Comparative Analysis of Theory X, Theory Y, Theory Z, and Theory A for Managing People and Performance

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Comparative Analysis of Theory X, Theory Y, Theory Z, and Theory A for Managing People and Performance

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ABSTRACT
Organizational Behaviour in the context of people management consists of several theories in which Theory X, Theory Y, Theory Z are the newly introduced. Theory X and Y were created and developed by Douglas McGregor in the 1960s. Theory X says that the average human being is lazy and self-centred, lacks ambition, dislikes change, and longs to be told what to do. Theory Y maintains that human beings are active rather than passive shapers of themselves and of their environment. They long to grow and assume responsibility. The best way to manage them, is to manage as little as possible. Theory Z of William Ouchi focused on increasing employee loyalty to the company by providing a job for life with a strong focus on the wellbeing of the employee, both on and off the job. The above three theories were developed based on research conducted in various production related organizations in 20th century. In 21st century, due to changes in business models, automation of production process, changes in technology & business environment, and changes in people perception, organizations are transforming into global entities - a new theory in organizational behaviour called Theory A (Theory of Accountability) has been developed. In this paper, we have made an attempt to compare these four human motivational theories. A model framework for implementation of theory A in an organization is also discussed. The paper also consider the impact of theory A on modern organizational performance.

Keywords : Organizational theories, Theory X, Theory Y, Theory Z, Theory A.

1. Introduction
People management in Organizational Behaviour (OB) found importance from older days after industrialization in order to improve the productivity through enhanced efficiency of managers and employees. Being a scientific subject of study of organizations performance, OB consists of analysis of human behaviour individually and in groups while making decisions. It mainly focuses on impact of individuals, groups, and structures on human behaviour within the organizations. Normally OB is applied in an attempt to create more efficient business organizations in changing internal and external environment. A large number of research studies and conceptual developments are constantly adding to its knowledge base. The major goals of Organizational behaviour are: (1) To describe systematically how people behave under variety of conditions, (2) To understand why people behave as they do, (3) Predicting future employee behaviour, and (4) Control at least partially and develop some human activity at work. (5) To know how people can be motivated and directed on to their responsibility to enhance the individual and group performance to boost the productivity of the organization [1].

The winning strategy of People management in Organizational Behaviour consists of several theories in which Theory X, Theory Y, Theory Z and the recently introduced Theory A are related to organizational success through human motivation and management. Theory X and Y were created and developed by Douglas McGregor at the MIT Sloan School of Management in the 1960s [2]. Theory X says that the average human being is lazy and self-centred, lacks ambition, dislikes change, and longs to be told what to do. Theory Y maintains that human beings are active rather than passive shapers of themselves and of their
environment. They long to grow and assume responsibility. The best way to manage them, then, is to manage as little as possible. Theory Z of Dr. William Ouchi's also called "Japanese Management" style popularized during the Asian economic boom of the 1980s. Theory Z focused on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job [3]. The above three theories are developed based on research conducted in various production related organizations in 20th century. But in 21st century, due to changes in business models, automation of production process, changes in technology & business environment, and changes in people perception, organizations are transforming into global entities a new theory in organizational behaviour called Theory A (Theory on Accountability) is recently developed by Dr. Aithal P. S. and Dr. Suresh Kumar [4]. In this paper, we have made an attempt to compare the above four human motivational theories by considering their basic postulates and distinctive features. The four main constructs of Theory A are setting Target, giving Responsibility, continuous Monitoring and maintaining Accountability (TRMA). The effect of technological advents on people perception and organizational sustainability & success are also discussed.

2. About the Motivational theories X, Y, and Z:

2.1 Theory X:
Created and developed by Douglas McGregor in the 1960s, these theories describe two contrasting models of workforce motivation applied by managers in human resource management, organizational behaviour, organizational communication and organizational development. According to this model, the two opposing sets of general assumptions of how workers are motivated form the basis for two different managerial styles. Theory X is based on pessimistic assumptions of the average worker. This presupposes that average employee dislikes work and avoids it if possible, lacks responsibility, has little ambition and seeks security above all he has little or no ambition, shies away from work or responsibilities, and is individual-goal oriented. Generally, Theory X style managers believe their employees are less intelligent than the managers are, lazier than the managers are, or work solely for a sustainable income. Due to these assumptions, Theory X concludes the average workforce is more efficient under strict supervision and authoritarian approach to management.[1] Accordingly, Theory X believes that all actions should be traced and the responsible individual given a direct reward or a reprimand according to the action's outcomes. This managerial style is more effective when used to motivate a workforce that is not inherently motivated to perform [2].

