Styles of management and their relevance to the business world

Abraham Harold Maslow - Hierarchy of needs

Abraham Maslow developed a theory of personality that has influenced a number of different fields, including business. This wide influence is due in part to the high level of practicality of Maslow's theory. This theory accurately describes many realities of personal experiences. Many people find they can understand what Maslow says. They can recognize some features of their experience or behaviour which is true and identifiable but which they have never put into words.

Maslow has proposed that human motivation can be understood as resulting from a hierarchy of needs. These needs, starting with the most basic physiological demands, progress upward through safety needs, belonging needs, and esteem needs and culminate in self-actualization. Each level directs behaviour toward the need level that is not being adequately met. As lower-level needs are met, the motivation to meet the higher-level needs becomes active. Furthermore, as an individual progress upward, it becomes progressively more difficult to successfully fulfil the needs of each higher level. For this reason Maslow believed that very few people actually reach the level of self-actualization, and it is a lifelong process for the few who do.

This theory can be portrayed in many different ways. One of the most popular would be the triangle, starting from the bottom which represents the basic needs of a human right up to the goal of human life which is self actualisation as shown in the diagram below.

Physiological Needs

These are biological needs. They consist of needs for oxygen, food, water, and a relatively constant body temperature. They are the strongest needs because if a person were deprived of all needs, the physiological ones would come first in the person's search for satisfaction.

Safety Needs

When all physiological needs are satisfied and are no longer controlling thoughts and behaviours, the needs for security can become active. Adults have little awareness of their security needs except in times of emergency or periods of disorganization in the social structure. Children often display the signs of insecurity and the need to be safe.

Needs Belonging

When the needs for safety and for physiological well-being are satisfied, the next class of needs for love, affection and belongingness can emerge. Maslow states that people seek to overcome feelings of loneliness and alienation. This involves both giving and receiving love, affection and the sense of belonging.

Needs for Esteem

When the first three classes of needs are satisfied, the needs for esteem can become dominant. These involve needs for both self-esteem and for the esteem a person gets from others. Humans have a need for a stable, firmly based, high level of self-respect, and respect from others. When these needs are satisfied, the person feels self-confident and valuable as a person in the world. When these needs are frustrated, the person feels inferior, weak, helpless and worthless.

Needs for Self-Actualization

When all of the foregoing needs are satisfied, then and only then are the needs for self-actualization activated. Maslow describes self-actualization as a person's need to be and do that which the person was "born to do." These needs make themselves felt in signs of restlessness. The person feels on edge, tense, lacking something, in short, restless. If a person is hungry, unsafe, not loved or accepted, or lacking self-esteem, it is very easy to know what the person is restless about. It is not always clear what a person wants when there is a need for self-actualization.

Another way of showing Maslow's theory is by using the human body as an example:
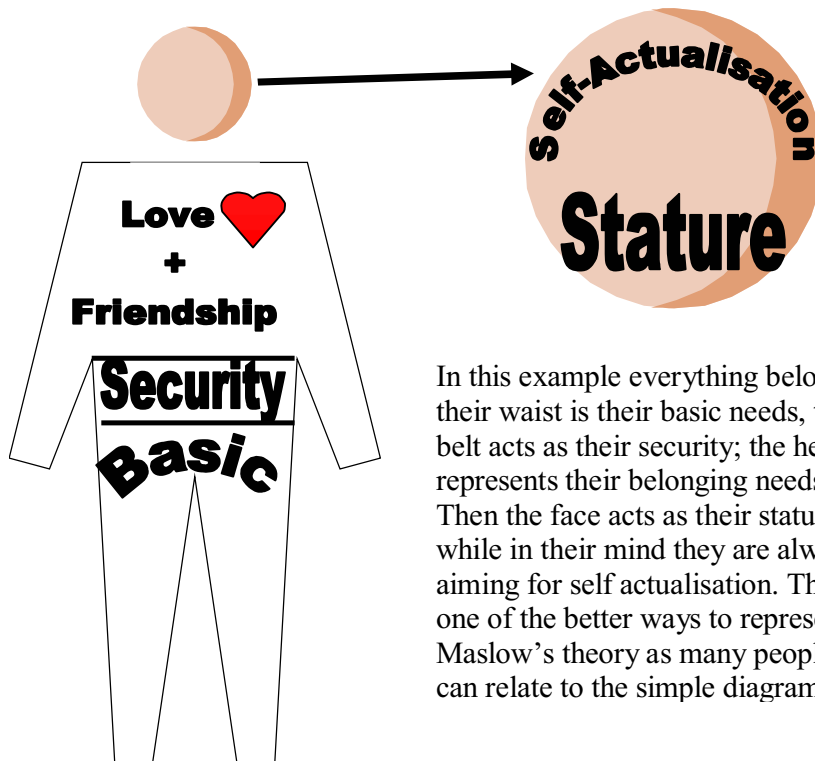
In this example everything below their waist is their basic needs, their belt acts as their security; the heart represents their belonging needs. Then the face acts as their stature, while in their mind they are always aiming for self actualisation. This is one of the better ways to represent Maslow's theory as many people can relate to the simple diagram.

