
Chapter Table of Contents

Chapter 2.2

The Behavioural Approach

Aim	57
Instructional Objectives.....	57
Learning Outcomes.....	57
2.2.1 Human Relation Movement.....	58
(i) Elton Mayo: Hawthorne Studies	58
Self-assessment Questions.....	60
2.2.2 Neo Human Relation Theory	61
(i) Maslow’s Hierarchy of Needs	61
Self-assessment Questions.....	63
(ii) Douglas Mc. Gregor’s Theory X and Theory Y.....	64
Self-assessment Questions.....	67
(iii) Peter Drucker’s (Management by Business Objective).....	67
Self-assessment Questions.....	71
Summary	72
Terminal Questions.....	73
Answer Keys.....	73
Activity.....	74
Case Study – Kellogg’s.....	75
Bibliography.....	77
e-References.....	77
External Resources	77
Video Links	77



Aim

To equip the students with the basic understanding of how behavioural approach evolved and contributed to management as a subject



Instructional Objectives

After completing this chapter, you should be able to:

- State how Hawthorne experiment by Elton Mayo has brought a change in the management thought process
- Discuss how Abraham Maslow's Hierarchy of Needs has contributed to management
- Discuss how Douglas McGregor's Theory X and Theory Y have contributed to management
- State how Peter Drucker's Management by Business Objective has contributed to management



Learning Outcomes

At the end of this chapter, you are expected to:

- Describe the outcome of Hawthorne experiment
- Explain the Hierarchy of Needs Theory
- Differentiate between Douglas McGregor's Theory X and Theory Y
- Explain the Peter Drucker's Management by Business Objective

2.2.1. Human Relation Movement

Scientific management focused attention on the mechanical and physiological variables of organisational functioning to increase the efficiency of the organisation. It was found that the real cause of scientific behaviour was something more than mere physiological variables. There was a need for a new phenomenon about human behaviour and focused attention on the people in the organisations. After scientific management, the human relations movement came into the picture as it was observed that people were a valuable resource for the profession. As people were people, their concerns regarding decision making in matters relating to their working conditions were to be addressed. It was important to analyse what motivated employees in the work settings.

After the great depression of 1929, there was widespread overproduction and unemployment. Hence, management realised that production was not its sole function. Personnel management was equally important along with Marketing and Finance for the survival and growth of the organisation. Elton Mayo was considered as the father of human relation movement.

(i) Elton Mayo: Hawthorne Studies

Elton Mayo was considered as the father of human relation movement. In 1924, Hawthorne Studies were carried out to examine the relationship between employee productivity and physical working conditions. Elton Mayo was a professor of industrial research at the Harvard School of Business Administration. He was brought in to conduct a series of studies at the Western Electric Company's Hawthorne Works in Cicero, Illinois.

These experiments were carried out in four phases, which can be stated as follows:

- During 1924-1927, illumination experiments were undertaken to determine the effect of changes in the intensity of light on worker's productivity at workplace. Two groups were formed, *i.e.*, control group and experimental group. Before the study was conducted both groups showed equal productivity. The control group worked under constant lighting levels and the experimental group worked under varied lighting levels. It was found that productivity of both the groups increased even though the experimental group was working in dim light.