2.2 Theory Y:
Theory Y states that work is as natural as play or rest, people are not inherently lazy, they have become that way as a result of experience. People will exercise self direction and self control in the service of the objectives to which they are committed. People have potential. Under proper condition they learn to accept and seek responsibility. They have imagination, ingenuity and creativity that can be applied to work. With these assumptions the managerial role is to develop the potential in employees and help them release that potential toward common objectives. Theory Y assumes that people in the work force are internally motivated, enjoy their labour in the company, and work to better themselves without a direct reward in return. Theory Y employees are considered to be one of the most valuable assets to the company, and truly drive the internal workings of the corporation. Also, Theory Y states that these particular employees thrive on challenges that they may face, and relish on bettering their personal performance. Workers additionally tend to take full responsibility for their work and do not require the need of constant supervision in order to create a quality and higher standard product [2].
2.3 Theory Z:

Theory Z is built on the premise that it is not technology that is important in counting the efficiency of the organization. But the ‘special way of managing people’ [3]. This is a managing style that focuses on a strong company philosophy, distinct corporate culture, long range staff development and consensus decision making. The desire, under this theory, is to develop a work force which has more loyalty towards staying with the company and be permanent in their career. This theory presumes that workers tend to build a happy and intimate working relationship with those that they work for and work with. Employees highly expect that they be supported by the company. They value a working environment in which such things as family culture, tradition, and social institutions are regarded as equally important as work itself.

3. Theory A – (Theory of Accountability):

Essential elements of Accountability Theory (Theory A) are [4]:

1. Planning
2. Target setting
3. Motivation
4. Work Strategies
5. Responsibility
6. Role Model
7. Monitoring & Guiding
8. Accountability

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**Fig. 1**: Block diagram to represent the components of Theory A.

Based on Focus group method and its effective usage in different research model proposals, [5-19], we have developed following postulates which connect the above factors of organizational performance [4].

Postulate 1: Employee outlook has changed over time.
Postulate 2: The present day employee has considerable innate potential which the organization is looking for.
Postulate 3: His knowledge and skill could be enhanced in a conducive environment of necessity and expediency.
Postulate 4: The organization influence application of knowledge and skill into practice.
Postulate 5: Identification of role models and self exploration can transform average employee into real performer.
Postulate 6: Rewards are not only a matter of money or position, but one's own feeling of inherent creativity and contribution to the organization.
Postulate 7: Such employees are highly motivated and identifies with the organization.
Postulate 8: Targets are not externally suggested but jointly arrived at and compliance to target is out of will.
Postulate 9: Responsibility is nothing but efficiency in delivering targets to the required extent and time.
Postulate 10: Efficiency in individual and organizational performance is based on accountability to oneself, one’s own job and to the job giver.
Postulate 11: Accountability is sin-qua-non to commitment. The more the commitment greater is the Accountability.

3.1. Theory A Implementation Procedure in an Organization:
Theory A explains a process by which managerial leadership in organizations accomplish task through a series of steps involving the employees influencing to accomplish desirable task efficiently [20]. These eight stages are provided vertically in the following table 1. The steps at each stage are provided horizontally.

Table 1: Framework of implementation of Theory A.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Stages</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Planning</td>
<td>Institutional strength/weakness assessment</td>
<td>Problem identification</td>
<td>Joint policy formulation</td>
<td>Outline for action</td>
</tr>
<tr>
<td>2</td>
<td>Target Setting</td>
<td>Familiarization</td>
<td>Consultation</td>
<td>Realization</td>
<td>Action plan</td>
</tr>
<tr>
<td>3</td>
<td>Motivation</td>
<td>Adoption of idea</td>
<td>Self exploration</td>
<td>Role model</td>
<td>Increased performance</td>
</tr>
<tr>
<td>4</td>
<td>Work Strategies</td>
<td>Individual goal setting</td>
<td>Team spirit</td>
<td>Empowerment</td>
<td>Providing support</td>
</tr>
<tr>
<td>5</td>
<td>Responsibility</td>
<td>Commitment</td>
<td>Consistency</td>
<td>Task execution</td>
<td>Target fulfilment</td>
</tr>
<tr>
<td>6</td>
<td>Role Model</td>
<td>Following example</td>
<td>Changing mindset</td>
<td>Accepting challenge</td>
<td>Willingness to improve</td>
</tr>
<tr>
<td>7</td>
<td>Monitoring</td>
<td>Joint review</td>
<td>Self appraisal</td>
<td>Drawing deadlines</td>
<td>Confirmation of accomplishment</td>
</tr>
<tr>
<td>8</td>
<td>Accountability</td>
<td>Individual commitment</td>
<td>Organizational influence</td>
<td>Creativity</td>
<td>Contribution</td>
</tr>
</tbody>
</table>

