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Deming and McGregor: An Example of Training Methodology for the Development of Leaders

Introduction

Dr. Deming's Point 7 says adopt and institute new methods of leadership (*Out of Crisis*, p. 54). The aim of this paper is to provide a rationale and method for improving outcomes in learning by leaders who wish to take an active role in their personal transformation efforts as they face this challenge.

I have had a hunch for many years. I think there is a strong relationship between Dr. Deming's Theory of Management and McGregor's Theory X and Theory Y set of assumptions that managers use for establishing managerial approaches in the motivation of subordinates in an organization. The relationship is so strong that facilitators who assist others to understand and apply Deming's Theory of Management would improve learning outcomes if McGregor's theory was incorporated into educational programming. Implicit in Dr. Deming's Theory of Management is a predisposition for leaders to possess a positive, optimistic outlook about the nature of people in everyday work situations. I have observed that assisting individuals in understanding Theory Y style of leadership naturally lead to a more effective assimilation of the values, concepts and techniques typically associated with the Deming's Theory of Management.

The hunch has been based on observations over several decades while working with participants in Deming seminars. In these programs, I have designed and presented activities that engage adults in understanding the Deming's Theory of Management. As a practitioner, my interests lie in providing people with an opportunity to optimize personal learning that will lead to adoption and practice of the Deming's Theory of Management. Deming wrote that "people are different from another", but organizations tend to treat them the same. This could not be truer. It also holds true relative to how they learn. Deming said:

"People learn in different ways, and at different speeds. Some learn a skill by reading, some by watching pictures, still or moving, some by watching someone do it." (*The New Economics: For Industry, Government, Education*. 2nd Edition, p. 108)

Relative to my concerns, Deming's point is an inspiration, not a delimiter. The aim of this paper is to share one methodology so that other practitioners will have the opportunity to plan similar transformation efforts in the future and possibly replicate my assertions. It is not "the" way, only one way.

Deming's Theory of Management

In his book, *The New Economics: For Industry, Government, Education*. 2nd Edition (1994), the late Dr. W. Edwards Deming outlined a new theory of management based on *A System of Profound Knowledge*. Dr. Deming described that four key elements must

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interact as a system in order to produce the necessary insights required for effective leadership in the real world, a variable world.

The four parts (or disciplines) are presented in such a way that they are not to be considered mutually exclusive events. The elements are highly interdependent in nature and work together all the time. They are identified as:

1. Appreciation for a system
2. Knowledge about variation
3. Theory of knowledge
4. Psychology (*The New Economics: For Industry, Government, Education*. 2nd Edition, p. 92)

Dr. Deming understood that the first step is transformation of the individual. By that he means that leaders must undertake willingness and ability to apply *A System of Profound of Knowledge* in everyday situations amid people and work before anything will change in an organization. Application will require challenging old assumptions. In addition, Dr. Deming noted that his 14 Points for management in industry, education, and government as they were proposed in *The New Economics: For Industry, Government, Education* (2nd Edition p. xv) “follow naturally as application of this outside knowledge, for transformation from the present style of Western management to one of optimization.”

Critical to Dr. Deming’s way thinking about the parts of *A System of Profound Knowledge* is that they interact with each other in such a way that one can not apply a segment without knowledge of the other three, e.g., “knowledge of psychology is incomplete without knowledge of variation” (*The New Economics: For Industry, Government, Education* (2nd Edition p. 92). *A System of Profound of Knowledge* emanates from **statistical thinking** and brings the interdependence of people and work processes to higher state of understanding. Dr. Deming goes to great lengths to describe how these interdependencies operate within the context each other. He presents many examples of how one element influences another in everyday situations and how these relationships create different perspectives for the management of people in an organization. These new perspectives of the real world obviously lead managers to new conclusions or theories about the natural consequences of people working in processes and how leadership needs to be redefined.

One place to initiate personal transformation (from an educator’s view point) is by focusing on one (at least for now) of the elements of *A System of Profound of Knowledge* – psychology of leaders as they grapple with the attributes of Deming-type leadership. Dr. Deming stated that:

“The most important act that a manager can take is to understand what it is that is important to an individual. Everyone is different from everyone else. All people are motivated to a different degree extrinsically and intrinsically. This is why it is so vital that managers spend time to listen to an employee or understand whether he is looking for recognition by the company, or by his peers, time at work to

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publish, flexible working hours, time to take a university course. In this way, a manager can provide positive outcomes for his people, and may even move some people toward replacement of extrinsic motivation with intrinsic motivation.” (*The New Economics: For Industry, Government, Education*, 2nd Edition, p. 112)

And in one of the video tapes from the Deming Library series, Deming says:

“One is born with a natural inclination to learn and to be innovative. One inherits a right to enjoy his work. Psychology helps us to nurture and preserve innate attributes of people.” (*A Study in Continual Improvement Part II, 1994*)

When I study Dr. Deming’s writings, it is clear that his perspective about people is very positive, yet always veiled in the context of a variable world that we live in. He continually refers to intrinsic motivation as the true motivator, the one with which we were born. He recognizes that what drives people to do great things comes from within, not from the outside or extrinsic motivation. He realizes that people are naturally intrinsically motivated and that our problems arise from the falsehood that the only way to motivate people is through methods of extrinsic motivation. I’m reminded of Deming’s Forces of Destruction chart in *The New Economics: For Industry, Government, Education*, 2nd Edition, p. 122) in which he depicts how outside forces of extrinsic motivation smothers a person’s natural inclination of intrinsic motivation from birth to death. His writings also include insight about the negative effects of MBO/MBR on people in work processes and superstitious myths about human behavior we encounter everyday of our lives. He points out how the individual is crushed and molded into something totally dependent on a system of extrinsic motivation, reward, recognition and punishment alike. Henry Neave underscores Deming’s words:

“They (those that prescribe to an extrinsically-motivated society) squeeze out from an individual, over his lifetime, his innate intrinsic motivation, self-esteem, dignity, and build into him fear, self-defense, extrinsic motivation.” (*The Deming Dimension*, p. 388)

Dr. Deming understood the power of intrinsic motivation and so eloquently articulated that we must learn to stop de-motivating people as they already are motivated. He sees the values within people as something inherently good, not distorted with assumptions of greed, laziness, lack of ambition and dislike of work.

In the same writings, Neave reminds us of Deming’s quote in the context of Point 7:

“Improve the system, and variation between people will diminish.” (*The Deming Dimension*, p. 337)

I reckon this statement indicates that Deming believes that if we closely examine the true nature of people, we will find that apparent differences in people are not due to the people, but to the systems that drive people’s behavior. The net result is that people are

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more alike in their base-adherence to intrinsic motivation than they are different. Again, this is a positive, optimistic viewpoint on the nature of people.

In yet another example, Neave notes the words of Deming:

“I trust them; they come through.” (*The Deming Dimension*, p. 402)

Here Dr. Deming is talking about how he doesn't grade students and, yet they always finish a project or paper. This statement demonstrates the positive belief in a person that they will follow through. Dr. Deming doesn't need to extrinsically reward them. He points out that grading in schools is inappropriate. Neave writes about Deming:

“The worst obsolescence in schools is ranking.” (*The Deming Dimension*, p. 384)

In the video, *The Prophet of Quality Part I (1992)*, from the Deming Library, when discussing Point 12, joy in work, Deming says:

“I don't grade my students. How can I know how someone will do ten years from now under economic, financial and psychological conditions nobody can foretell. Nobody would dare to foretell.”

This is yet another example of positive-based mental model about people and the nature of work. Deming obviously is aware of the potentiality of giving his students a negative or, for that matter, a positive self-fulfilling prophecy by associating a person's “performance” in the classroom and what they will be able to achieve in the future. He is optimistic that people will meet their own high expectations if left uninfluenced by his judgments one way or another and left to their own intrinsic motivation levels. He is essentially saying why unnecessarily interfere with the future of his students. They are totally capable of self-direction and control. External control is not necessary and is really detrimental in the grand scheme of human nature.

Lloyd Dobyns goes on to say:

“You can not enjoy what you do if you are doing it only to beat someone else. If you can not find joy in doing the job itself, you can not contribute to a quality organization. (*The Prophet of Quality Part I, 1992*)

Dobyns' commentary is alluding to the point that people really do want to find (and/or seek) true satisfaction in their work. Again, the presumption is that intrinsic motivation is constantly at work within an individual in their quest to work and contribute to the organization. The barrier to their satisfaction is inattentive management practices that do not subscribe to the psychological needs of workers and negative preconceived ideas about the true nature of people.

Deming knows that students will complete assignments. They do not need to be coerced or threatened to finish their work. Dr. Deming believes in them, he trusts them and the

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innate qualities they naturally possess to complete the assignment will drive their behavior. Dr. Deming can also see the effects of the self-filling prophecy, otherwise known as the Pygmalion Effect having an impact on people's response to this type of leadership. (*The Deming Dimension*, p. 384)

When Dr. Deming debriefs the Red Bead Exercise, he points out that ranking people is a lottery. The obvious explanation is based in statistical thinking and the understanding that people work **in** the system, and that management works **on** the system. Nonetheless, the effects on people are devastating; being admonished for results outside their control is simply wrong. But the lasting effect on people is to destroy their spirit, their sense of self-worth. The underlying assumption is that people have been robbed of their natural state of dignity and sense of self-respect. Here again, Dr. Deming indicates his strong, perceptual understanding and adherence to the fundamental belief that people want to do their best, are good and want to make a contribution for the good of the organization, most often in spite of the system within they work. This also points to a belief system that is positive and constructive.

Indirectly, Dr. Deming is asking why a manager would presume that a person comes into the workplace with anything else than a positive attitude, natural curiosity to learn or possess a willingness to work hard to fulfill their aspirations. The point is that a manager can come to the workplace with an unhealthy system of assumptions about people that can promote cynicism and distrust by workers. Where this negative, pessimistic set of assumptions comes from is yet to be determined, but rest assure, it is totally devoid of any understanding of what truly motivates people, i.e., intrinsic motivation.

All these examples are pointing to a basic set of assumptions about people that is healthy, realistic and useful. It is a side of the Deming philosophy that is often overlooked, or ignored, but is a strong tenet of the way Dr. Deming wanted leaders to lead. In the words of the author of this paper, the wisdom Dr. Deming was:

“Believe in people and they will not disappoint you. If you are truly committed to improvement, don't destroy their souls by assuming they are untrustworthily, lazy, or want to avoid taking on responsibility. People are better than that. You are going to need all the help you can get. Don't start off on the wrong foot by assuming people don't want to make a contribution. Assume they are already motivated, want to help and then work with them to make things better by collaboratively using A System of Profound Knowledge to sort out the future. Remember that the 'system' includes what assumptions you as a leader make about people. They will react exactly to satisfy what you project on them.”

