

24.6: Reading- Douglas McGregor's Theory X and Theory Y

Douglas McGregor's Theory X and Theory Y

In his 1960 management book, *The Human Side of Enterprise*, Douglas McGregor made his mark on the history of organizational management and motivational psychology when he proposed the two theories by which managers perceive employee motivation. He referred to these opposing motivational methods as Theory X and Theory Y management. Each assumes that the manager's role is to organize resources, including people, to best benefit the company. However, beyond this commonality, they're quite dissimilar.

Theory X Management

According to McGregor, Theory X leadership assumes the following:

- Work is inherently distasteful to most people, and they will attempt to avoid work whenever possible.
- Most people are not ambitious, have little desire for responsibility, and prefer to be directed.
- Most people have little aptitude for creativity in solving organizational problems.
- Motivation occurs only at the physiological and security levels of Maslow's Needs Hierarchy.
- Most people are self-centered. As a result, they must be closely controlled and often coerced to achieve organizational objectives
- Most people resist change.
- Most people are gullible and unintelligent.

Essentially, Theory X assumes that the primary source of most employee motivation is monetary, with security as a strong second.

The Hard Approach and Soft Approach

Under Theory X, management approaches to motivation range from a hard approach to a soft approach.

The hard approach to motivation relies on coercion, implicit threats, micromanagement, and tight controls— essentially an environment of command and control. The soft approach, however, is to be permissive and seek harmony in the hopes that, in return, employees will cooperate when asked. However, neither of these extremes is optimal. The hard approach results in hostility, purposely low output, and extreme union demands. The soft approach results in increasing desire for greater reward in exchange for diminishing work output.

It would appear that the optimal approach to human resource management would lie somewhere between these extremes. However, McGregor asserts that neither approach is appropriate since the foundations of Theory X are incorrect.

The Problem with X Theory

Drawing on Maslow's Hierarchy of Needs, McGregor argues that a need, once satisfied, no longer motivates. The company relies on monetary rewards and benefits to satisfy employees' lower level needs. Once those needs have been satisfied, the motivation is gone. This management style, in fact, hinders the satisfaction of higher-level needs. Consequently, the only way that employees can attempt to satisfy higher level needs at work is to seek 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, it may be the only way available. People will use work to satisfy their lower needs and seek to satisfy their higher needs during their leisure time. Unfortunately, employees can be most productive when their work goals align with their higher level needs.

McGregor makes the point that a command-and-control environment is not effective because it relies on lower needs for motivation, but in modern society those needs are mostly satisfied and thus no longer motivate. In this situation, one would expect employees to dislike their work, avoid responsibility, have no interest in organizational goals, resist change, etc., thus creating a self-fulfilling prophecy. To McGregor, motivation seemed more likely with the Theory Y model.

Theory Y

The higher-level needs of esteem and self-actualization are continuing needs in that they are never completely satisfied. As such, it is these higher-level needs through which employees can best be motivated.

In strong contrast to Theory X, Theory Y leadership makes the following general assumptions:

- Work can be as natural as play if the conditions are favorable.

- People will be self-directed and creative to meet their work and organizational objectives if they are committed to them.
- People will be committed to their quality and productivity objectives if rewards are in place that address higher needs such as self-fulfillment.
- The capacity for creativity spreads throughout organizations.
- Most people can handle responsibility because creativity and ingenuity are common in the population.
- Under these conditions, people will seek responsibility.

Under these assumptions, there is an opportunity to align personal goals with organizational goals by using the employee's own need for fulfillment as the motivator. McGregor stressed that Theory Y management does not imply a soft approach.

McGregor recognized that some people may not have reached the level of maturity assumed by Theory Y and therefore may need tighter controls that can be relaxed as the employee develops.

XY Theory Management Application: Business Implications for Workforce Motivation

If Theory Y holds true, an organization can apply these principles of scientific management to improve employee motivation:

- **Decentralization and Delegation**—If firms decentralize control and reduce the number of levels of management, managers will have more subordinates and consequently will be forced to delegate some responsibility and decision making to them.
- **Job Enlargement**—Broadening the scope of an employee's job adds variety and opportunities to satisfy ego needs.
- **Participative Management**—Consulting employees in the decision making process taps their creative capacity and provides them with some control over their work environment.
- **Performance Appraisals**—Having the employee set objectives and participate in the process of evaluating how well they were met ensures that the employee understands the goals of the company and works to support them.

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

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in this section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

<https://assessments.lumenlearning.com/assessments/207>

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