An Uneasy Look at Performance Appraisal

by Douglas McGregor

and

Special Report

Chairman Mac in Perspective

by Warren G. Bennis

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Performance appraisal within management ranks has become standard practice in many companies during the past 20 years and is currently being adopted by many others, often as an important feature of management development programs. The more the method is used, the more uneasy I grow over the unstated assumptions which lie behind it. Moreover, with some searching, I find that a number of people both in education and in industry share my misgivings. This article, therefore, has two purposes:

1. To examine the conventional performance appraisal plan which requires the manager to pass judgment on the personal worth of subordinates.
2. To describe an alternative which places on the subordinate the primary responsibility for establishing performance goals and appraising progress toward them.

CURRENT PROGRAMS

Formal performance appraisal plans are designed to meet three needs, one for the organization and two for the individual:

1. They provide systematic judgments to back up salary increases, promotions, transfers, and sometimes demotions or terminations.
2. They are a means of telling a subordinate how he is doing, and suggesting needed changes in his behavior, attitudes, skills, or job knowledge; they let him know “where he stands” with the boss.
3. They also are being increasingly used as a basis for the coaching and counseling of the individual by the superior.

“Managers are uncomfortable when they are put in the position of ‘playing God,’” Douglas McGregor wrote in explaining their resistance to undertaking the conventional kind of appraisal of employee performance. Instead, he advocated an approach in which the subordinate establishes personal short-term goals and evaluates his performance himself. As a consequence, interviews with his manager concentrate on the employee’s strengths, rather than his shortcomings, and they tend less to digress into personalities. This article is as pertinent today as when it first appeared in the May-June 1957 issue of HBR. That its ideas are not as fresh now is testimony to the wide acceptance of McGregor’s belief in encouraging individuals to develop their potentialities in the organizational setting. In 1957 he had not yet articulated his famous concepts of Theory X and Theory Y, although, as Warren G. Bennis points out in the retrospective commentary on McGregor that follows, the ideas behind them are present in this “HBR Classic.”

At the time this article was written, McGregor was Professor of Management at the School of Industrial Management, Massachusetts Institute of Technology. Previously, he had been active in the field of industrial relations and had been President of Antioch College. He died in 1964.
Problem of resistance

Personnel administrators are aware that appraisal programs tend to run into resistance from the managers who are expected to administer them. Even managers who admit the necessity of such programs frequently balk at the process—especially the interview part. As a result, some companies do not communicate appraisal results to the individual, despite the general conviction that the subordinate has a right to know his superior's opinion so he can correct his weaknesses.

The boss's resistance is usually attributed to the following causes:

☐ A normal dislike of criticizing a subordinate [and perhaps having to argue about it].
☐ Lack of skill needed to handle the interviews.
☐ Dislike of a new procedure with its accompanying changes in ways of operating.
☐ Mistrust of the validity of the appraisal instrument.

To meet this problem, formal controls—scheduling, reminders, and so on—are often instituted. It is common experience that without them fewer than half the appraisal interviews are actually held. But even controls do not necessarily work. Thus:

In one company with a well-planned and carefully administered appraisal program, an opinion poll included two questions regarding appraisals. More than 90% of those answering the questionnaire approved the idea of appraisals. They wanted to know how they stood. Some 40% went on to say that they had never had the experience of being told—yet the files showed that over four fifths of them had signed a form testifying that they had been through an appraisal interview, some of them several times!

The respondents had no reason to lie, nor was there the slightest supposition that their superiors had committed forgery. The probable explanation is that the superiors, being basically resistant to the plan, had conducted the interviews in such a perfunctory manner that many subordinates did not realize what was going on.

Training programs designed to teach the skills of appraising and interviewing do help, but they seldom eliminate managerial resistance entirely. The difficulties connected with “negative appraisals” remain a source of genuine concern. There is always some discomfort involved in telling a subordinate he is not doing well. The individual who is “coasting” during the few years prior to retirement after serving his company competently for many years presents a special dilemma to the boss who is preparing to interview him.

Nor does a shift to a form of group appraisal solve the problem. Though the group method tends to have greater validity and, properly administered, can equalize varying standards of judgment, it does not ease the difficulty inherent in the interview. In fact, the superior's discomfort is often intensified when he must base his interview on the results of a group discussion of the subordinate's worth. Even if the final judgments have been his, he is not free to discuss the things said by others which may have influenced him.