Finally, if we start with a set of assumptions about people that are positive, optimistic and recognize that the formation of sets of assumptions by leaders are part of the system too, we will be less vulnerable to the negative effects of superstitious learning and the errors of our forefathers. Similarly, as CEO Geary Rummler of Performance Design Lab said:

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“You can take great people, highly trained and motivated, and put them in a lousy system and the system will win every time.” (*Customer Loyalty Guaranteed: Create, Lead, and Sustain Remarkable Customer Service*, p. 172)

All this discussion is leading towards a rationale of how we might be able to change the psychological predisposition of leaders who use a wrong set of assumptions and to also recognize that the set of assumptions they formulate, right or wrong, are part of the leadership system. I'm interested in understanding how assumptions of leaders about the nature of people and work drive their behavior when interacting with others. I see leadership as a process. By that I mean, if we begin to examine the inputs to the decision-making processes that leaders adopt, we could see that their theories about people do affect what they project onto their customers, the people they lead.

In particular, I propose that Deming-type leadership would require a positive, optimistic set of assumptions of people in order for the leader to practice *A System of Profound Knowledge* in the first place. Therefore, why not give leaders the opportunity to examine their personal belief systems to help them evaluate whether they could support and practice Deming-type leadership. Show them there might be a necessity to help them out of the 'trough' of despair and disorientation. This would be done not to compare individuals but to give the individual an opportunity to compare how they think against a realistic, well documented understanding of the nature of people in work processes. If we can conclude that it would worthwhile to do this self-introspection, then what would we look for and what method would we use? This is where McGregor's Theory X and Theory Y come into use.

McGregor's Theory X and Theory Y

My first experience with Douglas McGregor's Theory X and Theory Y set of assumptions (X/Y) came about in the 1970's while conducting research for my doctoral dissertation. The purpose of my dissertation was to study the relationships between cognitive style of managers and managerial disposition. At the time, I was interested in establishing predictive models using variables that would help organizations more effectively identify psychometric indices for the selection and development of high potential managerial candidates for Navistar International Corp.

In his 1960 seminal book, *The Human Side of Enterprise*, Douglas McGregor identified two dichotomous sets of assumptions that managers use to guide their behavior when managing their employees, which he labeled Theory X and Theory Y. Theory Y contended that individuals are self-motivated and self-directed. Theory X contended that people are in fact, the opposite and must be threatened or coerced into performing work. But more alarming was the contention by McGregor that Theory X was the one that was widely assumed by business schools to be accurate and was predominantly used by leaders in the workplace. At the time he wrote his book, this was based on many decades of research in the social and management sciences. But over the past half century, not much has changed and is widely assumed even today.

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McGregor's top question for management (and the premise for his research) was:

“What are your assumptions (implicit as well as explicit) about the most effective way to manage people?” (*The Human Side of Enterprise*, p. vii)

Douglas McGregor challenged us to change our mental paradigm much the same way Deming challenged us. Joel Cutcher-Gershenfeld noted the thoughts of McGregor when he quoted:

“Every managerial act rests on assumptions, generalizations, and hypotheses – that is to say, on theory. Our assumptions are frequently implicit, sometimes quite unconscious, often conflicting; nevertheless, they determine our predictions that if we do *a*, *b* will occur. Theory and practice are inseparable.” (*The Human Side of Enterprise Annotated Edition*, p. 8)

“The inseparability of theory and practice builds on work advanced by Kurt Lewin who preceded Douglas McGregor at MIT. (See Kurt Lewin, *Field Theory in the Social Sciences*, New York: Harper & Brothers, 1951.)” Footnote from: (*The Human Side of Enterprise Annotated Edition*, p. 8)

Cutcher-Gershenfeld goes on to quote McGregor's words in the same writings:

“So long as the manager fails to question the validity of his personal assumptions, he is likely to avail himself of what is available in science. And much is there. The knowledge in the social sciences is not sparse, but frequently it contradicts personal experience and threatens some cherished illusions. The easy way out is rejection, since one can always find imperfections and inadequacies in scientific knowledge.” (*The Human Side of Enterprise Annotated Edition*, p. 8)

Heil, Bennis and Stephens added when they wrote:

“Douglas McGregor's most important legacy was neither Theory X nor Theory Y. It was his insistence that managers question their core assumptions about human nature, and that they see how these mental models lead to managerial practices.” (*Douglas McGregor, Revisited: Managing the Human Side of the Enterprise*, p. 20)

Heil, Bennis and Stephens go on to say that managers resist taking a look at their core values. They are not comfortable with this concept. They state:

“McGregor refused to simplify unbelievably organic and complex challenges into formulaic analyses and solutions. He believed that every solution was different: Like an individual person, the net result was a factor of countless variables. Yet leaders who look to implement his ideas still want easy answers—a simple, applicable, seven-step cure-all. They resist his message that every situation is unique and organic. In a self-fulfilling manner, many managers fail to implement his ideas because they believe them to be unimplementable. His ideas don't take

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hold because most managers don't believe they can put them into practice. When push comes to shove, most managers resist the hard work called for when managing people's values and motivations. They want to have a conversation about it, but when it comes to dealing with people and organizations, they want something simple to use. This type of response plagued McGregor. In real life, the solutions to problems are far more complex and individual than any one generic purpose.

McGregor was often met with the following question: This is a great theory—but how do you make it work? And McGregor would invariably respond: "I don't know." He knew that his thinking worked only when each individual figured out how it worked *for them*. This explanation applies equally to McGregor's principles. People want a simple model they can implement effortlessly, regardless of who they are or what the unique situation demands. McGregor resisted such a simple response.

Above all, McGregor wanted people to look in the mirror and consider who they were and what they believe, a challenge that most people have at the very core of their being. And yet, until a person peels away the layers, looks at himself, and recognizes his deeply held beliefs and attitudes, he cannot lead or design a truly effective organization in today's world.

McGregor believed that organizations would be far more effective and powerful when managers offered employees the opportunity to align their individual goals with those of the business. His thinking reinforced the pragmatic message at the core of famed psychologist Abraham Maslow's work: People are capable of extraordinary accomplishments if they are able to meet their own self-fulfilling needs when pursuing the goals of the organization. Maslow referred to this approach as "enlightened management." (*Douglas McGregor, Revisited: Managing the Human Side of the Enterprise*, pp. 20-21)

When setting the premise for his theories, Cutcher-Gershenfeld cites that McGregor often used an effective analogy comparing physical sciences to social sciences:

"We do not, for example, dig channels in the expectation that water will flow uphill; we do not use kerosene to put out a fire. In designing an internal combustion engine we recognize and adjust to the fact that gases expand when heated; we do not attempt to make them behave otherwise. With respect to physical phenomena, control involves the selection of means which are appropriate to the nature of the phenomena with which we are concerned.

In the human field the situation is the same, but we often dig channels to make water flow uphill. Many of our attempts to control behavior, far from representing selective adaptations, are in direct violations of human nature. They consist in trying to make people behave as we wish without concern for natural law. Yet we can no more expect to achieve desired results through inappropriate action in this

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field than in engineering.” (*The Human Side of Enterprise Annotated Edition*, p. 11)

In the same writings, Cutcher-Gershenfeld goes on to say:

“Another fallacy is often revealed in managerial attempts to control human behavior. When we fail to achieve the results we desire, we tend to seek the cause everywhere but where it usually lies; in our choice of inappropriate methods of control. The engineer does not blame water for flowing downhill rather than up, nor gases for expanding rather than contracting when heated. However, when people respond to managerial decisions in undesired ways, the normal response is to blame them. It is *their* stupidity, or their cooperativeness, or their laziness which is seized on as the explanation of what happened, not management’s failure to select appropriate means for control.” (*The Human Side of Enterprise Annotated Edition*, p. 12)

When connecting action to theory, Cutcher-Gershenfeld also points out:

“Human behavior is predictable, but as in physical science, accurate prediction hinges on the correctness of the underlying theoretical assumptions. There is, in fact no prediction without theory; all managerial decisions and actions rest on assumptions about behavior. If we adopt the posture of the ostrich with respect to our assumptions under the mistaken idea that we are thus “being practical,” or that “management is an art,” our progress with respect to the human side of enterprise will be indeed slow. Only as we examine and test our theoretical assumptions can we hope to make them more adequate, to remove inconsistencies, and thus to improve our ability to predict.

We can improve our ability to control only if we recognize that control consists in selective adaptation to human nature rather than in attempting to make human nature conform to our wishes. If our attempts to control are unsuccessful, the cause generally lies in our choice of inappropriate means. We will be unlikely to improve our managerial competence by blaming people for failing to behave according to our predictions.” (*The Human Side of Enterprise Annotated Edition*, p. 13)

Noting earlier annotations in his book Cutcher-Gershenfeld pointed out that:

“Two decades after the publication of this book (*The Human side of Enterprise*, 1960), Dr. W. Edwards Deming echoed McGregor with his injunction: “Don’t blame the people, fix the system.” (*The Human Side of Enterprise Annotated Edition*, p. xxii)

Similarly, as Brian Joiner articulated in his book when describing system performance and that we should focus attention on the system:

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“Blame the process, not the person.” *Fourth Generation Management: The New Business Consciousness*, p. 33)

The precepts of McGregor’s theories are based in methods of influence and control managers use to lead people in the organization. I think that McGregor would agree with a widely cynical remark that I’ve often heard regarding business: *If it weren’t for all the people involved, business would be a great line of work!* A false assumption like this one can permeate throughout an organization; top to bottom. Leaders are habitually complaining about recalcitrant employees, their unmotivated attitudes, and poor work habits as the root causes of all the organization’s problems. As a countermeasure, leaders feel obliged to strictly enforce rules and policies; there will be no deviation! These leaders believe that this approach is the only way to control the indigent workforce; these human relations problems have to be counterbalanced with authority. As Cutcher-Gersensfeld observed:

“If there is a single assumption which pervades conventional organizational theory it is that authority is central, indispensable means of managerial control.” (*The Human Side of Enterprise Annotated Edition*, p. 24)

Cutcher-Gersensfeld draws attention that much of the principles identified for effective management of people at the time came from studies around the military and the Catholic Church (p. 22). While these may be necessary and appropriate assumptions for these organizations, it is difficult to generalize from these studies to mainstream business and industry situations. More importantly, he says that continued adoption of these principles still yield disappointing results (p. 22).

