

BLOCK 2

BEHAVIOURAL, SYSTEMS AND SOCIO-PSYCHOLOGICAL PERSPECTIVES

UNIT 5 HUMAN RELATIONS APPROACH*

Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Early Experiments of Mayo
- 5.3 Human Relations Studies
- 5.4 Significance of Hawthorne Studies
- 5.5 An Appraisal of Human Relations Approach
- 5.6 Conclusion
- 5.7 Glossary
- 5.8 References
- 5.9 Answers to Check Your Progress Exercises

5.0 OBJECTIVES

After reading this Unit, you should be able to:

- Discuss the nature of open and closed systems;
- Describe the experiments conducted by Elton Mayo;
- Bring out the significance of Hawthorne studies; and
- Analyse the achievements and failings of Human Relations Approach.

5.1 INTRODUCTION

The term *Organisation*— be it government, private, non-governmental, community-based, has different connotations. Its definition varies according to the context and perspective. Chester I. Barnard defines organisation as “a system of consciously coordinated personal activities or forces of two or more persons”. An organisation is basically a structure with people working across various levels. Its framework varies depending on the form, the type of interactions the organisation has with the people, and basis of division of functions. Based on these parameters, the theorists have developed models, which are categorised as closed and open.

The closed model of organisation also termed as bureaucratic, hierarchical and formal is said to exist in a routine and stable environment. A closed model is represented by the tenets of scientific management. It has certain distinct features:

- This model of organisation is based on the principle of hierarchy.
- Specialisation of tasks – based on division of labour is the core of the closed model of organisation.

- Vertical interactions between people in the organisation, which are directed towards securing obedience and command.
- Emphasis is on means employed rather than on ends.

An open model of organisation is characterised by:

- A cooperative system with interactions between different parts and also with external environment.
- It focuses on the variables such as sentiments, emotions, informal norms etc.
- Emphasis is on specialised knowledge contributing to common tasks in the organisation.
- Interaction between people in the organisation across horizontal as well as vertical levels.
- Importance assigned to ends or goals rather than means.

The Classical Theory of organisation prescribed a set of pre-determined principles for organisations functioning in a hierarchical structure and in a logical and systematic manner. The main emphasis of the classical theorists has been on the structure and formal organisation. But during the 1920s, the years of Great Depression, importance began to be given to social factors at work and the behaviour of employees within an organisation.

Human Relations Theory, an outcome of the Human Relations Movement, refers to studies made to understand / analyse the effects of social relations, motivation and employee satisfaction on industrial productivity. Human Relations Approach focuses on the human aspects of the organisation, emotions, feelings, personal motivation and informal norms.

This is in contrast to the Classical Theory that laid emphasis on the structural aspects of the organisation. It brings to fore the fact that physiological or mechanical variables at work place do not contribute to increased productivity. Understanding the human psyche is very essential, which has been highlighted by the Human Relations Approach. It considered that the primacy of the organisation is to be attributed to natural human groupings, communication and leadership.

5.2 EARLY EXPERIMENTS OF MAYO

The early research conducted by Elton Mayo in 1923 in a Textile Mill near Philadelphia came to be known as the *First Enquiry*. In this, Mayo attempted to study the impact of fatigue and working conditions on production levels. He conducted work at a spinning department of a Textile Mill. This Mill provided all the facilities to the workers and yet the Mule Spinning Department of the Mill had an acute problem of labour turnover to the tune of nearly 250 per cent. Despite several incentives provided to the workers in this Department, the turnover assumed huge proportions. The financial incentives also did not provide any respite or solution to the problem.

On the basis of the study conducted, Mayo came to the conclusion that physical fatigue was the key demotivating factor for the workers that had contributed to the decrease in the industrial productivity. He experimented with giving *two* rest periods of ten minutes each, twice a day – in the morning and evening to each team of workers. This had a remarkable impact on the workers. This rest period scheme

found favour with the workers and led to gradual decline in the labour turnover, increase in production and improvement in morale. Another measure, that Mayo suggested related to the workers' earning the bonus. Under this scheme, those workers producing more than a certain percentage were to be given bonus in proportion to the extra production. Elton Mayo attempted to establish a link between the worker turnover and the emotional response of workers to the work performance. More than the monotony involved in doing the tasks, he believed that repetitive work done under conditions of isolation leads to abnormal preoccupations.

The turning point in the development of Human Relations Approach came with the well-known experiments conducted at the Hawthorne Plant of the Western Electric Company near Chicago in USA between 1924 and 1932. The Hawthorne Plant had nearly 29,000 employees and it manufactured telephones, cables and transmission equipment. The studies were funded by the National Research Council of the National Academy of Science at the behest of the General Electric Company Works, the largest manufacturer of electric bulbs in the United States. The major objective was to establish the relationship between work-place lighting and individual efficiency.

5.3 HUMAN RELATIONS STUDIES

During the period of two and a half years from 1924-27, a series of illumination level studies were conducted by the industrial engineers of Western Electric Company Works in Cicero, Illinois. Let us read about them now:

Great Illumination

In the first experiment, the experiments were conducted by the researchers on three different departments. Irrespective of increasing or decreasing levels of illumination, there had been increase in productivity. The illumination levels did not impact the productivity. In another study, *two* groups were formed – control and experimental. The control group continued to work with constant illumination – the level and the type with which the groups started working in the department. The experimental group was subjected to series of increasing light levels. Both the groups showed increased productivity, despite variations in illumination levels, provided to the two groups.

The researchers experimented with decreased lighting on the same groups. The control group received stable illumination, while the other experimental group got decreasing levels of illumination. Yet, both the groups steadily increased production, but finally when the experimental group got very low illumination, they protested and production decreased. The illumination experiments were gradually abandoned by the researchers and other incentives in the form of increased wage payments, rest periods, duration of working hours and so on were introduced. These also increased the production.

Later, these privileges were also withdrawn and the initial conditions were restored. This led to fall in production levels initially, but later increased to higher levels and this surprised the research team. No conclusive relationship could be established between illumination levels, incentive schemes and productivity levels. The research team concluded that increase in productivity could have been due to interest shown by the research team in the workers or retention of incentive wage plan. Mayo and his team based on the observations, further delved into a series of other experiments, investigating the factors of worker productivity.

Relay Assembly Experiments

These experiments were conducted to examine the impact of other variables on productivity. Two women were chosen as best subjects and they were asked to choose four other workers to join the test group. The two groups worked in separate rooms over a period of five years (1927-32) assembling telephone relays. It involved putting together a number of small telephone parts. The output was measured mechanically through counting the number of finished relays. They were later moved to the experiment room and there they interacted with a supervisor, who discussed changes with them and at times also put their suggestions into practice. The researchers measured the impact of different variables such as payments, breaks, refreshments, and shortening the work duration on the group and individual productivity. In general, it was observed that changing a variable increased productivity.

The researchers formed the conclusion that there were certain significant factors impacting the productivity. This included, extra attention given to the worker, having a sympathetic supervisor, and apparent interest shown towards superiors by the management. These were the main reasons contributing to higher productivity. These six individuals constituted a team and the team's participation in the experiment was wholehearted and they were working without coercion from above or limitations from below. In fact, regular medical check ups indicated no signs of cumulative fatigue and labour turnover declined by 80 per cent. Another significant observation was the innovativeness exhibited by each girl in putting the component parts of telephone relays together as they experimented with varied techniques to deal with work related monotony.

The experimental group developed a sense of responsibility and the discipline came from within the group itself. The outcome resulting from the experiment is referred to as the Hawthorne effect. It established a link between supervision, morale and productivity. The researchers hypothesised that choosing one's co-workers, working as a group, being treated as special and having a sympathetic supervisor were the actual reasons for increase in the productivity. It was interpreted that the six individuals became a team and the team gave itself wholeheartedly and spontaneously to cooperate in the experiment.

Interviewing Programme (1928-31)

Interviewing was another significant phase of the Hawthorne experiments. This was done with the basic objective of studying the human attitudes and sentiments, and their relationship to the productivity. The illumination experiment and relay assembly test room studies conducted brought to fore the form of supervision as a contributory factor to the worker's level of production. In order to gauge workers' feelings towards general working conditions and supervisors, a large interviewing programme was undertaken, wherein nearly 20,000 workers were interviewed. Initially, the workers were asked a specific set of questions by the interviewers. But this method did not yield many results as the workers' responses to the questions were vague and subjective and considered irrelevant. It was perceived that the workers intended to discuss issues other than mere supervision and working conditions. Hence, the style of interviewing was modified to a non-directive and open ended form with no set list of questions and workers were given the freedom to discuss about any aspect of their work. The approach of the interviewers was quite friendly and sympathetic. It was also impartial and non-judgmental.

This methodology was quite successful as the workers' true feelings and attitudes could be assessed by the researchers. They could secure information not just about supervision and working conditions but also about the company itself, its management, families and society in general. This also provided an opportunity to the workers to come out openly and freely express their feelings and problems and be able to "let off steam" in a friendly atmosphere. This experiment was significant in the following aspects:

- The workers being treated on par with the management in soliciting their views about the problems of the company.
- The significance given to human attitudes and sentiments, as these play an important role in work situation.
- Change in the attitude of the supervisor too, as their feelings were being observed by the research team; and
- The significance of informal social forces at work place, which makes an organisation not just an economic and technological structure, but also "an intricate web of human relations bound together by a system of sentiments".