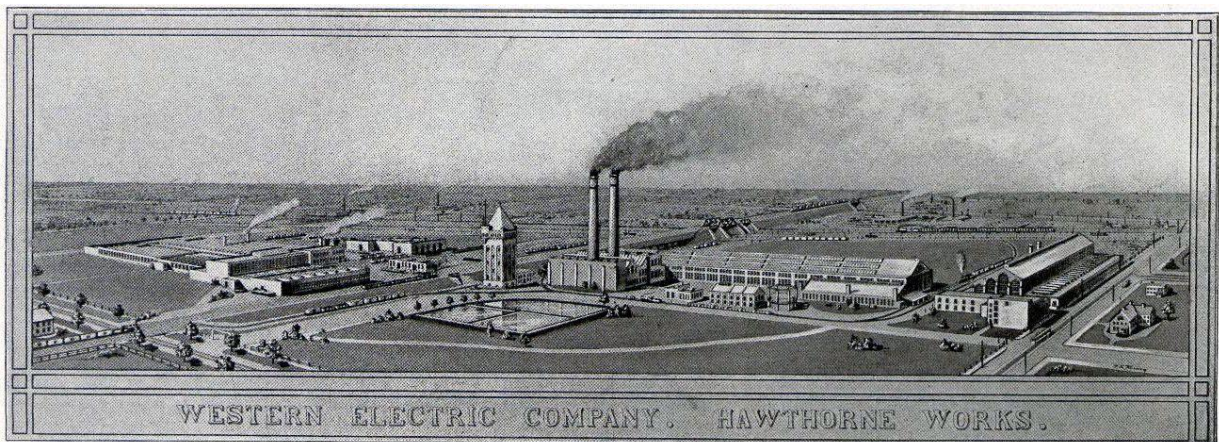


Figure 2.2.1: Hawthorne Works

- In 1927 -1928, relay assembly test room experiments were conducted to determine the changes in working conditions on productivity. It analysed the effect of physical surroundings (rest, pauses, lunch break duration, the length of working week, etc.) on the productivity of employees. It was found that the productivity increased even under adverse conditions. Thus, it was found that productivity of the workers depends on the attitude of the employee and not on the physical working conditions.
- In between 1928-1930, mass interviewing programmes were conducted through plant-extended interviews to determine employee attitudes and sentiments. Around 20,000 workers were interviewed to collect data relating to employee attitude towards working conditions, job supervision as well as job role. It was found that staff morale improved when their grievances were heard by their superiors. Workers formed social groups within the organisation and those groups had a powerful influence on the workers attitudes, behaviour and actions. It also showed that employees were affected by the activities outside the company.
- In 1931-1932, bank wiring observation room experiments were conducted for the determination and analysis of social organisation at work. Fourteen subjects (men) were stationed in a separate room to work for six months. It was found that although workers were paid according to individual productivity, their productivity decreased because the men were afraid that the company would lower the base rate. It was observed that there were informal groups within the formal groups known as “cliques”. Clubs developed informal rules of behaviour and mechanisms that would govern them. They served to control group members and to influence bosses based on their group decisions. Thus, it was found that the workers were more responsive to

the social force of their peer groups than to the control and incentives of management.

Hawthorne experiments had a dramatic impact on management beliefs regarding the role of people in organisations. Elton Mayo came to a conclusion that people behaviour and attitudes are closely related and group factor significantly affect individual behaviour. It was the group standards that established individual worker's output. Hence, money was not the sole factor influencing workers productivity but other factors like team standards, group attitude and security were also equally important.



Self-assessment Questions

- 1) Who is considered as the father of modern management?
 - a) Chris Argyris
 - b) Elton Mayo
 - c) Henry Fayol
 - d) Peter Drucker

- 2) Hawthorne studies discussed the:
 - a) The intensity of sound on workers productivity.
 - b) The intensity of light on workers productivity.
 - c) The intensity of air pressure on workers productivity.
 - d) The intensity of teamwork on workers productivity.

- 3) Relay assembly test room were conducted to determine changes in:
 - a) Salary structure
 - b) Business policy
 - c) The flow of work
 - d) Working conditions

2.2.2. Neo Human Relation Theory

Human relation theory was followed by the neo-human connection theory. More complex methods were then developed by a social psychologist with a particular focus on the motivation factor of human behaviour. The pioneers in the development of neo-human relation theory factor of human behaviour.

The pioneers in the development of neo human relation theory were:

- Abraham Maslow (Hierarchy of Needs)
- Douglas McGregor (Theory X and Theory Y)
- Peter Drucker (Management by Business Objective).

