



# McGregor's legacy: the evolution and current application of Theory Y management

Peter F. Sorensen

*Benedictine University, Lisle, Illinois, USA, and*

Matt Minahan

*The Minahan Group, Silver Spring, Maryland, USA*

## Abstract

**Purpose** – This paper is dedicated to the 50th anniversary of Douglas McGregor's *The Human Side of Enterprise*. The paper identifies major management approaches cited by McGregor as being examples of his Theory Y management principles. The paper traces the historical development of each of these approaches and their application today. The paper also addresses two major contemporary issues, namely, the relation of Theory Y management to today's positive change theories based on social construction, and the question of the universal/global applicability of Theory Y.

**Design/methodology/approach** – This paper reviews McGregor's original article, then traces the historical development and application of McGregor's major concepts through the identification and review of relevant historical and contemporary literature.

**Findings** – Major findings provide strong evidence that McGregor's Theory Y concepts and related management approaches have grown in application, are closely related to appreciative inquiry and social construction. There is also evidence that McGregor's concept of management may be universal and has application across national cultural boundaries.

**Practical implications** – The findings indicate that McGregor's concepts have widespread acceptance and application today, and have been systematically and empirically related to organizational success and effectiveness. More important, however, are the enormous implications related to the growing body of empirical evidence that these concepts have universal application considering the continued movement toward globalization.

**Originality/value** – Although well known, McGregor's Theory Y management has received little systematic efforts at identifying its historical growth and contemporary applications, particularly in terms of contemporary issues relating it to appreciative inquiry, social construction and universal applicability.

**Keywords** Management history, Management technique

**Paper type** Viewpoint

The work of McGregor has had a significant impact on management and management philosophy. It in particular has had an impact on the applied academic field of organization development (OD). The paper focuses primarily on the history and current contribution of McGregor's thinking to OD. McGregor's work reflects a set of values, values which are deeply reflected in the values of OD. McGregor also identified a set of managerial and organizational initiatives which he felt were consistent with his Theory Y philosophy of management. Although McGregor's work is based on a set of cognitive assumptions, it is the values inherent in his work that serve as the primary focus of this paper. The influence of McGregor in the early days of the OD field and its value base is particularly well presented in Mirvis (1988), Weisbord (1987), Burke (2008, 2009) among others.



---

The paper focuses on the history and application of management initiatives identified by McGregor (1957a) in one of his original articles which have become a major part of OD. Although McGregor's work has clearly influenced a wide range of behavioral and organizational disciplines, the focus of the paper is on those approaches which are cited in his early article referenced above and recent developments which clearly fall within the domain of the field of OD. Even though a comprehensive review of McGregor's influence beyond the field of OD is clearly a worthwhile endeavor, the presentation here is limited to his influence within the field of OD. This discussion focuses on job enlargement, leadership/participation, organization structure/delegation-decentralization and performance evaluation/management by objectives (MBO). The paper then moves to major new developments in the field of OD, Positive Change approaches, particularly appreciative inquiry and international and global OD. The paper closes with a discussion of national and international success rates in the application of OD, again relating it back to the roots founded by McGregor.

### **Centralization and decentralization**

Centralization/decentralization and delegation are important management and organizational concepts central to ways of thinking about organizations. For McGregor, decentralization and delegation were identified as organizational forms consistent with Theory Y. These ideas have taken a number of different forms in the literature of management and OD sometimes referred to as bureaucratic/mechanistic versus organic. There are a number of factors associated with these concepts, for example, job complexity, rates of change and uncertainty in the environment. During the time of McGregor's work, the field was beginning to understand some of the factors which shape organizational forms, see, for example, the work of Woodward (1965) relating organizational form to technology, the work of Burns and Stalker (1961), and Lawrence and Lorsch's (1967) work relating organizational forms to rates of environmental change and uncertainty.

The work of Joanne Woodward indicated that mechanistic organizations (Theory X) were more appropriate for mass production technology, while organic organizations (Theory Y) were more consistent with advanced technologies. The work of Burns and Stalker suggested that mechanistic organizations were more suited to stable environments while organic more suited to rapidly changing environments, while the work of Lawrence and Lorsch indicated that both mechanistic and organic might be appropriate within the same organization if different departments were characterized by different levels of task complexity and different rates of environmental change.

How have McGregor's ideas fared today? Probably the most important factor in terms of McGregor is the fact that increased task complexities, rapidly changing environments and increased technological sophistication are resulting in new forms or organizations – organizational forms that are highly compatible with Theory Y. Examples of these new forms are presented in Cummings and Worley's (2009) discussion of OD and organization restructuring, process- and network-based organizations. These forms of organizations are specifically designed to enhance response capability in increasingly complex and uncertain environments, again, organizational forms consistent with McGregor. These organizational forms are built on the foundation of and are a reflection of those management approaches identified in McGregor's early article as being consistent with Theory Y. Recently, a number of forces are mandating new organizational forms,

---

forces which include rapidly advancing technology, rapidly accelerating rates of environmental change and increasing complexities – all forces which mandate Theory Y management.