Bank Wiring Observation Room

This was the last study undertaken by Elton Mayo and his team in Western Electric Company to observe a group of 14 people performing a task in a bank wiring room. It was observed that they formed their own informal organisation with sub-groups of cliques, and with natural leaders emerging with the consent of the members. In this experiment, wages were paid on the basis of a group incentive plan and each member got his share on the basis of the total output of the group. Despite a financial incentive scheme, where the workers would be receiving more money with more work produced, they decided on a level of output well below the level they were capable of producing. It emerged that:

- The output was restricted; the group had a standard for output, which was respected by the individuals in the group.
- The group was indifferent to the employer's financial incentive scheme.
- The group had developed a code of behaviour of its own based on solidarity in opposition to the management; and
- The output was determined by informal social groups rather than by the management.

Elton Mayo on the basis of these Hawthorne Experiments opined that workers had been unable to find suitable outlets for expressing their personal problems and dissatisfactions in the work life. The basic answer to industrial problems resided not in technical efficiency, but taking into cognisance the human feelings, social attitudes and sentiments. Mayo's experiments brought out that informal approaches and groups with base in human emotions, sentiments and interactions play a very important role. The management should strive for establishing equilibrium between the technical and human organisations and develop skills in handling human relations and situations. These can take the form of developing skills in understanding human behaviour and inter-personal skills in counselling, motivating, leading and communicating.

Check Your Progress 1

- Note:** i) Use the space given below for your answer.
ii) Check your answer with that given at the end of the Unit.
- 1) Examine the experiments conducted at Western Electric Company Works, Illinois.
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5.4 SIGNIFICANCE OF HAWTHORNE STUDIES

The Human Relations Approach, which grew out of the Hawthorne Experiments emphasised the emotional aspects in human behaviour. The research conducted, had shown the impact of groups on the behaviour of individuals at work. These studies brought out that work satisfaction depended, to a large extent, on the informal social pattern of the work group. The feeling of ‘being important’, once instilled amongst the workers and norms of co-operation and higher output are established, the physical conditions or financial incentives have little motivational value. People’s work performance, he concluded, is dependent on both social issues and job context. Elton Mayo, later, after a period of reflection, concluded that:

- Job satisfaction increased as workers were given more freedom to determine the conditions of their working environment and to set their own standards of output.
- Intensified interaction and co-operation created a high level of group cohesion.
- Job satisfaction and output depended more on co-operation and a feeling of worth than on physical working conditions.

The most important discovery of the Hawthorne Experiments has been the strong need amongst the workers to co-operate and communicate with the fellow workers. The basic tenets of Human Relations Theory emanating from Elton Mayo’s experiments are:

- Individual workers cannot be treated in isolation. Since they are basically social beings, they should be seen and understood as members of a group.
- Informal groups formed at work have a strong influence on the behaviour of workers in a group.
- Productivity, to a large extent, is influenced by social and psychological factors rather than by physical work conditions.
- Conditions within the organisation exercise strong social controls over the work habits and attitudes of the individual worker; and
- Managers must be aware of the social needs and cater to them in order to ensure that employees collaborate with the official organisation rather than work against it. A good manager is one who is able to blend technical expertise with social capabilities.

The Hawthorne experiments were the bases of the emotional and intellectual well-being of the organisational behaviour perspective and modern theories of motivation. The experiments showed that complex, interactional variables such as attention paid to the workers as individuals, workers' control over their own work, difference between individuals' needs, management's willingness to listen, group norms and direct feedback play an important role in motivating people in organisations.

Elton Mayo concluded that at work, the worker-management adversarial relationship stemmed from workers' misunderstanding and distrust of management. Management contributed to this situation by giving attention only to economic efficiency rather than social cohesion. Hence, workers felt alienated. A clash between worker's 'logic of sentiment' and manager's 'logic of cost and efficiency' could lead to conflict within an organisation. People's work performance is dependent on both social issues and job content. It is the responsibility of management, according to Mayo, to align workers' interest with the organisation, and also acquire the necessary social skills to secure workers' participation.

5.5 AN APPRAISAL OF HUMAN RELATIONS APPROACH

The Hawthorne studies, the most acclaimed management research, which formed the basis of Human Relations Theory have been subjected to criticism by several scholars. These relate to the following aspects:

- The Hawthorne experiments have been questioned on the methodological basis. Carey (1967) has viewed the studies as scientifically worthless. Several scholars have identified some of its methodological limitations such as theoretical constraints, situational bias and paucity of evidence regarding worker's home life etc.
- In terms of research methodology, several scholars including Carey have opened that the sample of five to six women chosen for the experiments cannot be considered a reliable sample to make generalisations. For example, Briefs (1940) has questioned the external validity of the sample as the women formed relationships that they might not have formed if the sample size had been larger. Moore's (1947) observation related to non- inclusion of African-Americans in the study, though some consider that the large-scale migration of African – Americans to the north of USA had taken place during the later years.
- It is also said that the Human Relationists did not sufficiently appreciate the complexity of the nature of human beings and their relationship to work environment. These experiments were conducted under controlled situations and the workers were fully aware throughout the period that they were being observed.
- The Hawthorne studies did not take cognisance of the impact of technological factors in enhancing productivity.
- The emphasis was more on group decision making and did not give importance to individual decision making.
- Amitai Etzoini has observed that Human Relations theorists tended to devote more attention to informal relations among workers and between workers and supervisors, but little to formal ones.
- Human motivation is multi-dimensional and Human Relations theorists, it is said, could not explore this phenomena in totality.

- Marxists considered Mayo's methodologies as techniques to exploit workers because they did not lay emphasis on the economic factors in organisation.
- Carey (*op.cit.*) opined that material and especially the financial rewards have been the principal influence on the worker's morale and behaviour. He considered that incentives that were provided to the workers led to increase in productivity.
- Eminent sociologist Daniel Bell criticised Mayo and other industrial sociologists for adjusting "men to machines rather than enlarging human capacity or human freedom". He termed the work of Elton Mayo and the Human Relations School as 'Cow Sociology' as it aimed to make the workers content and satisfied so that they could produce more. The United Automobile Workers' (UAW) publication 'Ammunition' (1949) labeled the Hawthorne researchers as 'Cow Sociologists' – as according to them, contented cows gave more milk. Bell focused on the exclusion of union workers in the studies. Loren Baritz has also criticised the Human Relations Theory as being pro-management and anti-unionist.
- Contemporary scholars noted that economic benefits perhaps motivated the Hawthorne workers more than the social benefits (Vitels, 1941). According to another critic (Roy, 1952), workers did not care about money, because the workers whom Mayo studied, functioned like 'calculating machines' in determining output and daily pay.
- The harshest of the critics had been Grodzine (1951), who argued that the Hawthorne studies encouraged manipulative techniques that were designed to keep workers under control. The concept developed by applied scientists including Human Relationists did not add any worth to humanity.
- Few critics considered that the underlying assumptions of conflict-free State, worker contentment were utopian and not practical. Tensions and conflicts in organisations are inevitable and there is a need for healthy outlets to enable the employees air their problems.
- Human Relations Approach has been challenged and extended later by scholars by classifying different group behaviour into different types. Sayles (1958) looked at 300 work groups in 30 plants in the United States through interviews, observation and found that group cohesion and behaviour depended on technology and work organisation rather than by management abilities. He categorised group behaviour into *four* categories apathetic, erratic, strategic and conservative.
- Despite varying viewpoints regarding the authenticity and interpretation of Hawthorne experiments, they could be considered a turning point in management thinking. It generated new ideas regarding work groups, informal organisation, motivation and so on. It has been a significant milestone in providing insight into human behaviour at work and has laid a strong base for the development of organisation behaviour. It brought to fore the significance of humanising the work organisation. It gave primacy to groups, group values and norms in influencing individuals' behaviour at work. It emphasised the importance of wider social needs to individuals and work organisation as a social organisation.
- The Human Relations Approach propagated by Elton Mayo paved the way for generation of new ideas on group relationships and leadership styles. The subsequent theorists such as Abraham Maslow, Fredrick Herzberg, Douglas McGregor examined the factors affecting the motivation of individuals working in organisation. This is considered as 'Neo-Human Relations'. Abraham Maslow's

work (1943) presents a theoretical framework of individual personality development and motivation based on a hierarchy of needs. Maslow’s fivefold classification of needs – physiological, safety, social, esteem and self-actualisation acts as a link with the earlier propagated Human Relations Theory.

- Later, Herzberg put forth *two* different sets of factors affecting motivation – namely hygiene and growth factors. He was of the view that proper attention needed to be given to growth factors in the organisation to motivate the employees to give their best. Mayo’s discrediting of ‘*rabble hypothesis*’, which considered individuals as pursuing only self-interest, was picked up for further expansion as Theory X and Theory Y by Douglas McGregor, who made certain assumptions about people and work, which had wider implications for leadership and management. He suggested that the links between organisational design, motivation and productivity which were more complex than initially thought of by Mayo. His ideas on emergence of informal organisation have been further researched by Chris Argyris and other management thinkers. The major contributors to Neo-Human Relations theory include Rensis Likert, McClelland and Chris Argyris. It generated new ideas about organisation structuring, group dynamics, job satisfaction, communication and leadership styles. The views of Maslow and Herzberg and McGregor as well as Argyris will be discussed in a later Unit of this Course.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Bring out the significance of Hawthorne studies.

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2) Critically evaluate the Human Relations Approach.

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5.6 GLOSSARY

Cow Sociologists	: Sociologist Daniel Bell criticised Hawthorne Experiments of Elton Mayo as they meant to link production with work satisfaction in a way cows are kept satisfied to increase their milk production. He called the work of Elton Mayo
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and Human Relations ‘Cow Sociology’ for making workers content and satisfied so that they could produce more.

The Great Depression

: It was an acute Economic Depression spread globally in the 1930s. It was the longest, deepest and widely spread Depression of the 20th century. The cause was major fall in stock price that began in the United States in September 1929. The Gross Domestic Produce (GDP) fell by 15 per cent. Cities around the world were hit hard. Primary sector industries were affected most severely.