I. Planning:
(1) Either individually or jointly head of the organization reflects on the institutional strength and weaknesses. This is a periodic function to keep the relevance of the organization updated and face newer challenges that emerge.
(2) As a consequence various problems may surface, but using ingenuity and discretion, the pressing problem is zeroed in. This is collectively done.
(3) A candid policy is essential for backing managerial actions. This is formulated involving section heads.
(4) The policy spells out in clear terms the broad direction the organization will be heading for.
II. Target Setting:
(1) The problem that has been identified and the policy formulated has to be communicated to everyone in the organization.
(2) This stimulates a process of mutual consultation and dialogue among members of the organization.
(3) As a result, the members realize what has been ailing them and how to overcome that.
(4) They become prepared to devote their effort towards better performance.

III. Motivation:
(1) Following the realization and preparedness to perform desirably, their interest is aroused through group process by which the group adopts the idea.
(2) This group process also helps members discover their potential through self exploration.
(3) They are also influenced by their reference group, namely ideal performers. Ideal performers are hypothetical performers having characteristics like ideal systems [21-26].
(4) As a result of this, ideas become translated into performance.

IV. Work Strategies:
(1) Strategy is important for success. First and foremost, it is important that the members of the organizations set their individual goals in consonance with the organizational goal. This comes in the form of a desire.
(2) Identical goals transform into sharing of group goals and generate team spirit.
(3) Materialising creative talents gives the individual a feeling of empowerment.
(4) The organization also extends support as enabling strategy.

V. Responsibility:
(1) Assuming responsibility is owing responsibility, rather manifestation of commitment.
(2) This gives speed and certainty of actions in delivering responsibility.
(3) Then comes task execution which is a crucial part of all.
(4) This is done for goal attainment that helps target fulfilment.

VI. Role model:
(1) Good performance is highlighted.
(2) Best performers become role models which influence other members in performance.
(3) This results in change of attitude from somewhat positive to highly positive for the mediocre performers.
(4) Develops readiness to change.

VII. Monitoring:
(1) There would be periodic re-visits to the targets set, its execution and lag if any.
(2) This gives an opportunity for everyone to appraise their work/actions/task.
(3) As a consequence, time frame is set for the lag.
(4) Members accomplish the task.

VIII. Accountability:
(1) Individual commitment is evaluated during performance assessment. Performance is measured against group goal, individual goal and organizational support.
(2) That organization influence application of knowledge and skill into effective performance is reiterated. Performance is enhanced in a conducive environment of expediency created by necessity.
(3) Organization strives to foster inherent creativity to transform it and integrate it into organizational goal.
(4) Acknowledgement of contribution is shared between individual and organization. Poor performers undergo recycling.

4. Comparison of Theory X and Theory A:
Although theory x is pessimistic, authoritarian, and takes a selfish view of human beings, the underlying commonness with both is that individual behaviour can be influenced for better work performance and organizational efficiency. A comparison of theory x and theory A are provided in table 2 below.

Table 2 : Comparison of Theory X and Theory A

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory X</th>
<th>Theory A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee is inherently lazy.</td>
<td>Employee has considerable innate potential which the organization is looking for.</td>
</tr>
<tr>
<td>2</td>
<td>Dislike work.</td>
<td>Organization influences application of knowledge and skill into practice.</td>
</tr>
<tr>
<td>3</td>
<td>Avoids responsibility as much as possible.</td>
<td>Responsibility is displayed through delivering targets jointly set and compliance is out of goodwill.</td>
</tr>
<tr>
<td>4</td>
<td>Strict supervision and penalties are essential to extract work.</td>
<td>More the commitment, greater is accountability.</td>
</tr>
<tr>
<td>5</td>
<td>External rewards are essential for motivation.</td>
<td>Rewards are ones own feeling of inherent creativity and contribution to the organization.</td>
</tr>
<tr>
<td>6</td>
<td>Individual goal oriented.</td>
<td>Identifies with organizational goal.</td>
</tr>
</tbody>
</table>

5. Comparison of Theory Y and Theory A:

Theory Y is in stark contrast to the above and comes closer to a responsible outlook of individuals. It is more in tune with the modern day suiting industrial democracy and the wellness of the employee, yet distinctive from theory A. A comparison of theory Y and theory A is provided in table 3 below.