The underlying cause

What should we think about a method—however valuable for meeting organizational needs—which produces such results in a wide range of companies with a variety of appraisal plans? The problem is one that cannot be dismissed lightly.

Perhaps this intuitive managerial reaction to conventional performance appraisal plans shows a deep but unrecognized wisdom. In my view, it does not reflect anything so simple as resistance to change, or dislike for personnel technique, or lack of skill, or mistrust for rating scales. Rather, managers seem to be expressing real misgivings, which they find difficult to put into words. This could be the underlying cause:

The conventional approach, unless handled with consummate skill and delicacy, constitutes something dangerously close to a violation of the integrity of the personality. Managers are uncomfortable when they are put in the position of “playing God.” 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 a 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!

The modern emphasis upon the manager as a leader who strives to help his subordinates achieve both their own and the company's objectives is hardly consistent with the judicial role demanded by most appraisal plans. If the manager must put on his judicial hat occasionally, he does it reluctantly and with understandable qualms. Under such conditions, it is unlikely that the subordinate will be any happier with the results than will the boss. It will not be surprising, either, if he fails to recognize that he has been told where he stands.

Of course, managers cannot escape making judgments about subordinates. Without such evaluations, salary and promotion policies cannot be administered sensibly. But are subordinates like products on an assembly line, to be accepted or re-
jected as a result of an inspection process? The inspection process may be made more objective or more accurate through research on the appraisal instrument, through training of the “inspectors,” or through introducing group appraisal; the subordinate may be “reworked” by coaching or counseling before the final decision to accept or reject him; but as far as the assumptions of the conventional appraisal process are concerned, we still have what is practically identical with a program for product inspection.

On this interpretation, then, resistance to conventional appraisal programs is eminently sound. It reflects an unwillingness to treat human beings like physical objects. The needs of the organization are obviously important, but when they come into conflict with our convictions about the worth and the dignity of the human personality, one or the other must give.

Indeed, by the fact of their resistance managers are saying that the organization must yield in the face of this fundamental human value. And they are thus being more sensitive than are personnel administrators and social scientists whose business it is to be concerned with the human problems of industry!

A NEW APPROACH

If this analysis is correct, the task before us is clear. We must find a new plan—not a compromise to hide the dilemma, but a bold move to resolve the issue.

A number of writers are beginning to approach the whole subject of management from the point of view of basic social values. Peter Drucker’s concept of “management by objectives” offers an unusually promising framework within which we can seek a solution. Several companies, notably General Mills, Incorporated, and General Electric Company, have been exploring different methods of appraisal which rest upon assumptions consistent with Drucker’s philosophy.

Responsibility on subordinate

This approach calls on the subordinate to establish short-term performance goals for himself. The superior enters the process actively only after the subordinate has (a) done a good deal of thinking about his job, (b) made a careful assessment of his own strengths and weaknesses, and (c) formulated some specific plans to accomplish his goals. The superior’s role is to help the man relate his self-appraisal, his “targets,” and his plans for the ensuing period to the realities of the organization.

The first step in this process is to arrive at a clear statement of the major features of the job. Rather than a formal job description, this is a document drawn up by the subordinate after studying the company-approved statement. It defines the broad areas of his responsibility as they actually work out in practice. The boss and employee discuss the draft jointly and modify it as may be necessary until both of them agree that it is adequate.

Working from this statement of responsibilities, the subordinate then establishes his goals or “targets” for a period of, say, six months. These targets are specific actions which the man proposes to take, i.e., setting up regular staff meetings to improve communication, reorganizing the office, completing or undertaking a certain study. Thus they are explicitly stated and accompanied by a detailed account of the actions he proposes to take to reach them. This document is, in turn, discussed with the superior and modified until both are satisfied with it.

At the conclusion of the six-month period, the subordinate makes his own appraisal of what he has accomplished relative to the targets he had set earlier. He substantiates it with factual data wherever possible. The “interview” is an examination by superior and subordinate together of the subordinate’s self-appraisal, and it culminates in a resetting of targets for the next six months.