### **Job enlargement and McGregor**

At the time of McGregor's writing, there was increasing attention being given to the human and organizational costs resulting from the scientific management movement and the fragmentation and routinization of work. The fields of psychology and sociology, in particular, produced a number of works focusing on the problem including such work as Blauner's (1964) alienation and freedom and Argyris's (1960) impact of formal organization on the individual. Job enlargement was cited as being one of the emerging approaches to management consistent with Theory Y, an approach which was being experimented with, for example, in a number of organizations including the work at Polaroid (Strauss and Sayles, 1972; Strauss, 1970).

The ideas of certain job characteristics as being a reflection of Theory Y management was further enhanced by the work of Fredrick Herzberg (1966). The work of Herzberg and his dual-factor theory made a major impact on the field and became highly popular with practitioners. With Herzberg's work the terminology changed from job enlargement to job enrichment. The dual-factor theory clearly linked motivation to changes in the job itself including a sense of achievement, accomplishment, recognition, responsibility and professional growth, factors referred to as motivating factors. The importance of motivating factors such as achievement, recognition, responsibility and personal growth are clearly related to the concept of Theory Y.

The relationship between the original concept of job enlargement, then job enrichment and Theory Y, was further strengthened by the work of Hackman and Oldham (1980) with the publication of *Work Redesign as part of the Organization Development Series* published by Addison-Wesley. In the work of Hackman and Oldham, a measure of job characteristics related to motivation was introduced, known as the motivating potential score (MPS) and the job diagnostic survey (JDS). The JDS provided a measure and profile of five factors related to job motivation: skill variety, task identity, significance, autonomy and feedback. The MPS provided a summary score of the five factors.

Again, a measure of the growth and prevalence of ideas reflecting Theory Y management today can be provided by the number of citations given to Hackman and Herzberg, the two major contributors to the development of work design, again in Cummings and Worley's (2009) *OD and Change*. It appears clear that as the work on job enlargement becomes increasingly refined, it continues to become even more closely aligned with McGregor's ideas on the nature of human beings at work. One of the most important recent advances in job design is the work on relational job design. Although not extensively incorporated into the literature of OD, relational job design is clearly consistent with the values of OD and McGregor, and will in all probability become part of the work in OD in the near future. For example, for current developments in relational job design, see the work of Adam Grant (2007) which provides illustrations regarding relational job design and pro-social contributions; and Grant's (2008) work on task significance and job performance.

McGregor would likely be saddened if he were observing jobs and the workplace today. Given the massive economic pressures on organizations in both the public and private sectors, he would notice that people are producing more and more each year, for less pay, while doing more tasks and feeling greatly fragmented by it all.

---

British medical schools have implemented an 80-hour work week for surgical residents, with the result that the majority of medical school faculty believe that both patient care and resident education have deteriorated (Winslow *et al.*, 2004). By the end of 2009, the Gallup Organization's Work Environment Index saw its largest year-over-year drop, declining to 49.2 in 2009 from 51.4 in 2008, a loss of 2.2 points overall and remaining below 50 per cent for most of 2009. The Work Environment Index is a good McGregor-esque snapshot of work life in the USA, as it includes four items: job satisfaction, ability to use one's strengths at work, trust and openness in the workplace, and whether one's supervisor treats him or her more like a boss or a partner, with the most significant decline in the job satisfaction measures (Gallup, 2010).

There are ethical and moral implications for job enrichment programs today. There is clear research that job enrichment generally increased employee satisfaction (Mohr and Zoghi, 2006). The "motivation hypothesis" implies that enrichment will generally increase satisfaction. However, at what point does job enrichment become job overload, fulfilling the job "intensification hypothesis", by which enrichment may decrease satisfaction by increasing the intensity and scope of work? As work pressures mount, hours decrease, benefits disappear and workforces are reduced, the well grounded OD practitioner is forced to wonder at what point do their streamlining, business process improving, "job enriching" projects actually do harm to workers than good? That does not reflect any fatal flaw in either McGregor's work or Hackman and Oldham's core theories. Instead, it reflects the seemingly inevitable and inescapable pressures of globalization, the automation of organizational functions and the downward pressure on wages and benefits.

### **Participation and consultative management**

Participation and consultative management have an extensive history in the behavioral sciences. Landmark studies which preceded the work of McGregor include the classic research and writing of Lewin (1939) and Lippitt (1939) which first differentiated autocratic and democratic atmospheres in group, and ultimately, decision styles in managers, followed by the work of Mayo and Hawthorne studies in 1949 and Strauss and Bavelas (1955). Interestingly, all of these projects were characterized by field experiments. At the time of McGregor, there was increased systematic work on these concepts, which were still to a great extent counter culture in corporate America. In their classic article, "How to Choose a Leadership Pattern", Tannenbaum and Schmidt (1958) differentiated among seven different leadership styles, ranging from manager-oriented behavior to employee-centered behavior, describing the relationship between the degrees of freedom that a manager invests in a team and the level of authority retained by the manager. Work directed by Likert (1961), for example, at the University of Michigan Survey Research Center was giving strong support for consultative management and participation based on systematic research reported in such popular management books as *New Patterns of Management* and his presentation of the four systems of management moving from non-participatory authoritarian System 1 to highly supportive, highly participatory System 4.

This early period was followed by a period of interest in and popularity of contextually based management styles. The managerial grid (Blake and Mouton, 1968) and situational leadership (Hersey and Blanchard, 1972) are two of the best known, best marketed and commodified. One of the most rigorous and situational approaches

---

to leadership was Vroom and Yetton's (1973) *Leadership and Decision-Making*. Even here, we find strong support for Theory Y management in that X approaches were defined as being appropriate for simple decisions not requiring employee input while participatory leadership was defined as more appropriate for complex, unprogrammed decisions requiring high levels of employee commitment.