Table 3 : Comparison of Theory Y and Theory A

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory Y</th>
<th>Theory A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>People have potential.</td>
<td>Employee has considerable innate potential which the organization is looking for.</td>
</tr>
<tr>
<td>2</td>
<td>People have become unproductive as a result of their previous experience.</td>
<td>Knowledge and skill could be enhanced in conducive environment.</td>
</tr>
<tr>
<td>3</td>
<td>Under proper conditions people learn to accept responsibility.</td>
<td>Responsibility evolves from jointly fixing targets.</td>
</tr>
<tr>
<td>4</td>
<td>Commitment to objectives of the organization.</td>
<td>Creativity and contribution to the organization.</td>
</tr>
<tr>
<td>5</td>
<td>Self-control and self-direction for better performance.</td>
<td>Identification of role models and self exploration to translate into performers.</td>
</tr>
<tr>
<td>6</td>
<td>Work better without direct reward.</td>
<td>Accountability arises out of commitment.</td>
</tr>
</tbody>
</table>

6. Comparison of Theory Z and Theory A:

Theory Z presumes a dependence syndrome of employees in an organization and puts its focus on managerial style. An individual employee is visualised in association with his social surroundings such as family, friends and culture, and outlines the need to integrate it into managerial outlook. A comparison theory Z and theory A is provided in table 4 below.

Table 4 : Comparison of Theory Z and Theory A

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory Z</th>
<th>Theory A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>It is managerial style that counts efficiency of the organization.</td>
<td>High levels of accountability counts the efficiency of the organization.</td>
</tr>
<tr>
<td>2</td>
<td>Employees expect to be supported by the company.</td>
<td>Ones own feeling of inherent creativity and the contribution to the organization is</td>
</tr>
</tbody>
</table>
7. Impact of Theory A on Modern Organizational Performance:

Present day organizations are characterized by complex and multicultural workforce functioning in a dynamic environment where technology is changing fast, people’s perceptions are changing, employer expectations are changing and customer preferences are changing. The challenge is to strike a balance between adaptability to changing technology, productivity and stakeholder satisfaction. Conventional managerial practices could not be relied upon heavily because they have been developed on presumptions which have undergone change. Theory A proposes an alternate set of assumptions on human behaviour and work performance which would impact the organizational performance.

(1) Sustainability: Change is universal and irreversible. While confronted by change, the organizations have become susceptible to forces around it. Organizations are facing a climate of uncertainty. One way of minimizing this uncertainty is by ensuring a culture of accountability. This could be possible by using a different set of motivator addressing employees as creative human beings which would have an overriding impact on long term sustainability.

(2) Stakeholder satisfaction: Employees are to be considered as the prime stakeholder, although, investment and risk are ascribed to the employer. Keeping a contented work force has become pre-requisite for productive efficiency, the employees creativity is to be acknowledged. It is the onus of the organization to provide congenial atmosphere to tap the creativity and translate it into organizational objectives.

(3) Industrial relations: Present day organizations are haunted by strained industrial relations. Employees are organized, politicized and more concerned about their rights and benefits. Cherishing older styles, beliefs and practices in the approach to employees are no longer viable. Newer assumptions about human behaviour in works situation are necessary to keep cordial industrial relations.

By analysing theory A using ABCD analysing framework [27-35] one can study the detailed impact of this theory on organizations.

8. Conclusion:

The winning strategy of people management in organizational behaviour consists of several theories in which theory X, theory Y, and theory Z are prominent. These theories are founded on certain assumptions about human beings and their attitude towards work. Theory X and Y are in sharp contrast in their view of human nature. Theory Z put the blame for organizational efficiency on managerial style while at the same time invest faith in individuals capacity for decision making and attachment, and expression to social life. These theories are fading their relevance due to the techno-economic changes of modern organizations resulting in social-psychological changes in human nature. The modern day man is neither averse to work or influenced by condition or rewards. Instead, he values his creativity as a measure of commitment and contribution to the organization. Theory A can be implemented following an implementation framework consisting of eight stages and in a series of four steps for each stage. Collective identification of the need, collective goal setting, collective responsibility, collective monitoring, and the collective accountability are essential to this process. Choice of work strategy, motivation and role models are tools for accomplishment. Theory A proposes
an alternate set of assumptions on human behaviour and work performance which would impact the organizational performance using a different set of motivators addressing employees as creative human beings. This would have an overriding impact on long term sustainability.

REFERENCES:


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