(i) Maslow's Hierarchy of Needs

Dr. Abraham Maslow was a clinical psychologist who formulated the theory of human motivation based on the notion of a universal hierarchy of human needs.



Figure 2.2.2: Dr. Abraham Maslow

Needs are divided into five levels. These requirements are satisfied chronologically from the lower levels to the higher standard. When one need is satisfied, a new need emerges that the individuals are motivated to fulfil. When these requirements are satisfied new need arises and so on.

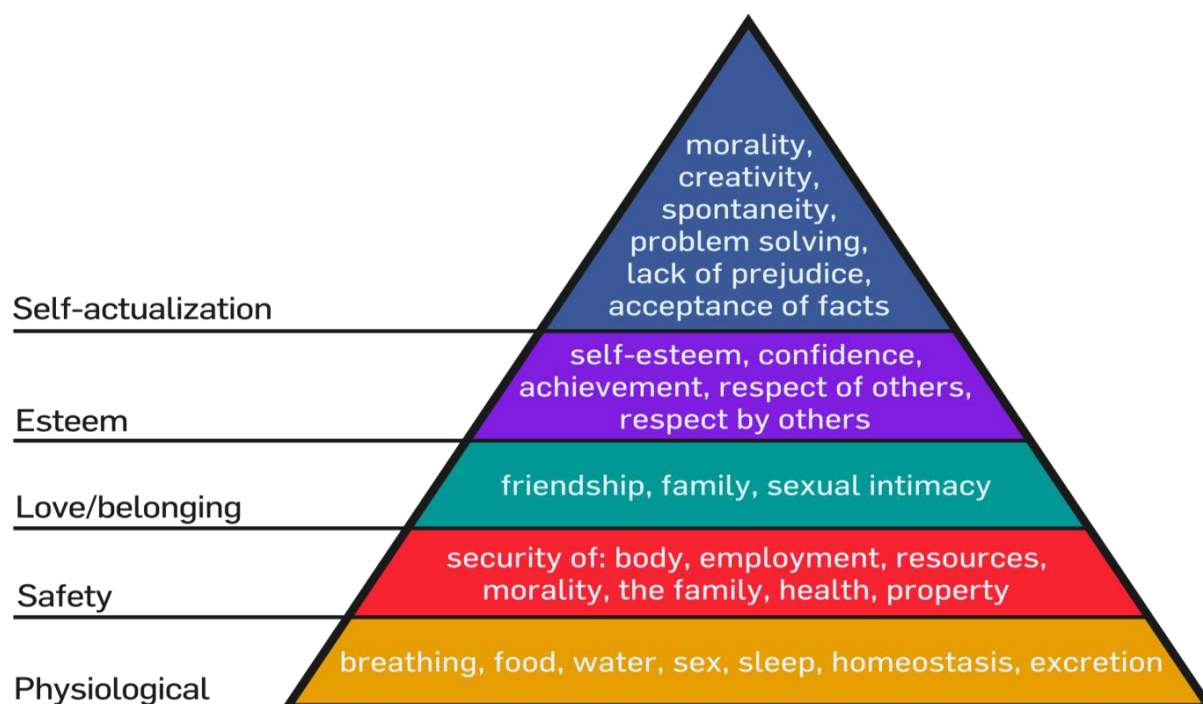


Figure 2.2.3: Maslow's theory of Need Hierarchy

Physiological Needs:

In Maslow's need hierarchy theory, physiological needs are the basic level of requirements. These requirements are required to sustain biological life, include food, water, air, shelter, clothing, sex – all are said to be the biogenic needs or primary needs. Physiological needs are dominant when they are chronically unsatisfied, *for example*, if a man who is extremely hungry, no other interest exists but food.

Safety Needs:

After physiological needs are attained then comes the safety needs. Individual behaviour is influenced by safety and security needs like stability, routine, familiarity and control over one's life and the environment. Example: Insurance policies, savings, training programmes, etc.