Of course, the superior has veto power at each step of this process; in an organizational hierarchy anything else would be unacceptable. However, in practice he rarely needs to exercise it. Most subordinates tend to underestimate both their potentialities and their achievements. Moreover, subordinates normally have an understandable wish to satisfy their boss, and are quite willing to adjust their targets or appraisals if the superior feels they are unrealistic. Actually, a much more common problem is to resist the subordinates’ tendency to want the boss to tell them what to write down.

Analysis vs. appraisal

This approach to performance appraisal differs profoundly from the conventional one, for it shifts the emphasis from appraisal to analysis. This implies a more positive approach. No longer is the subordinate being examined by the superior so that his weaknesses may be determined; rather, he is examining himself, in order to define not only his weaknesses but also his strengths and potentials. The importance of this shift of emphasis should not be underestimated. It is basic to each of the specific differences which distinguish this approach from the conventional one.

The first of these differences arises from the subordinate’s new role in the process. He becomes an active agent, not a passive “object.” He is no longer a pawn in a chess game called management development.

Effective development of managers does not in-
clude coercing them (no matter how benevolently) into acceptance of the goals of the enterprise, nor does it mean manipulating their behavior to suit organizational needs. Rather, it calls for creating a relationship within which a man can take responsibility for developing his own potentialities, plan for himself, and learn from putting his plans into action. In the process, he can gain a genuine sense of satisfaction, for he is utilizing his own capabilities to achieve simultaneously both his objectives and those of the organization. Unless this is the nature of the relationship, “development” becomes a euphemism.

Who knows best?

One of the main differences of this approach is that it rests on the assumption that the individual knows—or can learn—more than anyone else about his own capabilities, needs, strengths and weaknesses, and goals. In the end, only he can determine what is best for his development. The conventional approach, on the other hand, makes the assumption that the superior can know enough about the subordinate to decide what is best for him.

No available methods can provide the superior with the knowledge he needs to make such decisions. Ratings, aptitude and personality tests, and the superior’s necessarily limited knowledge of the man’s performance yield at best an imperfect picture. Even the most extensive psychological counseling (assuming the superior possesses the competence for it) would not solve the problem because the product of counseling is self-insight on the part of the counselee. (Psychological tests are not being condemned by this statement. On the contrary, they have genuine value in competent hands. Their use by professionals as part of the process of screening applicants for employment does not raise the same questions as their use to “diagnose” the personal worth of accepted members of a management team. Even in the latter instance, the problem under discussion would not arise if test results and interpretations were given to the individual himself, to be shared with superiors at his discretion.)

The proper role for the superior, then, is the one that falls naturally to him under the suggested plan: helping the subordinate relate his career planning to the needs and realities of the organization. In the discussions, the boss can use his knowledge of the organization to help the subordinate establish targets and methods for achieving them which will (a) lead to increased knowledge and skill, (b) contribute to organizational objectives, and (c) test the subordinate’s appraisal of himself.

This is help which the subordinate wants. He knows well that the rewards and satisfactions he seeks from his career as a manager depend on his contribution to organizational objectives. He is also aware that the superior knows more completely than he what is required for success in this organization and under this boss. The superior, then, is the person who can help him test the soundness of his goals and his plans for achieving them. Quite clearly, the knowledge and active participation of both superior and subordinate are necessary components of this approach.

If the superior accepts this role, he need not become a judge of the subordinate’s personal worth. He is not telling, deciding, criticizing, or praising—not “playing God.” He finds himself listening, using his own knowledge of the organization as a basis for advising, guiding, encouraging his subordinates to develop their own potentialities. Incidentally, this often leads the superior to important insights about himself and his impact on others.

Looking to the future

Another significant difference is that the emphasis is on the future rather than the past. The purpose of the plan is to establish realistic targets and to seek the most effective ways of reaching them. Appraisal thus becomes a means to a constructive end. The 60-year-old “coaster” can be encouraged to set performance goals for himself and to make a fair appraisal of his progress toward them. Even the subordinate who has failed can be helped to consider what moves will be best for himself. The superior rarely finds himself facing the uncomfortable prospect of denying a subordinate’s personal worth. A transfer or even a demotion can be worked out without the connotation of a “sentence by the judge.”