Another key aspect to consider is the concept of interdependency of the various elements of an organization. He notes that as organizations become larger and more complex, authority becomes more of a limitation than strength. Cutcher-Gersensfeld writes:

“The outstanding fact about relationships in the modern industrial organization is that they involve a high degree of interdependence. Not only are subordinates dependent upon those above them in the organization for satisfying their needs and achieving their goals, but managers at every level are dependent upon those below them for achieving both their own and organizational goals.” (*The Human Side of Enterprise Annotated Edition*, p. 29)

McGregor provides insight about the true nature of authority in the operation of an organization. The point is that the upward and downward nature of dependencies is such that the organization can be characterized as a dynamic rather than static system of relationships. Therefore, it is too risky to depend on a unilateral means of control as the primary method for achieving organizational goals, especially when people are involved. The most important lesson for the leader to learn, then, is that the selection of the appropriate means of influence for the situation is critical. This naturally then leads to a question: What assumptions are appropriate for a leader to follow in this selective adaptation process?

Theory X

As the first set of assumptions to present, it is the most obvious. It is easily recognized, because it is based on so-called incontrovertible evidence about the true nature of people. Therefore, correctness is not an issue because the leader accepts it as truth. Everyone knows it, and it will never change. It is a negative, pessimistic view of people. McGregor wrote that managers would (and most often did) base their decisions on the following set of assumptions:

1. *“The average human being has an inherent dislike of work and will avoid it if he can.*

This assumption has deep roots. The punishment of Adam and Eve for eating the fruit of the Tree of Knowledge was to be banished from Eden into a world where they had to work for a living. The stress that management places on productivity, on the concept of a “a fair day’s work,” on the evils of featherbedding and restriction of output, on rewards for performance –while it has a logic in terms of the objectives of enterprise – reflects an underlying belief that management must counteract an inherent human tendency to avoid work. The evidence for the correctness of this assumption would seem to most managers to be incontrovertible.

2. *Because of this human characteristic of dislike for work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational effectiveness.*
3. *The average human being prefers to be directed, wishes to avoid responsibility, has little ambition, wants security above all.” (The Human Side of Enterprise, p.33)*

The premise for action for the leader, then, is to control the ranks of so-called dishonest, mediocre, lazy, untrustworthy, ductile workforce; leaders must rely on choosing actions that effectively counteract these negative tendencies of people. They include the use of techniques such as tight controls, implicit threats, close supervision, coercion, intimidation, reliance on punishment, and negative rewards. Other more insidious methods can include installing performance appraisals, ranking of employees, incentive schemes and the like. The point here is that there is an unprecedented amount of countermeasures available if one is looking for them. It follows the old proverb: *If the only tool you have is a hammer, then everything looks like a nail!*

In addition, Warner writes:

“There are two approaches to Theory X: a “hard” approach, which relies on coercion, implicit threats, close supervision, and tight controls – essentially “command and control.” The “soft” approach is to be permissive and seek harmony so that employees will cooperate when they are asked to do so. McGregor believed that neither extreme is ideal: The hard approach often

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generates hostility, deliberately low output, and hard-line demands. The soft approach results in ever-increasing requests for more rewards, in exchange for ever-decreasing work output.” (*Management Styles Questionnaire (MSQ) Facilitator’s Guide*, p. 2)

Moreover, Cutcher-Gersensfeld writes:

“The philosophy of management by direction and control – *regardless of whether it is hard or soft* – is adequate to motivate because the human needs on which this approach relies are relatively unimportant motivators of behavior in our society today. Direction and control are of limited value in motivating people whose important needs are social and egoistic.

People deprived of opportunities to satisfy at work the needs which are now important to them behave exactly as we might predict – with indolence, passivity, unwillingness to accept responsibility, resistance to change, willingness to follow the demagogue, unreasonable demands for economic benefits. It would seem that we may be caught in a web of our own weaving.

Theory X explains the *consequences* of a particular managerial strategy; it neither explains nor describes human nature although it purports to. Because its assumptions are so unnecessarily limiting, it prevents our seeing the possibilities inherent in other managerial strategies. What sometimes appear to be new strategies – decentralization, management by objectives, consultative supervision, “democratic” leadership – are usually but old wine in new bottles because the procedures developed to implement them are derived from the same inadequate assumptions about human nature. Management is constantly becoming disillusioned with widely touted and expertly merchandized “new approaches” to the human side enterprise. The real difficulty is that these new approaches are no more than different tactics – programs, procedures, gadgets – within an unchanged strategy based on Theory X.” (*The Human Side of Enterprise Annotated Edition*, pp. 54-55)

In the same writings, Cutcher-Gersensfeld concludes:

“However, so long as the assumptions of Theory X continue to influence managerial strategy, we will fail to discover, let alone utilize, the potentialities of the average human being.” (*The Human Side of Enterprise Annotated Edition*, p. 57)

Theory Y

McGregor offers Theory Y as an alternative to Theory X set of assumptions. They are based on an optimistic, positive view of people. Theory Y propositions are not offered as a form of abdication by managers, but as new theory for the management of human resources. Theory Y generalizations are based on many years of research in the social

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sciences and are conceived to be accurate descriptions of the nature of people. In fact, Theory Y is perceived as a solution for integrating individual and organizational goals. McGregor described Theory Y as:

1. *“The expenditure of physical and mental effort in work is as natural as play or rest. The average human being does not inherently dislike work. Depending upon controllable conditions, work may be a source of satisfaction (and will be voluntarily performed) or a source of punishment (and will be avoided if possible).*
2. *External control and threat of punishment are not the only means for bringing about effort toward organizational objectives. Man will exercise self-direction and self-control in the service of objectives to which he is committed.*
3. *Commitment to objectives is a function of the rewards associated with their achievement. The most significant of such rewards, e.g., the satisfaction of ego and self-actualization needs, can be direct products of effort directed toward organizational objectives.*
4. *The average human being learns, under proper conditions, not only to accept but to seek responsibility. Avoidance of responsibility, lack of ambition, and emphasis on security are generally consequences of experiences, not inherent human characteristics.*
5. *The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.*
6. *Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.” (The Human Side of Enterprise, p. 47-48)*

Following this train of thought, Warner speculates:

“By contrast, Theory Y holds that work is as natural as play and that people have a psychological need to work. They want responsibility, are capable of self-control, and desire to achieve. Therefore, managers should arrange the work environment and methods of operation so people can achieve their own goals by directing their own efforts. Theory Y holds that motivation can come from self-esteem and achievement; if people are properly managed, in fact, they will be more creative and team-spirited, and be willing to take on responsibility. McGregor believed that very few organizations make full use of their employees’ inherent abilities and strength. The role of the manager is not to ask which set of attitudes is right, but rather ask: *What is the reality of our job situation, and how can I motivate my people to keep them involved and contributing?*” (*Management Styles Questionnaire (MSQ) Facilitator’s Guide*, p. 2)

McGregor points out that Theory Y is centered on the possibilities of human growth and development. The strategy for its application should be for selective adaptation rather than adoption of a single, all-inclusive, absolute use of authority for control. He contends

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that Theory Y is not a limitation as implied with Theory X set of assumptions. Theory Y is more of an estimator of management's capabilities. Cutcher-Gershenfeld writes:

“Above all, the assumptions of Theory X point up the fact that the limits on human collaboration in the organizational setting are not limits of human nature but of management's ingenuity in discovering how to realize the potential represented by its human resources. Theory X offers management an easy rationalization for ineffective organizational performance: It is due to the nature of the human resources with which we must work. Theory Y, on the other hand, places the problems squarely in the lap of management. If employees are lazy, indifferent, unwilling to take responsibility, intransigent, uncreative, uncooperative, Theory Y implies that the causes lie in management's methods of organization and control.”(*The Human Side of Enterprise Annotated Edition*,p.66)

While McGregor understood that Theory Y was easy to say, their application in an organization would be challenging. He noted that it would not be easily accepted by managers because of deeply ingrained managerial habits of thought and action. After all, managers who have risen to the top have had their Theory X set of assumptions reinforced over and over again either by pay increases or promotions. *Why change now? They got me this far in my career; I'd be stupid to change now. The risks are too great.*

The primary strategy to use when applying Theory Y is the principle of *integration*. Integration implies that the best approach is the creation of conditions that allow employees to achieve their own goals in the context of directing themselves to achieve the goals of the organization. As leaders ponder this concept, they quickly recognize that this approach is not business as usual. This is a different style of management all together. I think Deming would agree.

There is now an interim step that looks and feels uncomfortable to the manager. The objective is now for the manager to be thinking of how to match the organizational goals with the goals of the individual to get results. This is different than just reeling power to make a decision to get a specified result irrespective of the needs of the people who have to perform. It was believed by McGregor that the synergistic effects of combining the two set of goals would result in the organization achieving lasting economic objectives more efficiently and consistently. The flip side of Theory Y is that unless integration is achieved the organization will suffer losses.

Application of Theory Y opens up many possibilities for innovation and creativity. Theory X limits the possibilities. It was McGregor's belief that the continual testing and re-testing of Theory Y precepts in the organization would allow development of the kind of knowledge that would sustain the viability of the organization. Cutcher-Gershenfeld writes:

“There is substantial evidence for the statement that the potentialities of the average human being are far above those which we typically realize in industry today. If our assumptions are like those of Theory X, we will not even recognize the existence of these potentialities and there will be no reason to devote time,

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effort, or money to discovering how to realize them. If, however, we accept assumptions like those of Theory Y, we will be challenged to innovate, to discover new ways of organizing and directing human effort, even though we recognize that the perfect organization, like the perfect vacuum, is practically out of reach.” (*The Human Side of Enterprise Annotated Edition*, p. 74)

When I think about this statement, I think of Deming’s reference to the need for workers “to take joy in their work”, or Point 13 for the education of people, or Point 8 to drive out fear. All these references are tenants of the innate values that people bring to the workplace. Dr. Deming recognized these inherent qualities of people and added his unique theoretical framework to the management of people, e.g., systems and statistical thinking which have proven to be natural extensions to a Theory Y set of assumptions which McGregor challenged us to test. As Cutcher-Gersensfeld surmised:

“Theory Y is an invitation to innovation” (*The Human Side of Enterprise Annotated Edition*, p. 77)

Jacoby and Terborg take a critical look from McGregor’s perspective:

“In summary, McGregor believed that a Theory X philosophy of human nature – employees are incapable of innovation and responsibility and need to be controlled by extrinsic rewards and punishment – is simply not healthy. Jobs that do not allow for self-control and self-fulfillment can create counter-productive behaviors, i.e., employees may attempt to “beat the system” in order satisfy their needs. (This sometimes involves creative behavior of the type considered improbable under the Theory X view.)

In contrast, the Theory Y philosophy appears to be a more adequate description of human nature and makes managers responsible for harnessing the creative and positive aspects of human behavior for the benefit of both the individual and the organization.” (*Managerial Philosophies Scale*, p. 2)

In the practice of leadership, the integration of employee goals and organizational goals, can take many forms. According to McGregor, some of the best include tactics such as job enlargement, job rotation, job enrichment, teamwork, employee empowerment, and job re-designs. All these stand to offer an alternative to the standard methods used today. Each will require astute understanding of the coalescence of employee-centered and organization-centered goals far different from what is occurring in the modern workplace.

