

The Hawthorne Group Studies Revisited: A Defense  
of Theory Y

Edgar H. Schein

Sloan School of Management, M.I.T.

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EDGAR H. SCHEIN

## 1. INTRODUCTION

This paper is motivated by two basic concerns: 1) a concern on the part of the Western Electric Company that some of the findings of the Hawthorne studies, particularly those dealing with worker group behavior, have not had a major impact on industrial relations or organizational psychology: 2) a concern on my part that the group behavior of workers has often been misinterpreted to be evidence against McGregor's Theory Y.

To be specific, a number of authors have attempted to argue that because workers are often alienated from work and/or are often fundamentally in conflict with the organization that employs them it is not possible to apply participative theories in many kinds of situations, and by implication therefore, Theory Y is inadequate or wrong. It is alleged that union or other group membership limits the degree of participation possible and makes workers unresponsive to certain kinds of management incentives. The smart manager is advised to learn something about inter-group conflict resolution, collective bargaining, and other power/political strategies if he is to solve his productivity problems.

In this paper I will attempt to re-examine these various arguments, and will attempt to show that not only is Theory Y valid and sufficient for what it tries to do, but that most of the evidence from worker group behavior is, in fact, in support of Theory Y. The key to this argument will be to show 1) Theory Y is a theory of human motivation, not a theory of how to manage or run an organization; 2) Theory Y does not argue that human needs and organizational goals are always congruent and

integratable, but that such integration is possible if management chooses to make it possible; 3) Theory Y does not imply participative management or any other kind of management -- it is only a statement about what people are fundamentally like, and what kind of organizational behavior they are capable of, if the conditions within the organization are appropriate and 4) Most of the research on group behavior, including the research on reference groups, union-management conflict, and conflict resolution supports the Theory Y assumptions about human behavior.

Further, I will argue that where management practices have failed to elicit a high degree of motivation and involvement from workers, it was because of inconsistencies and conflicts within the managerial practices themselves, not because of the resistance of workers or the interests of unions. If management wants to reduce union-management conflict, increase productivity and worker involvement, and elicit high levels of commitment from workers, it is often within their power to do so, but not without major cultural changes within the philosophies which govern most organizations and which put a higher premium on values other than productivity and worker involvement.

I would like to re-iterate what McGregor said many years ago, that when workers fail to exhibit behavior consistent with Theory Y assumptions at their place of work, it is likely that they have been trained by past management practices, organizational traditions, and control systems to seek their involvement elsewhere, possibly in their peer groups and/or unions, possibly in their family and/or leisure time activities. But this does not constitute evidence for anything other than the fact that management has not been willing to pay the price to unlock worker motivation,

or possibly has not found it necessary to do so because adequate levels of productivity and quality could be obtained without high levels of worker commitment.

Why is it so important to justify Theory Y? My basic belief, based on now 15 or more years of working with all kinds of organizations, is that we need more Theory Y managers at all levels of organizations, but especially at the higher levels. As organizations and technology become more complex in response to more turbulent environments, it becomes more and more important for managers to hold the set of assumptions about human behavior which McGregor attempted to capture in his Theory Y notion. In saying this, I do not mean that we need more of any given type of managerial style or system. I am not arguing for participative management, or delegation, or power equalization. I am arguing for the capacity on the part of the manager to view human behavior objectively and realistically, and to adapt the right managerial tactics according to the dictates of the task he is facing. As I will try to show, Theory Y gives him this flexibility because it gives him an accurate appraisal of human behavior. Theory X is a distortion which limits the freedom of choice of the manager because of the limiting assumptions it makes. I see no inconsistency between contingency theories of organization and Theory Y because Theory Y as originally conceived is a contingency theory.

## 2. What Did the Hawthorne Group Studies Show?

Let us begin by some review of the now classic Bank-Wiring room studies which led, in a sense, to the "discovery" that worker peer groups and cliques influenced in a substantial manner the productivity

level, the quality level, the relationship to supervision, and the implementation (or lack of thereof) of company policies (Roethlisberger and Dickson, 1939, Homans, 1950). To summarize briefly, let me list some of what I consider to be the major significant findings from the Bank-Wiring room study:

1) The workers in the room developed a group structure around the nature of their work, the geography of the work-place, and their personalities. This group structure operated not only on the formal level but began to influence in various ways the formal routine of the group. For example, workers traded jobs which was a specific violation of company policy based on industrial engineering studies which argued that given job requirements were matched with worker skill levels such that job trading should have reduced quality. The workers undermined or sabotaged these standards by putting pressure on the supervisors in the form of subtly making him look bad by building difficult to find flaws into the equipment unless he cooperated with the job trading practices.