Douglas McGregor - Theory X and Theory Y

McGregor's X-Y theory is a salutary and simple reminder of the natural rules for managing people, which under the pressure of day-to-day business are all too easily forgotten.

McGregor maintained that there are two fundamental approaches to managing people. Many managers tend towards theory x, and generally get poor results. Enlightened managers use theory y, which produces better performance and results, and allows people to grow and develop.

Theory X ('Authoritarian Management' style)
- The average person dislikes work and will avoid it he/she can.
- Therefore most people must be forced with the threat of punishment to work towards organisational objectives.
- The average person prefers to be directed; to avoid responsibility; is relatively unambitious, and wants security above all else.

Theory X basically holds the belief that people do not like work and that some kind of direct pressure and control must be exerted to get them to work effectively. These people require a rigidly managed environment, usually requiring threats of disciplinary action as a primary source of motivation. It is also held that employees will only respond to monetary rewards as an incentive to perform above the level of that which is expected.

From a management point of view, autocratic (Theory X) managers like to retain most of their authority. They make decisions on their own and inform the workers, assuming that they will carry out the instructions. Autocratic managers are often called "authoritative" for this reason; they act as "authorities". This type of manager is highly tasked oriented, placing a great deal of concern towards getting the job done, with little concern for the worker's attitudes towards the manager's decision. This shows that autocratic managers lose ground in the work place, making way for leaders who share more authority and decision making with other members of the group.

Theory Y ('Participative Management' style)
- Effort in work is as natural as work and play.
- People will apply self-control and self-direction in the pursuit of organisational objectives, without external control or the threat of punishment.
- Commitment to objectives is a function of rewards associated with their achievement.
- People usually accept and often seek responsibility.
- The capacity to use a high degree of imagination, ingenuity and creativity in solving organisational problems is widely, not narrowly, distributed in the population.
- In industry the intellectual potential of the average person is only partly utilised.

A more popular view of the relationship found in the work place between managers and workers, is explained in the concepts of Theory Y. This theory assumes that people are creative and eager to work. Workers tend to desire more responsibility than Theory X workers, and have strong desires to participate in the decision making process. Theory Y workers are comfortable in a working environment which allows creativity and the opportunity to become personally involved in organisational planning.

Some assumptions about Theory Y workers are emphasised in one of the texts, namely that this type of worker is far more prevalent in the work place than are Theory X workers. For instance, it is pointed out that ingenuity, creativity, and imagination are increasingly present throughout the ranks of the working population. These people not only accept responsibility, but actively seek increased authority.

According to another of the authors studied for this project, in which the "participative" (Theory Y) leadership style is discussed, a participative leader shares decisions with the group. Also mentioned, are subtypes to this type of leader, namely the "Democratic" leader who allows the members of the working group to vote on decisions, and the "Consensual" leader who encourages group discussions and decisions which reflect the "consensus" of the group.