



## **The Human Side of Enterprise**

*Douglas McGregor, Joel Cutcher-Gershenfeld (Commentaries by)*

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**The Human Side of Enterprise** Douglas McGregor , Joel Cutcher-Gershenfeld (Commentaries by)  
**"What are your assumptions (implicit as well as explicit) about the most effective way to manage people?"**

So began Douglas McGregor in this 1960 management classic. It was a seemingly simple question he asked, yet it led to a fundamental revolution in management. Today, with the rise of the global economy, the information revolution, and the growth of knowledge-driven work, McGregor's simple but provocative question continues to resonate-perhaps more powerfully than ever before.

Heralded as one of the most important pieces of management literature ever written, a touchstone for scholars and a handbook for practitioners, *The Human Side of Enterprise* continues to receive the highest accolades nearly half a century after its initial publication. Influencing such major management gurus such as Peter Drucker and Warren Bennis, McGregor's revolutionary Theory Y-which contends that individuals are self-motivated and self-directed-and Theory X-in which employees must be commanded and controlled-has been widely taught in business schools, industrial relations schools, psychology departments, and professional development seminars for over four decades.

In this special annotated edition of the worldwide management classic, Joel Cutcher-Gershenfeld, Senior Research Scientist in MIT's Sloan School of Management and Engineering Systems Division, shows us how today's leaders have successfully incorporated McGregor's methods into modern management styles and practices. The added quotes and commentary bring the content right into today's debates and business models.

Now more than ever, the timeless wisdom of Douglas McGregor can light the path towards a management style that nurtures leadership capability, creates effective teams, ensures internal alignment, achieves high performance, and cultivates an authentic, value-driven workplace--lessons we all need to learn as we make our way in this brave new world of the 21st century.

## The Human Side of Enterprise Details

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## **From Reader Review The Human Side of Enterprise for online ebook**

### **Stephen says**

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Required seminal work for any student of organizational behavior and leadership development. Best quote, "all managerial decisions and actions rest on assumptions about behavior" (p. 13)... "We cannot hope much longer to operate the complex, interdependent, collaborative enterprise which is the modern industrial company on the completely unrealistic premise that it consists of individual [independent or dependent] relationships" (p. 324).

McGregor's argument still holds true today for interdependent, integrated relationships based on mutual influence.

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### **Olaf says**

Surprised of how many concepts of successfull Mgmt./Leadership Books of the Last years can be found in this 50 Year Old Book

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### **Dolomiski Dolomiskunoko says**

applied business logics. good book to surf through once in a while...

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### **Ty Gu says**

need to read for all corporatists

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### **Steve Fenton says**

The Human Side of Enterprise is the work that first presented Theory X and Theory Y. These are not management theories; but underlying assumptions about human behaviour. They are also not extremes on a continuum - they are mutually exclusive.

In terms of workplace motivation, McGregor is the originator of the movement that Dan Pink is a torch bearer for now.

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## **Vijay Peddada says**

Best hand book for HR's....

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## **Peter A. says**

The Human Side of Enterprise by Douglas McGregor - 1960.

A review of an extraordinary book by Peter A Hunter, Author of "Breaking the Mould."

This is the most difficult book it has ever been my extraordinary pleasure to review.

For some time now I have, at intervals, come across the influence of this book and have never thought to look for the source or follow up the reference.

When I was given a copy of the book I glanced at the first two pages intending to put it on the shelf next to the growing pile of "management" books I keep there for a rainy day.

Two hours later I was making excuses about why everything else could wait until I had finished it.

I didn't get the book finished in one sitting but at that first sitting I resolved to do what I could to bring this fifty year old wisdom back to the fore.

To say that Douglas McGregor was way ahead of his time is obvious, but to assume that his time has passed is just as wrong.

"The Human Side of Enterprise" shows us how to make more money by doing less work but, because it sounds too good to be true, we assume that it must be, and therefore disregard it.

In the cynical sixties the book got a mixed reception, those who understood and practiced the McGregor philosophy were in the minority and those who were absolutely sure that the McGregor proposition could never happen were the huge majority.

I was neither but assumed that the cynics were right because I heard no other point of view.