2) The workers undermined or sabotaged the management control system by developing their own norms of "a fair day's work for a fair day's pay", and by creating a system of sending work out of the room which made it appear as if the group had the desired "straight line output" but which, in fact, resulted from storing up extra product from days when workers felt energetic and feeding that into the system on days when they had underproduced. This artificial creation of a straight line output was condoned by supervision, and the obvious restriction of output which was involved in the concept of a fair day's work was also tolerated by management. Indeed, it is alleged in the study that management was, on the whole, satisfied with the productivity of the work group

even though it was clearly below their physiological or fatigue limit.

3) Workers did not respond logically to management's incentive system. Indeed, the productivity of individual workers had more to do with group membership and the internal conflicts which developed between two cliques within the room, than it had to do with individual motivation, talent, or managerial incentives. Workers spent a lot of time pressuring each other to live within the production norms of the group, and the only high producers in the group were socially ostracised. Workers spent a great deal of energy and creativity on essentially non-productive activities, and in fact, spent energy on defeating some of the goals and policies of management.

These kinds of findings were the first of their kind, but they have been reproduced and documented frequently in other studies of employee behavior. Particularly, the studies of William F. Whyte (1955) and Chris Argyris (1957) have documented the degree to which energy is channeled by workers into anti-management, non-productive kinds of activities, and Dalton's classic study of management worker inter-relations (1959) shows how the informal relations among members of the organization are actually necessary for tasks to be accomplished. Data such as these as well as studies of union-management conflict (Stagner, 1956), have been cited as evidence that Theory Y is an erroneous concept of worker motivation, and that there is little hope of integrating worker needs with organizational goals. But before we leap to that conclusion, let us re-examine what Theory Y actually says.

### 3. What Does Theory Y State?

Theory Y states, in essence, that man is capable of integrating his own needs and goals with those of the organization; that he is not inherently lazy and indolent; that he is by nature capable of exercising self-control and self-direction, and that he is capable of directing his efforts towards organizational goals. It is what McGregor called a "cosmology", a world view, a set of assumptions about what human nature is really like which is carried by a person inside his head. Every one of us has our theory of what motivates people, what makes them tick, what is their human nature. The actual behavior which we exhibit toward people tends to be a reflection of those deep-down inner assumptions which we make. What McGregor was seeking was an articulation of a set of assumptions which most nearly fitted what we know about adult human behavior, in the same sense in which Argyris articulated in his early writings the characteristics of a mature adult (Argyris, 1957).

Let me reiterate, Theory Y is a set of assumptions about human nature which a given person holds, consciously or unconsciously inside his own head. It is not a managerial philosophy; it is not a management style; it is not a property of an organization or a management system; it is not a set of external managerial behaviors or strategies or tactics. It is the inner set of assumptions from which each of us derive some of our overt behavior.

To put it in McGregor's own words:

"Theory X and Theory Y are not managerial strategies: They are underlying beliefs about the nature of man that influence managers to adopt one strategy rather than another. In fact, depending upon other characteristics of the manager's view of reality and upon the particular situation in which he finds himself, a manager who holds the beliefs that I called Theory X could adopt a considerable array of strategies, some of which

would be typically called "hard", and some which would be called "soft".  
The same is true with respect to Theory Y." (1967, p. 79).

McGregor goes on to say that he would not change the major assumptions stated above, but that insofar as Theory X and Theory Y are cosmologies which are properties of an individual person, it is possible to discover among managers other sets of assumptions about human behavior. What McGregor argued, however, was the Theory Y was the set of assumptions most consistent with what we know about human behavior. I am, in turn, arguing that this position is still correct. If one wants to identify that set of assumptions which best fits what we know about human behavior, Theory Y is the most nearly correct. Furthermore, McGregor did not feel that he had created Theory X and Theory Y but that he was describing the cosmology of effective and ineffective managers whom he encountered in his consulting. He pointed out over and over again in his teaching that Theory Y was a description of how effective managers viewed human behavior.

When I attempt to get this point across in a classroom I find myself relying on a simple tactic. I give the students two questionnaires to fill out. One questionnaire is a set of assumptions about human nature, derived from McGregor's writing. The respondent is asked to indicate how much he agrees with statements such as:

- 1) It is only human nature for people to do as little work as they can get away with.
- 2) When people avoid work, it is usually because work has been deprived of its meaning.
- 3) People tend to raise their standards if they are accountable for their own behavior and for correcting their own mistakes.