Warner highlighted some of the challenges in thinking that is necessary. The taxonomy compares the style differences for Theory X and Theory Y sets of assumptions in usual managerial circumstances. While not definitive, the mental models are a helpful reminder for those seeking a new perspective.

	Theory X Parent-child Relationships*	Theory Y Adult-Adult Relationships
Manager' View of Work	Work is a source of dissatisfaction. We must compensate for this through pay and benefits.	Work can be satisfying and challenging...a major opportunity.
Manager's View of Workers	Employees want less responsibility and security. They are dependent on supervisors to make decisions, solve problems, set goals, and keep them productive.	Employees want more responsibility and challenge. They are capable of making decisions, solving problems, and setting goals for themselves – if we let them.
Manager' View of Self	I'm OK, but you're not OK. People are too dependent on me. I end up having to do their thinking for them and bailing them out.	I'm OK, and you're OK. Once employees have been trained, my role is that of a coach. I must step back and let them play the game.
Motivation Used by Manager	Carrot and stick: Set up systems of reward and punishment to entice and coerce employees.	Work is inherently appealing: Use it to give challenge, a sense of achievement, recognition, responsibility, and growth.
Expectation: the "Pygmalion Effect"	This manager expects less of people than they are capable of – and gets it! "Expect the worst and you won't be surprised."	This manager expects more of people than they knew they were capable of – and gets it! "Expect the best (not perfection) and people will give their best effort."
The Working Relationship	"Employees are here to extend my effectiveness."	"I'm here to extend the effectiveness of my employees."
Motivation of Employees	They spend most of their energy keeping the boss happy, harvesting the carrots, and avoiding the stick.	Employees spend their time meeting goals and standards that they and the manager have agreed to jointly.
The Goal of the Organization for Employees	To have workers trained as well-oiled machines that make few errors, require little maintenance, and function as highly dependable robots within a narrowly prescribed area of operation.	To develop people to the point where each is a manager of his/her own time and talent, solving problems and making decisions within an expanding area of freedom and responsibility.

(Management Styles Questionnaire (MSQ) Facilitator's Guide, p. 29)

* The reference to parent-child formats is based on the author's integration of Transactional Analysis techniques for understanding the leader-employee relationship. It was not originally used by McGregor in his book, but does offer an enlightening perspective to consider.

Warner's table describes mindsets for the Theory Y-based leader to adopt. If leaders used the mental models listed above in the context of PDSA and without fear, application of Theory Y will follow with new knowledge. That new knowledge will then be used in the context of continual improvement under further iterations of the strategy. Following this

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approach, the creation and use of organizational memory will take precedence over emotional reaction and disappointment when perfection is not achieved.

The Pygmalion Effect

The third leg of the stool deals with the power of expectations on others. *The Pygmalion Effect* is a long-understood theory in the field of social science used to explain why people behave the way they do. This phenomenon is well-known and used to help explain results in psychological studies exploring the causes of achievement in people's performance. It was well documented in Rosenthal and Lenore Jacobson in their seminal book, *Pygmalion in the Classroom* (1968). The powerful effect of this concept was noted by Deming:

“There is another factor to take into account, the Pygmalion effect. Rated high at the start, anyone stays high. Rated low at the start, he stays low.” (*The New Economics: For Industry, Government, Education*, 2nd Edition, p. 26)

Neave reiterates in his book:

“In grading in schools, and in performance appraisals, Deming sees considerable evidence of the “Pygmalion Effect.” From the teacher's or appraiser's viewpoint, there is bias in expecting past good or bad performance to predict further good or bad performance respectively – and that does affect the detailed behavior of the appraiser. It also affects the (the person being appraised) – the employee or the student. Deming quotes George Bernard Shaw: “Treat me like a flower-girl: I'll be flower-girl; treat me like a lady: I'll be a lady.” This thought is so important that a full version of this quotation from Pygmalion is also worth reproducing:

“The difference between a lady and a flower-girl is not how she behaves but how she's treated. I shall always be a flower-girl to Professor Higgins because he always treats me as flower-girl and always will; but I know I can be a lady to you because you always treat me as lady and always will.”

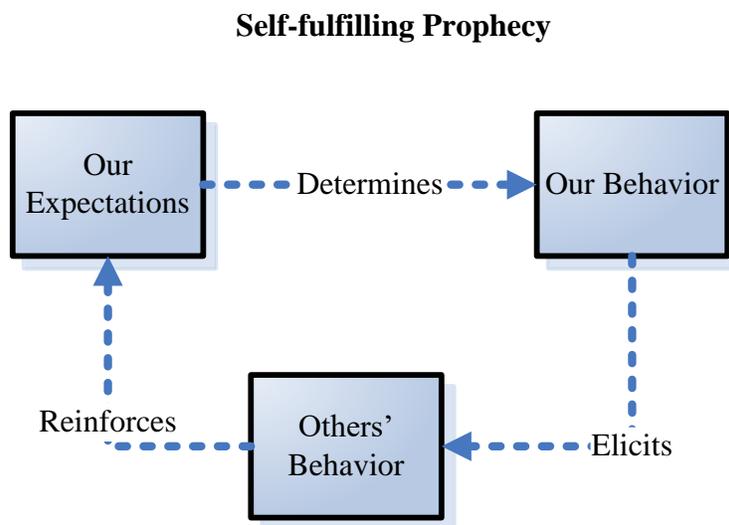
This is one of the many insights from Deming that is so easy to cast aside with scarce a thought – but, the more you think about it, the more you realize how much truth there is in what he says. And the more appalled you become at the way we treat people in school and in adult life.” (*The Deming Dimension*, p. 384)

The concept of the self-fulfilling prophecy, as termed by Robert Merton in *Social Theory and Social Structure* (1957), is based on four principles:

1. We form expectations of people or events.
2. We communicate those expectations with various cues.
3. People tend to respond to these cues by adjusting their behavior to match them.
4. The result is that the original expectation comes true. (*Pygmalion Effect: Managing the Power of Expectations*, 3rd Edition)

The power of expectations can not be overstated. Merton postulated that our expectations can have a powerful influence upon the future that unfolds, even when we might not be aware of those expectations. What he found is that once the expectation is projected by the sender consciously or unconsciously, people respond to it in ways so as to please the sender, or said differently, people behave in ways that are consistent with and thus ultimately help confirm or fulfill their prophecies. Merton concluded that somehow people's behavior and actions caused predictable outcomes. How we view people affects the way that we treat them which in turn can influence their behaviors and behaviors.

In addition, a flowchart from Hall's work is a useful diagram to demonstrate the relationships. (*Management Values: Managing as a Self-fulfilling Prophecy Facilitator's Guide*, appendix)

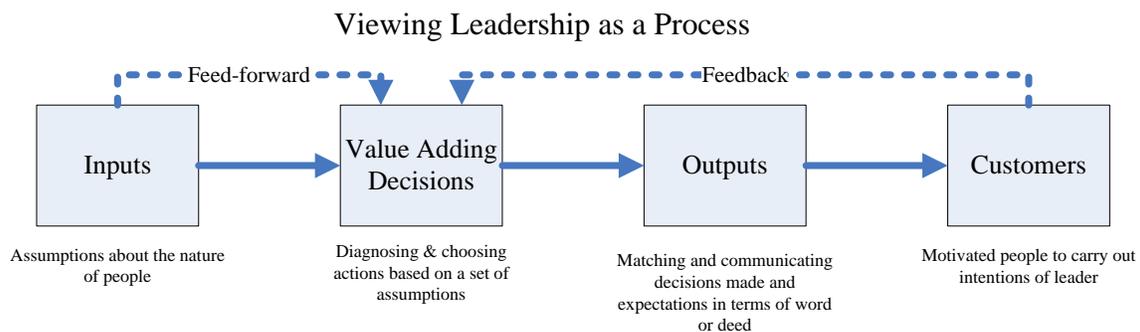


The concept has value in the application of Theory Y. If the manager starts with a positive, optimistic attitude about people and uses Theory Y as the basis for action, there is a higher chance that employees will respond to the manager so as to please the sender. The implication is far reaching in the testing of Theory Y; the performance of people depends more on the manager than previously believed. Always expect the best from people and they will typically measure up to your expectations. Conversely, if Theory X is projected, and employees act out negative script that they were just given, the self-fulfilling prophecy is confirmed.

In considering the motivation level of people in the accomplishment of goals, the manager has a significant amount of influence in the leadership process and needs a realistic platform from which to start when planning the work of others. Before changing others, wisdom would tell us to consider that it is necessary to change ourselves first.

The Process of Leadership

Simply stated, leadership is the process of influencing others to get results. The operative word in this statement is *process*. In the world of Deming, process has a distinctive meaning associated with it. I believe that if one begins to analyze leadership in the context of flowcharts, to help organize our thinking, we can see new relationships that open up new possibilities for meaningful interpretations and improvement. We can begin to see the process as a sequence of steps. Below is a diagram which helps to understand the process of leadership as a *system*, not just the cumulating effects of a series of events that cause responses from those it affects. In other words, when a person is “leading” in a situation, there are inputs that are used by the leader to evaluate a given situation, leaders have a set of theory-based reactions to employ that leads them to anticipate predictable reactions from those they influence. The inputs include the sets of assumptions the leader employs to influence others in a given situation. As result, I believe it looks something like the process outlined below.



The diagram is simplified in order explain the dynamics of leading based on theory. Obviously, there are other factors involved in this complex process, but I chose this basic format so as to keep it understandable by only focusing on one aspect of the entire process. The theory presented here depicts the progressive sequence of thinking that a leader follows, consciously or unconsciously, as they try to influence others. It attempts to show that assumptions managers believe to be true can have a profound effect on their own behaviors as well as the motivation levels of others as McGregor and Deming suggest. The implication is that if we can accept this diagram as representative of the sequence that actually occurs in the leadership process, it is not a quantum leap to suggest that if we can identify and selectively manifest the assumptions that leaders use to act out their beliefs, show them what their predominant set of assumptions are, then perhaps they can be convinced to modify and change their behavior based on an identified “need”.

In a systems perspective, Deming sees usefulness in feedback as a method for process improvement. On the other hand, *feed-forward* type information can also be useful. In this case, if the *feed-forward* information can assist a learner in identifying a *gap* in knowledge or understanding, this will be useful for the learner to prepare for further learning to close the knowledge gap. Likewise, if the *feed-forward* type information confirms the absence of a gap, then the learner has received positive reinforcement of an existing condition. Either case is favorable and helps the learner in self-directed learning which is what the Deming or McGregor have indicated as best practice. This statement is

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based on integration of Theory Y sets of assumptions as well. If Theory Y is best set of assumptions for motivating employees at work, then it is also the best set of assumptions for motivating adult learners. People are perfectly capable of making intelligent decisions about the learning they wish to accomplish. In other words, they are mostly self-directive.

