Humanistic Theory

A second major category of theoretical perspectives emerged in response to what many viewed as an overly mechanistic, rule-bound, inflexible organization advocated by Classical Theory. Humanistic theorists viewed Classical Theory as an unrealistic, unfair view of employees and their unique needs and potential contributions to an organization.

Rather than “cogs in a machine” that perform manual labor for their employers, Humanistic Theory views employees as people with knowledge; ideas; and needs for support, guidance, rewards, and social interaction. Humanistic Theory, which encompasses two slightly different classifications of thought, remains highly influential on modern organizations.

The Human Relations Approach

In the late 1920s, Harvard professor Elton Mayo conducted a series of research studies at the West- ern Electric Company’s Hawthorne plant in Illinois that are referred to as the Hawthorne Studies. The most famous of the Hawthorne Stud- ies, involved experimental manipulation of

the lighting in the plant. In the experimental condition, researchers raised and lowered the light levels. In the control condition, a sepa- rate group of workers labored under stable light conditions. To the researchers’ sur- prise, both conditions resulted in heightened productivity. In the experimental condition, productivity continued to increase even when the researchers lowered the lighting levels.

And the control group’s productivity increased with no change at all in their workspace’s illumina- tion. Mayo’s research team concluded that although technical factors (like a documented “one best way” to do a task advocated by Classical theorists) have an impact on work performance, so do human factors. The workers across both conditions were responding to the attention researchers paid to them. Such attention made them feel valued and worthwhile, and it motivated them.

Further experiments, interviews, and observations of workers in their natural (nonexperimental) work environment led the Hawthorne researchers to conclude that employees have social and emotional needs not only for attention and rewards from superiors, but also for social interaction with their coworkers. Classical Theory emphasized a formal, “nose to the grindstone” approach to work that prohibited socializing on the job, but the Hawthorne Studies revealed that when employees were per- mitted informal interactions with one another, group members applied positive pressure on one another to perform. And, overall, people appeared to be happier when their need for interaction with others was met—and as a result, they were highly productive. Finally, an important point to arise from the Hawthorne Studies and the Human Relations approach was a more relaxed approach to the division of labor. Specifically, the Human Relations approach advocated for communication between employees and their managers to flow both ways—allowing employees to provide input that informed manage- ment’s decisions about work.

AssessYourself: What Aspects of Work Reflect the Human Relations Perspective?

Click on the link below to read the instructions and complete this activity.

The Human Resources Approach

The Human Relations approach represented a dramatic departure from Classical Theory in its empha- sis on informal communication and relationships over formal rules and power. However, a new school of thought began to emerge in the 1950s, led by the work of MIT Sloan School of Management Pro- fessor Douglas McGregor.28 Concerned that Human Relations placed too much emphasis on work- ers’ happiness and satisfaction of their needs, but not enough on organizational goals and needs, McGregor and the Human Resources school sought to balance the seemingly competing needs of peo- ple and their organizations. As a result, Human Resources thinking is somewhat of a middle ground between Classical Theory and Human Relations Theory. It suggests that employees should be happy, but also provided with working conditions that will promote productivity and accomplishment of task- oriented goals.

McGregor laid out two interrelated, but polar opposite, theories of management and moti- vation. Theory X is consistent with Classical principles:

1. People generally dislike work and will avoid it.

2. To obtain productivity from employees, managers need to control, direct, threaten, and force them to put forth effort.

3. Most people simply want job security— not responsibility. They will do as they are told, but are unmotivated to take initiative and will avoid doing so.

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Theory Y represents a more forgiving and optimistic view of the talents, motivation, and work ethic most people bring to the organization:

1. Work is generally as natural for people to engage in as rest or play. People need and want to work.

2. Managers’ control and coercion may actually hinder employee effort.

3. Employees are looking for rewards for their effort, and sometimes, feelings of enhanced self-efficacy may be the most valued reward.

4. Under the right conditions, employees will seek responsibility.

5. The ability to solve problems and make decisions is not solely the purview of management. Other employees are creative, intelligent, and innovative in their problem solving and decision making.

6. Organizations should create structures that will help develop the potential of their employees.

Notice that McGregor’s explanation of Theory Y emphasizes the role of the organization in nurturing and bringing forth the effort, talent, and dedication of employees. He described ideal conditions for motivation under Theory Y, such as adequate resources, training and development, feedback, compe- tent and prosocial managerial communication, participative decision making involving both managers and employees, and appropriate reward systems. In 1961, Rensis Likert, founder of the renowned Insti- tute for Social Research at the University of Michigan, contributed further to the Human Relations approach in his articulation of the participative organization (which is part of a larger theory of several organization types that he labeled System I, II, III, and IV).29 In participative organizations (also known as System IV organizations), all members have input into organizational goals, and groups and individ- uals are responsible for establishing their own goals in alignment with the company’s. Communication is prioritized in these ideal organizations and flows in all directions (upward, downward, and laterally between people on the same level of the organization’s structure). Reward systems recognize employee

contributions. Likert’s System IV emphasized not just manager behavior, but also the organization’s design and structural characteristics for encouraging and reinforcing employee contributions and input.

For example, Likert’s theory was probably the earliest work that led to a redesign of the traditional organizational structure to what we now see in many contemporary organizations. Updated structures are flatter than the hierarchical pyramid, with less distance and fewer layers between the “bottom” and the “top.” Figure 2.2 illustrates the difference between a tall hierarchy and a flat organizational structure.

Power and influence are distributed more evenly than in structures informed by Classical Theory because everyone gets to express themselves and talk to one another. Further, Likert was one of the first theorists to emphasize the value of groups and teams for the purposes of human ingenuity and orga- nizational productivity. Organizations that rely on groups and teams are characterized by managerial confidence in employees and a sense of interdependence and collaboration that motivates employees to contribute. Reward structures, then, reinforce their open communication and contributions. For a deeper understanding of Likert’s contributions to contemporary thinking on how groups might func- tion to enhance both human resources and organizational goals, take a look at this summary of Likert’s Characteristics of an Effective Work Group. If you are interested in learning more about Likert’s delin- eation of the four organizational systems, including his ideal participative (System IV) model, take a look at this video and the great examples it offers.

One of the defining characteristics of formal theories that we have not yet pointed out is that, ideally, they build on one another. Scholarship is self-correcting; that is, as subsequent observations are made at

a later time or in a different environment, and data submitted to further analyses, theories may need to be revised. As such, you have seen in our chronological discussion of organizational theories that each one builds on the shortcomings of the previous one in some way. For example, whereas the Classical theories may have overemphasized the brilliance and all-knowing power of management, Humanistic theories brought the employee to light in the equation of organizational effectiveness. And within the Humanistic school of thought, two types of theories emerged. The latter, Human Resources, addressed what might have been an overcorrection of Classical Theory made by Human Relations—that happy employees are not necessarily productive ones. McGregor and Likert then proposed that there must be a balance between employee needs and organizational objectives. In all of the theories we have discussed so far, one important component is missing: The impact of the environment on the nature of organizing, organiza- tional communication, and organizational output. Systems Theory addressed this important element.