Next I give the students a second questionnaire which deals with

their own managerial behavior -- how participative they are, how much they delegate, how much they attempt to elicit from subordinates a degree of self-control, etc. We then score each questionnaire separately so that each student now has two different scores to look at for himself. One score is his Theory X-Theory Y score, his statements about his agreement or disagreement with certain assumptions about human behavior; the second score is his tendency to use participative types of managerial strategies and tactics. What immediately becomes apparent to the students is that the correspondence between the two sets of scores is far from perfect. In fact, they tend to correlate at about the .6 level, suggesting that if one believes in Theory Y assumptions, one tends also to believe in participation, but that there is no necessary or automatic connection between the two sets of concepts.

We then explore managerial situations where Theory Y managers may want to use autocratic methods or tight control systems because 1) the task demands it, or 2) there are time pressures, or 3) the subordinates have lived for so long in an organization climate where they expect autocratic methods that they would not know how to respond constructively to participative methods, etc. We also explore the idea that the Theory Y manager diagnoses carefully the organizational situation he finds himself in, including the culture and climate of the organization, its past history of management practice, the nature of this work force, the kind of technology it has, the degree of unionization and its labor relations history. The Theory Y manager may be predisposed toward involving people, but there is nothing in the theory that dictates that he must do so, nor is there any implication in the theory that participative methods will work under all circumstances.

Why has there been so much confusion about this point? I believe that McGregor himself muddied the conceptual waters when he linked to his analysis of managerial cosmologies a value position that it was management's obligation to create opportunities for self-actualization. This point comes out most clearly if we quote McGregor's original statement from his paper "The Human Side of Enterprise." (1957, p. 15):

1. Management is responsible for organizing the elements of productive enterprise - money, materials, equipment, people - in the interest of economic ends.
2. People are not by nature passive or resistant to organizational needs. They have become so as a result of experience in organizations.
3. The motivation, the potential for development, the capacity for assuming responsibility, the readiness to direct behavior toward organizational goals are all present in people. Management does not put them there. It is a responsibility of management to make it possible for people to recognize and develop these human characteristics for themselves.
4. The essential task of management is to arrange organizational conditions and methods of operation so that people can achieve their own goals best by directing their own efforts toward organizational objectives.

In point 1, McGregor clearly links management to the economic goals of organizations. Point 2 is the essential statement of human nature that is claimed here as being a correct statement in terms of whatever data are available. Point 3 mixes an assumption about human nature, with which I agree, with a value position which is articulated in the last sentence of point 3, with which I do not agree. Point 4 is clearly a value position which should be argued as a separate issue and should be clearly differentiated from the assumptions about human nature.

The evidence from industrial relations research is clearly in contradiction to a simple adoption of point 4 as a viable philosophy of management. As Landsberger (1958), Strauss (1970), Mills (1970) and others argue very effectively, it is often neither possible nor desirable

for management to attempt to create conditions for the integration of individual and organizational objectives. Given McGregor's own philosophy and utopian vision of what organizations could be, it is easy to see why he added the value position to the theoretical position. But the fact that he confused the issue should not blind us to the fact that he was probably much more right about his scientific position (that it is possible for people to achieve their own goals best through directing their efforts toward organizational objectives) than he was about his value position (that it is management's task to make this integration possible across a wide variety of technologies and organizational situations). Other variables such as those argued by organizational sociologists, industrial relationists, and economists must be seriously considered before one develops any particular managerial philosophy, strategy, and tactics, whether participative or not.

My own value position which I have tried to articulate in Organizational Psychology (1970) is that the manager must be a good situational diagnostician and be flexible in his behavior. He must be logical and think rationally. If he is to perceive clearly what his behavioral options are, he must also see clearly the relationship between his assumptions about human nature and those behavioral options. If he holds Theory X assumptions, he is not being logical or responsive to data, and will, therefore, be limited in his choices of managerial style. If he holds Theory Y assumptions, he is more likely to examine the full range of alternatives available to him and choose wisely among them, taking into account the technological, economic, and group realities which face him. Clearly one of his options, the one favored by Argyris (1964), Likert (1967) Herzberg (1966), Marrow

et al. (1967), and others associated with participative methods and job enrichment, is to try to arrange conditions to make it possible for his employees to meet their needs best by linking themselves to organizational goals. If he chooses that option, having made a thorough diagnosis of the factors which will aid and hinder such integration, he must also face the problem of setting into motion a major change effort which will build the support systems necessary to make that option work\*. All too often the manager expects instant success and, if he does not get it, assumes that his basic theory of people was wrong, rather than questioning his own strategy and tactics of implementation.