An illustration of the increasing interest in participation was the popularity of Peters and Waterman's (1982) work and publications; for example, their *In Search of Excellence* which was for an extended period of time a management bestseller. Although Peters and Waterman did not explicitly cite McGregor, there is no question that their work and publications were clearly supportive of and consistent with Theory Y management. His work was significant in expanding popular interest among practicing managers.

At about the same time, Bradford and Cohen (1984) produced *Managing for Excellence: The Guide to Developing High Performance Contemporary Organizations*, in which they introduced the concept of shared responsibility leadership, again a management bestseller. Shared leadership as presented by Bradford and Cohen is essentially the creation of a shared sense of responsibility for organizational performance, and can be differentiated from participatory decision making in that it is more comprehensive, building on the foundation of creating shared superordinate goals, developing employees for shared responsibility and the creation of shared responsibility teams.

Two years later, work again produced in a university setting representing systematic and programmatic research programs, continued to provide strong support for Theory Y and which, in fact, incorporated many of the specific management approaches presented by McGregor. In his 1986 book, *High Involvement Management*, Edward Lawler, Director of the Center for Effective Organizations at the University of Southern California (and a former member of the research center at the University of Michigan), provided an illustration of the widespread popularity of participatory management, stating:

Quality circles [...] self-managing work teams [...] job enrichment [...] gainsharing [...] these are some of the new participative approaches gaining widespread popularity in thousands of organizations (1986).

In the book, Lawler cites work on participation at such well-known organizations as Honeywell, IBM and Ford, among others.

More recently, Lawler and Worley (2006) published *Built to Change: How to Achieve Sustained Organizational Effectiveness* which incorporates the concept of shared leadership. Again, a number of familiar corporate names appear including Toyota, Johnson & Johnson and Southwest Airlines, among others.

None of this is new ground for OD practitioners. The focus of the field has been on increasing the empowerment and involvement of employees, going back to the early to mid-twentieth century. What is new is that these concepts are rapidly becoming mainstreamed into the US business culture, which necessitates a change in role for the OD practitioner.

### **McGregor and performance appraisal**

One of the most influential of the management approaches cited by McGregor was his thinking on performance appraisal. His work and thinking in this area had a major impact on how performance appraisals would be reshaped. Traditional approaches to performance

---

appraisal at the time of McGregor's work were mostly performed in a manner consistent with Theory X. That is, they were unilateral in nature and clearly represented a method of external control by the supervisor, manager and the organization. McGregor expressed concern with the counter-productive and alienating results of traditional methods. McGregor proposed a more collaborative approach to performance appraisal, one characterized by discussion and cooperation between managers and employees. He was concerned with creating the conditions fostering internal rather than external control, and ways of constructing opportunities for integrating both employee and organizational objectives. The method, which he proposed was goal setting, a goal setting method that allowed employees increased control over their own activities, in a manner consistent with optimum contribution to the goals of the organization. This approach became known and referred to as MBO. Along with the work of Douglas McGregor the origin of MBO is also attributed to Peter Drucker. The work of Drucker precedes McGregor (Babcock, 1976). These two approaches originally represented two major differences in orientation. The term MBO is first used in Drucker's *The Practice of Management*. Drucker's approach was essentially a macro or total organization approach. Drucker's contribution was to present a comprehensive, integrated approach to setting objectives. McGregor, in contrast, focused on results-oriented appraisal and the relationship between the manager and employee (Babcock, 1976). The core of McGregor's approach and the values imbedded in his approach are nicely illustrated by the following quote from McGregor (1957a):

The conventional approach [...] constitutes something dangerously close to a violation of the integrity of the personality [...] The respect we hold for the inherent value of the individual leaves us distressed when we must take responsibility for judging the personal worth of our fellow man. Yet the conventional approach to performance appraisal forces us, not only to make such judgments and to see them acted upon, but also to communicate them to those we have judged. Small wonder we resist!

Goal setting is not, however, without its problems. Although McGregor's version of MBO has a clear and evident value orientation recent work on goal setting has presented some unanticipated consequences of goal setting in general, including a rise in unethical behavior, distorted risk preference, corrosion of corporate culture, among other anticipated consequences (Ordonez *et al.*, 2009). However, these consequences are not inherent in goal setting but result from the manner in which MBO is implemented (Latham and Locke, 2009; Locke and Latham, 2009) and clearly not consistent with the MBO process put forward by McGregor. The early period of MBO was characterized by a number of case studies reporting success (Babcock and Sorensen, 1980). MBO became a highly popular approach to management reflected in a number of publications on the topic.

However, as tends to be characteristic of popular approaches to management, the experiences around the practice of MBO became rapidly much more complex, and although a number of more rigorous studies of MBO supported the concept, there were increased reports of failures (generally not reported in the popular literature of management but increasingly reported in the academic literature).