Social Needs:

The third level of Maslow's hierarchy includes such needs as love, affection, belonging and acceptance. Human beings are known as social animals because they seek warm relationships with other people and are motivated by love and affection towards their families and friends.

Egoistic Needs:

After the fulfilment of social needs, then come the egoistic needs. Selfish needs are of two types inwardly and outwardly. Inwardly directed ego needs reflects an individual's need for self-acceptance, self-esteem, success, independence and personal satisfaction with the job. Outwardly directed egoistic needs include the requirements for prestige, reputation, status and recognition from others.

Self-Actualization Needs:

After fulfilment of egoistic needs comes the self-actualisation or self-fulfilment need. In Maslow's words, "What a man can be he must be". Some of the largest corporations encourage their highly paid employees to look beyond their pay checks to find gratification and self - fulfilment in the workplace.

The biggest problem with the theory is that it cannot be tested empirically. There is no way to measure precisely how satisfied one level of need must be before the next higher level of need is operative.



Self-assessment Questions

- 4) Who propounded the theory of the hierarchy of needs?
 - a) F. W. Taylor
 - b) Henry Fayol
 - c) Abraham Maslow
 - d) Peter Drucker

- 5) Which need is the basic need of human beings?
 - a) Physiological needs
 - b) Self-actualisation needs
 - c) Esteem needs
 - d) Safety needs

- 6) How many stages of needs are there in need hierarchy?
 - a) 2
 - b) 3
 - c) 5
 - d) 4

(ii) Douglas Mc. Gregor's Theory X and Theory Y

Douglas Mc. Gregor, an American social psychologist, came up with the concept of theory X and theory Y. In the year 1960, he published his book "The Human side of Enterprise", which talks about the behaviour of individuals at work. McGregor's Theory X and Theory Y has become a fundamental principle for the development of the real management styles and techniques. This theory has become the basis for the study of organisational development and improving corporate culture.

Theory X (Authoritarian Management Style):

The tendency of the average human being is to dislike work and to avoid it if they can. The assumptions of theory X can be stated as:

- If the average person is to work hard, then they need to be controlled and threatened by their superior.
- They dislike responsibility and prefer to be directed.
- These assumptions gave rise to two schools of thought, one with tight management style and the other with soft management style.
- Both these management styles depict two extreme ends. It cannot be accepted because human being needs a much higher level of motivation to fulfil himself.
- Theory X managers are very strict in their approach and do not give the employees liberty in decision making at the work space.

Theory Y (Participative Management Style):

The assumptions of theory Y can be stated as:

- The physical and mental effort exerted by the employees at the work place is as natural as their effort on doing their personal things.
- External control and threat of punishment are not required among educated workers, as they are committed to their service objectives through self-direction and self-control.
- If there is job satisfaction, then there will be a commitment to the organisation.

-
- There is a commitment to attaining the organisational objective if a function to the reward associated with the achievement. It may not be necessarily monetary. It may be in the form of satisfaction of ego and self-actualization needs.
 - Act under favourable conditions and implement it in their work based out of their responsibility and commitment to the organisation.
 - The capacity to exercise a relatively high degree of imagination and creativity in solving organisational problems is distributed in the population.
 - It has been observed that the intellectual potentialities of a person are partially utilised.