Performance vs. personality

Finally, the accent is on performance, on actions relative to goals. There is less tendency for the personality of the subordinate to become an issue. The superior, instead of finding himself in the position of a psychologist or a therapist, can become a coach helping the subordinate to reach his own decisions on the specific steps that will enable him to reach his targets. Such counseling as may be required demands no deep analysis of the personal motivations or basic adjustment of the subordinate. To illustrate:

Consider a subordinate who is hostile, short-tempered, uncooperative, insecure. The superior need not make any psychological diagnosis. The “target setting” approach naturally directs the subordinate’s attention to ways and means of obtaining better interdepartmental collaboration, reducing complaints, winning the confidence of the men under him. Rather than facing the troublesome prospect of forcing his own psychological diagnosis on the subordinate, the superior can, for example, help the individual plan...
ways of getting “feedback” concerning his impact on his associates and subordinates as a basis for self-appraisal and self-improvement.

There is little chance that a man who is involved in a process like this will be in the dark about where he stands, or that he will forget he is the principal participant in his own development and responsible for it.

A NEW ATTITUDE

As a consequence of these differences we may expect the growth of a different attitude toward appraisal on the part of superior and subordinate alike.

The superior will gain real satisfaction as he learns to help his subordinates integrate their personal goals with the needs of the organization so that both are served. Once the subordinate has worked out a mutually satisfactory plan of action, the superior can delegate to him the responsibility for putting it into effect. He will see himself in a consistent managerial role rather than being forced to adopt the basically incompatible role of either the judge or the psychologist.

Unless there is a basic personal antagonism between the two men (in which case the relationship should be terminated), the superior can conduct these interviews so that both are actively involved in seeking the right basis for constructive action. The organization, the boss, and the subordinate all stand to gain. Under such circumstances the opportunities for learning and for genuine development of both parties are maximal.

The particular mechanics are of secondary importance. The needs of the organization in the administration of salary and promotion policies can easily be met within the framework of the analysis process. The machinery of the program can be adjusted to the situation. No universal list of rating categories is required. The complications of subjective or prejudiced judgment, of varying standards, of attempts to quantify qualitative data, all can be minimized. In fact, no formal machinery is required.

Problems of judgment

I have deliberately slighted the many problems of judgment involved in administering promotions and salaries. These are by no means minor, and this approach will not automatically solve them. However, I believe that if we are prepared to recognize the fundamental problem inherent in the conventional approach, ways can be found to temper our present administrative methods.

And if this approach is accepted, the traditional ingenuity of management will lead to the invention of a variety of methods for its implementation. The mechanics of some conventional plans can be adjusted to be consistent with this point of view. Obviously, a program utilizing ratings of the personal characteristics of subordinates would not be suitable, but one which emphasizes behavior might be.

Of course, managerial skill is required. No method will eliminate that. This method can fail as readily as any other in the clumsy hands of insensitive or indifferent or power-seeking managers. But even the limited experience of a few companies with this approach indicates that managerial resistance is substantially reduced. As a consequence, it is easier to gain the collaboration of managers in developing the necessary skills.

Cost in time

There is one unavoidable cost: the manager must spend considerably more time in implementing a program of this kind. It is not unusual to take a couple of days to work through the initial establishment of responsibilities and goals with each individual. And a periodic appraisal may require several hours rather than the typical 20 minutes.

Reaction to this cost will undoubtedly vary. The management that considers the development of its human resources to be the primary means of achieving the economic objectives of the organization will not be disturbed. It will regard the necessary guidance and coaching as among the most important functions of every superior.

CONCLUSION

I have sought to show that the conventional approach to performance appraisal stands condemned as a personnel method. It places the manager in the untenable position of judging the personal worth of his subordinates, and of acting on these judgments. No manager possesses, nor could he acquire, the skill necessary to carry out this responsibility effectively. Few would even be willing to accept it if they were fully aware of the implications involved.

It is this unrecognized aspect of conventional appraisal programs which produces the widespread uneasiness and even open resistance of management to appraisals and especially to the appraisal interview.

A sounder approach, which places the major responsibility on the subordinate for establishing performance goals and appraising progress toward them, avoids the major weaknesses of the old plan and benefits the organization by stimulating the development of the subordinate. It is true that more managerial skill and the investment of a considerable
amount of time are required, but the greater motiva-
tion and the more effective development of subordi-
nates can justify these added costs.

If we can learn how to realize the potential for collaboration
inherent in the human resources of industry, we will provide
a model for governments and nations which mankind sorely
needs.