Learning and Improvement

This is where alternative learning techniques have practical value. A self-diagnostic technique can expose the student to a new way of thinking by first showing the student that they are, for example, using Theory X set of assumptions about people and then, second, gives them a look at how they think about Theory Y. This can be an effective method for changing a person's perception. It is different than simply telling people to adopt Deming's philosophy and hope they discover the essence of the theory (by chance) and are capable of replacing their old theory with the new theory. Some need help.

Heil, Bennis and Stephens point out the necessity for helping leaders peel back layers of experience and personal thought processes for the purpose of change. They wrote:

“Leadership naturally reflects the assumptions and beliefs – the character – of the individual. In this human system of enterprise, leaders don't shape behavior by implementing consultant-driven models. Rather, they mobilize and align people through authenticity and presence. They realize that they cannot change the way they lead without trying to change the way they are. Their ability to move people in an organization derives not just from behavior but character – not just what you do but who you are. McGregor believed that you have to look in the mirror and figure out who you are because you can't lead in any other way. People change how they lead and manage only by changing who they are and how they think.

And yet the obstacles to following through on this simple concept are myriad. McGregor found that people do not have a good process for questioning and evaluating the way they think. Such a process was just too abstract for most. To do so would be to introduce a degree of uncertainty that is anathema to most take-charge managers. Questioning how they think would ask them to expose their weaknesses and exist in a realm that they couldn't necessarily master. It doesn't guarantee immediate and attainable results. More over, such a process is hard to justify in terms of risk factors. As management consultant Peter Drucker has argued, managers will not switch to new technologies until the benefits to be realized are exponentially higher than existing systems as opposed to promising a mere one or two times advantage. The same principle applies to a managerial mindset. Comfortable managers, set in their stuck patterns, will not risk the switching costs of rethinking their thinking without a clear, demonstrable return on their time and emotion.” (*Douglas McGregor, Revisited: Managing the Human Side of the Enterprise*, p. 23)

The above writings are challenging educators and change agents to recognize the necessity for new and innovative methods. If a method can be followed that will help to

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identify a “need”, it would be useful to the leader. Once the leader can see the gap or need, then at least they can begin to address their assumptions about people. Before identifying the need, there was no need to change.

The lessons to be learned would be of immense value in assisting a person to better understand their relationship with the outside world and give them new perspectives for adopting useful behaviors in the future. Suffice it to say, the person would never be the same. I think we can value the potential of such an experience if presented in proper context; we need to help the person to adjust and flourish in the same world, but with a new outlook. When considering attributes of leadership that Deming purports useful for the successful transformation of an organization, leaders would do well to possess new perspectives (or theories). Leaders would have the ability to continually revise current theory with new theory after testing. Of course the new perspective would lead to new theories about the nature of people and work which is at the crux of the question to be addressed in this paper: *If a person can see him or herself the way they are thinking now, can this new perspective help him or her replace their current belief system with a realistic but different belief system about the nature of people and work and add to their ability to practice Dr. Deming’s Theory of Management? And, in addition, can this new perspective be tied to practical application of Deming’s System of Profound Knowledge?*

Further on in their writings, Heil, Bennis and Stephens address a key concept about the requirements and risks for changing how we think:

“Our mindset is enormously valuable. It enables us to act. Without it we would have no way to relate yesterday’s events and problems to today’s, no basis for predictions, no framework for organizing information, and little confidence in our actions. Without a set of assumptions to guide our actions, every management decision we make, no matter how slight, would take forever. We would have to weigh every variable and ponder every possible outcome. Without a basic set of beliefs to guide us, every decision would be our first.

On the other hand, with a belief system we trust, we can make assumptions about cause and effect, build models to describe how the world works, be confident in our solutions, and generally bring order to the complexities inherent in managing an organization.

The biggest problem with a mindset is that once we’ve developed one, we tend not to challenge it, particularly when it seems effective. Why should we? If it worked yesterday and works today, it should work tomorrow, right? Not necessarily. Not even probably. In fact, in a rapidly changing environment such as the one we compete in today, leaping to this conclusion is dangerous business. Instead, to ensure that our thinking does not become outdated, we must continuously put our old ideas to the test, to question the efficacy of yesterday’s truths and to do so before they fail.” (*Douglas McGregor, Revisited: Managing the Human Side of the Enterprise*, p. 48)

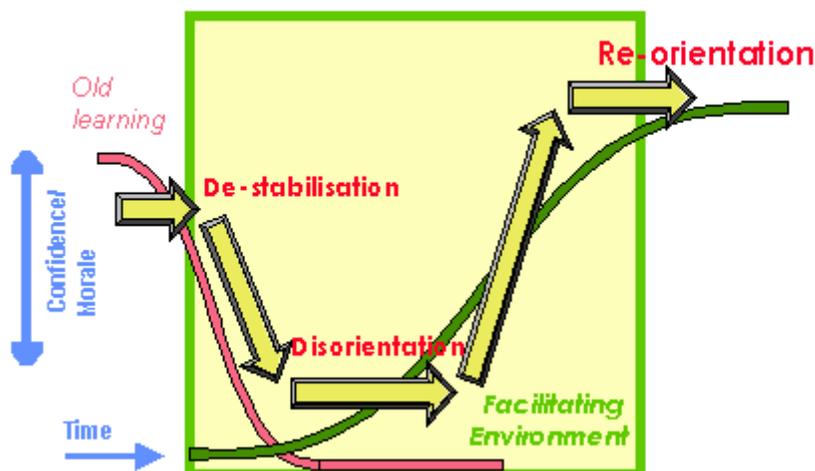
The points outlined in this section are of importance: It demonstrates a profound piece of insight about people and learning. People are not normally in a position to see themselves as they really are, but if they can see themselves in a different light (from the outside), the chances of them really changing their behavior is greatly enhanced. Self-introspection is inherently a difficult process, but not impossible. Self-assessment doesn't come without risk. If something is identified as undesirable, one could become upset or disoriented.

There are many theories about how learning occurs in adults. For example, here is one on supplantive learning versus additive learning that offers a different perspective. Atherton writes:

“Supplantive learning calls into question previous ways of acting or prior knowledge and replaces it with something new. This is different than “additive learning” which adds new knowledge or skills to an existing repertoire. The replacement (supplantive) of former learning leads to a temporary “trough” of diminished competence.

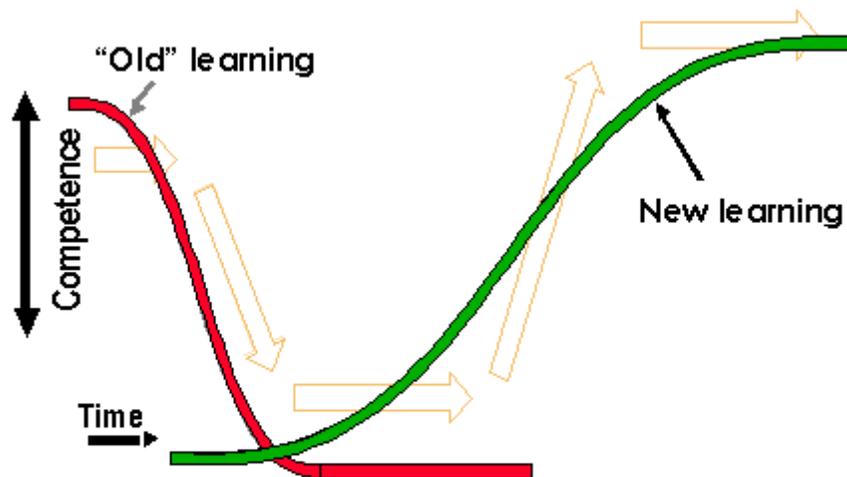
The natural cause of supplantive learning follows three stages. The first stage is de-stabilization. This is where the previous way of thinking or acting is upset. The second stage is disorientation. It is defined as the “trough” in which a loss of competence and morale combine to making learning difficult, and there is considerable temptation to return to the old way. The last stage is re-orientation. What takes place in this stage is the gradual climb out of the “trough”, which follows a similar pattern to the curve of “normal” additive learning.” (*Learning and Teaching: Learning Curve*)

The Learning Trough in problematic supplantive learning



Learning is change that often clashes with old ideas and perspectives. What was once thought to be a truism is now challenged by the new ideas. As a result, the learner should be prepared to understand that as they “bottom out” and their perceptions about the nature of people are contradicted, they will be vulnerable to

discomfort and possibly regression, i.e., go back to the old way. It is important, then, for the learner to reconcile the differences between the old and new as quickly as possible so as to ensure application of the new learning. For some, going from Theory X to Theory Y assumptions will not come without discomfort and disorientation.



The replacement (supplanting) of former learning leads to a temporary "trough" of diminished competence

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Deming takes a different approach in understanding the learning process and that other factors should be considered. For example, he writes:

“Anyone, when he has brought his work into a state of statistical control, whether he was trained well or badly, is in a rut. He has completed his learning of that particular job. It is not economical to try to provide further training of the same kind.” (*Out of Crisis*, p. 249)

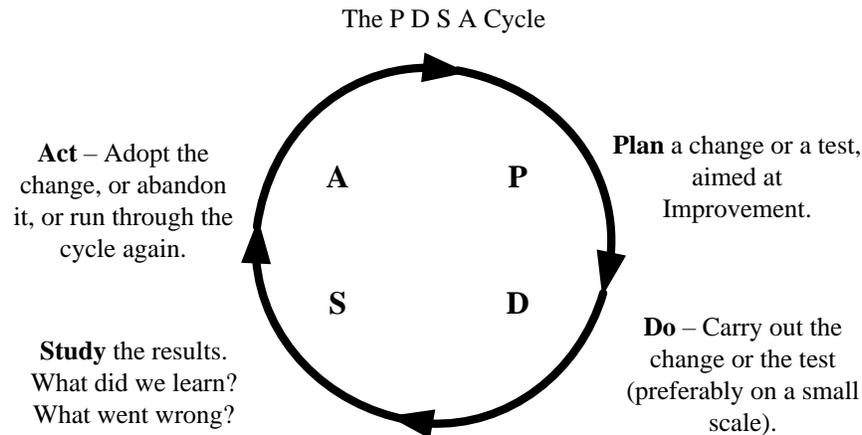
Henry Neave put the situation into perspective:

“I think the basic reason is well-known human characteristic that bad habits are much harder to dispel than no habits! Once something has been learned wrong, learning it right consists of two parts: getting rid of the wrong and then receiving the right. The former is difficult, very difficult.” (*The Deming Dimension*, p. 329)

I think it's entirely feasible that leaders can fall into a state of statistical control in their assumptions about people and work too. This has implications to holding Theory X assumptions. I think that once they have been conditioned to a negative, pessimistic viewpoint of people, usual training methods will not suffice to change that perspective. It will take new methods of training to bring in the *new learning* to bring learners out of the trough.