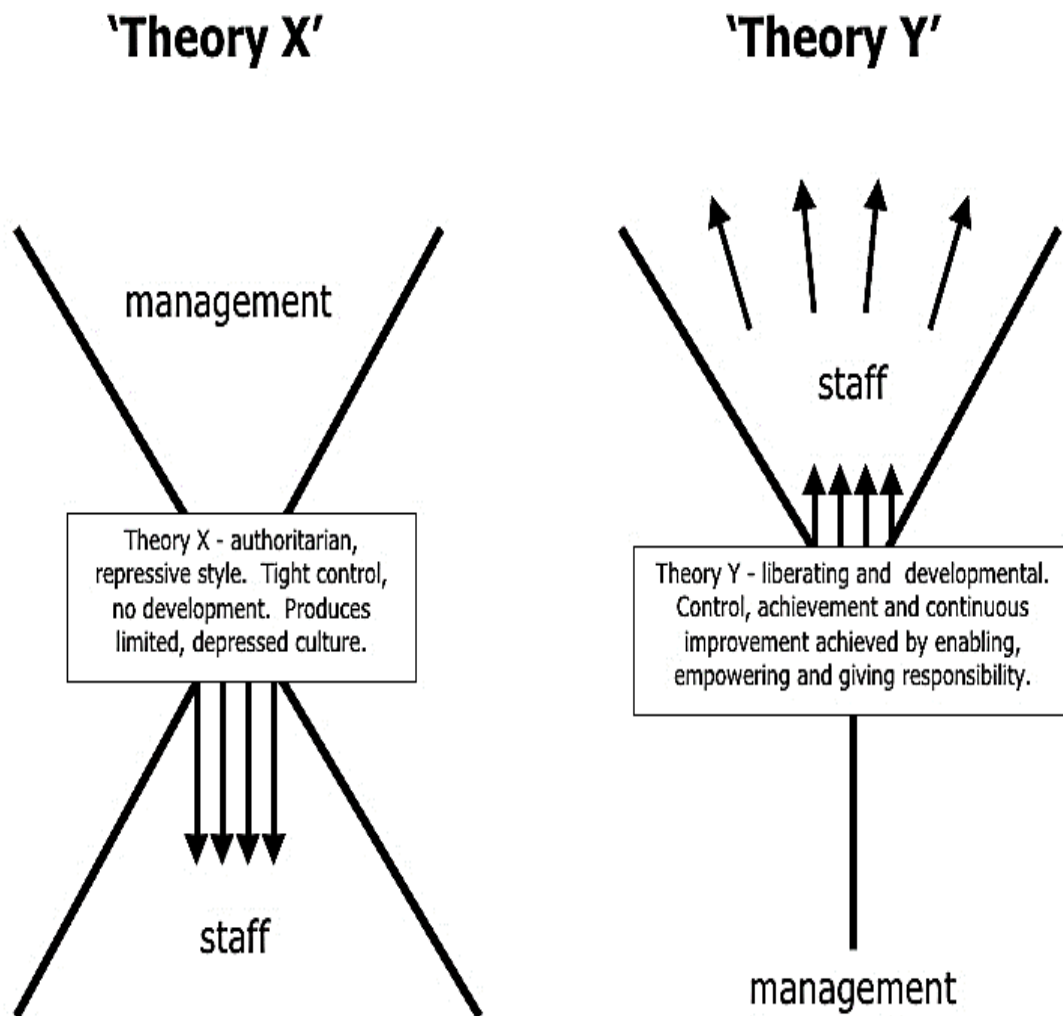
The assumptions of theory Y suggest a new approach to the management thought process. It emphasises on the cooperation among management and employees. The main aim is to get maximum return with less supervision and control.

Comparison between theory X and theory Y:

Both the theories are contrasting in their approaches:

- a. Theory X assumes that human beings dislike working hard, but Theory Y assumes that human beings work in a natural process.
 - b. Theory X assumes that people do not have ambitions and try to avoid responsibilities. Theory Y assumes that people are ambitious regarding their career and try to prove themselves through hard work.
 - c. Theory X considers people to be less creative. Theory Y considers people to be more creative and their ideas should be taken into consideration in organisational decision making.
 - d. Theory X gives importance to the lower level of needs while theory Y gives importance to the higher level of requirements.
 - e. In theory X, people lack self-motivation and need external supervision at work, but in theory Y, people are considered to be self-motivated and would prefer self-control.
 - f. Theory X emphasises centralization of authority whereas theory Y emphasises decentralisation.
-

-
- g. Theory X emphasises autocratic style of leadership while theory Y emphasises democratic style of leadership.