Much of the discussion during this second period revolved around the question of how goals were set, the measurability of goals, the frequency of review, the question of sustainability of MBO programs, the lack of top management support, whether goal accomplishment should be attached to monetary compensation, team goals, as well as a number of other issues. It quickly became clear that what appeared to be a relatively

simple and straightforward management approach was in fact quite complicated when introduced into practice in human systems. One of the important understandings about MBO, which emerged out of this period (an understanding which in retrospect seems obvious) was the understanding of the role of organizational culture. With the increasing interest in and understanding of the concept of organization culture came new understandings of factors contributing to the success or failure of MBO programs. One such measure was the organization culture inventory (OCI). In one series of studies using the OCI, organization culture was demonstrated to be a major factor in the success or failure of MBO programs. Not surprisingly, organizations that can be characterized as Theory X cultures implemented and used MBO as an additional form of external control, in other words implemented MBO in a manner consistent with the culture. Theory Y cultures on the other hand implemented MBO in a manner consistent with the culture, implementation characterized by collaboration, autonomy and commitment (Sorensen and Babcock, 1976).

MBO continues to be widely used today. The literature concerning goal setting in particular is very impressive as to its relationship to organizational effectiveness and employee motivation. Recently, literature also presents a model of MBO which acknowledges its complexities – a more fully developed model still based substantially on McGregor's early work (Cummings and Worley, 2009).

The introduction of job-based competency systems beginning in the early 1980s has added another dimension to performance management. Where MBO is about goals and accomplishments, job-based competencies are about the knowledge and skills required to achieve the goals outlined in the MBO.

It is becoming axiomatic that competency-based human resource management systems are central to linking an organization's business strategy with its human capital strategy, along with leadership driving the planning process, a detailed assessment of the organization and its capacity, organizational learning and capacity and stakeholder buy-in (Zula, 2007), all embedded in McGregor's principles of Theory Y.

### **Appreciative inquiry and McGregor**

One of the most interesting and fundamental concepts explored by McGregor in relationship to the practice and implications of Theory Y was the concept of the self-fulfilling prophecy. McGregor was writing at a time in which the self-fulfilling prophecy was receiving considerable attention especially in terms of student behavior in the classroom and in the popular literature as the "Pygmalion effect". McGregor applied the idea of the self-fulfilling prophecy to employee responses to management assumptions and style.

McGregor's Theory Y is also essentially an optimistic philosophy:

In the present context, optimism introduces us to the belief, or at least the hope, that through the responsible use of knowledge and reason, mankind can improve existing conditions. Naive as it may seem, it is here presumed that people will try to do good when given genuine opportunities to do so. Rather than accept the status quo as the best of all possible worlds, the optimistic approach asks how can things be improved or made better. More fundamentally, the optimistic approach allows, if not encourages, us to take control of our social and material destiny (Gabris *et al.*, 1998).

As one of the most important and influential new approaches to OD and management in general, appreciative inquiry integrates optimism with the self-fulfilling prophecy.

---

Appreciative inquiry represents the most popular, influential and widely used major new approach, most consistent with and reinforcing of Theory Y management. In what probably is one of his earliest writings on appreciative inquiry, "Positive image, positive action: the affirmative basis of organizing", Cooperrider and Srivastva (1987) sets forth the basic concepts which would serve as the foundation of appreciative inquiry. Heavily influenced by the philosophy of social construction, he cites McGregor (1960) among others in the following statement: "As made and imagined, organizations are products of human interaction and mind rather than some blind expression of an underlying natural order". Cooperrider then describes the role of the self-fulfilling prophecy in terms of its implications for management and a theory of affirmative organization.

Appreciative inquiry would develop into a comprehensive model of organization and management, a model which would be applied to numerous organizational activities including organizational change, leadership, team building and would be applied extensively internationally. A recent review (Yaeger *et al.*, 2005) of 500 articles reporting on appreciative inquiry projects identifies 50 studies with documentation of measurable results. About 30 per cent of the studies reported on applications outside of the USA. Most of the studies dealt with organizational issues (Theory Y at a macro level) such as organization change, developing organizational strategy and culture change. All studies reported the realization of intended changes.

It is hard to overestimate the implications of the emergence of appreciative inquiry in the field of OD. The vast majority of OD faculty, teachers and practitioners were trained in the deficit-based problem-solving model. However, as more and more OD practitioners learn about and begin to practice appreciative techniques in their work, this is starting to shift. Bushe and Marshak (2009) raise the question about a fundamental shift in the field, from a scientifically based, positivistic worldview toward a more socially constructed worldview based on conversation and human interaction.

For both McGregor and Cooperrider, the concept of the self-fulfilling prophecy – and more specifically for Cooperrider – the power of optimistic positive imaging has profound implications for management and the creation of more effective organizations. In the work of Cooperrider and others, the basic propositions set forth by McGregor experienced extensive development resulting in a comprehensive and widely applied new approach to management and organizational change.

Closely related to appreciative inquiry is positive organizational scholarship (Cameron *et al.*, 2003). Probably the work that most clearly links to the work of McGregor is the work of Gardner and Schermerhorn (2004, pp. 270-81). To quote from their article:

When McGregor placed in the historical record his underlying respect for individuals, for their basic humanity and for their intrinsic capability, he left a wake-up call. Heard today, his call is a reminder that high performance leadership in any setting begins with a belief in people.

The work of Gardner and Schermerhorn and others, for example, Luthans and Avolio (2003) on authentic leadership provide strong testimonial to the continued legacy of Douglas McGregor.

