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Module 307: Classical Management Literature: A Great Books Approach

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A Paper

on

THE HUMAN SIDE OF ENTERPRISE

Douglas M. McGregor

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The Human Side of Enterprise

Douglas M. McGregor

The author's core position is that a different theory of the task of managing people is needed to replace the conventional theory presently used by most managers. This new theory is built on assumptions about human nature which view man as a self-directing and self-controlled animal as opposed to the conventional theory which views man as needing to be directed and controlled. The author strongly suggests that the kinds of assumptions a manager makes about the nature of people will determine how he manages those people.

Mr. McGregor takes the position that there is much creative human energy that is not being utilized in the industrial organization. He feels that due to the way managers view their task as it relates to employees, much is lost to the enterprise insofar as the workers' contribution is concerned. Mr. McGregor says that management's "conventional" view toward the industrial organization is that in fulfilling management's responsibility to organize the enterprise in the interest of economic ends; people must be directed, motivated, and their behavior controlled to meet the needs of the organization.

Mr. McGregor's position further states that this view of the manager is formed on the basis that people by nature are indolent, lack ambition, dislike responsibility, prefer to be led, are self-centered, resistant to change, gullible and not very bright. This view, he says, manifests itself in behavior of management that paternalizes the relationship between manager and worker. The manager, the "adult", treats the worker as a child which prevents the worker from reaching full potential.

The author's position strongly indicates that the above assumptions about people are incorrect and a new view on the part of the manager is

needed. This view should be based on a different set of assumptions; those which view people as by nature having the motivation, the potential for development, the capacity for assuming responsibility and the readiness to direct behavior toward organizational goals. Mr. McGregor feels that the reason people are passive and resistant to organizational needs is because of their experience with organizations. This new view of people promoted by the author is expressed as Theory Y, while the first view he describes as Theory X.

Mr. McGregor supports his argument that the "conventional" Theory X approach of management is inadequate by considering the subject of motivation. He explains that man has certain needs that must be fulfilled. These needs are physiological, safety, social, egoistic and self-fulfillment. He states that man is motivated through the deprivation of these needs. Therefore, as long as management only attends to the physiological and safety needs and ignores the others, the worker will be motivated in the direction of the behavior expected by the Theory X view. The author argues that the "higher" needs must be reasonably fulfilled at work or people will feel deprived and their behavior will reflect it. or without incentives and rewards for higher needs will not exhibit corresponding behavior

There are some alternatives to the author's position. First, the position may not apply to all people or in all situations. There are many types of people and there are many types of skills that people possess. There are also many types of business organizations. These organizations have a range of technological levels and have widely diverse functions. An alternative to Mr. McGregor's position is that people's behavior toward work will depend on what job levels and what job types are being considered. For example, studies by Porter and Lawler[1] and Joan Woodward[2] provide evidence to support the idea that a certain organizational structure is not superior

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[1]L. W. Porter and E. E. Lawler, "The Effects of Tall Versus Flat Organization Structures on Managerial Job Satisfaction", Personnel Psychology, Vol. 17 (Summer 1964), pp. 135-48.

[2]Joan Woodward, Industrial Organization: Theory and Practice, (London: Oxford University Press, 1965).

to others in all cases, and factors such as the type of managerial and non-managerial personnel, the type of work being performed, the size of the organization and the production processes must be given serious consideration. good pt.

Also, many people may not at all be interested in organizational goals except for how the goals can benefit them personally. There may be those who are not interested in assuming responsibility either, and perhaps there are some who are not very bright. So, the position the author takes is too universal, which makes his Theory Y approach, in this respect, as vulnerable as his Theory X. Therefore, future studies by social scientists might be directed toward identifying those situations and among which types or classifications of workers the Theory Y view might be applicable. or you say, some of this has been done

Secondly, let us assume that social scientists have produced ample evidence to prove that man is indeed motivated as the author states, and that man has the potential for development, etc., as presented by the author in his Theory Y. An alternative to this position could be that this "new" approach to the management of people may not be applicable to the business firm. It might apply more to organizations that do not have profit as a goal and productivity as the means of achieving that goal.