© 2002 Alan Chapman

Based on Douglas McGregor's XY-Theory

www.businessballs.com

This diagram was developed by Alan Chapman consultancy and you may use it personally or within your organisation provided copyright and www.businessballs.com is acknowledged. Publication in any form or use in provision of business services to a third party is not allowed without permission from Alan Chapman. Support and advice on using this system is available from Alan Chapman via email advice@alanchapman.com. More free online training resources are at www.businessballs.com.

Figure 2.2.4: Comparison between Theory X and Theory Y



Self-assessment Questions

- 7) Theory X talks about which management style?
- a) Entrepreneurship
 - b) Authoritarian
 - c) Participative
 - d) Charismatic
- 8) Theory Y talks about which management style?
- a) Entrepreneurship
 - b) Autocratic
 - c) Participative
 - d) Charismatic
- 9) Who propounded the Theory X and Theory Y?
- a) Alton Mayo
 - b) Abraham Maslow
 - c) Henry Fayol
 - d) Douglas Mc. Gregor

(iii) Peter Drucker's (Management by Business Objective)

In 1954, Peter Drucker came up with the idea of management by business objective in his book "The Practice of Management".

According to 'Dictionary of Accounting' by R. Hussey, definition of Management by Business Objectives is "*a technique in which all levels of management are encouraged to specify and agree quantitative and/or qualitative goals to be achieved within a set period and to answer to higher standards of management for the actual performance achieved against these objectives.*"

George Odiorne has explained Management by Business Objective as "*the system of management by objectives can be described as the process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each's common goals, define each's major areas and responsibility in terms of results expected of him and use these measures as guides for operating the unit of assessing the contribution of each of its members.*"

MBO is based on the assumptions that involvement leads to commitment. When an employee participates in goal setting as well as setting standards for measurement of performance towards that goal, then the employee will be motivated to perform better and contributes to the achievement of organisational objectives.

The joint aims of the employees and the organisation should be in line and sink together. Challenging and attainable goals motivate and empower employees. And, feedback should always be provided based on the results.

Elements of MBO Process:

- **Central Goal Setting:** The senior and the middle-level managers are involved in establishing the organisational goal. Once the goal is set, it should be made clear to the other employees of the organisation.
- **Manager-Subordinate Involvement:** Subordinates and managers, work together in setting their individual goals about their organisational goals. Employees become highly motivated in attaining their goals if they are involved in goal setting.
- **Matching Goal and Resources:** Resources are meant to achieve objectives. While setting goals, it is important that adequate resources are available to achieve the objectives.
- **Freedom of Implementation:** There should be freedom of decision making for the manager and subordinates regarding how to achieve the organisational goal within the limited resources.
- **Review and Appraisal of Performance:** There should be periodic review of the work between managers and subordinates. It gives a better understanding about the progress and quality of work. Feedback and appreciation increase the motivation of the employees. Moreover, as priorities and conditions are changing from time to time, it helps to modify the objectives and methods accordingly.



Figure 2.2.5: Management by Business Objective



Advantages of MBO:

- MBO focuses on setting and controlling goals; it encourages managers to do detailed planning.
- Managers are required to establish measurable targets and standards of performance and priorities for these objectives.
- Both the managers and employees know about their goals and there is no ambiguity or confusion.
- In MBO, the employees are involved in decision making and are more involved in achieving the organisational goal.
- It focuses on finding out the key areas of improvement for the employees. It leads to the career development of the employees as well as corporate development in the long run.
- Periodic evaluation lets subordinates know how well they are performing their tasks. Appraisal methods are superior to trait evaluation based upon factors like cooperation, loyalty and self-discipline.

-
- Better communication between management and subordinates. Any deviation between the actual performance and the goals can be regularly and systematically identified, evaluated and corrected.