### **Are McGregor's concepts universal?**

One of the most fundamental questions in terms of McGregor's legacy is the extent to which his assumptions about human nature and in turn approaches to management are universal, or the extent to which they transcend national cultural boundaries.



Probably the most influential work in terms of the role of national cultural values and management is the work of Hofstede (1980), in his classic work on national cultural values entitled *Culture's Consequences*. Hofstede is cited as one of the most important and influential writers on management of the last decade. Hofstede presents extensive international data supporting four concepts; power distance, uncertainty avoidance, individualism-collectivism and masculine-feminine. The frequent inclusion of references to McGregor in one of the major and most influential works on global management speaks to the international recognition and influence of McGregor. Of over 600 authors referenced in *Culture's Consequences*, McGregor is referenced more frequently than 97 per cent of the other authors. Hofstede's work is based extensively on international responses to the Hermes questionnaire, again as an indication of McGregor's influence is the fact that questions included in Hermes were taken directly from McGregor's statements regarding Theory X. Two of Hofstede's concepts, high power and high uncertainty avoidance, are correlated with Theory X. Hofstede argues that McGregor's Theory Y concepts are not universally applicable and that Theory X is more applicable in countries characterized by high power and/or high uncertainty avoidance. Hofstede's own writing is explicitly critical of western, mostly the US-based authors, including Herzberg, Maslow and McGregor because they are subject to their own cultural biases which are reflected in their work. (Sanchez and Curtis, 2008).

There is considerable literature which addresses the cultural determinism of X and Y in terms of the practice of OD which has been heavily influenced by McGregor and consists of approaches and techniques which are consistent with Theory Y. There is some support for the position that Theory Y or traditional approaches to OD either are inappropriate or need to be modified if they are to be applied in certain cultures. Even recent experiences across culture (Zaldivar, 2008) reference the challenges of working in high context culture with people from a low context culture.

On the other hand, there are an increasing number of studies being reported that OD has a substantial track record of success in cultures which according to Hofstede would be resistant to OD. Robert Golembiewski (1990) has suggested that OD may very well be universal in application and has reported extensively on the success rates of OD in both developed and developing countries. Some of his most recent work reports on high rates of OD success in Korea, a country which in terms of Hofstede's (1980) argument would be resistant to OD. Other recent studies reporting successful OD applications based on appreciative inquiry include Japan (Sharkey *et al.*, 2005), Thailand and Brazil (Jones, 2005). It is not clear how much of the success of OD interventions across cultures is occurring in local offices of US-based, multinational organizations where the corporate culture is more likely to reflect the culture of the home office, which often is grounded in Theory Y assumptions.

As one looks at the increasingly global environment for organizations the role of multinational organizations is critical. Heenan and Perlmutter (1979) address this issue in their work on Multinational OD. Heenan and Perlmutter present models of four types of headquarters orientation including ethnocentric (home country oriented), polycentric (host country oriented), regioncentric (regionally oriented) and geocentric (globally oriented). They argue that most multinational companies evolve from ethnocentrism to polycentrism to geocentrism. Heenan and Perlmutter define a global OD strategy for moving toward developing a geocentric multinational organization. As such, Perlmutter's work represents one of the first attempts to apply OD globally,

---

stating: "For us, the multinationalization process is a humanization process, where persons in institutions or networks of institutions collaborate to improve the human condition" (Heenan and Perlmutter, 1979, p. 178). Although written as a tribute to Kurt Lewin, a major influence on McGregor, this early application of OD to global activities is certainly consistent with the work and values of McGregor.

One of the most comprehensive global studies of leadership is reported in the GLOBE study (House *et al.*, 2004). Here, six global CLT (culturally endorsed leadership) dimensions were identified: charismatic/leadership, team-oriented leadership, autonomous leadership, humane-oriented leadership and self-protective leadership. The first four dimensions are consistent with and comparable to the work of McGregor. Like the work of Hofstede, study findings suggest that certain national cultural values are more consistent with the values of McGregor and the field of OD. Alternative emerging approaches to Global OD are the findings around appreciative inquiry, and evolving changes in national cultural values. For example, see China study from Hsing-Lu *et al.* (2005).

What is not yet clear is whether Theory Y is equally applicable across all cultures and nations as some believe, or whether the Hofstede taxonomy is even still valid now, or will be into the future. As the influence of western culture and values extends globally, it is quite possible that the principles of western culture, including its commitment to employee empowerment and other elements of Theory Y, will gradually change some of the high power distance and high masculine cultures into more Theory Y-compatible cultures, especially since most of the Hofstede data were collected in the 1970s, and much has changed globally and culturally since then. If western values and Theory Y management practices are beginning to pervade other cultures, they will likely take root in areas of high trade and commerce, where the instances of cross-cultural interface are greatest; similarly, it will likely take much longer for changes to occur in more rural and less cosmopolitan areas.

### Summary

Throughout McGregor's work we see the consistent themes of autonomy, control over one's work, the themes of dignity and contribution to the organization – themes of Theory Y management reflected in such management approaches as delegation, performance appraisal, job enlargement, participation and consultative management. How have these approaches fared over the last 50 years?

Each of these concepts overlaps and reinforces each other. For example, delegation increases the scope and responsibilities of the job, job enlargement is also reflected in participation and consultative management and performance appraisal is done in a manner consistent with participation and consultative management. Although interrelated, each of the concepts has its own unique history.