The Shewhart Cycle for Learning and Improvement

Deming wrote that the foundation for learning is the Shewhart Cycle for Learning and Improvement. It is known by four key steps in the process of learning: (*The New Economics: For Industry, Government, Education*, 2nd Edition, p. 112)



The Shewhart Cycle offers a significant approach to systematic learning. It can be used in any situation where theories are to be tested and re-tested for the purposes of improvement. The PDSA Cycle produces the best results when used in an iterative fashion. That is, when used over and over again, it produces the optimal circumstances for learning to occur. It can be used the context of personal transformation as well.

A Few Words about Adult Learning

At this point, I'd like to reiterate that effective adult education is based on a concept that adults learn differently than children. Malcolm Knowles postulated his views in *The Modern Practice of Adult Education* to the extent that he coined a new theoretical framework for adult education and that it should be used as the basis for future educational programming when adults are involved. The premise is clear: Adults learn differently than children (Pedagogy – the teaching of children) and, as such, different learning theories should be utilized by the adult educator than those traditionally used in situations when dealing with children. His ground breaking work cited the development of a new field of study in learning called Andragogy.

The principles of Andragogy are derived from an understanding that adults are continually striving for independence throughout life and prefer self-direction (relying more on intrinsically-based motivation) in their learning over the traditional extrinsically-based learning typically associated with teaching children, e.g., use of grades, teacher approval, etc. For intents and purposes, Knowles was following Theory Y as a basis for his theory behind Andragogy.

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Knowles identified six assumptions of Andragogy that are worth mentioning:

1. “Adults need to know why they need to learn something before undertaking to learn it. He goes on to say that the first task of the facilitator of learning is to help the learner become aware of the “need to know”.
2. Adults have a self-concept of being responsible for their own lives. This leads naturally to a “psychological need to be seen and treated by others as being capable of self-direction”.
3. Adults come to into an educational activity with both a greater volume and a different quality of experience from youths.
4. Adults become ready to learn those things they need to know or to be able to do in order to cope effectively with real-life situations.
5. In contrast to children’s and youth’s subject-centered orientation to learning (at least in school), adults are life-centered (or task-centered or problem-centered) in their orientation to learning.
6. While adults are responsive to some extrinsic motivators (better jobs, promotions, salary increases, and the like), the more potent motivators are intrinsic motivators (the desire for increased self-esteem, quality of life, responsibility, job satisfaction, and the like)” (*The Making of an Adult Educator: An Autobiographical Journey*, p. 83)

The implication of these tenants is based on similar assumptions normally as associated with Theory Y concepts. But more importantly, when used as a foundation for the facilitation of new learning, i.e., use of Theory Y assumptions about the nature of people in leading others in the learning process, several of the tenants provide a sound rationale for the application of self-diagnostic techniques. The premise is this: If the learner can see that there is a “need” to know, then he or she are more likely to expend energy in the quest of that new knowledge and increase the chances of the new learning to be actually applied.

The question then becomes in the facilitation of learning Deming-type leadership and the effects of Theory X and Theory Y: How can we establish the “need” to learn? One method is the use of instruments in the learning process. If a “gap” can be identified between the actual versus the desired states, learners can take advantage of this knowledge and begin the personal transformation process.

The adult learning environment must be non-threatening, conducive to self-exploration, characterized by physical comfort, mutual trust and respect. The learning environment envisioned in this discussion is one:

1. Including the diagnosis of needs for learning.
2. Free of criticisms.
3. Confidential in nature.
4. Timely with meaningful feedback.
5. Enhancing freedom of expression.

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6. Recognizing acceptance of differences.
7. Based on the principle that learners perceive the goals of a learning experience to be their goals (integration).
8. Promoting active participation as the norm, not the exception.

Notwithstanding the importance of understanding Deming's System of Profound Knowledge as a whole and that the elements are highly interdependent with each other, my interest is to focus in on one of the elements of the system, psychology, for the purpose of proposing a teaching technique that can assist a leader in the process of personal transformation. As Dr. Deming so eloquently stipulated as necessary to start total transformation, it starts with personal transformation, and I think that includes examination of the assumptions leaders use to influence others. Intuitively, Dr. Deming knew that change had to start with people.

Heil, Bennis and Stephens wrote:

“People are living organisms and communities of work are capable of renewal, adaptation, and change, and can't be fixed. McGregor recognized that real change happens only when a community of interest decides it wants to be different and the obstacles to renewal are removed.” (*Douglas McGregor, Revisited: Managing the Human Side of the Enterprise*, p. 12)

Following this train of thought are several questions to consider as we think about how adult education can bring leaders to a higher state of readiness to lead the critical mass. Some of these are:

1. Can we help leaders investigate their assumptions about people?
2. How can we begin to change a leader's thinking process about the nature of people and work?
3. Where do we start?
4. What assumptions must we make about people's desire to change?
5. What method should we use to assist him or her in personal transformation efforts?
6. How should the Shewhart Cycle be incorporated into the process?

Managerial Philosophies Scale: A Self Appraisal of People and Work

Jacob Jacoby and James R. Terborg designed and published an instrument called the *Managerial Philosophies Scale* (MPS). The MPS is based on the Douglas McGregor's conceptualization of Theory X and Theory Y managerial philosophies. The self-assessment instrument is used in assisting a user to view their personal belief systems relative to people and work for the purpose of change and improvement in an adult learning situation. Fortunately, the instrument had been used in other research situations, and the authors have published convincing normative databases for reference purposes that identify excellent reliability/validity or evidenced-based statistics to support its usage.

For example, Jay Hall noted in *Management Values: Managing as a Self-fulfilling Prophecy Facilitator's Guide* that managerial achievement was directly connected to managerial philosophy (X or Y). That is, as managers were more successful and moved up the ranks, they were more likely to be Theory Y. In addition, Hall designed an entire leadership module around the use of the MPS in his Models for Management Series. In module 1, *Management Values: Managing as a Self-fulfilling Prophecy*, he took the X/Y concepts to the next level by extending it to the self-fulfilling prophecy (also known as the Pygmalion Effect). As part of the model design, participants were instructed to complete the MPS as part of a technique known as "learning through instruments".

The premise of the technique is based on the theory that a person can participate in self-diagnostic techniques that would reveal their predisposition to act out these beliefs in their day-to-day leadership behaviors, thus giving the person the opportunity to see themselves in a way that they never have seen themselves before. I call this a psychometric *feed-forward* technique. In other words, it's like a person looking in a mirror and seeing themselves for the first time. Imagine what psychological impact that would have on a person! Similarly, think about a person who has been blind since birth: seeing themselves for the first time could be a mind altering experience. The experience can have a profound effect on a person and should be considered useful in personal transformation efforts by educators with students.

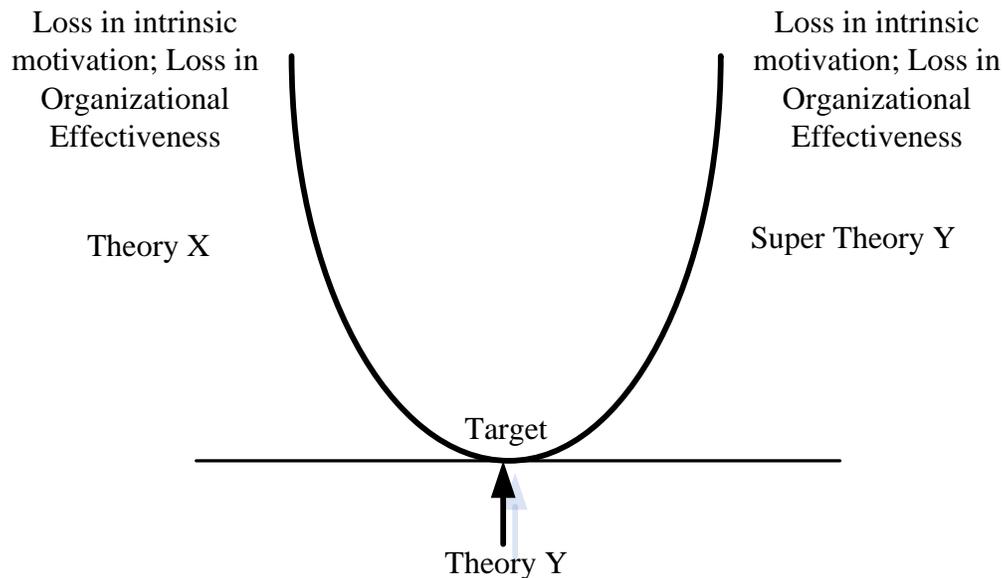
In addition, the authors have connected the output of self-assessment with application in the real world. Jacoby and Terborg contend in the MPS (p. 4) that research supports the hypothesis that if human characteristics are normally distributed throughout the population, Theory Y tenets would be aligned with a normal distribution of the workers in a given population. The implication for this assertion is, then, that approximately 68% of population that managers normally encounter will possess Theory Y expectations about their work. As a result, they hypothesize that 68% of the people are like those described by Theory Y, somewhere between 10% and 16% of the population will subscribe to Theory X expectations, and somewhere between 10% and 16% of the population will subscribe to super Theory Y expectations. Super Y assumptions are conceptualized to be the *extreme* application of a laissez-faire leadership. Therefore the probabilities for a manager to be correct in drawing upon the right set of assumptions would look like this; the Theory X manager will be correct 10% to 16% of the time, the Theory Y manager will be correct 68% of the time, the super Theory Y manager will be correct 10% to 16% of the time. These figures are used for illustrative purposes only and, obviously are not indicative of empirically-based assessments of these traits in the normal population. If this is true or closely represents reality however, then the effectiveness of a manager in using any set of assumptions other than those associated with Theory Y would be down to 20% to 32% of the time. Practically speaking, with these kinds of odds in making the correct choice, Theory Y seems the most appropriate choice to follow, for most people, most of the time.

Jacoby and Terborg conclude:

“Therefore, the real significance of subscribing to a particular set of beliefs lies in the behaviors which result. The MPS has been designed to tap into the very tenuous and abstract area of belief, ideology and generalized assumptions about others. And, to the extent it is capable of doing this, it provides a basis for understanding and interpreting observable behaviors.” (*Managerial Philosophies Scale*, p. 5)

Another viewpoint may be better depicted in the context of the Taguchi’s loss function concept (*The New Economics: For Industry, Government, Education*, 2nd Edition p. 217). As originally presented by Taguchi, the theory portrays a deviation from “quality” as a loss to society. While the original conceptualization may have applied to the production of quality automobiles or television sets, it has migrated to a core theoretical construct for other fields of study as well. In this discussion, we can extrapolate to the behavioral sciences, management and leadership sciences. My conception of the Taguchi Loss Function model comes in the form of the relationship between application of Theory X and Theory Y sets of assumptions on the intrinsic motivation levels of worker in an organization. The hypothesis is that a loss in intrinsic motivation in the follower and organizational effectiveness occurs as the leader deviates from the desired use of Theory Y set of assumptions, either towards more Theory X or more towards super Theory Y.

