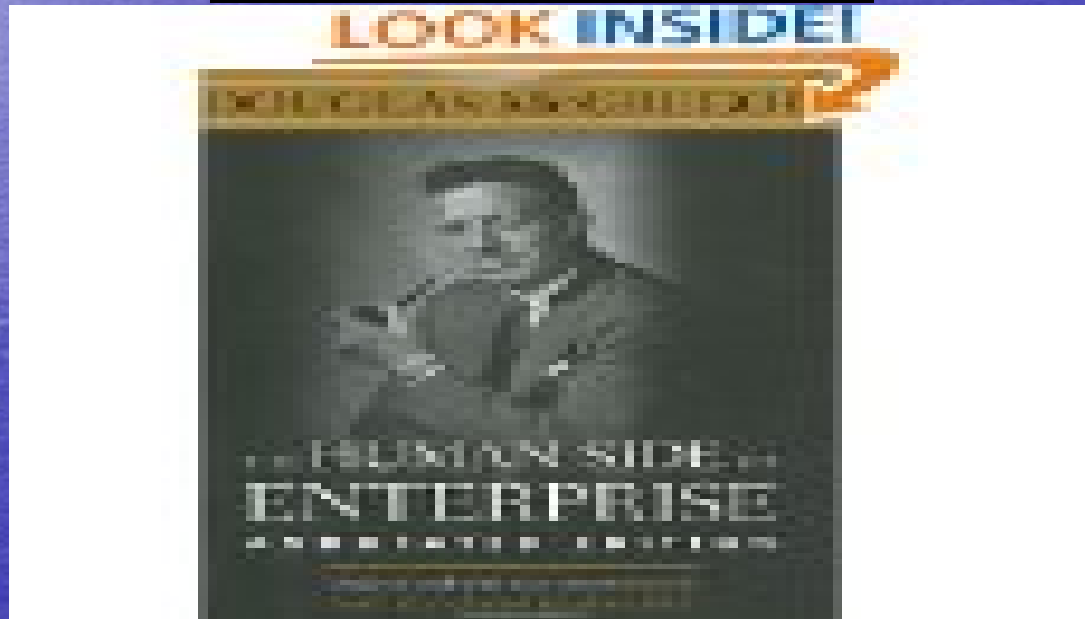


THE HUMAN SIDE OF ENTERPRISE



Douglass Murray McGregor

John Karahalís
EDU. 5419 Dr. K Taylor. Dunlop

Douglas Murray McGregor

- 1960) *Psychology* Proposed by the American academic Douglas Murray McGregor (1906–64).
- The basic assumptions of theory x are that the typical person has a rational aversion to work and because of this will only work when ordered, threatened or coerced. The average person is therefore indolent, irresponsible, unambitious and inclined to value security above everything else. Theory y proposes that work is as rational as rest or play, and only the conditions make it aversive. Given the appropriate conditions, individuals demonstrate self-direction and control; therefore it should be the goal of an organization to offer the opportunity to achieve this.

D McGregor, *The Human Side of Enterprise* (New York, 1960)

"Most teams aren't teams at all but merely collections of individual relationships with the boss. Each individual vying with the others for power, prestige and position."

"TRUST: I know that you will not -- deliberately or accidentally, consciously or unconsciously -- take unfair advantage of me. I can put my situation at the moment, my status and self-esteem in this group, our relationship, my job, my career, even my life, in your hands with complete confidence."

Douglas Murray McGregor

MANAGEMENT'S TASK: THE CONVENTIONAL VIEW

Three Propositions (Theory X)

1. Management is responsible for organizing the elements of productive enterprise, (I.e.) money, materials equipment and people.
2. People must be directed, motivated and controlled to fit the needs of the organization.
3. To avoid passivity people must be persuaded, rewarded, punished and controlled.

ADDITIONAL BELIEFS

- 4. The average man is by nature lazy
- 5. He lacks ambition, dislikes responsibility, prefers to be led
- 6. He is self-centered, and indifferent to organizational needs
- 7. He is resistant to change
- 8. He is gullible and not very bright

ERRORS OF THE CONVENTIONAL APPROACH

- Based on the mistaken notion of what is cause and what is effect
- The issue of motivation is not considered

MOTIVATIONAL NEEDS

- Physiological- Survival needs, however *A satisfied need is not a motivator of behavior* (I.e.) air, water, food
- Safety- The need for protection against danger, threat and deprivation.
- Social – belonging, acceptance by others, friendship and love
- Ego- Self-esteem, self-confidence, status, recognition for appreciation
- Self-Fulfillment- Realizing one's potential

MANAGEMENT AND MOTIVATION

- Despite providing for Physiological and Safety needs, motivation becomes one of Social and Ego needs.
- If opportunities are not available to satisfy these needs the defiance will be reflected in employees behavior

THE CARROT AND STICK APPROACH

- Controlling employees by providing for only the Physiological and safety needs.
- Philosophy of direction and control are ineffective as they are insignificant motivators of behavior
- The result is employees that are inactive, passive, lack responsibility and are resistant to change.

A NEW THEORY OF MANAGEMENT

Theory Y

1. Management is responsible for organizing the elements of productive enterprise, (I.e.) money, materials equipment and people.
2. People are not passive or resistant to organizational needs.
3. Motivation and the potential for development and assuming responsibility is present in all people.
4. Managements task is to arrange conditions and empower people in achieving their own goals

MANAGEMENT BY OBJECTIVES INSTEAD OF *MANAGEMENT BY CONTROL*

PETER DRUCKER

Industrial Citizenship (an unrealistic idea)

- Theory X-Relies on external control
- Theory Y-Relies on self-control and self-direction
- Treating people as mature adults rather than children

INNOVATED IDEAS

- Decentralization and Delegation – Giving employees a degree of freedom to direct their own activities.
- Job Enlargement - Encouraging responsibility at all levels of the organization, from the bottom upward.

- Participation and Consultative Management- Encourage employees to direct their creative energies_and give them some voice in decisions that affect them.
- Performance Appraisal- Having employee setting goals or targets for themselves thereby taking a greater responsibility in evaluating his own contributions

"Only the management that has confidence in human capacities and is itself directed toward organizational objectives rather than toward the preservation of personal power can grasp the implications of this emerging theory".

Douglas Murray McGregor