Delegation has had a history of being related to cycles of fashion in management in terms of the cyclical interest in centralization and decentralization. Over time our understanding of these concepts has been enriched with new insights as to the role of technology, organization culture and even national culture. A more recent insight is the exploration into the role of the mission of the organization, the more critical, the more dangerous the mission (e.g. the military) the more important Theory Y approaches (Academy of Management Symposium on Schein *et al.*, 2007). The importance of delegation, decentralization and organization culture is also dramatically illustrated in what was probably one of the most remarkable cases in management history, the case of Johnson and Johnson and the Tylenol incident, a case which dramatically illustrated

---

the relationship between Theory Y-related concepts and an organization's ability to respond to critical and unanticipated events.

Job enlargement experienced considerable increase in popularity with the work of Frederick Herzberg and the concepts of hygiene and motivating factors associated with the term job enrichment. This concept was later refined through job redesign and the work of Hackman and Oldham and their development of a measure of job enrichment, the JDS and the MPS. The work of Hackman and Oldham added considerably to the empirical evidence in support of Theory Y approaches to job construction. At a different but related level, the concept of creating jobs consistent with Theory Y was also applied to work teams and was identified early by one of McGregor's protégés, Richard Beckhard, an approach which would later become extremely popular in the form of autonomous work groups and self-managing work teams.

McGregor's concept of performance appraisal has had a major impact on managerial and human resources thinking. McGregor's work had considerable influence on the development of MBO. For McGregor, performance was related to what he referred to as integration "the creation of conditions such that the members of the organization can achieve their own goals best by directing their efforts toward the success of the enterprise" (McGregor, 1960). Again, with the understanding of more recent findings concerning the role of organization culture we begin to understand the limitations of Theory Y approaches. It is now clear that the success or failure of Theory Y performance appraisal and Theory Y MBO programs is highly dependent on the organization culture within which they are implemented, that MBO programs implemented in Theory X organization cultures are implemented in a Theory X fashion and have little likelihood of success, while MBO programs implemented in a Theory Y organization culture have high rates of success.

Participation and consultative management have evolved through different periods over the last 50 years. These concepts in the early years were fashionable but there was some question as to the extent of application. During this period, the work at the University of Michigan was highly influential. The work of Rensis Likert provided strong empirical evidence that System 4 (Theory Y) organizations consistently performed better than System 1 organizations (Theory X). The work by Arnold Tannenbaum, also at the University of Michigan, on the control graph (a measure of shared influence) consistently demonstrated that high total influence systems (Theory Y) outperformed low total influence systems (Theory X) (Tannenbaum, 1958; Sorensen and Baum, 1975). This early period was followed by a period in which situational management was popular, for example, the work of Vroom and Yetton. Essentially the work of Vroom and Yetton indicated that non-participation was most appropriate for routine decision requiring little employee commitment, while participation (Theory Y) was essential for complex tasks requiring high levels of employee commitment.

Most recently, McGregor's concepts have been reflected in one of the most popular and influential new approaches to organizational performance – appreciative inquiry. Appreciative inquiry is founded on the philosophy of social construction and incorporates one of McGregor's important concepts – the concept of the self-fulfilling prophecy. The tremendous influence and effectiveness (Yaeger *et al.*, 2005) of appreciative inquiry stands as probably the strongest testimonial to the continued validity of McGregor's work.

The final part of this paper has dealt with the most fundamental question of all, the question concerning the universal application of McGregor and Theory Y which in turn raises the question of the basic nature of human beings. The evidence is put forth by both the advocates that McGregor is situational (an argument put forth by one of the most influential management contributor of the last century – Geert Hofstede) and the advocates that McGregor concepts are universal (evidence from appreciative inquiry, Golembiewski, etc.)

There is evidence to support both positions. However, there is also evidence that national cultural values may be changing in a direction more consistent with the application of McGregor's Theory Y (Hsing-Lu *et al.*, 2005). It seems to be clear that McGregor's thinking has had a profound impact over the last 50 years and continues to have a significant influence today. What will the next 50-year review conclude? We hope that McGregor's work will continue to shape behavior in organizations; that in the next 50 years McGregor's assumptions about human behavior at work will truly be universal.