Taguchi Loss Function Model



The target for the leader should be a Theory Y set of assumptions. As one moves away from the target (in terms of assumptions used by the leader), there is a loss in intrinsic motivation that occurs in the individual as well a loss to the organization in terms of achieving its goals. For example, the leader moves towards Theory X in his or her thinking to compensate for the propensity of people to avoid work and the result is a negative, pessimistic method of projection by the leader onto the follower. The reaction of the follower is as the leader predicts (“See, I told you so.”) and the behavior is, therefore, confirmed. The cycle is repeated over and over in countless interactions and

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eventually, the leader believes he or she has no choice but to resort to a Theory X set of assumptions get back control of the situation..

The other extreme is also problematic. If the leader moves off the target towards a super Theory Y condition, the effect on the follower is similar. For example, the leader moves towards super Theory Y in his or her thinking to compensate for the propensity of people to negatively react to high amounts of directive behavior and the result is an overly positive, laissez-faire (“Let them do whatever they want approach.”) method of projection by the leader onto the follower. The reaction of the follower is as the leader predicts and the theory is, therefore, confirmed. The follower is unable to meet expectations and becomes almost paralyzed. The cycle is repeated over and over and eventually, the leader believes he or she has no choice but to resort to the same old, reliable set Theory X of assumptions.

Description of the Learning Experience

McGregor’s original question is the focal point of the process. The steps involved are designed to address and display the individual’s response to McGregor’s question:

“What are your assumptions (implicit as well as explicit) about the most effective way to manage people?” (*The Human Side of Enterprise*, p. vii)

A session typically contains a group of 12-15 participants in a horseshoe arrangement of tables. Sessions can be planned to last 2 -3 hours depending on the objectives to be accomplished. At the beginning of the session, the facilitator tells participants that the exercise will be conducted in an atmosphere of trust and respect. It is non-threatening in that participants are told that the results and subsequent discussions are kept private. At no time is the participant under duress to share the results of the assessment with anyone else. All documents are confidential and never collected or analyzed for purposes of adding to information into any human resource department records. Under this pretext it is believed that participants will collaborate without fear of retribution and willingly participate.

The exercise is part of Models for Management Series Module 1 *Management Values: Managing as a Self-fulfilling Prophecy*. The learning experience is centered on 8 phases: Self-diagnosis, viewing a video titled *Management Values and Self-fulfilling Prophecy*, scoring and interpretation, connection to the P-D-S-A cycle, group discussion, soliciting feedback from others, viewing another video clip and learning contracts (personal action planning). The first phase is to complete the MPS instrument. The MPS instrument is a ten-page, NCR paper-based booklet designed to give immediate feedback to the user. It includes a list of 36 statements about Theory X and Theory Y set of assumptions. The user uses a seven-point Likert-type scale to agree or disagree with the statements. Instrument validity and reliability coefficients are available in the booklet. These quantitative assessments reassure the user that the instrument measures what it purports to measure and that it can do it reliably no matter who completes it. These methods are consistent with modern requirements for evidence-based instrumentation techniques.

In the second phase, a video tape is presented that reviews McGregor's Theory X and Theory Y sets of assumptions and relates the concepts to typical workplace situations. Next, the narrator in the video connects McGregor's theories to the Pygmalion Effect by stating that it would be better to use Theory Y in their roles as leaders as opposed to Theory X under the presumption that if you keep using Theory X, don't expect Theory Y results. In addition, the video makes the case that leaders would be better off using Theory Y when dealing with people because most people will positively respond to these types of assumptions than they will with those of Theory X. Finally, the participants are challenged to review their own predisposition to use these theories. This is done by asking participants to score and interpret their individual MPS instruments. The intention here is create a learning need.

In the third stage of the session, participants are instructed to break open the NCR paper and score the instrument. The scoring is relatively easy and when completed gives important *feed-forward* information to participants. The process yields a snapshot of the participant's mental model of Theory X and Theory Y inclinations of the user. Raw scores are converted to percentiles scores (so as to give external comparisons to other industries or groups) for the construction of bar graphs. These bar graphs provide the user with a data-set used to perform a comparative analysis of their plotted philosophical profiles. Interpretation of results is connected to four possible scenarios depicted in the MPS. These scenarios help the user to identify with one or the other to demonstrate their inherent predisposition to use Theory X or Theory Y sets of assumptions with people. The four scenarios are named reductive (Theory X biased), traditional (Theory X but contaminated with the effects of previous human relations training), developmental (Theory Y) and super Y (over subscription to Theory Y). The authors point out that understanding of Theory X or Theory Y is a matter of ranges of agreement with the two theories. Developmental is considered by the authors to be the preferred style.

In the fourth phase, participants are reminded of the Shewhart Cycle (P-D-S-A) for learning. They are presented the model as a method for learning. Under the "Plan" phase, they are challenged to plan a test about their assumptions if they discover that they are Theory X. They are directed to think of a situation where they can apply Theory Y in a real situation back at work. In the "Do" step, they are encouraged to carry out the test, preferably on a small scale. In the "Study" step, the participants are asked to analyze the results that they observed to determine what went right or wrong and lessons learned. In the final stage, the learners are reminded to "Act". That is, they are to adopt the change, abandon the new behavior, or try the cycle again until new perspectives are gained. The overall end result is that participants utilize the Shewhart Cycle as a method for learning. This is done in the spirit of continual improvement methodology that is a vital aspect of the Deming approach.

In the fifth phase, the learners are again challenged with a check against reality. It is pointed out that this self-diagnostic instrument was completed by them, but it could be even more valuable if they received feedback from their direct-reports who completed a Reality Check instrument. [This phase of the session is optional and is facilitated only if

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participants were given prior instructions to have their direct-reports complete the instrument.] The purpose of checking personal results with others is to provide another viewpoint of how leaders are perceived leading in everyday circumstances. This will help to validate the perceptions they have of themselves with the perception of others. A sample of three surveys is recommended to be given to different subordinates. This instrument is similar to the MPS in that the subordinates are asked to complete two 20-items sets of questions. The questions collect data in two areas: What style do they perceive the leaders to be using in the past. And second, how would the direct-reports wished to be led? (It should be noted that respondents typically report that they prefer to be led from Theory Y sets of assumptions.)

In the sixth phase (if used), the participants are shown the rest of the video presentation that shows them how to score and interpret the three sample surveys from the reality-check exercise. Then they can compare how they perceive themselves against the perceptions of others. Differences can be explored depending on the circumstances revealed and a general group discussion ensues. Then, participants are instructed how to plan a feedback session with the people that responded in the survey. The goal of the session is to ensure open communications between the participants. In addition, learners are encouraged to do a lot of listening instead of defending. It is pointed out that none of the data collected will be of value unless the leader is willing to use it for personal growth and development. Under this guise, learners are challenged to initiate a personal change program that involves a “contract for learning” strategy. Participants are given an opportunity to complete a self-directed contract that will guide their learning in the future and reinforce personal change.

Reactions

In the seventh phase, I like to solicit personalized reactions to the survey results. I ask for their opinion about the value of the exercise. Invariably, participants are surprised to discover that they mostly agree with Theory X propositions, but would like to hold Theory Y assumptions. I solicit from everyone how they think most people really are. They agree that people are probably Theory Y in their beliefs and would like to be treated as such, but the organization’s culture, i.e., the systems, policies and procedures prevent them from acting out their intuitive thoughts into action. The risks of failure and admonishment are just too great to assume Theory Y propositions.

Occasionally, there are managers who agree with Theory X propositions and do not see the need to change. These individuals see themselves as successful and have literally been conditioned and reinforced to behave the way they do. For many years, they have been reinforced to apply Theory X, i.e., promotions, bonuses, pay increases, etc. Because they have achieved higher levels of responsibility, it is difficult for them to change. Again, the risk of failure is just too high.

An interesting question arises in the case of the staunch and proud Theory X leader: What should we do with them? The inherent solution lies in Theory Y assumptions. Just leave them alone for now. They are like rocks in a river, water will flow around them. I think

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optimism is needed here. Sooner or later they will begin to assimilate Theory Y propositions and try them out. Improvement by others and other positive reinforcements will change their perspective over time.

At the end of the session, the eighth and last phase, I like to challenge participants with an action-planning exercise to solidify their thinking with the Shewhart cycle for learning and improvement. I present the opportunity by asking participants to complete a *learning contract*. The learning contract approach is used in many adult learning situations as way to build commitment and follow through. The purpose of this exercise is to place structure in the learning process such that participants can rationally diagnose and prescribe their personalized approaches to change. Participants can work in small groups for the purpose of exchanging ideas and planning out a change process that they are likely to follow. Again, this allows the person to integrate their personal goals with the goals of the organization, a main concept behind McGregor's approach to implanting an intrinsically motivated workplace into the organization.

The basic concept behind the learning contract process entails guiding the participant through a series of questions designed to produce a list of their personal goals to improve or change their management style. It structures thought around their learning process in such tasks as how they will organize their personal time, measure progress made, who in the organization can support them, and how to maintain momentum and identify milestones along the way. These are very personalized plans and encourage active participation, rather than passive participation in their learning. Again, the process is voluntary and only used if the participant sees it as value-adding. I have found that most people have difficulty at first with this process because they really have never taken the time to structure their own learning. They have never been asked to do it before. Consequently, they feel uncomfortable, but readily adapt to the potentiality of the outcomes.

The MPS offers the opportunity to see a gap if it exists. Prior to taking the self-assessment, participants had no idea where they stood. Second, since some now learn that they work from a Theory X-driven set of assumptions, they become more acutely aware of the causes of the problems they face everyday. Awareness of this situation helps the participants to understand their frustration with their current work environment. If they hold Theory Y assumptions and the instrument confirms it, participants are relieved that they are using best-in-class assumptions, but are concerned about the future. Emphasis is now made on them initiating change over the world they have control over and not to dwell on the negatives.

But aside from these types of acknowledgements, I review a summary table of interdependency between the various theories underlining the concepts. This is done to crystallize the relationships and separate cause from effect.