5.7 CONCLUSION

In this Unit, we read about the genesis of Human Relations Approach. We described all the experiments of Elton Mayo and critically appraised his contribution to Human Relations Approach. The conclusions drawn by Mayo from the Hawthorne studies marked the emergence of an important management style contributing to industrial productivity, the inter-personal skills being as important as monetary incentives and focus on a more humanistic approach as a means of satisfying the organisation’s economic needs and social skills.

The Human Relations Approach, the foundation of which was laid several decades ago, is more relevant in contemporary times, as the significance of team work, motivation, and leadership have assumed prominence. In present times too, as we see in multinational companies, the concepts of team work, incentives, group work have a positive impact on the organisation. The current perspectives on organisational working focus on the importance of needs and values of people and their integration with the goals of the organisation. This Unit described all the major endeavours in Human Relations Movement and critically appraised them.

5.8 REFERENCES

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5.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
- Great Illumination.
 - Relay Assembly.
 - Interviewing Programme.
 - Bank Wiring Observation Room.

Check Your Progress 2

- 1) Your answer should include the following points:
- Job satisfaction increased as workers were given more freedom to determine their working conditions and to set their given standards of output.
 - Intensified interaction and cooperation created a high level of group cohesion.
 - Job satisfaction and output depended more on cooperation and a feeling of worth rather than physical working conditions.
- 2) Your answer should include the following points:
- Methodological basis of Hawthorne has been criticised.
 - Human Relationists did not appreciate the complexity of the native of human beings and their relationship to work environment.
 - Hawthorne studies did not take cognisance of the impact of technological factors in enhancing productivity.
 - Human phenomena was not considered in totality.

UNIT 6 DECISION MAKING APPROACH

Structure

- 6.1 Objectives
- 6.2 Introduction
- 6.3 Meaning of Decision Making Approach
- 6.4 Types of Decisions
- 6.5 Decision Making Process
- 6.6 Models of Decision Making
 - 6.6.1 Simon's Bounded Rationality Model
 - 6.6.2 Lindblom's Incremental Model
 - 6.6.3 Etzioni's Mixed Scanning Model
 - 6.6.4 Dror's Optimal Model
 - 6.6.5 Cohen, March and Olsen: Garbage Can Model
- 6.7 Conclusion
- 6.8 Glossary
- 6.9 References
- 6.10 Answers to Check Your Progress Exercises

6.1 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the meaning of Decision Making Approach;
- Describe the different types of decisions;
- Examine the process of Decision Making; and
- Discuss the various models of Decision Making.

6.2 INTRODUCTION

Decision Making is considered an important process in any organisation. The nature of an organisation is determined by the kinds of decisions taken in it. This applies to a government organisation as well. Thus, in the discipline of Public Administration too, Decision Making Approach is of great relevance, as this Approach provides useful inferences that can facilitate administrative or policy decisions. According to Webster Dictionary, decision is “the act of determining in one's own mind upon an opinion or course of action”. Decision Making is thus about the process of arriving at an optimal solution by exploring various alternative choices.

The scholars in management and public administration have been involved in various aspects of Decision Making and they have made their respective contributions to the approach of Decision Making. In this Unit, we will introduce you to the various components of Decision Making. In the first place, the way Decision Making is

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defined in the works of various scholars will be discussed. The Unit will then also reflect on the types, characteristics and process of Decision Making Approach. It will further explore the various models of Decision Making Approach to public administration. In particular, it will delve into the Bounded Rationality Model put forward by Herbert Simon and will further discuss the other models of Decision Making Approach.

6.3 MEANING OF DECISION MAKING APPROACH

Different scholars have defined the term ‘Decision Making’ in different ways. In general, ‘decision making’ is not an end part of any activity, but it is a means of achieving organisational goals. Chester Barnard is the pioneer in Decision Making Approach and he considers decision making as an ‘essential process of organisational action’. Felix A. Nigro has observed that “What really takes place in an organisation cannot be understood if one does not know what kinds of decisions are made, who participates in making them, and what their exact role is”. It is a collective activity in which its objective is problem solving. Robert Tannenbaum has claimed that Decision Making “involves a conscious choice or selection of one behaviour alternative from among a group of two or more behaviour alternatives”. According to Wasby, “Decision Making is defined as a process or sequence of activities involving stages of problem recognition, search for information, definition of alternatives, and the selection by an actor(s) of one from two or more alternatives consistent with the ranked preferences”.

Herbert Simon is an important scholar in the field of ‘Decision Making’ and he regards Decision Making Approach as an alternative to the Classical Principle Approach. He considers the principles of administration as ‘proverbs’ and in that place he recommends Decision Making Approach. Simon, in his book *Administrative Behaviour*, highlights that “decision making is the heart of administration, and that the vocabulary of administrative theory must be derived from the logic and psychology of human choice”. He further argues that ‘Decision Making’ is the core of administrative action and views organisation as a structure of decision makers.

The Approach of Decision Making gained popularity during the 1940s and it deals with the process of choice which leads to action. According to Seckler-Hudson (1957) “Decision-making in the government is a plural activity. One individual may pronounce the decision, but many contribute to the process of reaching the decision. It is a part of the political system”. In arriving at a decision, Hudson states that certain factors should be considered, which include legal limitations, budget, facts, history, internal morale, future as anticipated, superiors, pressure groups, staff, nature of programme and subordinates. The need for taking decisions arises when there are several alternatives or courses of action open to an individual. But one has to choose only one alternative through the process of elimination. Rationality of human beings lies in selecting such an alternative, which can produce maximum positive results and minimum negative results.

From the various definitions, we can understand that the essence of ‘Decision Making’ is arriving at a solution from various alternatives irrespective of whether a decision is made in an organisation, administrative unit, government set up or even policy making. At the superficial level, ‘policy’ and ‘decisions’ seem to be interrelated to each other, but their characteristics are different. According to Sapru (2017), “policy making does involve decision-making, but a decision does not necessarily constitute a policy.

Decision Making often involves an identification of a problem, a careful analysis of possible alternatives and a selection of one alternative for action. Generally, decisions are taken by the administrators in their day-to-day work within the framework of the policy”. Terry (1956) argues that, “a decision is usually made within the guidelines established by policy. A policy is relatively extensive, affects many problems, and is used again and again. In contrast, a decision is applied to a particular problem and has a non-continuous type of usage.” Thus, the nature of ‘Decision Making’ is a dynamic one, which has the potential to change the environment of the organisation.

6.4 TYPES OF DECISIONS

These scholars have classified the decisions into various types, which we will discuss now:

Programmed and Non-programmed Decisions

Herbert Simon (1997) has made the distinction between programmed and non-programmed decisions. He expresses that “decisions are programmed to the extent that they are repetitive and routine, to the extent that a definite procedure has worked out for handling them so that they don’t have to be treated from scratch each time they occur”. In programmed decisions, habits, skills and knowledge about the problem is important. In such decisions, mathematical models and computer can help the decision makers to arrive at rational decisions. For instance, in an organisation, dealing with financial rules, human resources, etc., are routine activities, which keep occurring in an organisation. If a set of procedure is worked out to deal with the same, then the issue of pay rolls, attendance of employees, etc., can be easily decided with the help of computer and procedures in place. On the other hand, non-programmed decisions are made to deal with affairs that are “novel, unstructured and unusually consequential”. No cut-and-ried methods would be available and each question or issue has to be dealt with separately. Training in skills relevant to the job and innovative ability become relevant and important to develop capacity to take proper and relevant decisions. For instance, an organisation may face financial crisis, due to a change in the approach of government. Such issues are new challenges for an organisation and a novel thinking is needed to arrive at a decision that protects the welfare of the organisation. The following Table brings out the traditional and modern techniques of programmed and non-programmed decisions:

Types of Decisions	Decision Making Techniques	
	Traditional	Modern
Programmed (Repetitive and routine in character. Standard procedure is developed to implement these decisions).	• Implementing by habit. • Adapting standard operating procedure routine to be carried out by office people. • Imbided in organisational structure in the form of sub-goals, well-defined information channels, etc.	• Operations Research: Developing mathematical models, computer simulation etc. • Electronic Data Processing (EDP).
Non-programmed (Non-routine, Ill-structured problems, computer assisted decision making, operations research, systems analysis).	• Judgement, intuition and creativity. • Rule of thumb. • Selection and training of executives.	• Training decision-makers in heuristic problem-solving techniques. • Developing heuristic computer programmes.

Source: Certo & Certo , 2015.

Organisational and Personal Decisions

Chester Barnard (1966) has classified the decisions into *two* types viz., organisational and personal decisions. He has argued that “personal decisions cannot ordinarily be delegated to others, whereas organisational decisions can often, if not always, be delegated”. Organisational decisions are made to achieve the organisational objectives, which can be delegated to levels, from top to bottom. While personal decisions are taken by an individual for him/her, which cannot affect the organisations directly or indirectly.

Generic and Unique Decisions

The classification of generic and unique decisions was enumerated by Peter Drucker in his Article “*The Effective Decision*” (1967). Generic decisions are like programmed decisions in which reflections are made on the past situations and the decision that was taken in the past gets repeated. Likewise, unique decisions are related to non-programmed decisions in which new decisions are taken to resolve individually because they are unprecedented.

Routine and Strategic Decisions

Routine and strategic decisions can also be related to the programmed and non-programmed or generic and unique decisions, respectively. Routine decisions are generally taken for day-to-day operations of the organisation and the routine decisions are made based on the pre-established rules, procedures and policies of an organisation. Such decisions are not dynamic in nature and it cannot affect the organisation. Since these decisions are routine in nature, the decision making power is delegated to the middle and the lower level personnel. On the other hand, strategic decisions are critical for an organisation, as such decisions mostly deal with the organisational objectives, goals, budget and imperative policy matters. The nature of the decision is non-routine or non-repetitive and it can be made through an analysis of various alternatives. Since decision of this nature can have a direct impact on the sustenance of the organisation, such decisions are taken by top-level management only (Fadia & Fadia, 2012).

