

TITLE: "HOW DO WE MANAGE?"

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Since 1971: *"Software for the finest computer - the Mind"*

"Management is more of a benevolent dictatorship as opposed to a democracy."
- Bryce's Law

INTRODUCTION

I evidently hit a nerve in a few of my recent bulletins, specifically:

#46 - *The Death of Management* - October 17, 2005
<http://www.phmainstreet.com/mba/ss051017.pdf>

#47 - *Parenting Management* - October 24, 2005
<http://www.phmainstreet.com/mba/ss051024.pdf>

#48 - *The First Thing We Do, Let's Kill all the Bean Counters* - October 31, 2005
<http://www.phmainstreet.com/mba/ss051031.pdf>

I want to thank those of you who inundated my e-mail queue and responded to my blog with your comments and observations regarding these articles. From your remarks, it sounds like there is little management being applied in the area of Information Technology or in the corporate world in general. I jokingly refer to the absence of management in the workplace as Theory Zero (0), but perhaps it is time to revisit the three accepted theories of management and see what is actually being used.

THE THREE THEORIES OF MANAGEMENT

Before we begin, let us not forget that all of our actions are based on human perceptions, whether they be real or fallacious. Consequently, the three theories of management are based on perceptions, e.g., how we perceive the character of our workers. If we believe people will act or react to certain situations in a specific way, we will use this in our management philosophy, be it brute force, carrot-and-stick, or permitting freewill. From this basis, let's consider how the three theories apply:

THEORY X ("Dictatorial Management") - This is derived from "Scientific Management," a concept best illustrated by the time-and-motion studies of a late nineteenth century industrial engineer named Frederick W. Taylor. Taylor observed the workers under his supervision at the Midvale Steel Company in Philadelphia brought their own shovels to work regardless of what size coal lumps they would have to shovel. He suggested to management that the company furnish shovels corresponding to the size and weight of the individual load, thus increasing the total amount of coal each worker could shovel in a day. Efficiency and production, the Theory X cornerstone, led to the assembly line and industrial production.

The philosophy of Theory X management style is based on the view of human nature as:

1. People have a natural aversion to work.
2. People need to be coerced, controlled, and threatened with punishment to get them to put forth adequate effort toward the achievement of company goals.
3. The average person prefers to be directed, wishes to avoid responsibility, has little ambition, and wants security most.

Theorists now ask how much of this behavior described is inherent human nature and how much is behavior learned from bosses who manage with those assumptions. Perhaps the assumptions become self-validating: workers who are always treated by an authoritarian management as though they were lazy, tend to behave that way.

THEORY Y ("Participatory Management") - Most observers agree that the Theory Y management philosophy was derived from a series of experiments in the 1930's at the Western Electric Hawthorne Works in Chicago. Employees had been divided into two groups: a "test" group that worked under changing lighting conditions and a "control" group that worked under constant lighting. When the test group's light conditions improved, their productivity increased, as expected. But what mystified researchers was a similar jump in productivity when illumination worsened. To compound the mystery, the control group's output rose when the test group's did. It was concluded that both groups felt management was giving them special attention and so responded with improved performance. This discovery of human relations management was called Theory Y.

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Theory Y's assumptions represent a much more positive assessment of human behavior and gave rise to the thousands of mentoring and management training programs in the 1960's and 70's, the purposes of which were to help managers change their assumptions of human nature from a Theory X to a Theory Y outlook. The basic premises of Theory Y include:

1. The expenditure of physical and mental effort in work is as natural as play or rest.
2. External control and threat of punishment are not the only means for bringing about effort toward corporate goals. People will exercise self-direction and self-control to achieve goals they find important.
3. Commitment to objectives is in proportion to the rewards associated with their achievement.
4. The average human being learns under proper conditions not only to accept but to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in solving work problems is widely, not narrowly, present in the population.
6. Under the conditions of modern industrial life, the brain power of the average human is only partially utilized.

THEORY Z ("Group Involvement") - Theory Z was introduced in 1981 by UCLA Professor Dr. William Ouchi in his book of the same name. It is based on Ouchi's observations of Japanese management practices of the time. Basically, Theory Z promotes employee participation in decision-making, thereby increasing their motivation and productivity. This management style emphasizes long range planning, consensus decision making, and neutral worker-employee loyalty.

Ouchi concludes that Japanese managers got more out of their employees than U.S. managers because the whole structure of Japanese society encourages mutual trust and cooperation. This management philosophy is based on the following assumptions:

1. Long term, even life time, employment is expected by both managers and employees.
2. Employees need freedom and opportunity to "grow."
3. Decisions should be group decisions involving

workers and managers.

4. Subordinates are whole people at work (in contrast to being thought of as titles or units of production).
5. Management has a broad concern for subordinate welfare.
6. Open communication, both vertically and horizontally, is the norm.
7. There is complete trust among groups and individuals because they all have the same goals - the good of the organization.
8. Cooperation, not competition, is the basis for relationships within the company.