Douglas McGregor, *The Human Side of Enterprise*

1. See *The Practice of Management* (New York, Harper &
Brothers, 1954).
Douglas McGregor was an epochal figure in his own time, and remains one, for that matter. He created a “new taste” across the entire field of management and the newer field of organizational behavior. One can agree or disagree with his writings, but they are always there as something to shoot for or at, depending on one’s viewpoint. All of us who live and work in large, organized settings—practitioners and scholars alike—sing his exultant chants, or lament their popularity, or question their validity. Just as every economist, knowingly or not, pays his dues to Keynes, we are all, one way or another, McGregorian.

Douglas McGregor was my teacher, colleague, boss and friend. We met at a point in my life—they don’t happen so frequently as one grows older—when I was extra vulnerable to what nowadays is called a “role model.” I was fresh out of the Army, age 22, and restarting at Antioch College as a freshman during the time when he was its president. His reputation had been secured through a clutch of magazine articles and his teaching at the Massachusetts Institute of Technology, where he headed the Industrial Relations Section.

I mention this at the outset—although our friendship is well-known—to warn the reader that I am not “your neutral critic” (if, indeed, any critic is totally neutral; one’s biases are always there, tacit perhaps, but easily discerned, the way a batter can detect a pitcher’s curves). Despite all that, I believe I can be detached—if not “objective”—and even critical toward one who has meant so much to me personally. McGregor possessed a craggy tentativeness, a lust for exploration, and an irresistible charm that was hard to cope with, if one had reason to fight it. But what made me admire him so much at the time—although I never verbalized it to myself until much later, when we became “grown-up” friends during our years together at M.I.T.—was the fact that he pretty much embodied (or tried to) the theories he wrote about.

When he was unable to exemplify that ideal, for whatever reasons, he felt sick or guilty or, usually, both. He fretted a lot about that, and I am certain that the deep lines in his face, the so-called “worry lines,” were gouged more deeply because of that persistent fear, guilt feeling, or whatever. I am also convinced that these occasional and quite understandable contradictions between his writings and his personal life were a partial cause of his premature death in 1964, at the age of 58.

That famous ‘Y’

His work, like his personality, was all of a piece. Nothing he wrote failed to reflect, in one way or another, his later-to-be-developed trademark now immortalized by that simple initial “Y.”

His famous “Theory Y” speech was delivered at the Fifth Anniversary Convocation of M.I.T.’s Alfred P. Sloan School of Management in April 1957. “The Human Side of Enterprise” was the title of the speech, and it was under that title that McGregor published his first book in 1960.1 He adapted the important HBR article, “An Uneasy Look at Performance Appraisal,”
as a chapter in it. The book continues to do well 12 years after publication; the last time I saw the publisher’s sales graphs, its sales were running at about 30,000 copies a year.

What did McGregor say to captivate the managerial public he was addressing? Basically, he postulated a new theory of man (partly borrowed from the psychological theorists of “self-actualization,” especially Abraham Maslow), a new theory of power, and a new set of values that would guide the spirit of the industrial workplace. They can be summed up under his useful dichotomy, Theory X and Theory Y.

Theory X represents a series of propositions about what McGregor felt was the conventional conception of management’s task in harnessing human energy to organizational requirements. In the speech he listed them this way:

- “Management is responsible for organizing the elements of productive enterprise—money, materials, equipment, people—in the interest of economic ends.
- “With respect to people, this is a process of directing their efforts, motivating them, controlling their actions, modifying their behavior to fit the needs of the organization.
- “Without this active intervention by management, people would be passive—even resistant—to organizational needs.
- “The average man is by nature indolent—he works as little as possible.
- “He lacks ambition, dislikes responsibility, prefers to be led.
- “He is inherently self-centered, indifferent to organizational needs.
- “He is by nature resistant to change.
- “He is gullible, not very bright, the ready dupe of the charlatan and the demagogue.”

McGregor believed that conventional organizational structures, practices, and managerial policies reflect and reinforce these assumptions.

Now that I have quoted the elements of Theory X, I realize that Theory X is alive and living in most of our institutions—regardless of how intellectually acceptable Theory Y is or how spectacular the book sales are. It is not only alive in our industrial world, but active in the assumptions behind advertising campaigns, political campaigns, educational practices, and the management of welfare and health institutions. Why did I once think it was not?