Thirdly, the theory that workers by nature are as described in Theory Y may fall short in respect to the organization's goal of productivity. All happy workers may not be productive or interested in increased responsibilities - they may just be happy. Also, their happiness might be short-lived and those fulfilled wants will merely be replaced by unfulfilled wants. for example? An alternative is to view man "as a rational problem solver and decision maker"[3]. People will make decisions on the basis of whether the decision will result in pleasure

[3]John G. Hutchinson, Organizations: Theory and Classical Concepts, (New York: Holt, Rinehart and Winston, 1967) p. 9.

or pain for them. This view goes a step beyond Theory Y in that it allows for perceiving people as a part of a wider environment where they will adapt to other influences. It takes into consideration other factors such as "economics, social and cultural relationships, race and class". The importance of these factors to the worker will be evaluated and a decision will result that will minimize pain and maximize pleasure. This view recognizes that a person has many roles and allows for a decision to be made on the basis of what forces are acting upon him in a given situation and then deciding what is best for him.

broadly defined?

A fourth alternative is that people are primarily motivated through group interactions and do not possess the Theory Y characteristics. This alternative position would indicate that people will react to demands placed on them by the group and if the group demands are consistent with the desires of management all well and good; however, if the group's demands run counter to the desires of management, people within that group will support those counter-management demands. This alternative implies that the group is the means through which management accomplishes its objectives, and whether people inherently dislike their job and will resort to disruptive tactics to avoid work or whether people by nature are work oriented is irrelevant. What is important is the achievement of the objectives of management. And because of the appearance that man is by nature highly motivated socially and will strive for social acceptance, the group becomes the relevant factor. The question could then be raised as to how the group comes to adopt goals consistent with those of management since groups are composed of individuals. An answer to that question is that in every group there is one or more leaders and it is the leader(s) who will influence the group. Therefore, it does not matter what the other individuals feel because their individual feelings will only be a part of the collective feelings that will result in certain actions.

where does the group get its approach or orientation?

// O.K.

Since this alternative indicates that man by nature seeks social fulfillment through groups, the consideration by business organizations should be directed toward groups and group leadership and not toward whether people are or are not by nature in possession of certain work related characteristics. This is supported by researchers in the Hawthorne Studies who concluded that group acceptance was more important in determining individual worker's output than wage and incentive plans.

Some major implications of Mr. McGregor's position for application to work situations are:

1) Employees should participate in decisions that affect the organization; therefore, management should organize so that this input is part of the organization. Through this type of participation the employees are more likely to have a stronger commitment to organizational goals and objectives and will be encouraged to direct their energies toward those goals.

2) The organization should be organized so as to assist employees in meeting their social and ego needs. The business enterprise is a social organization made up of people and things. The people react to and interact with each other and the things. As people interact with each other their social and ego needs are or are not met. If these needs are reasonably satisfied it is expected that behavior will be appropriate for satisfying the needs of the organization. Traditionally, business organizations have concerned themselves with only those things that are related to the physiological and safety needs of employees. More information has resulted in a deeper insight into man's motivations and this information expresses the view that the physiological and social needs are basic, but once they are satisfied other needs become important.

at least at lower organizational levels

3) Goals and objectives should be formulated jointly by management and workers so that workers feel that the organization's objectives are their objectives.

This will tend to prevent the workers from developing goals that run counter to those the organization desires. When designing or re-designing a job, attention should be given to the number of tasks included in that job. The job should be designed so that an employee does not become so specialized but rather has a reasonable number of tasks to perform. If the employee is too specialized with only a few tasks included in the job, the employee can suffer from boredom which can result in low morale, reduced productivity and less overall efficiency.

4) Jobs should be designed so that the worker can assert some creativity and ingenuity. Jobs that do not offer these opportunities usually result in boredom and fatigue. Careful analysis of job assignments can reveal how much latitude there is for the worker to be innovative and imaginitive in accomplishing the tasks of the job.

5) Performance evaluation of employees should be done more "with" the employee rather than "of" the employee. A discussion of objectives set jointly by manager and employee and the evaluation of the achievement of those objectives departs from the traditional Theory X method which places the manager in the role of being "God" or "Judge".

6) The manager needs to delegate more authority to subordinates. This can increase the level of trust as well as raise the confidence of the subordinate. People should be released from the close control by the organization and permitted to make decisions within their area of responsibility. It would be management's responsibility to delegate as much responsibility to subordinates as would be necessary to challenge their creativity and sense of personal development. This in turn draws attention to a needed characteristic of the manager. The manager needs to possess feelings of security about himself and his job before he can feel comfortable about delegating "power" to others.

