During the 1970s, when Japanese-style management was all the rage, William Ouchi, took the Theory X, Theory Y concept one step further: Theory Z. This is the participative model. Ouchi was born and educated in America, but was of Japanese descent. He visited Japan and studied their success with team and participative management and developed this theory.

<table>
<thead>
<tr>
<th>Assumptions about:</th>
<th>Theory X</th>
<th>Theory Y</th>
<th>Theory Z</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workers’ motivation.</strong></td>
<td>The Theory X manager assumes that the only motivation that works for employees is $$money$$.</td>
<td>The Theory Y manager assumes that employees are motivated by their needs to fulfill their social, esteem, self-actualization, and security.</td>
<td>The Theory Z manager assumes that employees are motivated by a strong sense of commitment to be a part of something worthwhile -- the self-actualization need.</td>
</tr>
<tr>
<td><strong>Workers’ attitude toward work.</strong></td>
<td>The Theory X manager assumes that the employees dislike work, avoids responsibility, and seeks only security from work (the paycheck!).</td>
<td>The Theory Y manager believes that employees see work as a natural activity and will seek out opportunities to have increased responsibility and understanding of their tasks.</td>
<td>The Theory Z manager believes that employees will not only seek out opportunities for responsibility, in fact, they crave opportunities to advance and learn more about the company.</td>
</tr>
</tbody>
</table>
| **What will work with employees:** | The Theory X manager believes that workers will only respond to coercion, control, direction (telling them exactly what to do), or threatening punishment or firing. | The Theory Y manager believes that workers will respond best to favorable working conditions that do not pose threats or strong control. | The Theory Z manager believes that employees should learn the business through the various departments, come up through the ranks slowly, and that the company will get the best benefits from that employee by making it possible for him/her to have "lifetime employment."

The result will be strong bonds of loyalty.
Big Ah-Ha's!

Theory X Managers assume the average worker

- is gullible and not very bright.
- is indifferent to the organization's needs.
- dislikes work.
- is motivated only by financial incentives.
- must be closely supervised.

Theory Y Managers assume the average worker:

- feels work is natural.
- can enjoy work.
- is motivated by the desire to do a good job.
- might do a better job if control is minimized.
- has potential for development and advancement.

Theory Z Managers assume the average worker wants to be involved in managing a company and building trust among all organizational members is central to raising productivity.

"Ah-Ha?"

How does Theory Z stand up against the baby boomers and Gen Xers in terms of the work ethic?