For example, many companies have launched programs of management by objectives or performance appraisal systems based on mutual target setting between boss and subordinate only to find after a few years that the paper-work was dutifully being carried out but organizational effectiveness had not increased. The problem in most such cases is that a management system which requires Theory Y managers is put into an organization which has too many Theory X managers and too many autocratic or paternalistic traditions. Such systems can only work if one starts with Theory Y managers and changes the organization's traditions.

Given these consideration, I think one can favor the selection and/or training of Theory Y managers, without in any way committing oneself to a participative, or power equalization, or human relations philosophy of management. I believe that organizations need Theory Y managers, especially as the environmental pressures on organizations

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\*Such change efforts have come to be labelled "Organization Development" and have been described in a number of recent publications (Beckhard, 1969; Bennis, 1969; French & Bell, 1973; Schein, 1969, etc.)

become more complex. It is then up to those managers to decide what kind of management strategy will work best in their situation. The social scientist should support their efforts by continuing to give them data about what happens under varying conditions, but I would certainly argue against any prescription (in the name of Theory Y or any other theory) of the participative or job enrichment or self-actualization through work kind of philosophy. Here I would align myself squarely with the industrial relationists in arguing for contingency theories and caution in generalizing across task, industries, etc.

4. Do the Bank-Wiring Room Studies and Subsequent Research Refute Theory Y?

Now we come to a crucial logical point. If workers behave in a demonstrably anti-organizational, anti-managerial manner as they did in the Bank-Wiring Room, or as they do in a highly unionized conflict-ridden industry like the automobile industry, does this mean that Theory Y assumptions are incorrect? If workers feel more linked to external reference groups in the community, or if they are alienated from their work, or if they put family concerns ahead of work concerns, does this constitute negative evidence for Theory Y? Clearly, my answer is No. Such data do constitute negative evidence for participative management, but they do not constitute negative evidence for Theory Y, because in all of the situations described above, workers are energetic and involved but usually in anti-management activities. It is not inconsistent with Theory Y when workers expend effort to resist, sabotage, undermine, or take advantage of management efforts if those workers feel linked to anti-organizational peer groups, external reference groups, or are alienated from the work itself because of technological or economic factors.

To put it positively, workers who are expending great quantities of energy defeating management's control systems, or workers who are sluffing off on their job while expending great energy on their hobbies at home, or workers who are busy becoming leaders in their militant union, are all behaving consistently with Theory Y\*. But the organization or group which has captured their involvement happens to be different from the employing organization.

5. Conclusions: What Should Management Be and Do?

1) A summary model. The arguments laid out above can best be summarized with the aid of Figure 1. My basic argument is that we must learn to separate conceptually, the manager's assumptions about human nature, whether he is basically Theory X or Theory Y, from his action tendencies or style, and his actual managerial behavior.