Good fit → although delegation can also become part of the expected management culture

If managers can bring themselves to delegate more responsibility and authority to subordinates, and allow them a greater degree of freedom to direct their own activities, this can be a big step toward the subordinate's satisfaction of egoistic needs.

7) It is unnecessary to impose a lot of rules and procedures to control the activities of employees. Workers and managers directing themselves toward the same goals under an atmosphere of cooperation should result in a minimum of rules that would be necessary to assure achievement of the goals.

The development of management in America, from pre-industrial revolution period of the "handicraft system" where products were made by hand and man only had to manage himself, to the factory system and the manufacturing of many products where man is forced to manage others as well as himself, has led inevitably to the issue of the full use of man's potentialities. Man always seems to be looking for a better way of life, to make things more comfortable for himself - so he explores. It is no surprise that man is now investigating ways to make life more comfortable for the worker. Human behaviorists have taken to the battlefields of the industrial organization and it is a good thing that they have. It was needed since the beginning of the industrial revolution. As the shift from hand power to machine power took place, many complex technical and human relations problems developed. Human behaviorists began addressing these problems and the author's position on the management of people is one of those contributions.

I feel that Mr. McGregor made a significant contribution to the business operation with his Theory X and Theory Y. As he points out assumptions underlying both X and Y, he strikes at the heart of the problem between management and worker. But it goes even beyond that. It addresses the issue of the "dignity of man". I speak to the issue of man's

attitude toward his fellow man and raises questions about the roles of people and how those roles affect people. Mr. McGregor opens up the whole question of people's rights as human beings and particularly the rights of workers. Does the worker have the right to feel worthwhile on the job? This is probably stretching the intent of the author but when questions are raised about the behavior of people in power in a business setting, those questions are also raised (maybe unconsciously) about power relationships in other settings. Consequently, Mr. McGregor and other behaviorists have raised questions also in the human rights areas of race, age, sex and religion.

The basic position of the author, of which I am in full agreement, addresses the idea of the need for managers to perceive workers differently. Mr. McGregor feels that assumptions under Theory Y provides the manager with the basis for unlocking human potential that presently is unrecognized. I agree completely with this. When the human seed is planted it has potential to become such a beautiful flower. But if it is planted in poor soil or if it does not receive water and sunshine, it will either die or develop slowly or develop abnormalities. While this may be kind of romantic, I believe this. And I think that Mr. McGregor is saying the same thing as he calls for more "adequate" assumptions of workers by managers. He is calling for assumptions that recognize that the worker by nature possesses the potential to become highly productive if he receives the rain, the sunshine and other care. These are the environmental factors that the social scientists call job enlargement, decentralization and delegation, participation and consultative management, performance appraisal, etc. - in general, needs satisfaction.

One thing that the author does not address in his position, however, is that while seeds have the potential to become beautiful flowers, as mentioned above, if the proper care is not received, if the proper environ-

ment is not there, the seed will be affected adversely and proper growth will not result. The same is true of the worker. Mr. McGregor does not speak to the fact that workers bring to their jobs, as the result of poor environmental conditions (family, school, people, etc.) a wide range of growth abnormalities (not in the physical sense). His position that all workers have grown into beautiful flowers is unrealistic. While he recognizes these shortcoming in his book, The Human Side of Enterprise, the position taken in this paper does not address this issue. His Theory Y assumptions about employees do not apply to all people at their stage of development. Some people at this stage are bitter, angry, manic-depressive, lazy, devious, insecure and antisocial. Some are also very happy. In either case the assumptions may not apply. Therefore, a more realistic view of people as workers would be more appropriate. This is especially true today. Society is much more complicated than it was when the industrial revolution began. Not only has technology advanced but laws in effect today have resulted in bringing into the business organization people of all backgrounds, or flowers who grew under different environmental factors. These people consist of the disenfranchised, the poor, the angry, the wealthy, the uneducated, and the educated. Surely, the complexity of this assortment of people cannot be covered under one blanket of assumptions that the author lists under Theory Y. However, the author's position introduces the idea that there is something screwy about the use of human resources in the busines organization and rightfully raises questions about the return of investment of dollars in employees.

/ interesting yet.

Very good and differentiated outside – a little short on critical evaluation of McGregor.
Your points on page 9 about diversity of employees – including, for example, the bitter and angry – is cogent. It would be good sometime to read your notions about effective managerial strategy under these conditions. A-

REFERENCES

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3. Harold Koontz and Cyril O'Donnel, Management: A Book of Readings. New York: McGraw Hill, Inc., 1976.