not as it should be, but as it is
Step 3: Define the desired leadership style and involve school building leaders
Step 4: Develop the interpersonal skills of the school leaders who will be expected to implement the changes—particularly the skill of recognizing patterns of interaction in decision-making and problem-solving groups
Step 5: Test the commitment of the leaders to the participatory system toward which you are moving
Step 6: Involve the teachers' professional association
Step 7: Develop and implement a school organization which requires staff members to plan together on a regular basis, to increase the level of group cohesiveness among teachers and students
Step 8: Stimulate the recreation of the philosophy of the school on the basis of the participatory decision making and strong leadership you have erected
Step 9: Involve the members of the school staff in the alignment of the curriculum and in sharpening the focus of the instructional strategies
Step 10: Accept the fact that the Type Z school is always in process of becoming and that the process rests on the continued willingness of leaders to model a management style which is essentially democratic and holistic.

Summary

American schools may be much more like businesses than most educators would probably like to admit. At the center of it all, however, is the realization that social institutions, educational or corporate, are complex and more or less orderly systems. The fulcrum upon which productivity rests is the ability to coordinate and synchronize the goals, procedures, organization, and processes of the institution so that symphony, rather than cacophony, results.

Theory Z is an attempt to help us see institutional productivity as the result of an essentially indivisible effort. Maybe, after all, schools should be run like businesses, some businesses.

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