

Douglas McGregor, the eminent social psychologist, divides management style into two contrasting theories –

Theory X

Theory Y

Theory X and Theory Y

Theory X

This theory believes that employees are naturally unmotivated and dislike working, and this encourages an authoritarian style of management. According to this theory, management must firmly intervene to get things done.

- ★ This style of management concludes that workers-Disfavor working
- ★ Abstain responsibility and the need to be directed.
- ★ Need to be controlled, forced, and warned to deliver what's needed.
- ★ Demand to be supervised at each and every step, with controls put in place.
- ★ Require to be attracted to produce results, else they have no ambition or incentive to work.

McGregor observed that X-type workers are in fact mostly in minority, and yet in mass organizations, such as large scale production environment, X Theory management may be needed and can be unavoidable.

Theory Y

This theory explains a participative style of management, that is, distributive in nature. It concludes that employees are happy to work, are self-motivated and creative, and enjoy working with greater responsibility. It estimates that workers -

- ★ Take responsibility willingly and are encouraged to fulfill the goals they are given.
- ★ Explore and accept responsibility and do not need much guidance.
- ★ Assume work as a natural part of life and solve work issues imaginatively.
- ★ In Y-type organizations, people at lower levels are engaged in decision making and have more responsibility.

Comparing Theory X & Theory Y

Let us now compare both the theories –

Motivation : Theory X considers that people dislike work, they want to avoid it and do not take responsibilities willingly. While, Theory Y considers that people are self-motivated, and sportingly take responsibilities.

Management Style and Control: In Theory X-type organization, management is authoritarian, and centralized control is maintained. While in Theory Y-type organization, the management style is participative, employees are involved decision making, but the power retains to implement decisions.

Work Organization : Theory X employees are specialized and the same work cycle continues. In Theory Y, the work tends to be coordinated around wider areas of skill or knowledge. Employees are also motivated to develop expertise, and make suggestions and improvements.

Rewards and Appraisals : Theory X-type organizations work on a 'carrot and stick' basis, and performance assessment is part of the overall mechanism of control and compensation. Coming to Theory Y-type organizations, appraisal is also regular and crucial, but is usually a separate mechanism from organizational controls. Theory Y-type organizations provide employees frequent opportunities for promotion.

Application : Admitting the fact that Theory X management style is widely accepted as inferior to others, it has its place in large scale production procedure and unskilled production-line work. Many of the principles of Theory Y are widely accepted by different types of organization that value and motivate active participation.

Theory Y-style management is appropriate for knowledge work and licensed services. Licensed service organizations naturally develop Theory Y-type practices by the nature of their work, even high structure knowledge framework, like call center operations, benefit from its principles to motivate knowledge sharing and continuous improvement.