What caught my eye first in the book was that this was the source of the Theory Y Management Strategy. Douglas McGregor characterised the current management practises as Theory X and in this book he proposed the antidote to the destruction that was waged by Theory X managers. He called it, "Theory Y"

Initially this was going to be a simple review whose purpose was to bring to another generation the astonishing wisdom that McGregor had developed in coining the terms Theory X and Theory Y. Unfortunately, after revealing the grace and power of this alternate theory of management practice, instead of acknowledging that this was an epoch shattering piece of work and being content, the book continues to become even more powerful with every turn of the page until it is almost impossible to write succinctly about the innovative thinking and wisdom of this book without running out of superlatives. You might want to read that sentence again.

Here is a selection of quotes culled from the pages.

You might be forgiven for thinking that this is a book of quotes, it is not. It is simply so powerful that the quotes seem to leap off every page.

They are as true today as they were when Douglas McGregor wrote The Human Side of Enterprise nearly fifty years ago.

“The effectiveness of organisations could be at least doubled if managers could discover how to tap into the unrealised potential present in their workforces.”

“The ingenuity of the average worker is sufficient to outwit any system of controls devised by management.”

“When people respond to managerial decisions in undesired ways the normal response is to blame them, rather than managements failure to select the appropriate means of control.”

“A half a century ago industrial management had, in the threat of unemployment, a form of punishment which made the use of authority relatively effective.

The situation today is vastly different.”

“When the use of authority does not work don’t use less or more. Use another means of influence.”

“When objectives are externally imposed indifference or resistance are the most likely consequences.”

“It is one of the favourite pastimes of management to decide, from within their professional ivory tower, what help the field organisation needs and then to design and develop programs for meeting these needs. Then it becomes necessary to get the field organisation to accept the help provided.

This is normally the role of the Change Manager; to implement the change that no-one asked for or wants”.

The above quotes are all taken from the text of this book, written fifty years ago.

All of them could have been written yesterday and still be true.

This book heaves with the lessons that we should have learned fifty years ago.

Peter A Hunter  
Author – Breaking the Mould  
[www.breakingthemould.co.uk](http://www.breakingthemould.co.uk)

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### **Omar Halabieh says**

I recently finished reading the classic The Human Side of Enterprise by Douglas McGregor. Below are selected excerpts from the book that I found particularly insightful:

1- "It seems clear to me that the making of managers, in so far as they are made, is only to a rather small degree the result of management's formal efforts in management development. It is to a much greater degree the result of management's conception of the nature of its task and of all the policies and practices which are constructed to implement this conception. The way a business is managed determines to a very large extent what people are perceived to have "potential" and how they develop. We go off on the wrong track when we

seek to study management development in terms of the formal machinery of programs carrying this label."

2- "All managerial decisions and actions rest on assumptions about behavior...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."

3- "The desirable end of the growth process is an ability to strike a balance - to tolerate certain forms of dependence without being unduly frustrated, and at the same time to stand alone in some respects without undue anxiety."

4- "The power to influence others is not a function of the amount of authority one can exert. It is, rather, a function of the appropriate selection of the means of influence which the particular circumstances require. Conventional organization theory teaches us that power and authority are coextensive. Consequently, relinquishing authority is seen as losing the power to control. This is a completely misleading conception."

5- "The central principle of organization which derives from Theory X is that of direction and control through the exercise of authority - what has been called "the scalar principle." The central principle which derives from Theory Y is that of integration: the creation of conditions such that the members of the organization can achieve their own goals best by directing their efforts toward the success of the enterprise."

6- "Confidence thus rests heavily on the subordinate's belief in the integrity of the superior, When one is dependent, any suspicion that the superior cannot be fully trusted arouses anxiety."

7- "To be sure, some people are dishonest. The question, however, is whether it is cheaper to setup procedures for dealing with the bulk to honest people or to build procedure for dealing with the dishonest few. In this field (retailing) at least, the data are clear: the former strategy is economically superior."

8- "There are at least four major variables now known to be involved in leadership: (1) the characteristics of the leader; (2) the attitudes, needs, and other personal characteristics of the followers; (3) characteristics of the organization, such as its purpose, its structure, the nature of the tasks to be performed; and (4) the social, economic, and political milieu...This is an important research finding. It means that leadership is not a property of the individual, but a complex relationship among these variables."