Policy and Operating Decisions

Another kind of classification is policy and operating decisions and this category of decisions can again be related to the strategic and routine decisions. Policy decisions are directly related to the policy matters of the organisation and such decisions are made by top level management only. These decisions will have their effect on the whole structure of the organisation. On the other hand, operating decisions are routine decisions of the organisation, which are taken to implement the policy matters of the organisation. The decision of this kind is taken by people at the lower level of management and such decisions are also called as tactical decisions (*Ibid.*).

6.5 DECISION MAKING PROCESS

There are various steps that are involved in the decision making process, which are logical and systematic. The steps involved in a decision making process include: defining the problem, finding alternatives, selecting the alternatives and getting feedback, and finalising one alternative. Terry (1956) has formulated the *key steps* in decision making process, which include:

- Determine the problem.

- Acquire general background information and viewpoints about the problem.
- State what appears to be the best course of action.
- Investigate the proposition and tentative decisions.
- Evaluate tentative decisions.
- Make the decision and put it to effect; and
- Institute follow-up and, if necessary, modify decision in the light of results obtained.

Simon and March (1960) assert that there are *four* set of activities, which are important for a decision making process, which includes:

- 1) **Intelligence Activity**, which is the initial phase of the decision making process and it begins with the identification of problem to be solved. It is finding occasions calling for an action.
- 2) **Design Activity** is identifying, developing and analysing possible courses of action.
- 3) **Choice Activity** is selecting particular course of action from those available.
- 4) **Evaluating Activity** is evaluating past choices to compare programmed and non-programmed decision making in the organisation.

While the first *three* processes in decision making were stipulated by Simon, the *fourth* process, namely, ‘evaluating activity’, was added later, in the collaborative work of James G. March and Simon. The above *four* activities are continuous and cyclic in nature. On the whole, it can be summed up that the decision making process in itself is a complex exercise and as asserted by Simon, it involves technical and political determinants. In the process of decision making, each stage is important in arriving at the final decision.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
- ii) Check your answers with those given at the end of the Unit.

- 1) What do you understand by decision making?
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- 2) Bring out the difference between programmed and non-programmed decisions.
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3) Explain the decision making process.

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6.6 MODELS OF DECISION MAKING

There are various models of decision making. Almost all the models highlight the importance of rationality of individual or the organisation that is involved in making a decision. Other set of models stress on the importance of arriving at a decision in an incremental manner. Some of the important *models* of decision making as put forward by key scholars are as follows:

6.6.1 Simon's Bounded Rationality Model

Herbert Simon's work on "*Administrative Behaviour*" (1957) is the seminal work in the field of decision making. He believed that the rationality model in decision making is non-realistic and its principles are non-attainable. His idea of organisation is a *real* one and not an *ideal* one. He emphasised that all Decision Making should be based on rational choices. According to him, rationality is "concerned with the selection of preferred behaviour alternatives in terms of some system of values whereby the consequences of behaviour can be evaluated". This requires that firstly, the decision maker should have knowledge about all available alternatives. Secondly, the decision maker should also be able to anticipate the consequences of each of the alternatives. He has classified rationality into various types in which the decision should be:

- Objectively Rational : it is correct behaviour for maximising given values in a given situation.
- Subjectively Rational : the decision maximises attainment relative to knowledge of the subject.
- Consciously Rational : adjustment of means to ends is a conscious process.
- Deliberately Rational : adjustment of means to ends has been deliberately brought about.
- Organisationally Rational : oriented to the organisational goals; and
- Personally Rational: directed at the individual goals.

Simon rejected the concept of total rationality (Economic Man) as it is based on totally unrealistic assumptions. To put it in simple terms, an individual cannot have complete knowledge on all aspects of an issue in order to know every alternative to arrive at a decision. On the contrary, total rationality is based on the belief that decision makers are omniscient (all knowing) and have knowledge about all available alternatives as well as their consequences. Secondly, the assumption is that the decision maker has unlimited computational ability. *Finally*, it believes that the decision maker has the capacity to put in order all the possible consequences. These assumptions,

Simon has observed, are fundamentally wrong. There are several limitations in the decision makers in terms of skills, habits, values and conception of purpose as well as the extent of knowledge relevant to this job. Therefore, it is to be understood that an organisation cannot have total rationality in making a decision and thus, the limitation in human beings to act with complete rationality should be accepted, and thus the decision made is based on the bounded rationality of people in an organisation.

While discussing the concept of ‘bounded rationality,’ Simon also developed the concept of ‘satisficing’. The term *satisficing* is derived from the words satisfaction and sufficing. Satisficing decision “allows a problem solver to achieve his or her main goals, but the process does not involve a comprehensive analysis of all possibilities and outcomes nor does it require perfect information”. Since total rationality is inconceivable, the executive ‘satisfices’ with a good enough choice. The decision maker tries to arrive at either optimal or fairly good solutions, without feeling the need to explore all possible alternatives. The following factors are responsible for bounded rationality leading to *satisficing* decisions which include:

- Dynamic nature of organisational objectives.
- Imperfect information as well as limited capacity to process the available information.
- Time and cost constraints.
- Environmental forces or external factors.
- Decision-maker may not be aware of all the possible alternatives available and their consequences.
- Personal factors like preconceived notions, habits, etc.; and
- Organisational factors like procedures, rules, channels of communication, and so on.

Based on the above factors, Simon proposed a new notion called ‘administrative man’ which is against the earlier notion of ‘economic man’. Administrative man is concerned about taking ‘satisficing’ decisions, while the economic man is concerned about ‘maximising decisions’.

6.6.2 Lindblom’s Incremental Model

Charles E. Lindblom in his Article “*The Science of Muddling Through*” (1959) had advocated the concept of ‘Incremental Model’ of decision making. Incremental Model is completely critical and against Simon’s “rational model”. His argument is that the actual process of decision making is entirely different from the theoretical one. According to Lindblom, Incremental Model of decision making process involves “continuously building out from the current situation, step-by-step and by small degrees”. In the context of public administration or policy studies, Incrementalism means continuing the existing programmes and policies with little modification. Further, Lindblom observes that the past activities and experiences are used by the decision makers to make future decisions. It is also known as ‘branch technique’ or ‘model of successive limited comparisons’ or ‘step-by-step decision-making’ model.

Characteristics of Incremental Model

The characteristic features of Incremental Model, as highlighted by Sapru (*op.cit.*) are as follows:

- It proceeds through a succession of incremental changes. Policy-makers accept the legitimacy of existing policies because of the uncertainty about the consequences of new or different policies.
- It involves mutual adjustment and negotiation. The test of a good decision is agreement rather than goal achievement. Agreement is arrived at very easily in policy-making, when the item in dispute increases or decreases in budgets, or modifications to existing programmes. Thus, Incrementalism is significant in reducing political tension and maintains stability.
- It involves trial and error method. It is superior to a 'futile attempt at superhuman comprehensiveness'. Human beings rarely act to maximise all their values; rather they act to satisfy particular demands. They seldom search for 'one best way', but instead, search to find 'a way that will work'. This search usually begins with the familiar-that is, with policy options close to contemporary policies.
- Policy is not made once for all. As Jan-Erik-Lane puts it, "Incrementalism is thus more satisfactory from a theoretical point of view as it scores high on criteria like coherence and simplicity"

Lindblom has argued that the Incremental Model is better than Rationality Model in terms of simplifying the alternatives, dealing with multiple and conflicting objectives and further the decisions under this Model are reflective of the real world. But other scholars have criticised this Model stating it as an over-simplified Model as it can work only for continuous policies and programmes and not for war-like situations.

6.6.3 Etzioni's Mixed Scanning Model

Amitai Etzioni in his paper "*Mixed Scanning: A Third Approach to Decision-Making*" (1967) had advocated the Mixed Scanning Model. Etzioni criticized certain aspects of Rational Model and Incremental Model and thus 'Mixed Scanning Model' is the result of combination of certain elements of rational and incremental models'. It tries to combine the rationality of "high-order, fundamental policy-making processes, which set basic directions, and incremental ones which prepare for fundamental decisions and work them out after they have been reached". According to Etzioni, Mixed Scanning is "a rationalistic approach to decision-making, which requires greater resources that decision-maker commands. The incremental strategy which takes into account the limited capacity of actors, fosters decisions which neglect basic societal innovations. Mixed Scanning reduces the unrealistic aspects of rationalism by limiting the details required in fundamental decisions and helps to overcome the conservative slant of incrementalism by exploring long-run alternatives".

Thus, Etzioni has observed that, Mixed Scanning Model is a description of the reality of decision making strategies and it is also a model for better decision making. It recognizes that decision makers have to consider the costs of knowledge, because not everything can be scanned. Hence, while deciding on a policy, endeavour should be to scan key areas fully and rationalistically, and other areas can be looked at in a more truncated view.

6.6.4 Dror's Optimal Model

Dror in his Book "*Public Policy-making Re-examined*" (1989) advocated the optimum model of policy-making. He rejected the idea of Incrementalist Approach and suggested alternatives to the rational and Incrementalist Models. Dror claims that Optimal Model is a superior model to all the other existing models, which is a

combination of economically rational model and extra-rational models. The following are the characteristics of Optimal Model:

- It is qualitative not quantitative.
- It contains both rational and extra-rational elements.
- It is basic rational to economically rational.
- It is concerned with meta policy-making.
- It has much built-in feedback.

The major objective of Dror (1989) was to increase the rational content of government and to build into his model, the ‘extra-rational dimensions’ of decision making, which is called as normative optimalism. He believed that this modified form of Rational Model will move policy-making in a more rational oriented form. Further, he acknowledges that in policy analysis, there is a realm of extra-rational understanding based on tacit knowledge and personal experience.