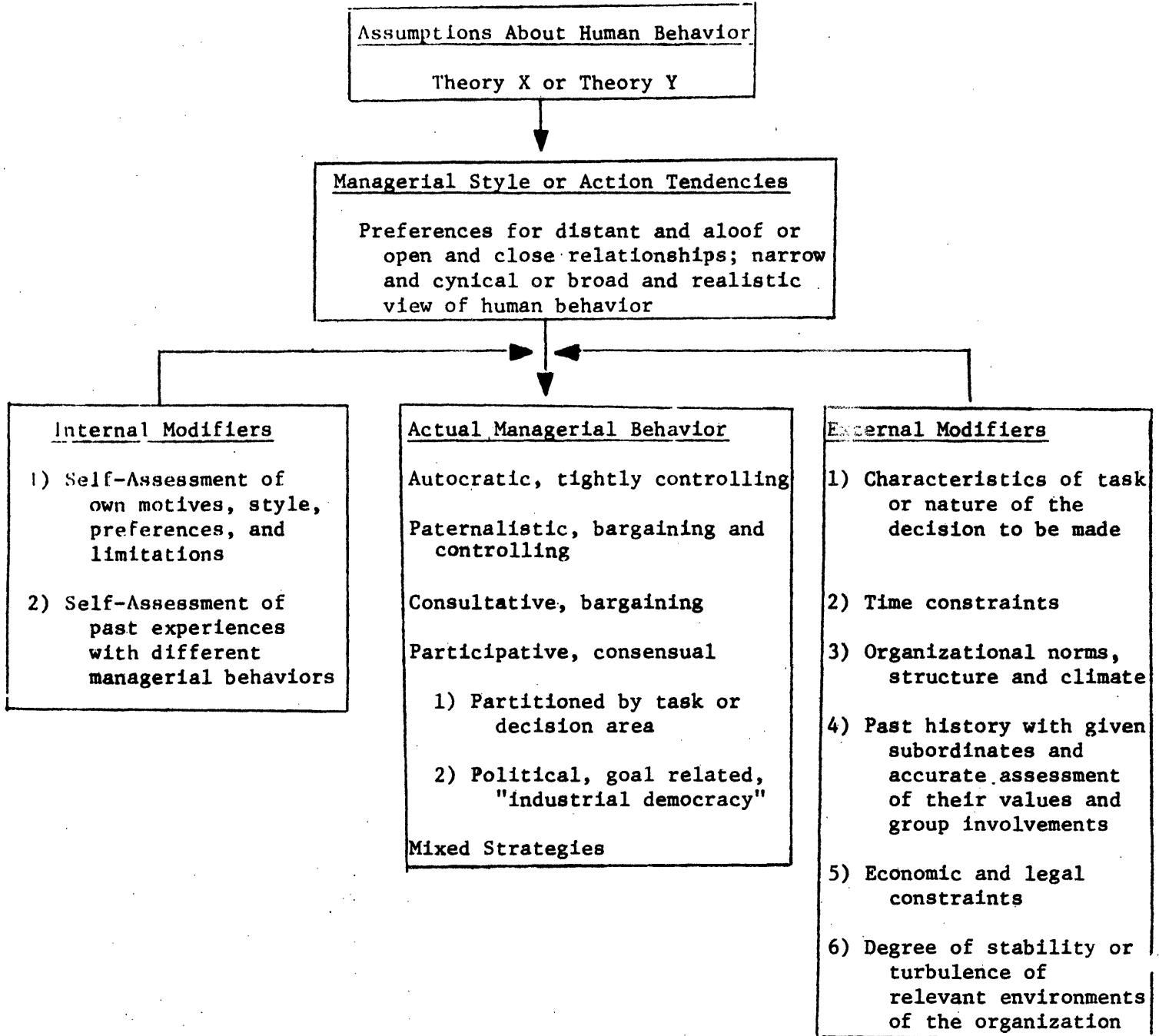
I believe that a Theory X manager will have action tendencies to control and limit employee behavior in terms of control systems, industrial engineering standards, and his own stereotypes of what is good and bad management. I believe he will be conceptually limited, inflexible, and therefore, have a predisposition to develop autocratic or paternalistic solutions to management problems.

In contrast, I believe that a Theory Y manager, by virtue of his more realistic appraisal of human nature, will have action tendencies toward involving employees as much as the task and total situation warrants. He will be more diagnostic in his orientation, more realistic in his appraisal of task, time pressures, organization climate, type of

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\*There are, of course, immature, neurotic or psychotic individuals in the work force who are genuinely unmotivated and indifferent across all areas of their life to self-direction and self-actualization. Such people do exist, but they are, by most psychological theories considered to be immature or neurotic, hardly models on which to build any theory of healthy human behavior.

HOW THEORY Y RELATES TO MANAGERIAL STYLE AND BEHAVIOR\*



Basic conclusion: The Theory Y manager is more likely to make an accurate internal and external diagnosis and consequently choose a behavior pattern that is appropriate to the realities of the situation.

subordinates he is dealing with, the reference groups and membership groups which are operating, the legal and economic constraints in the situation, and his own personal limitations. He will, of necessity, consider a broader range of leadership or managerial behaviors, and will behave in a consultative and/or participative manner only when the situation and task warrants such behavior. He will also diagnose the various decision or task areas he is responsible for and will probably vary his behavior according to the diagnosis along some dimension of participation (Tannenbaum & Schmidt, 1958).

Having elaborated the difference between the Theory X manager and the Theory Y manager, I would like to restate my major conclusion:

As organizational task and environments become more complex and require more diagnosis and flexible action, organizations will need more Theory Y managers, especially at the higher levels.