Limitations of MBO:

- Less support from top management as subordinates take part equally in decision making.
- Employees are under pressure to go along with the management in setting goals and objectives as these may be sometimes high and rigid.
- MBO quantifies the goals and objectives ignoring subjective goals. It rewards productivity at the cost of subjectivity.
- It leads to more paperwork and waste of time for the manager. Too many meetings and reports increase manager's responsibility and burden.
- As goals are quantitative in nature, they are short term, ignoring long-term planning.
- Managers are not sufficiently skilled in interpersonal skills like coaching and counselling which is required in MBO.
- Integration of MBO system with other systems like forecasting and budgeting is destitute.
- When the goal of two department clashes, then it leads to ambiguity as the goals are inter-related. Example: Production staff cannot meet its target without sufficient raw materials and labour. Sales staff cannot fulfil the sales quota unless the production department keeps pace with them.
- Implementation of MBO programme takes a lot of time and can lose their impact as a motivating force upon a time.

Improving the Effectiveness of MBO:

- The effectiveness of MBO can be increased by securing top management support and commitment.

-
- Realistic and achievable objectives should be set. MBO will be acceptable if there are clarity and transparency.
 - It should be the overall philosophy of the management rather than a mere formal performance appraisal technique.
 - Goals should be continuously reviewed and modified according to the changing conditions as per the requirement.
 - All the people involved should be given personal training regarding goal setting, studies and evaluation of performance.
 - All the employees involved should be aware of their roles and responsibility. They should know, what is expected out of them?



Self-assessment Questions

10) Who came with the idea of MBO?

- a) Peter Drucker
- b) Taylor
- c) A. Maslow
- d) Elton Mayo

11) MBO is based on the assumption that _____.

- a) Employer care for the employees
- b) Employees are paid more
- c) Employees get more promotions
- d) Involvement leads to commitment

12) Employee performance is measured through:

- a) Annual evaluation
- b) Periodic evaluation
- c) Daily evaluation
- d) Half yearly evaluation



Summary

- Hawthorne studies dramatically affected management beliefs about the role of people in organisations, leading to a new emphasis on the human behaviour factor in managing.
- Elton Mayo came to a conclusion that people behaviour and attitude are closely related and group factor significantly affect individual behaviour.
- Dr. Abraham Maslow formulated the theory of human motivation based on the notion of a universal hierarchy of human needs.
- Maslow's hierarchy of needs states that needs should be fulfilled one after another. Once the basic need is met, then people move to satisfy the next level of need and so on.
- Mc Gregor's Theory X and Theory Y has become a fundamental principle of the development of the real management styles and techniques.
- Theory X talks about authoritarian management style and theory Y talks about participative management style.
- MBO is based on the assumptions that involvement leads to commitment. When an employee participates in goal setting as well as setting standards for measurement of performance towards that goal, then the employee will be motivated to perform better and contributes to the achievement of organisational objectives.



Terminal Questions

1. Explain the contributions of Hawthorne studies to the field of management.
2. Explain the five stages of Abraham Maslow's hierarchy of needs.
3. Differentiate between theory X and theory Y management style.
4. Explain the concept of Peter Drucker's Management by Business Objective.



Answer Keys

Self-assessment Questions	
Question No.	Answer
1	b
2	b
3	d
4	c
5	a
6	c
7	b
8	c
9	d
10	a
11	d
12	b



Activity

1. Activity Type: Offline

Duration: 30 Minutes

Description:

Make a group of 5 to 6 students. Try to visit a manufacturing company. Observe if Abraham Maslow's five stages of need hierarchy are followed in the company. Also try to find out, what steps are taken by the company to fulfil the need hierarchy of the employees at each level.

Make a chart, showing the different steps taken by the company at each level. This will make you understand the concept of Abraham Maslow's need hierarchy and how it is followed by the company.

You are required to:

1. Discusses among your group members, what else can be done by the company to improve the working conditions of its employees?

Case Study – Kellogg's

Kellogg's company is the largest producer of breakfast cereals in the world. It has been a leader in the field of health and nutrition from more than a century.