The Optimal Model has been classified into three phases viz., metapolicy-making, policy-making and post-policy-making. These three phases contain 18 stages of rational and extra-rational aspects.

i) Meta-Policy-Making Stage

Meta-policy-making is a stage that comes, even before a policy is formulated. This is a preparatory stage in which measures are taken to understand various aspects related to the policy, which is to be formulated and there are about 7 stages in it which include :

- Processing values.
- Processing reality.
- Processing problems.
- Surveying, processing, and developing resources.
- Designing, evaluating and redesigning the policy-making system.
- Allocating problems, values and resources.
- Determining policy-making strategy (*Ibid.*).

ii) Policy-Making Stage

In the second phase, the policy is actually formulated, which again involves about *seven* stages. In this phase, the resources are sub-allocated for the various processes under policy in hand, and it further involves actual designing of the policy, right from setting the goals, analysing the costs and benefits of various alternatives and thus finally arriving at the best alternatives. The different stages in this phase are as follows:

- Sub-allocating resources.
- Establishing operational goals, with some order of priority.
- Establishing a set of their significant values, with some order of priority.
- Preparing a set of major alternative policies, including some ‘good ones’.

- Preparing reliable predictions of the significant benefits and costs of the various alternatives.
- Comparing the predicted benefits and costs of the various alternatives and identifying the ‘best’ ones.
- Evaluating the benefits and costs of the ‘best’ alternatives and deciding whether they are ‘good’ or not (*Ibid.*).

iii) Post-Policy-Making Stage

This is the final phase, in which the policy which is formulated is floated around and it again involves various stages right from deciding on how the policy should be executed, actual process of execution, evaluating the after-effects of executing it and finally taking corrective measures by reflecting on the feedback received in strengthening the policies. The stages involved in the third phase are as follows:

- Motivating the execution of policy.
- Executing the policy.
- Evaluating policy-making after executing the policy.
- Communication and feedback channels interconnecting all phases (*Ibid.*).

The best example that can be given for Dror’s model of policy making is the New Education Policy which is getting drafted from 2015 onwards. Before the policy could be formulated, in the Meta-policy making stage, various processes were involved, in which there were various consultations with different groups, academia, NGOs, activists, common people, etc., from which their opinion was sought on what is needed for a new education policy. It also involved various stages. In the second phase of policy making, the core committee of the education policy drafted the education policy. Currently, the Education Policy is in the final stage of policy making in which the draft policy was floated around in the public domain and it received feedback in various forms, both positive and negative. Currently, it is in a stage, where the feedback of the public is worked upon to bring it to a final shape. The above 18 stages of Dror are the combination of core elements of the Rational Model with extra-rational factors. Dror’s view of Decision Making is thus to improve the rational content of the government.

6.6.5 Cohen, March and Olsen: Garbage Can Model

Michael Cohen, James March and Johan Olsen (1972) formulated the ‘garbage can model’ of decision making in which the focus was on organisational decision-making. This approach described the behaviour of institutions as ‘organised anarchies’. This approach is considered realistic as it has the capability of producing reactive decisions instead of proactive decisions. It was borrowed from rational comprehensive and incrementalist models of decision making. According to the Garbage Can Model, an “organisation is a collection of choices looking for problems, issues and feelings, looking for decision situations, in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work”. The problems, solutions, decision participants and choice opportunities are the major streams of this model, in which choice opportunities are considered as ‘Garbage Can’.

This Model, does not consider Decision Making as a sequence of activities that begins with a problem and ends with a solution. In Garbage Can Model, there are

three streams—problems, solutions and participants and in this Model “there are solutions searching for problems and participants floating about looking for a way to participate in putting together these problems and solutions.” Thus, in this Model, all the streams, viz., problems, solutions and decision participants are mixed together. Instead of identifying the problems, these participants can decide which problems to address and which solutions are to select. However, this Model has been criticized as an irrational model of decision making.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1) What do you mean by Bounded Rationality?

2) Discuss the Dror’s Optimal Model.

3) Bring out the difference between Bounded Rationality and Incrementalism.

6.7 CONCLUSION

Decision Making is an important dimension in the field of administration. Based on the above narration given by Herbert Simon and other scholars, it can be understood that decision making is the heart of any administration or any other social group. Decision Making is nothing but choosing alternatives from one or more alternatives rationally. This Unit introduced us to the meaning, types and process of decision making. In particular, this Unit gave special importance to Simon’s work on ‘Bounded Rationality’. The Unit also elaborated the various models of decision making. On the whole, the Unit covered the key aspects of decision making, in which apart from

knowing how to make a decision, inference is also made on the different stages in decision making and the process in which a decision is made.

6.8 GLOSSARY

- Bounded Rationality** : Herbert Simon is the proponent of Bounded Rationality. The capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behaviour in the real world-or even for a reasonable approximation to such objective rationality.
- Economic Man** : The other name of rational decision maker is Economic Man. It represents the objective rationality in an ideal model.
- Satisficing** : Accepting a satisfactory and sufficient amount of information upon which to base a decision. Herbert Simon coined this word to help explain his theory of Bounded Rationality or limited rationality.

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6.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Decision making got momentum in the late 1940s and it was popularised by Herbert A. Simon.
 - Decision making is a process of arriving at an optimal solution by exploring various alternative choices.
 - Various authors’ views on Decision Making Approach.
- 2) Your answer should include the following points:
 - Types of decisions and their nature.
 - Traditional and modern techniques, programmed and non-programmed decisions.
- 3) Your answer should include the following points:
 - Terry’s views on Decision Making process.
 - Simon’s views on Intelligence, Design and Choice activities.

Check Your Progress 2

- 1) Your answer should include the following points:
 - The term ‘Bounded Rationality’ was coined by Simon.
 - How is it different from Rational Classic Model.
 - Discussions on Administrative Man and Economic Man.
- 2) Your answer should include the following points:

- Dror has rejected the idea of Incrementalist Approach and suggested the alternatives to the Rational and Incrementalist Models.
- He has classified the Optimal Model into 3 types.

3) Your answer should include the following points:

- Lindblom's Incremental Model is completely critical and against Simon's "rational model". His argument is that the actual process of Decision Making is entirely different from the theoretical one, i.e, Bounded Rationality.
- The Incremental Model is better than Rationality Model in terms of simplifying the alternatives, dealing with multiple and conflicting objectives, and further the decisions under this Model are reflective of the real world.



UNIT 7 SYSTEMS AND SOCIO- PSYCHOLOGICAL APPROACHES*

Structure

- 7.0 Objectives
- 7.1 Introduction
- 7.2 The Systems Approach: An Overview
- 7.3 Organisation as a System
- 7.4 The Systems Approach: Views of Chester Barnard
- 7.5 Socio-psychological Approach
- 7.6 Maslow's Hierarchy of Needs Theory
- 7.7 Douglas McGregor's Theory X and Theory Y
- 7.8 Herzberg's Two Factor Theory
- 7.9 Conclusion
- 7.10 Glossary
- 7.11 References
- 7.12 Answers to Check Your Progress Exercises

7.0 OBJECTIVES

After reading this Unit you should be able to:

- Discuss the concepts underlying Systems Approach;
- Examine the views of Chester Barnard;
- Describe Maslow's Hierarchy of Needs Theory;
- Explain the characteristic features of Theory X and Theory Y; and
- Analyse Herzberg's Two Factor Theory.

7.1 INTRODUCTION

A modern organisation witnesses vast growth in size, complexity and scale of activity. As the level of complexity and scale of operation increases, it becomes increasingly necessary to develop a conceptual basis to integrate them within a framework. This is needed to understand the organisation better for successful administration. In this Unit, we are going to study the theories that fall under two approaches, namely, a Systems Approach and Socio-psychological Approach. These two approaches view organisation as a system and social-psychological system, that emphasise holism and not merely focus on a single part of an organisation. There are many propounded

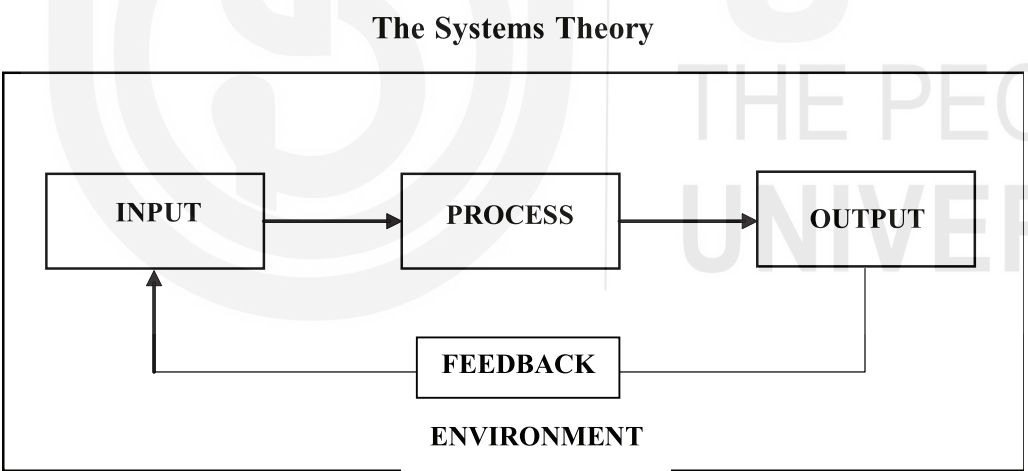
* Contributed by Dr. B. Senthil Nathan, HoD, Department of Public Administration, Sri Krishna College of Arts and Science, Coimbatore, Tamil Nadu.

theories that fall under these two approaches. Among them, we are going to explain the views of Chester Barnard under the Systems Approach and Abraham Maslow, Hierarchy of Needs, Frederick Herzberg and Douglas McGregor under the Socio-psychological Approach.