Below is a table that describes the successive iterations of McGregor's, Deming's and self-fulfilling prophecy theories and the implications for organizational improvement. Here is how the three theories dovetail with one another:

Leader's Alignment with McGregor's Theories	Number of Attempts to Apply Deming's Theory of Management	Effects on the organization	Self-fulfilling Prophecy
<p align="center">X</p> <p>Mindset of Leader:</p> <p>Why try? People can't be trusted;</p> <p>They must be coerced and intimidated to work.</p> <p>I need to keep control!</p> <p>Prediction: Expect problems – but at least I know how to deal with them – as I always have.</p>	<p align="center">Low to None</p>	<p>Result: Problems and disappointments Workforce unmotivated and resistant to participate; People not interested in learning new methods or cooperating; Rampant defensiveness; Absenteeism high; Evermore protectionism; Low employee morale; Innovation nonexistent; Fire fighting intensifies; Poor communications; Results continue to sag; Customers disenfranchised</p>	<p>The prediction comes true as expected.</p> <p>Results in: See, I told you so!</p> <p>I knew it would never work.</p> <p>Everybody loses!</p>
<p align="center">Y</p> <p>Mindset of Leader:</p> <p>People are jewels waiting to excel; They are already motivated.</p> <p>I need to integrate the goals of people with the goals of the organization</p> <p>I think I can do it!</p> <p>Prediction: Expect opportunities – anticipate new and exciting alternatives</p>	<p align="center">High</p>	<p>Result: Opportunities – Enthusiasm and success Workforce highly motivated; Participative environment; People accepting new responsibilities; Incentive systems disappear; Ranking of employees eliminated; Quota systems disappear; People excited about learning new methods and cooperating; High employee morale; Absenteeism drops; Fire fighting decreases; Results significantly improve; High innovation; Customers delighted</p>	<p>The prediction comes true as expected.</p> <p>Results in: See, I told you so!</p> <p>I knew it would work.</p> <p>Everybody wins!</p>

McGregor always intended that Theory Y set of assumptions should be applied in the organization. Correspondingly, he observed, since Theory X is present and in place right now, why use it? It hasn't worked in the past so why use it in the future. He contended the process starts with the leader to act out his or her theory, i.e., Theory X or Theory Y. If he or she acts out Theory X assumptions, don't expect different results even trying to utilize Deming's Theory of Management. On the other hand (and of utmost importance), if he or she acts out Theory Y assumptions in place of Theory X, new opportunities will arise. Theory Y will require integration of Deming's Theory of Management, employee personal goals and organizational goals. The prediction is a synergistic effect that will improve the organization's quality, productivity and competitive position as Deming predicted in the application of his theory. In the words of the author of this paper, the message was simple, yet profound:

As leaders, you have to follow the right theories about the nature of people and methods of management. Best practice leadership dictates that you start with Theory Y propositions, apply them in the context of Deming's Theory of Management and the self-fulfilling prophecy and the enterprise will prosper to unlimited heights.

Often times, leaders confuse cause with effect. In the realm of organizations, current thinking relative to effectiveness is interpreted this way: If I could just trust these workers to perform better, we wouldn't be in this mess. It's their entire fault. In this scenario, the cause is the unmotivated, lazy workers, and the effect is loss in profit. The reality is more like this: If the leader would adopt a Theory Y set assumptions about people, then workers will be motivated and high organizational effectiveness is most likely to occur. In this scenario, the cause is not the worker, it's the leader. The **effect** is the motivation level of the people doing the work. The **cause** is faulty assumptions use by management to motivate workers. As Deming always contended, the problem is not with the worker, it's with the people at the top, i.e. leadership. He understood the correct relationship of cause and effect and got the variables in the right order. In a statement attributed to Gipsie Ranney, Joiner remembered:

"Costs are not causes, costs come from causes." Fourth Generation Management: The New Business Consciousness, p.272)

McGregor understood these concepts too. He understood the power of theory and the source of costs in an organization as well: They come from faulty theory of management, not the other way around, i.e., the worker.

Conclusions

The method described in this paper is only one example of how to initiate the change process. There are other ways to provide *feed-forward* type information to individuals as part of personal transformation. It affords adults a way to question and evaluate the way they think. The exercise provides participants with the opportunity to respond to

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McGregor's original question in a simple, straightforward, and understandable fashion. The technique that is demonstrated is designed to facilitate systematic learning and exploration of this question by leaders. It provides participants with enough structure and freedom to conduct their exploration in a non-threatening environment based on proven adult education principles. Participants are given the freedom to make their own decisions and draw their own conclusions.

Having the technique applied in the context of the Shewhart Cycle (Plan-Do-Study-Act) is vital to the impact of the technique. It immerses the individual in an effective method for learning. The theory behind McGregor's position is sound and based on solid research into human behavior from the social sciences. The technique presented is based in Theory Y assumptions. It provides a viable alternative to a state of unconscious incompetence. "No action" is a state of leadership where the individual does not take the time to questions their assumptions about people. McGregor predicted that Theory X propositions will implode on its own faulty moral and ethical foundations. The futility of Theory X propositions and the optimism that Theory Y tenants offer need to be explored by leaders. The future is bright. Adults are willing to take responsibility in their learning, they are self-motivated and self-directed, they want to grow and develop, and they are adaptable. It is predicted in the spirit of Theory Y that if given the choice, leaders would prefer to know and deal with their predispositions so as to improve, rather than hide their head in the sand like the ostrich. As I heard Deming say in a seminar once:

"We need more than just good people; we need people who are improving."

If leaders are going learn effectively from experience, they have to have theory from which to evaluate. Not knowing their theories is tantamount to dereliction of duty. Leaders need to test and modify their hypotheses as a result of new data. The technique presented here offers leaders the opportunity to identify the hypothesis they are currently applying to lead others. The technique allows leaders to first become aware of their current state, and then second, allows them to modify their assumptions towards the actualization of Theory Y. In the context of the Shewhart Cycle, leaders can use Theory Y propositions in the workplace, apply them (test) to gain data and re-test the theory over time to learn and improve, not only for personal gain, but for organizational gain. We must negate the tendency of leaders to shun introspection as something esoteric, non-value adding, but to promote self-diagnostic techniques to plan personal growth and development.

Lessons Learned

In conducting this exercise numerous times, I have learned several things. I try to mentally apply the Shewhart Cycle and try different things at different times to evaluate the effect. Here are some of my observations:

1. Every time I run this exercise, I learn something new. It could be as simple as confirmation of a predictable comment from a participant to a totally new perspective that I've never considered before.

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2. Participants like this experience. I have never run into a manager yet that told me that they have ever taken the time before this exercise to examine their personal theories and assumptions. No one has ever asked them to do it before. The only thing they are typically measured on is results; no one cares about the personal theories they hold. Introspection for the purpose changing mental paradigms is not easy.
3. My confidence grows every time when presenting and discussing this material to groups. In fact, it is fun! I look forward to these sessions with great anticipation and the reaction of participants.
4. People do, in fact, learn differently. Some by reading, some by hearing, some by watching, and some by doing. I don't think there is "one best way" to present and involve learners in an educational process designed to change a mental paradigm that will satisfy everyone.
5. Conducting this session drives much of my passion in subsequent sessions. I have learned that it adds to my personal fuel tank of enthusiasm.
6. Connecting McGregor's Theory X and Theory Y to Deming's Theory of Management is helpful. Participants respond well to the central idea of McGregor's writings as they understand, and more importantly, apply Deming's Theory of Management. Participants often respond well to the concept that one never learns without testing their theories in the context of PDSA.
7. Only a small number of participants will attempt the voluntary "Reality Check" portion of the session. I have learned that there is still *fear* out there in the workplace. Asking others to participate in one's growth and development is not easy. It can be threatening and uncomfortable. Many are skittish and wish to put it off.
8. McGregor and Deming came to same similar conclusions relative to the negative effects of business practices on people such as MBO, MBR, performance appraisals, pay for performance, incentive systems for performance, compensation systems, establishment of numerical goals and quotas, and employee of the month rewards, etc. In my opinion, McGregor used three of the four disciplines that Deming indicated were the basis for *A System of Profound Knowledge*. McGregor relied on *psychology*, *appreciation for a system* and a *theory of knowledge* as the basis of his rationale. However, Deming casts a wider net by including the dimension of an understanding of variation and the concept of statistical thinking as a rationale for dispensing these business practices. McGregor hovers around this discipline but never really specified it from a statistical vantage point. He looked at the effects purely from a social scientist's perspective. He talked about how many variables can affect the leadership equation, but never addressed variation and the concepts of common and special cause. As such, the simulation of the Red Beads and the construct upon which it is based, that people work in the system and that performance measurements are really measurements of the system in which they perform and results are not attributable to people, is far more effective at explaining why these business practices should be discontinued.

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9. Overall, McGregor's contributions dealt heavily with the inputs to the process of leadership, i.e., the mindset of managers and the assumptions they follow as they approach the design of work systems and expected outcomes.
10. In presenting Deming's Theory of Management, an exercise involving McGregor's theories can supplement the learning process. People are curious. People positively respond to self-diagnostic techniques that can bring awareness to a critical issue. Moving from a state of unconscious incompetence to conscious competence is possible with a little nudge. By moving up in the process of leadership to begin illuminating assumptions held by managers, conscious or unconscious, we can go a long way to explain these predispositions and their effect on people and organizational effectiveness.
11. I have a lot of respect for the Pygmalion Effect as a powerful phenomenon to keep in mind when dealing with people. Projecting positive, challenging expectations go a long way in bringing out the best in others. Leaders have a solemn responsibility to use it appropriately, wisely and not as weapon.
12. Reliance on intrinsic motivation is one of keys that will unlock the true human potentiality in organizations. I have never witnessed anything more powerful than a person who is operating from a base of intrinsic motivation. I believe people are already motivated to do a good job when they come to work. What we have to learn is how to stop de-motivating people.
13. I would be surprised if Deming would have disagreed with McGregor's theories. In my opinion, Deming would have seen the value of sharing McGregor's theories. I think the viewpoints are inseparable, at least from a psychology viewpoint.
14. Deming's Theory of Management casts a wider net than McGregor's propositions, as prophetic and useful as they are. It's interesting to speculate that if McGregor had collaborated with Deming on understanding variation from a quantitative viewpoint whether McGregor would have become a proponent of the elimination of practices such as performance appraisal and MBR rather than a proponent of just modifying the methods.
15. The challenge for us is to test all these theories in our quest to gain new knowledge and improve as leaders. By testing our predictions, we will become increasingly confident and self-assured as time goes by. Our worlds will become clearer, more orderly as we make new predictions and iterate the PDSA cycle of learning over and over again. We'll know it's working when it works for us.
16. We are all committed to Deming's Theory of Management in one form or another. We are all different in that pursuit, but united in the aim and purpose. As McGregor pointed out, we all yearn to be part of something bigger, something meaningful, and something gratifying. It is our nature.

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