In his speech, McGregor presented Theory Y, using another set of propositions:

- “People are not by nature passive or resistant to organizational needs. They have become so as a result of experience in organizations.
- “The motivation, the potential for development, the capacity for assuming responsibility, the readiness to direct behavior toward organizational goals are all present in people. Management does not put them there. It is a responsibility of management to make it possible for people to recognize and develop these human characteristics for themselves.

- “The essential task of management is to arrange organizational conditions and methods of operation so that people can achieve their own goals best by directing their own efforts toward organizational objectives.”

Furthermore, he said, “This is a process primarily of creating opportunities, releasing potential, removing obstacles, encouraging growth, providing guidance. It is what Peter Drucker has called ‘management by objectives’ in contrast to ‘management by control.’”

“An Uneasy Look at Performance Appraisal” is studded with Theory Y assumptions—though it was published long before that phrase was immortalized. It doesn’t take an organizational theorist to spot them; they fairly leap out at you. Consider:

- “Resistance to conventional appraisal programs is eminently sound. It reflects an unwillingness to treat human beings like physical objects. The needs of the organization are obviously important, but when they come into conflict with our convictions about the worth and the dignity of the human personality, one or the other must give.”
- “[The subordinate] is no longer a pawn in a chess game called management development.”
- “Effective development of managers does not include coercing them [no matter how benevolently] into acceptance of the goals of the enterprise, nor does it mean manipulating their behavior to suit organizational needs. Rather, it calls for creating a relationship within which a man can take responsibility for developing his own potentialities, plan for himself, and learn from putting his plans into action. In the process he can gain a genuine sense of satisfaction, for he is utilizing his own capabilities to achieve simultaneously both his objectives and those of the organization.”

All the themes that informed his earlier work and those that culminated in The Human Side of Enterprise are there:

- Active participation by all involved.
- A transcending concern with individual dignity, worth, and growth.
- Reexamination and resolution of the conflict between individual needs and organizational goals, through effective interpersonal relationships between superiors and subordinates.
- A concept of influence that relies not on coercion, compromise, evasion or avoidance, pseudosup-
port, or bargaining, but on openness, confrontation, and “working through” differences.

A belief that human growth is self-generated and furthered by an environment of trust, feedback, and authentic human relationships.

The employee must take the responsibility for his own growth. McGregor would not tolerate “pseudo-growth” forced on the individual by the overzealous superior who manipulates, no matter how well intended he is, or by a sadist who uses fear as a crutch to hide his own fears. Growth is organic, natural. The best a leader can do is understand the conditions creating a climate of growth and do his best to irritate. The leader intervenes only rarely—and at great risk.

I want to underline something now that I passed over too quickly before. Theory Y [and X, for that matter] does not necessarily reflect attributes of the “subordinate”—a term McGregor often used, which lends a certain rustic, archaic tone to the article—but constitutes a set of assumptions held by the manager (or “superior”) toward his workers. Theory X or Theory Y is the manager’s construct or hypothesis about human behavior; or to be somewhat fancier, if not more precise, it is part of his “cosmology,” his existential core. McGregor believed that the manager’s constructs of motivation—not gleaned from books, but drawn from the library of life—create the conditions whereby the subordinates’ behavior is or may be Y-ish or X-ish. Perhaps that is why McGregor found the concept of the “self-fulfilling prophecy” so fetching and useful.

Expectations about “the other” (a ubiquitous and important, if somewhat shadowy, figure in most of the social sciences) to a large extent determine the appropriate behavioral response. In short, treat workers as if they care, have integrity, and want to be committed to the organization and work hard toward its goals. And, the wonder of it is, they do. Or most of them do.

Disciples & critics

McGregor’s writings, especially after the enthusiastic reception of The Human Side of Enterprise, facilitated—if not directly influenced—a number of related developments in the practice of management. The application of T-groups [sensitivity training and so forth] to actual, on-line, real-life organizations began in earnest in the late 1950’s and has continued at an accelerated rate to the present. McGregor’s work provided the badly needed theory that attempted to translate a “small group” model of change—basically an interpersonal one—from a laboratory situation, distant in time and space from the sweaty and plebian day-to-day life of the real world, to intact, functioning organizations. The work of Likert, Haire, Clark, Blake and Mouton, Argyris, Schein, Leavitt, Shepard, Beckhard, and so many others owes in large part its acceptance and development to McGregor’s writings.