In effect, I am saying that the Contingency Theory of organizations (e.g. Morse & Lorsch, 1970, Galbraith, 1973) is correct but that it takes a Theory Y manager to implement it. The Theory X manager is too limited in his diagnostic skill and too inflexible to vary his style according to the needs of the task, etc. If we apply this conclusion back to the Hawthorne group studies, I would argue that to manage groups in such a way as to insure maximum productivity for the organization and maximum security or safety from exploitation for the workers, it is necessary to have Theory Y managers. Employees would indeed be exploited by the Theory X manager because of his beliefs that the employees are out to exploit the organization. It takes a Theory Y manager who realizes that employee behavior is a product of past organizational history, outside groups such as unions, occupational traditions, etc. to develop

bargaining strategies which will be integrative rather than exploitative.

Will a Theory Y person automatically be a good manager? One might assume from much of the above argument that holding Theory Y assumptions about people will make one a good manager, while Theory X assumptions about people will make one a bad manager. I am not asserting that conclusion. I am asserting that the Theory Y person will have greater potential for being a good manager, especially at higher and more complex managerial jobs, but he must have the relevant training and experience for this potential to become actual. The other side of the coin is that the Theory X person who receives excellent management training can probably be effective in many kinds of managerial situations but his potential will be limited by the inflexibility of his style. But let us be very clear that both types of people need training and experience in being a manager before they can become effective at any level. As we will see, however, certain kinds of developmental training such as training in group dynamics and the management of complex, matrix situations will be more successful with the Theory Y person because the concepts are more congruent with his initial assumptions.

A related question is whether it is possible for a Theory X person to become a Theory Y person. My answer is "Yes" but only through fairly significant growth or development experiences over a period of time. Initial assumptions about human behavior are probably learned fairly early in life and are taken for granted by the individual. Only when he encounters some strong disconfirming experiences will he begin to question his initial assumptions and begin to reassess the nature of the reality around him. Such initial disconfirmation happens often in

sensitivity training where a person learns that his fellow participants can be trusted more than he had assumed. Once such a person begins to re-examine his work relationship and cautiously experiments with higher levels of trust, he finds confirmation for a new point of view and moves gradually toward more of a Theory Y orientation. But such growth experiences are neither easy nor automatic. All I am willing to assert on the basis of my own experience is that such growth is possible.

2) Some Concrete Applications. In order to illustrate the above conclusions, let us examine how a Theory Y manager would deal with certain situations especially those which are alleged to show that Theory Y is not valid. For example, Mills (1970) points out that when several units of a company or several companies are dealing with a single national union that is attempting to apply a coordinated strategy, the employees of a given plant or company may be asked to continue a strike even though the local labor-management relations at that plant might not warrant it. There is little that the management of that plant can then do to improve relations, since the employees are constrained by their dual loyalties to the company as well as the union. In this situation, I believe that a Theory X manager would probably become angry, feel that the continued strike was proof of his cynical view of human nature, and set about to increase management controls in order to weaken the union. The Theory Y manager, facing the same situation, would understand the dilemma of double loyalty and his employees' decision to strike. He would understand that they had, in effect, no choice, would not become angry or cynical, but would set about to work out a realistic plan with his own employees which would minimize the long-range negative impact of the strike on his own plant. He would reassure

his employees that he understood their position and would put his energies into dealing with the national union (the outside group) rather than trying to undermine or weaken his own employees' union commitments.

Mills also argues:

The view that true employee participation can occur only in the union context stems from the belief that only where a labor organization exists is an employee able to participate without fear of reprisal from management...Only freedom from arbitrary dismissal or other denial of privileges can make the employee at all independent... An employee, protected by a set of rules and due process, is believed to be a free man in the industrial framework." (Mills, 1970, p. 5)

The employee is indeed unsafe from a Theory X manager because of the manager's cynical view of the employee's motivation\*. A Theory Y manager would recognize that employees need due process and would strengthen those parts of the contract which provided the necessary safeguards and protection. He would set about to build up trust levels which would make it possible for employees to participate in those decisions areas where they have a genuine input and stake in the decision.