9- "Let us consider some of the important environmental conditions which affect the growth of managers...(1) economic and technological characteristics of the industry and the firm, (2) policies and practices of the company, and (3) the behavior of the immediate superior."

10- "If a climate and soil conditions conducive to growth are created by the way management manages, the cream will rise to the top, in the sense that individual managers throughout the whole organization will be involved in a process of self-development leading to the realization of their full potentialities."

11- "In view of the complexities and difficulties involved in improving managerial competence through classroom learning, our expectation should be modest. This is not to undervalue the contributions of classroom education, but to suggest that managers sometimes expect formal education to relieve them of responsibility for the growth on the job of their subordinates."

12- "What distinguishes such groups (really good top management team or series of staff meetings or committee)? ... (1) The atmosphere...tends to be informal, comfortable, relaxed...(2) There is a lot of discussion in which everyone participates...(3) The task or the objective of the group is well understood and

accepted by the members... (4) The members listen to each other!... (5) There is disagreement... (6) Mist decisions are reached by a kind of consensus in which it is clear that everybody is in general agreement."

13- "Management is severely hampered today in its attempts to innovate with respect to the human side of enterprise by the inadequacy of conventional organization theory... It is not important that management accept the assumptions of Theory Y. These are one man's interpretations of current social science knowledge, and they will be modified... It is important that management abandon limiting assumptions like those of Theory X, so that future interventions with respect to the human side of enterprise will be more than minor changes in already obsolescent conceptions of organized human effort."

14- "The purpose of this volume is not to entice management to choose sides over Theory X and Theory Y. It is rather, to encourage the realization that theory is important, to urge management to examine its assumptions and make them explicit. In doing so, it will open a door to the future."

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### **Henry Sturcke says**

I'll admit it: I fell into the misapprehension that McGregor was advocating Theory Y and condemning Theory X. After all, who wouldn't want to be treated as an intelligent teammate who was motivated more by the opportunity to make a contribution and to have that contribution acknowledged and appreciated?

One of the most influential books in the study of management.

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### **Mollie Harrison Pennock says**

Originally published in 1960, I read the 1985 25th anniversary printing. McGregor's Theory X and Theory Y were the gospel when I was a business major in college during the late 1970s and early 1980s. Today the book seems dated, in part because all managers are referred to as males. Writing style has also changed in the decades since it was written, so it is not easy to read like today's leadership books. However, for historical purposes, it is worth reading.

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### **Andrew Meadows says**

I was lead to this book after reading some of Peter Drucker's work (He is very good about citing his sources and also admitting where he has changed). It took me about 1.5 years to get through this book, I went very slow and thoroughly, but I must say that I was gripped from the very beginning. It is clear to me, that Douglass McGregor made real insight on organizational dynamics, he also wrote in a style that is digestible. He fleshes out the emotional issues that managers bring into the workplace and provides grounded solutions for many of them (applicable today even though this was written in the 1950s!). He also takes plenty of time to address cultivating a culture and environment that is conducive for high levels of satisfaction and productivity. I've probably been looking for this type of work for many years.

I was a bit melancholy as I neared the end of my notes on this work but he makes special mention of the National Training Laboratory which was at the very heart of research in group dynamics and group sociology. I researched a bit on them and found they are still around and offer certifications in organizational dynamics,

which is the very heart of this book. I'm planning on doing some more research and most likely signing up for their certification.

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### **Preston says**

For those of you who wish to move beyond the presumption that you deserve the vocation of management and wish to actually equip yourself with a tool to do the job from an educated standpoint, this is one of the indispensables to add to your reading. no offense.

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### **Kathy says**

A book very advanced for it's time. It's too bad most organization still leverage the principles which design and support a system of theory X management. This is a book wish those in management should really become familiar with.

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### **Michael Decklever says**

The most interesting thing about this book is how little companies have evolved over the past half a century. The Theory X mentality of management is still alive and strong with the Theory Y flitting around the perimeter. It's almost shocking to see how little has changed until you realize that this fits with the society as a whole today. This book should be required reading for business schools today when there is a new generation of future leaders that actually care about doing things in a whole new way. I think McGregor is spot on, just a little ahead of his time.

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### **Md Mustafizur says**

Though book is about business management & leadership but when It comes to Politics, may truly justify authoritarian regime :P

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