The newer field of organizational development, nowadays referred to as “OD,” emerged from this tradition and has since matured into an important area of theory, research, and practice. One example of the practical consequences of this development is the establishment of new departments and corporate vice presidents of OD. These departments and executives take as their chief responsibility the examination and promotion of work environments that facilitate Theory Y responses.

Douglas McGregor’s writings attracted devoted disciples and devoted critics. They were bound to, for any new and useful idea always bootlegs in prescriptive and moral imperatives that stand at an angle to conventions and practices. Of course, there were some who criticized his work because they detected in it [quite correctly] a style of behavior antithetical to their own value systems.

Our conceptions of leadership are formed relatively early in life. They are based on family, church, and school experiences, so that we “know in our hearts” what’s right (and wrong) about leadership behavior. Consequently, it is far easier to search for fallacies in a theory or find a lack of scientific confirmation or empirical validity than it is to question one’s basic values or self-concept.

The imagery of leadership in American society [and most others, for that matter] is forged from a long heritage of folklore, fables, myths, ritual, and literature about heroes: Moses, Gary Cooper out of “High Noon,” Lawrence of Arabia, Henry Ford, Andrew Carnegie, “Boss” Kettering, and the lonely conquista-dor whether in science [Newton and Darwin] or the practical arts [Edison and Columbus].

These heroes are courageous, “self-made,” without friends or colleagues, swashbuckling, and single-handedly triumphing over great odds. These primal types are as natural and automatic to us as breathing.

How could a Theory Y manager run a railroad? How could a leader listen so much without appearing passive, weak, or permissive? It sounds like a cream-puff, “oh-you-kid” kind of leadership style. The leader should lead, damn it! It’s performance, not buddy-buddy nonsense, that counts. Anyway, nice guys finish last. How could a philosophy of man-
agement work that gives away the prerogatives of decision making to subordinates? That sounds suspiciously like communism.

Those aren’t concocted criticisms; they represent only a mild sampling of typical responses. The one about communism is [or used to be] frequently expressed, and is undoubtedly the least relevant to McGregor’s argument. McGregor steadfastly held to the accountability and responsibility of the formal organization’s leadership. “Power equalization,” a term applied to Theory Y by a few thoughtful critics, just doesn’t hold water. McGregor, at least, never hinted or implied any surrender of power.

Indeed, he argued that a trusting, open, and honest superior-subordinate relationship adds to, rather than subtracts from, the superior’s ability to influence his subordinate. [Incidentally, this also means that it adds to the subordinate’s ability to influence his superior.]

Cautionary notes

Two justifiable criticisms of McGregor’s work come to mind. They are not especially new, nor were they unknown to him. We discussed them a number of times, though I must confess that one of the two never was clearly answered. That one has to do with the burden assumed by the boss. The other concerns application of Theory Y in an increasingly complex world.

How to satisfy the boss’s needs? The poet W.H. Auden once wrote that every genius possesses an “essential error,” some skewed distortion of reality that informs his work. In McGregor, the essential error can be detected throughout his work, although, like “invisible weaving,” it may not be discernible at the surface.

It is directly related to his conception of Theory Y leadership. What is a Theory Y leader really like, according to McGregor’s description (and enshrinement) of him? He is caring, protective, a wise helper-counselor. He rarely intervenes except when asked or when absolutely necessary. He is a perceptive human psychologist, adjusting dials and cultivating the perfect organization’s climate so that his labors, unsung and unnoticed, create Pygmalion-like transformations in an organizational climate. But in this human equation, where and when do the boss’s needs, growth, defenses, distortions, “hang-ups,” disappointments, narcissism, sufferings come into play? Has he been so beautifully sensitized or superanalyzed that he actually has no needs—or, if he does, will not press them on others? Is it enough to play a Pygmalion game in the factory? Is it enough to experience the epiphany of successive, vicarious parental triumphs?

I wonder whether the Theory Y leader can trust the capacity, resources, or maturity of underlings to understand, let alone cope with, his full range as a person. Can he freely express his imperfections and learn from his employees (as I think he should be able to) so that he can realize his full human potential?