## References

- Argyris, C. (1960), *Personality and Organization*, Harper & Row, New York, NY.
- Babcock, R. (1976), "Tracing the history of MBO", in Babcock, R. and Sorensen, P.F. Jr (Eds), *Strategies and Tactics in Management by Objectives*, Stipes, Champaign, IL, pp. 2-24.
- Babcock, R. and Sorensen, P. (1980), *Strategies and Tactics in Management by Objectives*, Stipes, Champaign, IL.
- Blake, W. and Mouton, J. (1968), *The Managerial Grid: Key Orientations for Achieving Production Through People*, Gulf Publishing Company, Houston, TX.
- Blauner, R. (1964), *Alienation and Freedom*, University of Chicago Press, Chicago, IL.
- Bradford, D. and Cohen, A. (1984), *Managing for Excellence*, Wiley, New York, NY.
- Burke, W.W. (2008), *Organization Change; Theory and Practice*, 2nd ed., Sage, Thousand Oaks, CA.
- Burke, W.W. (2009), "The Douglas McGregor legacy", *Journal of Applied Behavioral Science*, Vol. 45 No. 8.
- Burns, T. and Stalker, G.M. (1961), *The Management of Innovations*, The Tavistock Institute, London.
- Bushe, G.R. and Marshak, R.J. (2009), "Revisioning organization development; diagnostic and dialogic premises and patterns of practice", *The Journal of Applied Behavioral Science*, Vol. 45 No. 3, pp. 348-68.
- Cameron, K.S., Dutton, J.E. and Quinn, R.E. (Eds) (2003), *Positive Organizational Scholarship*, Berrett-Koehler, San Francisco, CA.
- Cooperrider, D.L. and Srivastva, S. (1987), "Positive image, positive action: the affirmative basis of organizing", in Cooperrider, D.L., Sorensen, P.F. Jr, Yaeger, T.F. and Whitney, D. (Eds), *Appreciative Inquiry: Foundations in Positive Organization Development*, 14th ed., Stipes, Champaign, IL.
- Cummings, T.G. and Worley, C.G. (2009), *Organization Development & Change*, 9th ed., Cengage Learning, Mason, OH.
- Gabris, G., Maclin, S. and Ihrke, D. (1998), "Bradford", *Journal of Management History*, Vol. 4 No. 4, p. 33.
- Gallup (2010), "Gallup-healthways wellbeing index", available at: [www.gallup.com/poll/125060/Americans-Lose-Ground-Areas-2009.aspx](http://www.gallup.com/poll/125060/Americans-Lose-Ground-Areas-2009.aspx) (accessed 20 January 2010).

- Gardner, W. and Schermerhorn, J.R. Jr (2004), "Unleashing individual potential: performance gains through positive organizational behavior and authentic leadership", *Organizational Dynamics*, Vol. 33 No. 3, pp. 270-81.
- Golembiewski, R.T. (1990), *Ironies in Organizational Development*, Transaction Publishers, New Brunswick, NJ.
- Grant, A.M. (2007), "Relational job design and the motivation to make a prosocial difference", *Academy of Management Review*, Vol. 32 No. 2, pp. 393-417.
- Grant, A.M. (2008), "The significance of task significance: job performance effects, relational mechanisms, and boundary conditions", *Journal of Applied Psychology*, Vol. 93 No. 1, pp. 108-24.
- Hackman, R. and Oldham, G. (1980), *Work Redesign*, Addison-Wesley, Menlo Park, CA.
- Heenan, D.A. and Perlmutter, H.V. (1979), *Multinational Organization Development: A Social Architectural Perspective*, Addison-Wesley, Reading, MA.
- Hersey, P. and Blanchard, K. (1972), *Management of Organizational Behavior*, Prentice-Hall, Englewood Cliffs, NJ.
- Herzberg, F. (1966), "The motivation-hygiene theory", *Work and the Nature of Man*, World Publishing, New York, NY.
- Hofstede, G. (1980), *Culture's Consequences; International Differences in Work-related Values*, Sage, Newbury, CA.
- House, R.J., Hanges, P.J., Javidan, M., Dorfman, P.W. and Gupta, V. (Eds) (2004), *Culture, Leadership, & Organizations: The Globe Study of 62 Societies*, Sage, Thousand Oaks, CA.
- Hsing-Lu, L., Yaeger, T. and Sorensen, P. (2005), "Appreciative inquiry international: extending the AI concept to Chinese executives", in Cooperrider, D., Sorensen, P., Yaeger, T. and Whitney, D. (Eds), *Appreciative Inquiry: Foundations in Positive Organization Development*, Stipes, Champaign, IL.
- Jones, D. (2005) in Cooperrider, D.L., Sorensen, P.F. Jr, Yaeger, T.F. and Whitney, D. (Eds), *Appreciative Inquiry: Foundations in Positive Organization Development*, 14th ed., Stipes, Champaign, IL, pp. 481-90.
- Latham, G.P. and Locke, E.A. (2009), "Science and ethics: What should count as evidence against the use of goal setting?", *Academy of Management Perspectives*, Vol. 23 No. 3, pp. 88-91.
- Lawler, E. and Worley, C. (2006), *Built to Change: How to Achieve Sustained Organizational Effectiveness*, Jossey-Bass, San Francisco, CA.
- Lawrence, P.R. and Lorsch, J.W. (1967), "High performing organizations in three environments", *Organization and Environment Chapter 6*, Division of Research, Harvard Business School, Boston, MA.
- Lewin, K. (1939), "Field theory and experiment in social psychology: concepts and methods", *The American Journal of Sociology*, Vol. 44 No. 6.
- Likert, R. (1961), *New Patterns of Management*, McGraw-Hill, New York, NY.
- Lippitt, R. (1939), "Field theory and experiment in social psychology: autocratic and democratic group atmospheres", *The American Journal of Sociology*, Vol. 45 No. 1.
- Locke, E.A. and Latham, G.P. (2009), "Has goal setting gone wild, or have its attackers abandoned good scholarship?", *Academy of Management Perspectives*, Vol. 23 No. 1, pp. 17-23.
- Luthans, F. and Avolio, B. (2003), "Authentic leadership development approach", in Cameron, K.S., Dutton, J.E. and Quinn, R.E. (Eds), *Positive Organizational Scholarship*, Berrett-Koehler, San Francisco, CA, pp. 241-58.
- McGregor, D. (1957a), "An uneasy look at performance appraisal", *Harvard Business Review*, Vol. 35 No. 2, pp. 84-94.

