

ADMINISTRATIVE THINKER

MPA SEMESTER II

PAPER NAME : ADMINISTRATIVE THOUGHTS

UNIT II

TOPIC COVERED : Douglas M. McGregor

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Douglas McGregor (1906 – 1964)

Introduction:

American Social Psychologist and Management Consultant

Bachelor Degree in Psychology 1932

Master Degree in Psychology 1933

Ph.D in Psychology 1937

Notable work:

1. The human side of the enterprise, 1960
2. The professional Manager, 1967
3. Leadership and Motivation, 1969

Influential Concepts:

1. Theory X and Theory Y
2. Management education from cosmology to reality
3. Transactional Influence



Theory 'X' and Theory 'Y'

McGregor's contention that 'successful management depends significantly upon the ability to predict and control human behavior' and says that 'our ability along these lines today is spotty'. Since every 'managerial act depends on assumptions, generalizations, and hypotheses – i.e. on theory, theory and practice are inseparable'. He identifies three reasons as significant as to why the traditional principles (principles of classical organization) have failed:

- (1) the principles are derived from the study of models (notably the military and the Church – as Max Weber does in elucidating the characteristics of bureaucracy);
- (2) classical principles 'suffer' from "ethnocentrism" (in ignoring the significance of the political, social and economic milieu in shaping organizations and influencing managerial practice); and
- (3) underlying assumptions about human behavior, which are only partially true.

Thus, McGregor argues the need for "new theory, changed assumptions, more understanding of the nature of human behavior in organizational settings".

The basic assumptions about Human Behaviour under 'Theory-X' and 'Theory-Y'

| Theory 'X' | Theory 'Y' |
|--|--|
| Dislikes work and attempts to avoid it. | Work can be as natural as play and rest. |
| Has no ambition, wants no responsibility, and would rather follow than lead. | People will be self-directed to meet their work objectives if they are committed to them. |
| Is self-centered and therefore does not care about organizational goals. | People will be committed to their objectives if rewards are in place that address higher needs such as self-fulfillment. |
| Resists change. | Under these conditions, people will seek responsibility. |
| Is gullible and not particularly intelligent. | Most people can handle responsibility because creativity and ingenuity are common in the population. |

Theory X

Theory X assumes that people work only for money and security. The managerial approaches under Theory X vary from hard to soft. The hard approach relies on coercion, implicit threats, close supervision, and tight controls, essentially an environment of command and control. The soft approach is to be permissive and seek harmony with the hope that in return employees will cooperate when asked to do so. However, neither of these extremes is optimal. The hard approach results in hostility, purposely low-output, and hard-line union demands. The soft approach results in ever-increasing requests for more rewards in exchange for ever-decreasing work output. In short, Theory X is a carrot and stick approach to management.

Theory X

Based on Maslow's hierarchy of needs, McGregor says that under theory X the firm relies on money and benefits to satisfy employees' lower needs, and once these needs are satisfied the source of motivation is lost. Theory X management styles in fact hinder the satisfaction of higher-level needs. Consequently, the only way the employees can attempt to satisfy their higher level needs in their work is by seeking more compensation, so it is quite predictable that they will focus on monetary rewards. While money may not be the most effective way to self-fulfillment, in Theory X environment it may be the only way. Under Theory X, people use work to satisfy their lower needs, and seek to satisfy their higher needs in their leisure time. But it is in satisfying their higher needs that employees can be most productive.

McGregor argues that a command and control environment is ineffective because it relies on lower needs as levers of motivation, but in modern society those needs already are satisfied and thus no longer are motivators. In this situation, one would expect employees to dislike their work, avoid responsibility, have no interest in organizational goals, resist change, etc., thus making Theory X a self-fulfilling prophecy.

Theory Y

Under 'Theory Y' there is an opportunity to align personal goals with organizational goals by using the employee's own quest for fulfillment as the motivating factor. McGregor insists that Theory Y management **does not imply a soft approach**.