Theory Y leadership doesn’t strike me as fully human. For where does it allow anger, destructive-ness, inconsistency, or playfulness? What does it say about people (employees) who are competent loners, incorrigible weaklings, liars, villains, or those Thurber-like characters who simply don’t want to be helped, counseled, and nurtured? What does it say about those who, for whatever reason, want to remain distant from authority figures? Are they all Portnoys?

I wonder whether employees may not feel “infantalized” through behavior that is truly Christ-like and that ultimately reflects not only the leader’s lack of trust in his charges but also a more important and more subtle lack of trust in himself.

In “An Uneasy Look at Performance Appraisal,” in other writings, and in lectures, McGregor fumed against “playing God.” Perhaps the old-fashioned, free-wheeling autocrat was. But what does it mean to sublimate one’s own achievements and recognition in the service of the inchoate and eminently protean subordinate? White man’s burden—that’s what it means to me. I wonder what that burden does to the human psyche.

I wonder too what life would be like on a planet populated by Theory Y leaders. On balance, it would probably be an improvement. But the price for those who seek this style of influence should be posted for all to see.

Environmental void: The second of my criticisms has been voiced by many others and was fully recognized by McGregor. Indeed, at the time of his death he was finishing a book, The Professional Manager, which took into account many, though not all, of these shortcomings.

The criticism goes this way: McGregor’s theory of organization depends on a psychologically determined set of superior-subordinate relationships operating in an environmental void. There are no technological factors, norms, or groups, nor are there economic, cultural, legal, or political impositions.
Nor does the theory fully take into account changing world conditions, such as educational advancements, pollution, conflict, and population growth, that bring strong environmental forces to bear on the micro-organization.

The organizational environment is becoming more active, turbulent, spastic, and consequential. Organizational goals, to take just one example, cannot be determined solely by the subordinate [in collaboration with his superior, to be sure] because they are nowadays more than ever challenged and revised by shareholders, consumer advocates, taxpayers, and many other noisy and incessantly demanding constituencies.

Without elaborating the point, I can say that, in addition to the forces within the organization which McGregor's work never fully recognized or reckoned with, increasingly powerful external forces are registering their impact on decision making. Constituents, political bodies, judicial overkill, foreign relations and trade, and the mass media are a few.

So perhaps the growth of organizational complexity and the increased interdependency of various institutions make McGregor's image of the superior-subordinate relationship as moot as an earlier image of the educational process has become. I am referring to Mark Hopkins on one end of a log and a student on the other. It's a swift stream, with lots of surprises and turbulence still ahead. Possibly we ought to worry about the viability of the very idea of two persons on a log.

Marks of genius

Criticizing McGregor helps me to remember his genius, far more than the panegyrics that I and others have lavished on the man and his works. Near the beginning of this article I implied that we have internalized his ideas and concepts. We take them for granted, forgetting his contribution in the process. McGregor helped me invent my very first aphorism: "The good parent, the good teacher, and the good consultant all share one thing in common: they always give birth to orphans." He was that inspirational a teacher.

He was a genius, not necessarily for the originality of his ideas, which were often "in the air" or developed by similarly creative spirits. He was a genius because he had clarity of mind, a rare empathy for the manager, and a flair for the right metaphor that established a new idea.

Ideas are always invented before their founders hit on them. There must have been an "identity crisis" before Erikson coined the phrase. Theory X and Theory Y certainly existed before McGregor. But he named them, called them. The old joke about the umpire in the last half of the last inning in the last and determining game of the World Series comes to mind. The score is tied, the bases are loaded, two are out, and the batter has a 3-2 count. The ball is pitched and the umpire hesitates. The batter turns around angrily and shouts: "Well, what the hell is it?" And the umpire replies: "It ain't nothing till I call it!"

"Calling it" in science or in the world of practice requires not only those other remarkable attributes of McGregor, but that important and difficult element, courage. He had that too—in abundance.

In 1950, McGregor wrote:

"Out of all this has come the first clear recognition of an inescapable fact: we cannot successfully force people to work for management's objectives. The ancient conception that people do the work of the world only if they are forced to do so by threats or intimidation, or by the camouflaged authoritarian methods of paternalism, has been suffering from a lingering fatal illness for a quarter of a century. I venture the guess that it will be dead in another decade." 2

He was characteristically optimistic about the death of authoritarianism, but he was unerring, as usual, in putting his finger on the right issue at the right time. He might have helped, had he lived, to bring it about a lot sooner.