7.2 THE SYSTEMS APPROACH: AN OVERVIEW

A system is defined as any set of distinct elements/components that interact to form a complex whole. The whole is not just the sum of the parts; the system itself can be explained only as a totality. It was developed in 1930's by a biologist namely Ludwig von Bertalanffy in his seminal work "General Systems Theory: Foundation and Development". According to von Bertalanffy, to understand or examine a system, it must be an open system. An open system consists of several components or subsystems, which depend on each other. It means all components of a system are inter-related, inter-connected and inter-dependent. Thus, nothing can be explained by isolating a component of system. A system processes inputs into outputs. Therefore, each system consists of boundaries, components, interactions between components, inputs and outputs.

An open system is one, which has a boundary that is permeable to inputs and outputs of matter, energy and information. Open systems exchange information, energy or material with their environment. The open system is viewed as a transformation model. In a dynamic relationship with its environment, it receives various inputs, transforms these inputs in some way, and exports outputs. It is depicted in the diagram given below:



In Systems Theory, concept of feedback is important in understanding how a system maintains a steady State i.e., dynamic equilibrium. Information concerning the outputs, or the process of the system is fed back as an input into the system, perhaps leading to changes in the transformation process and/or future outputs. This Approach was first developed in natural and physical sciences. Previously, the concept of systems was used by Taylor and others. Use of this Approach in social sciences literature is relatively new. For example, Talcott Parsons applied this Approach to the study of social structures. Similarly, psychologists, economists, political scientists and administrative analysts have been using the Systems Approach in the analysis of a given phenomenon. In administrative analysis, the Systems Approach is being widely used in recent years. Here, you would study Barnard's conceptualisation of organisations as cooperative systems. Before that, we will attempt to understand the organisation as a system.

7.3 ORGANISATION AS A SYSTEM

Systems Approach views organisation as a system that lays emphasis on holism and not merely a single part/component. Organisation as a system is made up of several subsystems or parts or components that are interrelated and interdependent for their functioning. They in turn, contribute to the holistic functioning of the organisation. As a system, the organisation also has a defined boundary through which it interacts with its environment. This external environment of an organisation is called as supra-system, which comprises economic, social, political and technological influences. Organisation is an open system and it continuously interacts, and exchanges matters with its environment. In this interaction, it takes inputs from environment, processes the revised inputs in the form of outputs, which are then exported back into the environment.

Defining an open system with respect to organisations, Thompson has observed that “The complex organisation is a set of interdependent parts, which together make up a whole because each contributes something and receives something from the whole, which in turn is interdependent with some larger environment”. Thus, an open system is dynamic, full of opportunities as well as challenges. Systems keep evolving through a continuous process of development and at the same time strives to attain homeostasis or the state of equilibrium. Similarly, organisation is dynamic, full of challenges and opportunities. It keeps evolving through a continuous process of growth and development by maintaining the equilibrium among various sub-systems including environment.

A system is a cyclic process that survives from continuous input, transformation and output processes. There are three types of inputs that an organisation takes from its supra system- raw materials, energy and information. The inputs are converted into outputs through men and machines. The organisation exports the outputs created through the process of conversion. The outputs are given back to the environment for importing further inputs.

7.4 THE SYSTEMS APPROACH: VIEWS OF CHESTER BARNARD

Chester Irving Barnard (1886-1961) was an American business executive, public administrator, and the author of pioneering work in management theory and organisational studies. His landmark book in 1938, “The Functions of the Executive”, set out a theory of organisation and of the functions of executives in organisation. His writings had the important impact on the human organisation. His analysis of management took the form of a Social Systems Approach. In determining the tasks of executives, he analysed the nature of cooperative social systems, and found non-logical factors also influencing human behaviour in the organisation.

The major contributions of Chester Barnard are as follows:

Theory of Organisation

Barnard regards an organisation as a system that is subordinate to the larger system- society. He views organisation as a social system. He has defined organisation as “a system of consciously coordinated activities or courses of two or more persons”. According to him, organisation is a system made up of activities of human beings, as a system, in which the whole is more than the sum of its parts and ‘each part is related to every other part in some significant way’. Barnard saw organisations as

being only partial systems. One cannot isolate a complete, whole organisation. Each is part of a bigger and more complex organisation. Also, each is composed of various subunits, each of which is an organisation in itself. According to Barnard, initial existence of structure depends upon three elements:

- 1) The willingness of persons to contribute efforts to the co-operative system.
- 2) An objective of co-operation.
- 3) Proper communication systems.

Barnard (1938) distinguished between *formal and informal organisations*. He defined informal organisation as “the aggregate of the personal contacts and interactions and the associate grouping of people...”. It is due to the gregarious instinct or fulfilment of some personal needs and it does impact the formal organisation. Both the formal and informal organisations need each other as they are ‘interdependent aspects of the same phenomenon... formal organisations are vitalised and conditioned by informal organisations.’

Organisational Equilibrium

According to Barnard (*ibid.*), organisation is a cooperative system made up of individual humans with individual motivations. He maintains that ‘cooperation originates in the need of an individual to accomplish purposes, which he individually cannot achieve’. With a result, organisation involves the engagement of other individuals and their cooperation. For accomplishing cooperative effort among individuals and to achieve organisation goals, Barnard has suggested an ‘organisational equilibrium’.

Organisational equilibrium is described as the balance achieved between the contribution of members of an organisation and return contribution made by the organisation to the fulfilment of the individual goals of the members. There should be a balance between what employees get out of the organisation (money, status, recognition, etc.) and what they contribute in the form of time, knowledge, discomfort, production, etc.

Barnard has also viewed the concepts of efficiency and effectiveness. When an individual in an organisation seeks to achieve ends sought by the organisation then his activity could be identified as effective. In the process, if he meets his personal needs and satisfies personal motives, the activity could be considered efficient. Organisational survival depends on both, and an executive must look for both-effectiveness and efficiency. Thus, there must be internal equilibrium as well as ‘an equilibrium between the system and environment (supra-system)’.

Acceptance Theory of Authority

Barnard subscribed to the ‘acceptance theory of authority’; according to which managerial authority rests on the consent of the subordinates. This is in contrary to the traditional view of ‘top to bottom approach of right to command and order’ and gave it a ‘bottom-up’ interpretation. Barnard defines authority as “the character of a communication (order) in a formal organisation by which it is accepted by a contributor or ‘member’ of the organisation as governing the action he contributes”. According to him, authority involves two aspects- subjective and objective. The subjective aspect is personal, the acceptance of a communication is authoritative. A person will accept an order as authoritative only when *four* conditions are met:

- a) The communication is understandable.
- b) The receiver believes the instruction is consistent with the organisation's purposes.
- c) The receiver believes it is compatible with his or her personal interests.
- d) The receiver is both mentally and physically able to comply.

The objective characteristic of 'communication of authority' is that aspect, which induces acceptance:

- a) The character of authority in organisational communications lies in the potentiality of assent of those to whom they are sent.
- b) The system of communication is a primary and continuing problem of a formal organisation; and
- c) There are controlling factors in the character of the communication system as a system of objective authority.

Barnard did not agree with the classical concept of authority, where it comes from top to bottom. Barnard asserted that authority rested on the acceptance or consent of subordinates. In his opinion, authority is confirmed only when it is accepted by a person to whom it has been addressed. Disobedience of such communication is a denial of authority.

Zone of Indifference

The 'Zone of Indifference' is Barnard's (1948) pivotal contribution. According to Barnard, every individual has a 'Zone of Indifference'. It is like Simon's 'Zone of Acceptance'. It implies that a person will accept orders willingly and without question, as long as they fall within this Zone. The Zone may be wider or narrower depending upon the degree to which individual's commitment to the organisation and to which the inducements exceed the burdens and sacrifices associated with compliance with a specific order.

He has observed, 'If all the orders for actions, reasonably practicable, be arranged in the order of their acceptability to the person affected, it may be conceived that there are a number, which are clearly unacceptable, that is, which certainly will not be obeyed; there is another group somewhat more or less on the neutral line, that is, either barely acceptable or barely unacceptable; and a third group unquestionably acceptable. This last group lies within the 'Zone of Indifference.' The person affected will accept orders lying within this Zone and is relatively indifferent as to what the order is so far as the question of authority is concerned.'

The Functions of the Executive

The vitality and endurance of an organisation depends on the functions of the executive. According to Barnard (*ibid.*), the essential executive functions are: (i) to maintain the system of communication necessary for cooperation to be coordinated, (ii) to promote and secure essential efforts, and (iii) to formulate and define the purpose for the organisation.

First function of maintenance of the system of communication and authority has *two* components: (a) defining the organisational positions, and (b) maintaining a personnel system. The former requires organisational charts, specification of duties, division of work, etc. The latter includes recruiting individuals possessing appropriate qualifications and skills and offering salary, incentives, allowances, etc. These *two* components are complementary and depend on each other.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) What do you understand by Systems Approach?

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2) Briefly list the major contributions of Chester Barnard.

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7.5 SOCIO-PSYCHOLOGICAL APPROACH

Socio-psychological Approach is a tool to understand the theories that recognise the organisation as a socio-psychological system with emphasis on the human side. It is the application of behavioural science such as psychology, sociology and anthropology to the study of human side of organisation. The Classical Management theories build on the notion that the effectiveness of organisation depends on their structure, management principles and methods. It was evident in earlier theories such as Scientific Management Theory by Frederick W. Taylor, and Bureaucratic Management Theory by Weber etc. These theories emphasised on technical aspects of work and forgot the human side of the organisation. As these theories over-emphasised the mechanical and physiological characters of management, they attracted many criticisms, especially on the grounds of absence of human aspect/side of organisation.