Plant managers who are strongly Theory Y in their personal beliefs and who want to stimulate a climate of greater trust have been able to do so over a period of time even with strong and initially cynical unions. The result is not that the union goes away or is weakened, but that the time needed to reach an agreement through collective bargaining is dramatically shortened. Once there is a degree of mutual trust, the

\*The data from the Bank-Wiring Room are a perfect example of what happens when mutual mistrust arises between workers and managers. Management creates a set of rules and controls to minimize the negative impact of what is presumed to be the worker's tendency to be lazy (Theory X). The worker responds by defeating the rules and controls of management as a self-protective device because he mistrusts management -- the workers believed that if they produced more, the piece work rate would be cut, even though none of them had any first hand experience of such cuts in the past.

union is still there but the dealings with the union take on more of a problem solving character instead of hostile bargaining between enemies. Once the problem solving climate has been established, it is possible for the union and management to look for integrative solutions. In this kind of context, the Theory Y manager seeks to strengthen the union since he recognizes the need for it, and welcomes the problem solving process which collective bargaining makes possible. Once the employee learns that both management and his union are attempting to do what is best for everyone concerned, there is less need for the kind of self-protection which the workers in the Bank-Wiring Room exhibited. Is this utopian? Possibly, but I know of enough examples from my own consulting experience to know that one can think of improving the industrial relations climate markedly, if one finds Theory Y managers to run plants and to negotiate with workers.

Mills' assumption that the worker: "...is likely to limit his 'participation' to what he thinks his supervisor would like to hear" (Mills 1970, p. 6) is probably correct in the kind of climate which is typically established by Theory X managers but it is not inherent in the labor-management context. I would agree with Mills that: "In general, the process of participative management is more difficult and complex than as been recognized." (Mills, 1970, p. 6), partly because of the danger that management, in its efforts to reward participation will give in too much on issues of efficiency. But there is nothing in Theory Y that says one has to give in. Rather, the Theory Y manager would assert that a worker is capable of understanding and accepting the economic constraints which operate in a business and which force management to

seek a high degree of efficiency and effectiveness. But the manager must not only have the faith that the worker can understand and accept such constraints, he must also make the effort to think it through clearly and communicate his logic clearly to the worker. All too often, the manager is not clear in his own mind why he will not go along with a particular union demand, or will not make the effort to explain to the union why the company cannot afford a particular benefits package or pay raises. Part of the reason may be that management has not seen fit to educate the workers in the economic realities of their particular company, partly because they operate too much on Theory X assumptions. The Theory Y manager would lay the groundwork by educating workers in the economics of the industry, and would find it easier to argue against unrealistic demands from unions, because the criteria of what is realistic would be jointly shared between labor and management.

Participative management can be a fraud and fraught with dangers for the workers, as Mills points out, but only when participation is practiced by Theory X managers who are looking for a way to defraud their workers. The Theory Y manager would not undertake a participative program in the first place unless he could see overall gains for both the company and the workers. So it does little good to argue about the merits or demerits of participation per se. What I am arguing is that whether or not it works and whether or not it is safe for the worker to participate has much more to do with the nature of the industry and the task, and has much more to do with the manager's assumptions about human nature -- whether he is a Theory X or Theory Y kind of manager.

What if a company is operating in an industrial relations climate

where strong trade unions consistently undermine productivity by limiting what the employee can work on? If such a company has Theory Y managers at its top levels, it can set out to change the total climate by working with the trade unions at a national level. One large industrial conglomerate which decided that its total survival depended upon changing its basic relationship with its unions, nation-wide, launched a 20 year change program which involved simultaneous programs at the national level aimed at changing relations with the national offices of the union, massive efforts to find more Theory Y managers for the major plants, large scale change programs to examine the pro's and con's of more participation at the shop floor level on a plant by plant basis, education programs for all levels of plant management, a new incentive scheme more consistent with the changing goals of the company, trial sites and research evaluations of pilot aspects of the program and many other separate activities. Clearly if a company decides it is important enough, there is much that it can do to overcome an unfavorable industrial relations climate.

If such programs fail, it is often because the task workers are asked to perform is technologically meaningless an/or frustrating, leading to alienation and the organization of defensive counter-organizational groups. Giving workers a "sense" of participation in inherently meaningless work would only be thought of by a Theory X manager.

The Theory Y manager, in that type of situation, would not use participative methods because he would recognize that in the long run workers would become angry over phony participation and would then group together against him. Instead, he would acknowledge that the situation was inherently non-involving and would undertake to assess the costs and

benefits of a change in the technology. If the economic realities preclude changing the technology (as may be the case in the auto industry), the Theory Y manager would "level" with his employees and would accept their demands for higher pay or fringe benefits to compensate them for the inherently meaningless work. He would consult them around how to make the plant more human, but he would acknowledge frankly the economic facts which would make a change in the task technology impossible. The Theory X manager sometimes falls into the trap of wanting his cake and eating it too. He wants worker motivation without creating a task which permits involvement. Asking workers to participate in tasks which do not permit involvement is simply self-defeating, and the Theory X manager is more likely to fall into this trap because of his lack of diagnostic skill and lack of action flexibility.