Theory Y enables the enterprise to do many things that helps motivate its employees:

1. The enterprise may decentralize control and reduce the number of levels of management. A superior may have more number of subordinates and consequently will be forced to delegate some responsibility and decision making to them.
2. The scope of an employee's job can be increased to add variety and opportunities to satisfy ego needs of the employee.
3. Employees can be involved in the decision making process.
4. Performance appraisal of the employees through self-evaluation techniques can be initiated.

If properly implemented, such an environment would result in a high level of motivation as employees work to satisfy their higher level personal needs through their jobs.

Theory Y

McGregor's preference for Theory Y was because he believed that man is in dependent relationship (from worker to Vice-president), more so in an enterprise, and therefore will look to "security needs." (Maslow)

However, once the dependent relationship is secured his social needs become important motivators through which he fulfills other needs like recognition from his peer group, love and respect etc. He says that management had wrongly assumed that they (man's aspiration to fulfill social needs) are a threat to the enterprise, though they are not. But when management tries to prevent the fulfillment of social needs through control and repression, the employees may go against the objectives of the enterprise. Thus, McGregor's Theory Y is not only a framework for motivating employees, but also a guideline for the management as to what they are expected to do towards their employees. He expects a management that is responsible and responsive to the needs of the employee. Taylor also talks of the change that has to be brought about in the managers (mental revolution) for increased productivity under scientific management.

Theory Y

McGregor attributes the failure of the new ideas to the fact that management may have “bought the idea” but applied it within the framework of Theory X and its assumptions. He says that “only the management that has confidence in human capacities and is itself directed towards organizational objectives rather than toward the preservation of personal power can grasp the implications of this emerging theory”. The classical theory assumed that human behavior, influenced by economic need and security, was consistent and predictable. McGregor’s argument against this assumption is that the only consistent and predictable factor in human behavior is its inconsistency and unpredictability, thus paving way for a variety of human responses to fulfill higher needs and goals.

Theory Y

The role of the professional manager in motivating employees attracts the attention of McGregor. He says “most professionals – lawyers, doctors, architects, engineers – simply rely on the authority of knowledge” and “their relationships with clients represent an extreme form of authoritarianism”. They do not realize that “the clients can ignore their advice or even terminate the relationship”. True professional help, to McGregor, “is not in playing God with the client, but in placing professional’s knowledge and skill at the client’s disposal.” McGregor’s professional manager is one who helps the client in making use of the knowledge and skill that is made available at his (client’s) disposal. He considers this as an important form of social influence, not understood by many.

Theory Y

It is on this vital aspect McGregor stands apart from other 'Human Relations' thinkers. Theory Y is not prescriptive but indicative of the possibilities of human behavior at work places, an understanding of which can help organizations. The manager is not to direct, influence, control and be authoritative, but to share his professional expertise and skill, and help (them) achieve personal and organizational goals. How such a professional manager can be developed is what McGregor discusses in the third part of his work. "Leadership", according to him, "is not a property of the individual, but a complex relationship among the variables". The variables include the characteristics of

- (a) the leader,
- (b) the followers,
- (c) the organization – structure, purpose and the nature of tasks to be performed
- (d) the social, economic and political milieu. The task of management, therefore, is "to provide a heterogeneous supply of human resources from which individuals can be selected to fill a variety of specific but unpredictable needs."

'AN EVALUATION OF THEORY X' AND 'THEORY Y'

McGregor's 'X' and 'Y' theories are based on diametrically opposed assumptions of human nature. The latter theory holds that man is positive with potentiality to development. This has implications for management. McGregor observes that if employees are lazy, indifferent, unwilling to take responsibility, stubborn, noncreative and non cooperative, the cause lies with management's methods of control. Theories 'X' and 'Y' should not be taken as neat categories of human relationships. They are only analytical tools through which behaviour can be analysed, practiced or corrected. After McGregor, many scholars have gone beyond 'Theory Y' in analysing the human nature and its implications to organisation. This, however does not reduce the importance of McGregor's contribution

REFERENCES

1. Mc Gregor, Douglas - The Human Side of Enterprize.
2. Manoj Dixit; et. Al - Public Administration
3. Maheshwari, S.R. - Administrative Thinkers
4. Prasad & Prasad - Administrative Thinkers