Proponents of Socio-psychological Approach believe that individuals play a vital role in the success or the failure of the organisation. A belief in human beings and their contribution to organisation is central to this Approach. It emphasises on time needs, drives, behaviour and attitude of individuals. It helps to understand why individuals behave as they do and what psychological and social factors influence them. It helps a manager to identify the motives, which influence the behaviour of employees at work to attain organisational objectives. These theories recognise and give importance to the behavioural aspect of employees and study how better it can be utilised for effectiveness of organisations. In this Unit, we will explain the prominent theories given by Abraham Maslow, Douglas McGregor, and Frederick Herzberg that come under the Socio-psychological Approach.

7.6 MASLOW’S HIERARCHY OF NEEDS THEORY

Abraham Maslow is the Father of Humanistic Psychology. Maslow’s Motivation Theory is one of the best known and most influential theories on workplace motivation.

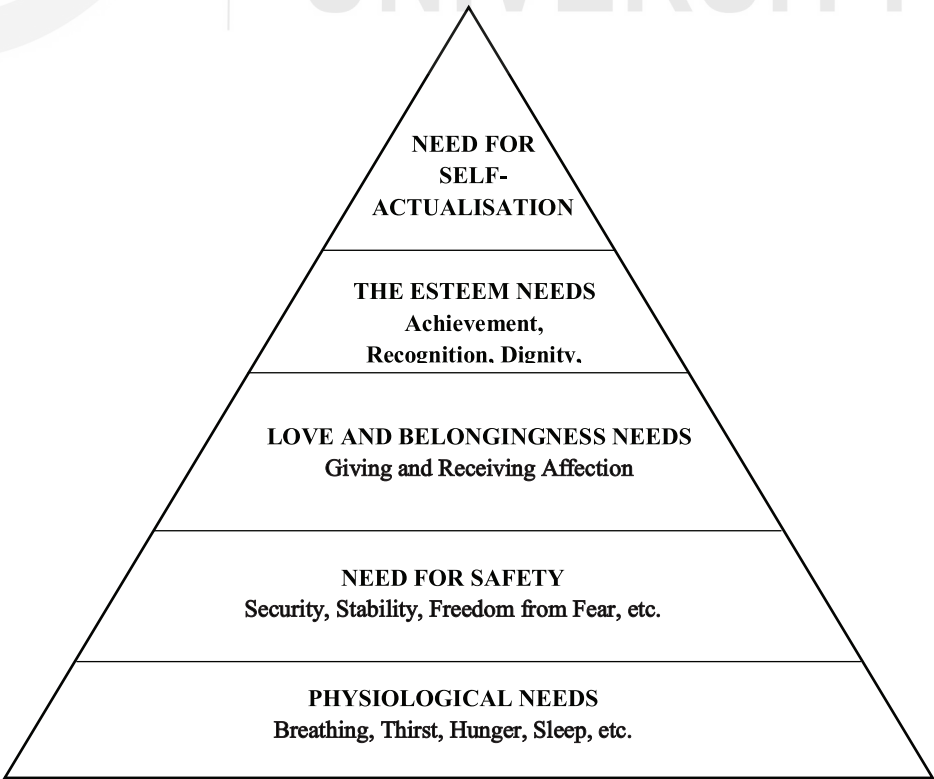
He published his work ‘Motivation and Personality’ in 1954. He provided the framework to study and analyse human motivation. Maslow believed that “the fundamental desires of human beings are similar despite the multitude of conscious desires” (Zalenski and Raspa, 2006). Maslow suggested that human beings have a *hierarchy of needs*, as being made up of *five* needs, which are “physiological, safety, love, esteem, and self-actualisation” arranged in a pyramidal manner, with physiological needs making up the bottom of the pyramid.

According to Maslow, human being is an organism, which drives into action to satisfy its needs. The fundamental principle behind his hierarchy of needs is that people are born with certain needs, the fulfilment of basic needs will allow to move forward and fulfil other more complex needs. He insists that the urge for self-actualisation is deeply entrenched in the human psyche, but only surfaces once the more basic needs are fulfilled. This pattern of hierarchy of needs acts as a major determinant in individual adjustment within an organisation. By understanding the needs of the human being, the manager can motivate them towards organisation goals with appropriate intervention strategies.

At the *first* and lowest level of need is *physiological needs*- these are most prepotent needs for sustaining human life itself. Breathing, thirst, hunger, sleep and biological satisfaction are the physiological needs without which the people cannot survive. Maslow (1943) has observed that unless these needs are satisfied to the degree necessary to maintain life, other needs will not motivate people.

Second comes the *needs for safety*, comprised of: ‘...security, stability; dependency; protection; freedom from fear, anxiety and chaos; need for structure, order, law, and limits; and so on’ (Maslow, 1954, *op.cit.*).

Third level of needs are the *love and belonging needs*, which, in the words of Maslow, involve ‘... giving and receiving affection’. People want to establish relationships with other and at the same time also want them to establish reciprocal relationships (*Ibid.*). The hierarchy of needs is depicted in the figure below:



Then comes *fourth* level of needs, the *esteem needs*, which involves self-worth, or esteem, and the esteem of others. Maslow notes that it involves, ‘the desire for strength, achievement, adequacy, mastery and competence, confidence in the face of the world, and independence and freedom’. Further, he says, is a desire for ‘...reputation or prestige...status, fame, and glory, dominance, recognition, attention, importance, dignity, or appreciation.’ He stresses that self-esteem originates from the ‘deserved respect’ (Maslow, 1954, *ibid.*) from others and this comes as a result of ‘will-power, determination and responsibility’.

Fifth and highest level of needs are the *Need for Self-actualisation*. This entails maximising one’s potential and to accomplishing something. According to Maslow’s definition of self-actualisation:

“It may be loosely described as the full use and exploitation of talents, capabilities, potentialities, etc. Such people seem to be fulfilling themselves and to be doing the best that they are capable of doing... They are people who have developed or are developing to the full stature of which they capable.”

These are self-transcendence needs such as self-growth, self-fulfilment and professional accomplishment. According to Maslow, physiological, security, social and esteem needs are ‘deficiency’ needs that arise because of deprivation. The highest level of the pyramid is called the ‘growth or progressive’ needs.

Maslow separated the five needs into higher and lower orders: Physiological and Safety needs are described as lower order and Social, Esteem, and Self-actualisation needs are described as higher order needs. Further, higher order needs are satisfied internally, and lower order needs are predominantly satisfied externally. Maslow has observed that “the average member of our society is most often partially satisfied and partially unsatisfied in all of his wants” (Maslow, 1943, *op.cit.*).

Thus, by analysing the needs and its potential to motivate human beings, Maslow’s theory helps to understand the behaviour of human beings. This theory helps the managers to understand how to motivate the human beings towards the desired organisational goals. However, critics have alleged that there is direct cause and effect relationship between need and behaviour. Further, one particular needs may cause different type of behaviour in different persons. On the other hand, as a particular individual behaviour may be due to the result of different needs.

Research has proved that levels of the need hierarchy was not as distinct as Maslow professed; levels were overlapped, and it was difficult to prove which level of need ended when and was no longer a motivator. Also, substantial satisfaction of one level of need doesn’t necessarily lead to next higher level of need. Again, Maslow’s description of self-actualisation and how self-actualised people felt and behaved are little vague and cannot be generalised for people from different cultural, social and geography. Despite these shortcomings, Maslow did provide a broad framework to study human motivation and human behaviour.

Check Your Progress 2

Note: i) Use the space given below for your answer.

ii) Check your answer with that given at the end of the Unit.

1) Explain the five levels of needs given by Maslow.

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7.7 DOUGLAS MCGREGOR’S THEORY X AND
THEORY Y

Douglas McGregor was an American Socio-Psychologist. He proposed his famous X and Y theories in his Book ‘The Human Side of Enterprise’ (1960). These theories are about human behaviour and motivation in the organisation. These theories remain central to organisational development and attempt to improve organisational culture. McGregor postulated that every leader has core assumptions about human nature and these assumptions influence the style of leadership practiced by the leader. He opined that the core leadership assumptions (Theory X and Theory Y) will assist the leaders to question their underlying assumptions and perceptions about people.

McGregor believed that as companies become more competitive because of technological advancements, the success of organisations would be more dependent on the dynamics of the people. He viewed that for most to be derived from people, they have to be treated as individuals, each with their own set of values and motivations. He stressed that people must not be treated as machines but as living individuals who could be developed to help achieve organisational goals. He emphasised the importance of leaders and their attitudes about employees, because that potentially impact the response they get from those they lead. Further, McGregor (1960) thought that if leaders did not examine certain core assumptions they have about people, it could limit their appreciation and view of the strength of human capacity for growth, collaboration and development.

McGregor believed that giving importance to the human side of management and leadership is a fundamental requirement for the success of organisations. He was of the strong opinion that leaders could behave in ways that would result in high organisational commitment from their subordinates. According to McGregor, the employees and leaders in the organisation can be divided into two typical groups based on how leaders lead their subordinates and respectively how subordinates behave.

The *assumptions* behind Theory ‘X’ were as follows:

- Employees in an organisation were lazy and did not like work.
- Employees wanted to work as little as possible and tended to avoid it.
- Employees were self-centred and non-committal to organisational needs.
- Employees were not intelligent and creative, avoided responsibility and were reluctant to change.
- Employees preferred to be directed.

Because of the above assumptions, leaders subscribing to this Theory would closely supervise, direct and control their employees and also use coercive factors like external stimuli (punishments and rewards) to get them driven towards organisational goals.

Often, leaders of this Theory were intolerant, maintained distance from employees, non-participative and biased. These qualities belonged to *authoritarian style of leadership* with more emphasis on work than people.