- McGregor, D. (1957b), "The human side of enterprise", *Adventure in Thought and Action, Proceedings of the Fifth Anniversary Convocation of the School of Industrial Management Massachusetts Institute of Technology, April 9*, MIT, Cambridge, MA School of Industrial Management, and reprinted in the *Management Review*, Vol. 46 No. 11, pp. 22-8.
- McGregor, D. (1960/1985), *The Human Side of Enterprise*, McGraw-Hill, New York, NY.
- Mirvis, P.H. (1988), "Organization development: part I – an evolutionary perspective", in Pasmore, W.A. and Woodman, R.W. (Eds), *Research in Organization Change and Development*, Vol. 2, JAI Press, Greenwich, CT, pp. 1-57.
- Mohr, R. and Zoghi, C. (2006), "Is job enrichment really enriching?", Working Paper No. 389, BLS Working Papers, US Department of Labor Office of Productivity and Technology, Washington, DC.
- Ordonez, L.D., Schweitzer, M.E., Galinsky, A.D. and Bazerman, M.H. (2009), "On good scholarship, goal setting, and scholars gone wild", *Academy of Management Perspectives*, Vol. 23 No. 3, pp. 82-7.
- Peters, T.J. and Waterman, R. (1982), *In Search of Excellence: Lessons from America's Best-run Companies*, Harper & Row, New York, NY.
- Sanchez, C. and Curtis, D. (2008), "Different minds and common problems: Geert Hofstede's research on national cultures", *Performance Improvement Quarterly*, Vol. 13 No. 2, pp. 9-19.
- Schein, E., Seashore, Yaeger, Sorensen, T., Ovaice, P., Goodly, G. and Doing, T. (2007), "Doing well by doing good: the legacy of Douglas McGregor in today's corporate world", presented at the Management History, Organization Development & Change and Management Consulting Divisions of the National Academy of Management, Philadelphia, PA, August 2007.
- Sharkey, L., Yaeger, T. and Sorensen, P. (2005), "Appreciative inquiry in a fortune 50 global organization: extending the AI context to Japan", in Cooperrider, D., Sorensen, P., Yaeger, T. and Whitney, D. (Eds), *Appreciative Inquiry: Foundations in Positive Organization Development*, Stipes, Champaign, IL.
- Sorensen, P. and Babcock, R. (Eds) (1976), *Strategies and Tactics in Management by Objectives*, Stipes, Champaign, IL.
- Sorensen, P. and Baum, B. (1975) in Sorensen, P., Baum, B. and Head, T. (Eds), *Perspectives on Organizational Behavior*, Stipes, Champaign, IL.
- Strauss, G. (1970), "Organizational behavior and personnel relations", in Ginsburg, W., Livernash, E., Parnes, H. and Strauss, G. (Eds), *A Review of Industrial Relations Research*, Industrial Relations Research Association, Madison, WI, pp. 145-206.
- Strauss, G. and Bavelas, A. (1955), "The hovey beard case", in Whyte, W.F. (Ed.), *Money and Motivation*, Harper & Row, New York, NY.
- Strauss, G. and Sayles, L. (1972), *Personnel: The Human Problems of Management*, 3rd ed., Prentice-Hall, Englewood Cliffs, NJ.
- Tannenbaum, R. and Schmidt, W. (1958), "How to choose a leadership pattern", *Harvard Business Review*, Vol. 36 No. 2, pp. 95-101.
- Vroom, V.H. and Yetton, P. (1973), "Choosing a leadership style: applying the Vroom and Yetton model", *Organizational Dynamics*, Spring, AMACOM.
- Weisbord, M.R. (1987), *Productive Workplaces: Organizing and Managing for Dignity, Meaning, and Community*, Jossey-Bass, San Francisco, CA.
- Winslow, E., Berger, L. and Klingensmith, M. (2004), "Has the 80-hour work week increased faculty hours?", *Current Surgery*, Vol. 61 No. 6, pp. 602-8.
- Woodward, J. (1965), *Industrial Organization: Theory and Practice*, Oxford University Press, New York, NY.

Yaeger, T., Sorensen, P. and Bengtsson, U. (2005), "Assessment of the state of appreciative inquiry: past, present and future", in Woodman, R. and Pasmore, W. (Eds), *Research in Organizational Change and Development*, Vol. 15, Elsevier, London, pp. 297-319.

Zaldivar, S. (2008), "International development through OD: my experience in Afghanistan", *OD Practitioner*, Winter.

Zula, K. (2007), "Integrative literature review: human capital planning – a review of literature and implications for human resource development", *Human Resource Development Review*, Vol. 6 No. 3, p. 245.

**Further reading**

Gallos, J.V. (Ed.) (2006), *Organization Development*, Jossey-Bass, San Francisco, CA.

Lawler, E. (1986), *High Involvement Management*, Jossey-Bass, San Francisco, CA.

Tannenbaum, A.S. (1968), *Control in Organizations*, McGraw-Hill, New York, NY.

**Corresponding author**

Peter F. Sorensen can be contacted at: [psorensen@ben.edu](mailto:psorensen@ben.edu)