We have been conducting business in Japan since 1976 and have personally seen Theory Z in action. For example, when we sold our "PRIDE" Methodologies in Japan, we would have to make several sales presentations to a single company in order for all of the affected parties to reach a consensus as to whether this was the correct course of action for the company to pursue. After several months of deliberations, we would finally get a contract. Contrast this to American companies where we would make a single sales presentation to top management and close on the sale within a few days or weeks. However, to the credit of the Japanese, because everyone approved of the purchase, they all made an effort to successfully install and use it; if they failed, they would "lose face." Western managers, on the other hand, would shove the product down people's throats (a la Theory X), thereby the methodologies were viewed as the will of a single person and not the company overall. Consequently, when the manager left the company, "PRIDE" followed shortly behind.

WHICH IS BETTER?

Most managers favor Theory X, others Theory Y. A few are likely to become Theory Z managers. Most, however, use some combination of the three. There is no "right" style of management because the appropriate style depends on the kind of people you employ and the kind of business you run.

But what is the current trend? During the second half of the 20th century there was a definite movement from Theory X to Theory Y. But now it appears the pendulum is swinging back to Theory X. As mentioned in my "Bean counter" article, mentoring and employee training

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programs (a cornerstone of Theory Y) is being phased out as a means of cutting costs. Further, under the "Parenting Management" scenario, younger employees need considerably more supervision and direction, which lends itself to a Theory X philosophy.

Even Theory Z in Japan is showing signs of erosion. Although the Japanese economy ran well in the 1980's, it has slowed considerably over the last fifteen years, causing the Japanese to rethink how they compete and conduct business in a fast-paced world economy. Japanese managers realize they no longer have the luxury of waiting months to make a group decision and although they still wish to be loyal to the workforce, they realize certain sacrifices are inevitable. Further, thanks to Hollywood and the Internet, younger Japanese workers no longer share the same values as their predecessors. Frankly, they have picked up a lot of bad work habits from their Western counterparts. Concepts such as lifetime employment, corporate loyalty, and hard work is slowly evaporating from the Japanese business culture.

BACK TO PERCEPTIONS

How we elect to manage others or how we elect to be managed is based on our perceptions. For example, if we believe a person to be lazy, we will apply a Theory X style of management. But if we believe people are responsible, take initiative, and are successful, then Theories Y and Z are used.

As I mentioned in "Parenting Management," a generation gap has emerged between management and the latest generation of workers. Management perceives today's young workers as immature, disorganized, undisciplined, and shirk responsibility. Whether this is true or not is immaterial. It is perceptions that count. Because of this, it should come as no small wonder that Theory X management practices are on the rise again.

For those younger workers who are as frustrated with management as management is with you, the only advice I can offer is that you make a concerted effort to improve your interpersonal relations/communications skills. If you have garnered anything from this article, it is that appearances are extremely important. Your physical appearance, forms of speech and conduct all play a significant role in how you are perceived by management. Are you someone who is bright but doesn't know how to apply your skills, or do you have a proven track record for performance? In other words, it is time to grow up. As President Calvin Coolidge observed years ago:

"Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan 'Press On' has solved and always will solve the problems of the human race."

CONCLUSION

Management is more of a benevolent dictatorship as opposed to a democracy. It operates according to its own whims. If management wants to be tyrannical, it will. If it wants to allow group participation, it will. And if it elects to do nothing, it will. But understand this, management's style is based on what the manager believes is good for the company and how they perceive their workers. Sometimes the actions of management will seem strange and without justification. But there may be some very rational reasons for acting as such, perhaps for strategic or tactical purposes. There is little the worker can do in this regards aside from mutiny, which is rarely the proper decision. To overcome this problem, it behooves management to promote loyalty and faith in judgment.

Management is about human relations, not numbers. If a manager stands by a worker in the face of adversity, in all likelihood he will be building a good employee for the company's future. In return, the employee should pledge allegiance to the manager. Years ago, I remember Les Matthies, the legendary "Dean of Systems," taught me that a man should always be loyal to his manager while he is in his employment. If the worker doesn't like the manager, he should either curb his tongue or get out. Only after the worker has left, should he talk trash about his manager and even then he should think twice about doing so.

Bottom-line, the manager's style of management is based on his perceptions of his workers, right or wrong. If the worker believes he is not being treated fairly perhaps it is time to reexamine his relationship with the manager. And that reexamination begins at the mirror. Do you perform enough work to just get by or do you strive to achieve? Do you prefer to be told what to do or are you self-motivated? Do you dress appropriately? What about your form of speech and mannerisms? Habits? Remember, we as human-beings act on our perceptions. Want to know where you are going in the company? Ask yourself, *"How am I perceived?"*

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For additional information on Theories X, Y, and Z, see:

<http://www.businessballs.com/mcgregor.htm>

END

"PRIDE" Special Subject Bulletins can be found at:

<http://www.phmainstreet.com/mba/mbass.htm>

They are also available through the "PRIDE Methodologies for IRM Discussion Group" at:

<http://groups.yahoo.com/group/mbapride/>

You are welcome to join this group if you are so inclined.

The "Management Visions" Internet audio broadcast is available at:

<http://www.phmainstreet.com/mba/mv.htm>

Also, be sure to read Tim's Blog at:

<http://blogs.ittoolbox.com/pm/irm/>

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