The *assumptions* behind Theory ‘Y’ were as follows:

- Employees treated their work as natural and enjoyed working, if the environment was suitable.
- Employees were intelligent, imaginative and creative.
- Employees gladly accepted autonomy or responsibility, and even actively sought it.
- Employees agreed with the goals of the organisation and could self-control and self-direct towards them.
- Employees demonstrated an actively creative and innovative approach towards the challenges of the organisation.

Because of the above assumptions, leaders of this Theory were understanding, constructive, participative, result-oriented, and effective. Often leaders of this Theory were democratic and people-centred, where the individual is valued and appreciated. They believe that when workers are given the right environment, they can achieve their highest potential and can be of great value to their organisation. These qualities belong to *participative style* of leadership with more emphasis on people than work.

McGregor (1957) was a votary of the Theory ‘Y’, however, he pointed out that the change of assumptions and leadership style from authoritative to participative could not be achieved overnight, and as he noted “change in the direction of Theory Y will be slow, and it will require extensive modification of the attitudes of management and workers alike”. McGregor (1976) emphasised that, Theory X and Theory Y did not lie at the extremes of a scale, they were simply different cosmologies.

McGregor also spoke of transactional concept of power and influence. His concept of transactional influence has been of great relevance. He emphasised on how managers, through this concept, could deal with their role, style, power, issue of control, team work and their own selves (Dhameja and Mishra, 2016).

McGregor’s ideas were not new; he was deeply influenced by Maslow. His assertion of leader’s assumptions and attitudes towards his employees, The fact that it could motivate employees, which in turn would impact organisational development were all new to the management thought. One criticism, which has been levelled against McGregor (1960), which he acknowledged, is the fact that his theories postulated in 1960s did not consider the impact and role of environmental factors. Bennis (1972) pointed this out by observing that McGregor’s Theory of organisation depends on a psychologically determined set of superior-subordinate relationships. There are no technological factors, norms, or groups, nor are there economic, cultural, legal or political impositions (Bennis, *ibid* ; Kwasi, 2009).

According to Schein (2011), “there is nothing in this Theory that says that a manager should behave in any particular matter, only that how he or she behaves is driven by deep cognitive assumptions” which means an organisation should learn whether being more like Theory ‘X’ or ‘Y’ has an impact on the effectiveness of the manager. The consequence for the organisation is to understand what managerial assumptions are

more effective or desired and question underlying assumptions rather than managerial actions and abilities (Schein, *ibid.*; Dave and Anna, 2013).

Despite all the criticisms levelled against McGregor’s Theory, his ideas have made a significant contribution to the field of management. Perhaps the most important is how organisations view their employees, a paradigm shift from seeing them as mature individuals from immature individuals and accordingly leading them through participative style of management rather than authoritarian style.

7.8 HERZBERG’S TWO FACTOR THEORY

Another prominent thinker whose contribution can be viewed through Socio-psychological Approach is Frederick Herzberg. He has tried to understand employees’ attitudes and motivation, by determining the factors in an employee’s work environment that cause satisfaction or dissatisfaction. He published his findings in the 1959 Book *The Motivation to Work*.

His studies included interviews in which employees were asked what pleased and displeased them about their work. Herzberg found that the factors causing job satisfaction (and presumably motivation) were different from those causing job dissatisfaction. He developed the Motivation-Hygiene Theory to explain these results. He called the satisfiers, motivators and the dissatisfiers the hygiene factors, using the term “hygiene” in the sense that they are considered maintenance factors that are necessary to avoid dissatisfaction but that by themselves do not provide satisfaction.

Table given below presents the top *six* factors causing satisfaction and dissatisfaction among employees in their working environment. It is listed in the order of higher to lower importance:

Herzberg’s Two-Factor Theory	
Hygiene Factors(<i>Dissatisfiers</i>)	Motivation Factors(<i>Satisfiers</i>)
Company Policy and Administration	Achievement
Supervision	Recognition
Salary	Work itself
Interpersonal Relations	Responsibility
Working Conditions	Advancement

Herzberg has observed that satisfaction and dissatisfaction are *two* different set of factors and cannot be treated as opposite to one another. It means opposite of satisfaction is not dissatisfaction, but rather, no satisfaction. Similarly, the opposite of dissatisfaction is not satisfaction. It implies that, a neutral state exists as contrary to job satisfaction and job dissatisfaction. A worker may either be satisfied or not satisfied (neutral) with motivational factors. Similarly, a worker is either dissatisfied or not dissatisfied (neutral) with hygiene factors (Lakshmiopathy, 1991).

Herzberg has argued that satisfiers and dissatisfiers are *two* distinct human needs and can be tagged under physiological and psychological needs of human beings respectively. Physiological needs (dissatisfiers) can be fulfilled by money, dignified working environment, quality of interpersonal relations, job security, etc. Psychological needs are appreciation and encouragement from organisation or leaders, opportunities to achieve and grow, autonomy in work, etc. It implies that hygiene factors determine how a worker feels about his company or organisation in general (external), whereas the motivation factors determine how an employee feels about his job. Herzberg argues that dissatisfiers only provide short-term success because the motivator factors

that determine whether there is satisfaction, or no satisfaction are intrinsic to the job itself and do not result from external factors. This rationale thinking of Herzberg explains why a worker may hate his job and yet remain with a company or happy with his job and yet quit an organisation.

In order to motivate employees for long-term and satisfy individual needs, Herzberg has suggested job enrichment and job loading. By job enrichment he meant that the job should be challenging enough to utilise employees’ abilities. Increased ability should be adequately rewarded with higher responsibility. Through job enrichment, managers could maximise intrinsic motivation of employees. If a job cannot be designed to use an employee’s full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilised, then there will be a motivation problem.

Critics have argued that job satisfaction does not necessarily imply a high level of motivation or productivity. This Theory is not free from bias, it is based on the natural reaction of employees when they are enquired about the sources of satisfaction and dissatisfaction at work. It is a natural tendency of the human being to blame external factors and not their own selves. Also, this Theory ignores blue-collar workers. Despite these limitations, Herzberg’s Two Factor Theory is broadly accepted in management and administration.

Check Your Progress 3

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Discuss McGregor’s Theory ‘X’ and Theory ‘Y’.

2) Bring out the concepts of Satisfiers and Dissatisfiers.

7.9 CONCLUSION

As organisations grow in numbers, size, and activities, the number of problems and their complexity increase exponentially and threaten efficient management. Many authors have come up with different theories to solve them. Among them, Theories of Barnard on the one hand and Maslow, McGregor and Herzberg on the other can be put under Systems Approach and Social-Psychological Approaches respectively. As proposed by Systems Approach, Chester Barnard’s Theory has seen organisation as a cooperative system in which authority, executive functions, leadership and

communication are important parts. He recognised informal organisation as an important part of formal organisation.

Socio-psychological Approach has dealt with the application of behavioural science to the study of human side of organisation. It is contrary to the traditional view of treating people as a ‘cogs in machine’ and recognising people in organisation as human beings with a different personality, capability, and also needs and values. Abraham Maslow’s Theory recognised that every human being has different levels of needs, which can be used to motivate employees in an organisation.

McGregor talked about the assumptions/attitudes of the managers about their employees in an organisation and their leadership style to lead them towards organisational achievements. Herzberg has given a set of satisfiers and dissatisfiers that the managers have to apply appropriately to motivate employees in an organisation, for long-term growth and development of both employees and organisation. This Unit has tried to examine the key features of these Theories under Systems and Socio-psychological Approaches.

7.10 GLOSSARY

Dissatisfiers and Satisfiers : These parameters impact work behaviour. Propounded by Frederick Herzberg, dissatisfiers are the hygiene factors. These are factors that can upset employees if not met. These are salary, work conditions, paper work, company policy etc. Satisfiers are the motivators that make employees happy. These are recognition, promotion, opportunity for personal development and increased levels of responsibility.

Self-Actualisation : The term was coined by Abraham Maslow and it has been put to use in various theories in psychology. Self-actualisation literally means realising one’s potential but it goes much beyond that in Maslow’s analysis. For him, it means expression of creativity, quest for knowledge and spiritual enlightenment, desire to transform. Basically, a stage where basic as well as mental needs of an employee in an organisation are truly fulfilled.

Motivation : The term has been derived from the word ‘motive’. It is a driving force that pushes an employee to initiate a behaviour. It depends on factors such as intensity of need, incentive value of goal and expectations of individuals. It varies from person to person and circumstance to circumstance.

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7.12 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should include the following points:
 - Systems Approach views organisation as a system that lays emphasis on holism.
 - It looks at organisational subsystems that make a system.
 - External environment of organisation or the supra-system is crucial to the organisation.

- Organisation constantly interacts with supra-system and takes inputs from it.
 - Organisation and supra-system are interdependent.
- 2) Your answer should include the following points:
- Organisational Theories.
 - Hierarchy of Needs.
 - Organisational Equilibrium.
 - Acceptance Theory of Authority.
 - Zone of Indifference.
 - Functions of Executive.

Check Your Progress 2

- 1) Your answer should include the following points:
- Physiological Needs
 - Safety Needs
 - Belongingness Needs
 - Esteem Needs
 - Self-Actualisation Needs.

Check Your Progress 3

- 1) Your answer should include the following points:
- Presumption under Theory ‘X’ are that human beings are lazy, work shirkers, like to be directed, are self-centred and non-committal.
 - Presumptions under Theory ‘Y’ are that human beings are creative, accept responsibility, are motivated, can self-control and self-direct.
- 2) Your answer should include the following points:
- Satisfiers are motivators like responsibility, achievement, recognition and advancement.
 - Dissatisfiers are hygiene factors like salary, promotion and interpersonal relations.