Theory Y and Group Dynamics. Many critics of the human relations movement, participative management, and by implication Theory Y, argue that inter-group conflict within the organization (e.g. union-management conflict, inter-departmental conflict, etc.) are not only inevitable but can be a productive force both for employees and management. Out of the inherently different interests of different groups can come new ideas and new solutions to problems.

Strauss put it this way:

"There is general agreement that, on occasion, conflict can be very useful to organizations both as a means of bringing issues to top management's attention which might otherwise be ignored and as a form of competition within the firm which serves as a substitute for that of the market place. The trick is how to handle such conflict so that it remains productive. (1970, p. 179)

Strauss goes on to review the work of Landsberger, Whyte, Sayles, Walton,

Lawrence and Lorsch, all of whom deal with lateral conflicts as an inevitable aspect of organization, and as something which can be made productive for the organization.

The main problem with the analysis is that it fails to distinguish task or work related conflict (which implies highly involved employees competing to implement their view of what is best for the total organization) from inter-group or inter-individual conflict based on personal power needs, representing the interest of outside groups or needs for self-protection from higher levels of management.

A Theory Y manager is prepared to deal with task related conflict and to seek integrative solutions provided the organization is prepared to adjust work flows, organization structure, etc. to permit the solution to be implemented. The Theory X manager assumes that conflict is always motivated politically and selfishly, and therefore seeks to bargain his way out of it rather than even considering integrative solutions. In other words, the tactics of conflict resolution used by the manager will be related to their assumptions about people, as Blake has shown in analysing the conflict resolution styles of his different "grid" types (Blake and Mouton, 1964). The production oriented, 9,1, manager tends to suppress conflict or simply decide one way or the other. The abdicating 1,1 or compromising 5,5 manager tends to try to compromise by mutual bargaining or to avoid recognizing it in the first place. The 1,9 manager gives in to worker pressure. Only the 9,9 manager, the one who would, in McGregor's terminology, be a Theory Y person, attempts to find integrative solutions because he believes that each party to the conflict is acting in good faith. Blake's ability to adapt Sherif's inter-group conflict resolution model into successful strategies around labor-management

issues, inter-functional issues, inter-divisional issues, and merger/acquisition issues testified to the correctness of those assumptions (Blake and Mouton, 1964, Sherif 1956). But it takes a skilled Theory Y manager to implement the Blake conflict resolution model.

All of the above points imply a degree of diagnostic skill in handling groups and handling conflict situation. I have argued that the Theory Y manager is more likely to be able to learn these skills than the Theory X manager. It has been my observation that most managers, whether X or Y, lack group dynamics skill to a significant degree.\* This lack of skill shows up in mismanaged staff meetings, underproductive committees, conflict ridden task-forces and project teams, and mismanaged inter-group relations. Clearly, having Theory Y assumptions does not make one an expert in handling group situations, but one needs Theory Y assumptions in order to believe in groups in the first place (Schein, 1970). The Theory Y manager is more likely to recognize that groups are a fact of life to be dealt with and managed. As the examples above have tried to show, he will accept the reality of dual loyalties in his employees and will accept the realities of inter-functional or inter-divisional conflict within his organization. He will analyze the costs and benefits of such conflict and then will need group skills to either manage the conflict productively or to create a reward system which reduces the conflict in the first place. He will recognize that conflict is not inevitable, but the result of how groups and individuals are managed. He will know when conflict is productive (in task areas)

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\*An increasing amount of my consultation work with managers and management teams is focusing on the management of meetings, groups, teams, task-forces, etc., teaching line managers how to be better "process consultants" (Schein, 1969).

and when it is destructive (in inter-personal areas)\*.

We have enough examples such as the Scanlon Plan, wartime economies, Alfred Marrow's two companies, some of the plants in Proctor and Gamble and General Foods, recent experiments within Western Electric, the team production experiences in the aircraft industry and, more recently in Volvo, to know that it is possible for groups to work with and for the organization that employs them. But it takes Theory Y managers to use them productively, and it takes tasks and organizational conditions that make such group involvement possible and productive. Let us, once and for all recognize that Contingency Theories, and Industrial Relations theories are consistent with and complementary to Theory Y, and put behind us the conceptual confusion which has muddied this field for so long.

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\*Theory X managers who learn group dynamics skills often come across as stilted and phoney, manipulative and eventually lose their support of their group.

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