Kellogg's value and culture is employee friendly and thus makes it a good employer. It creates a work culture where people have the ownership upon their assignments and strive for continuous improvement leading to fulfilment of the organisational goals. Employees have the freedom of speaking positively about each other and admiring good performance. Kellogg's always promotes imagination and creativity at work.

Abraham Maslow's hierarchy of needs is followed in Kellogg's as a culture.

- **Physiological needs:** Kellogg's offers competitive salaries to its employees. This provides employees the means to acquire the basic needs for their living. The Kellogg's flexible benefits programme allows employees to choose those benefits that suit them, like childcare vouchers, cash alternatives to company cars, discounted life assurance schemes etc. Employees are economically sound and there is ample scope for pay hike for good performance leading to employee motivation.
- **Safety needs:** Safety of the employees is a priority for Kellogg's. The company tries to provide a safe and healthy work environment to prevent accidents. Employees of Kellogg's are accountable for following the health and safety rules and practices of the company. In order to maintain a healthy work life balance of the employees, Kellogg's

has different options of working patterns like part-time, career breaks or work from home.

- **Social needs:** These comes with a feeling of belongingness. Weekly huddles among the employees are performed in the company. This serves as informal opportunities for employees to receive and request information on any part of the business like - sales data and company products etc. This leads to team bonding and enhances workers' sense of belonging. Open communication between managers and employees keeps them focused on the company's aims and objectives. Kellogg's breakfast clubs and support for swimming promote a healthy life-style for the employees and it keeps them active. This promotes a healthy workforce for the company.
- **Esteem needs:** Kellogg's philosophy is to create a culture where every employee feels that they contribute to the achievements of the business. Appraisals and feedback helps to assess how far individuals contribute to the company's values. Values like being positive, seeing the best in people, recognising diversity etc are followed in Kellogg's. It positively recognises and rewards staff achievements.
- **Self-actualisation:** Kellogg's provides challenging and stimulating responsibilities to its employees. *For example*, it provides opportunity for employees to take ownership of the task they perform. This increases the scope for the development of the employees in the long run. Kellogg's two way and open communication helps employees to express their views, which empowers the employees in the long run. Example: Kellogg's open-plan lobby area with coffee bar accommodates as many as 200 people. This serves as an informal venue for presentations and briefing. Kellogg Values Awards programme provides special recognition for what employees do and rewards them for how they perform their duties.

You are required to:

1. Find out who is the largest producer of breakfast cereals in the world.
2. Explain how the safety needs by Abraham Maslow is followed by Kellogg's.
3. What does Kellogg's as a company do for its employees at the self-actualisation stage?

Bibliography



e-References

- *Employee motivation. Motivation in the workplace- theory and practice.* (2016). *Accel-team.com*. Retrieved 8 July 2016, from http://www.accel-team.com/motivation/hawthorne_02.html
- *Management by Objectives (MBO) - Meaning, Need and its Limitations.* (2016). *Managementstudyguide.com*. Retrieved 8 July 2016, from <http://www.managementstudyguide.com/management-by-objectives.htm>



External Resources

- Koontz, H. & O'Donnell, C. (1972). *Management: A Book of Readings (3rd ed.)*. New Delhi: McGraw-Hill.
- Prasad, M. L. (2007). *Principles and Practice of Management (7th ed.)*. New Delhi: Sultan Chand and Sons.
- Ramachandra, K. & Sivapurappa, D. (2010). *Business Management (2nd ed.)*. New Delhi: Himalaya Publishing House.



Video Links

Topic	Link
Hawthorne Studies	https://www.youtube.com/watch?v=W7RHjwmVGhs
Overview of Maslow's Hierarchy of Needs	https://www.youtube.com/watch?v=EH04OsNuvcw
Fayol's Principles of Management	https://www.youtube.com/watch?v=NK8-LhqF4N0
Management by Objectives cartoon	https://www.youtube.com/watch?v=iAaG0EO7s98



Notes:

