

Rensis Likert Management System

Paul Fisk, Tara Levine, Marcia Taylor

MGMT 500- Organizational Behavior & Human Resource Management

July 29TH, 2012

Dr. Whitney Stevens

Southwestern College Professional Studies

Abstract

Rensis Likert studied and evaluated the performance of managers in relation to retrieving higher productivity levels from their employees. Likert discovered when managers apply general instead of close supervision; it creates a greater efficiency level through/between employees. The management style of applying general supervision focus on building relationships with employees, versus a style of focusing mainly on job tasks. Likert conducted research at the University of Michigan and composed four systems explaining the different management styles. System 1, focus on job tasks and performance while System 4, focuses on the relationship between the two parties, System 2 & 3 are medium system support levels between the two extremities. The development of the four systems aid in many leadership practices today, furthermore intertwine with situational leadership.

Rensis Likert Management System

Rensis Likert conducted an all-encompassing research on productivity between management and subordinates response levels on the human aspects of employee issues versus effective working conditions. Management that focused mainly on working task was noted to be job centered, and management who focused mainly on employees was employee centered (Hersey, Blanchard, & Johnson, 2008). The types of management centered individuals are broken down into systems and explored further. System 1 is defined as the exploitive-authoritative system; System 2 is defined as the benevolent-authoritative system, System 3 the consultative system, and System 4 the participative group system (Hersey et al., 2008). .

This four part system is highly similar to situational leadership, conducted by Hersey which believed management that focused high on task behavior and low levels of relationships (S1: Telling) would produce an subordinate whom would need to be guided, directed and told what to do. On the opposite side of the situation scale, higher amounts of task behavior and higher amounts of relationship (S4: Delegating) would produce a subordinate who would be a self-directed leader of the team, who could be delegated into conducting tasks, and lightly monitored. S2: Selling and S3: Participating serves as an intermediate stage between the two dynamics.

System I

Rensis Likert conducted extensive research to study patterns of management leadership styles. Likert found the traditional methods of measuring performance of the bottom line ignored the human component (Likert, 1977). Likert and his colleagues' emphasized the need to consider both human resources and capital resources as assets requiring proper management

attention (Hersey et al., 2008). The research found that supervisors with the best records of performance focused primarily on the human aspects of their employees. Employee centered supervisors focused on the human resources and supervisors who kept constant pressure of production were called job centered (Hersey et al. 2008).

Likert's research produced four management styles of organization which were identified as System 1 through System 4. The System 1 management style tends to have a low productivity (Hersey et al., 2008). . Similar to System 1 style however, System 4 is likely to have higher productivity. In Likert's System 1, the exploitive-authoritative style, management has virtually no trust in the employees therefore employees have little or no decision making responsibilities (Hersey et al., 2008). Within this style of leadership, employees work with fear, threats, and punishment (Hersey et al, 2008). "Authoritarian supervision, in general, is characterized by the relatively high degree of power wielded by the supervisor over the work group" (Pierce & Newstrom, 2008, p. 286). The exploitive-authoritative style does not consider the human aspects of their employees the main consideration is completing the tasks or job production. In System 1, decisions are made at the top with very limited interaction with the employees (Hersey et al., 2008). Likert's research results demonstrated that on the average pressure-oriented, threatening, punitive management yields lower productivity (Likert, 1958).

System II

System 2, the benevolent-authoritative system is defined as management having only condescending confidence and trust in employees similar to a master and servant relationship (Hershey et al., 2008). A leader using the authoritative style becomes concerned for the people a benevolent dictatorship can be formed (Changing Minds online, n.d). System 2 adds a

benevolent aspect to the authoritative style but still primarily leans towards System 1. In this system, a limited amount of decisions are made by middle or lower management with rewards or possible punishment used to motivate the employees (Hershey et al., 2008).

Likert's research included examining data from a process plant that instructed department managers to cut costs and eliminate excess labor. The department managers cut the excess labor which resulted in immediate savings for the plant, however the employees saw this move as extremely authoritarian (Likert, 1977). After this move, the plant initially showed improved productivity based on cost and earnings however there was a drop in employee motivation and the employees were less satisfied with company, job, and pay (Likert, 1977).

Three to five years after moving towards the System 1 leadership style, the plant experienced serious and costly consequences which included a decrease in productivity, failure to meet delivery dates, a decrease in quality and problems with customers (Likert, 1977). The management discovered that shifting to a System 1 management style had produced immediate annual labor savings but over time the plant lost more money due less productive employees. The top management and department managers did not see the consequences their move to the System 1 leadership style would play in the long run. Likert's research found that moving towards the authoritative style produced an increase in production but at the cost of human assets (Likert, 1958).

Likert's research also found that when top Chief Executive Officers (CEO) became concerned about earnings; managers indicated that the CEO's almost always moved their management and leadership style towards System 1 (Likert, 1979). Likert conducted interviews and surveys to determine why top management would move to this style of leadership. Likert

found that the CEO's or top management did not view human resources as assets affecting the earnings of their organization (Likert, 1979). Human resources are an asset many organizations overlook. The financial earnings appear not to be real because they represent resources from the firm's human assets and not traditional assets (Likert, 1979). In essence, top management did not see the human component as assets and in terms of affecting their earnings.

System III

Likert's System 3 of his leadership style is known as the Consultative system. The Consultative system is a style that uses rewards, and teamwork involvement for motivation. There is partial involvement of employees, to serve as a motivator. Productivity is good with only moderate absenteeism (Cole, 2008). Throughout the research on Likert there is an excessive amount of aid and explanations of an effective group. Certain assessments are needed at each job in order to put successful groups together. The Consultative System is not used very often in the military any more. It is not used very often because in the military the management and higher ranking will use their own judgment without consulting anyone else.

Situational Leadership is based on guidance, direction, relationship, and readiness that the leader provides in certain activities (Cole, 2008). In comparison to Likert's third theory of consultative leadership and situational leadership, the factors that dictate the use of consultative are foreseen to be similar. This is supported by the fact that the leader trusts the followers only partially, now this could be due to three reasons; first, the follower's performance levels are not where the leader would like them to be, second, the leaders experience level is low, or third, the complexity of the task at hand. All three of these variables have been seen using consultative leadership.

In a personal situation one can recall moving to a new organization and the leader of our group had just been promoted to the leadership position. We had simple daily tasks that we carried out without hesitation or supervision, but the minute a new task was issued, the leader would consult with us and ask us our opinion. The leader was in charge and he felt that the decision making was left to him to complete. This scenario went on the whole time he was our leader, and it was very discerning because we didn't really feel like we were part of a team, and knew we had more to offer to the mission.

When moving organizations over the years some use consultative leadership style. First the leader must begin to understand the people who work for him and their performance levels, the missions at hand, and comfort level in leading the organization. A leader in any organization is responsible for everything that happens or fails to happen, within an organization and this can also dictate a leadership approach. Some organizations use a "zero defects" policy, which is, if a leader made one bad decision, it could end their career. This could be a reason why consultative leadership style is only used in certain organizations, or used only for a brief period of time, because the leader knew every decision could make, or break their career. Although leaders and managers need to understand that mistakes are part of the learning process and should rescind that way of thinking.

System IV

Likert's System 4 of leadership style is known as the Participative group system, which Likert considered his most effective system. The Participative group system is mainly participation, leading to commitment to the organization's goals in a fully cooperative way. There is trust between the manager and subordinates, as well as excellent productivity (Cole

2008). System 4 of Likert's Leadership style is close in comparison to Situational Leadership, but once again it will only be effective depending on the variables of the factors of leadership. This style of management is likely to have a high level of performance, and in return have a high level of productivity from subordinates. Everybody works together as a collaborative team so they can come to a collective solution to the problem or issue. System four has communication that flows both ways, from the manager to the subordinates and vice versa. There is an overall feeling of teamwork and accomplishment when the plan comes to fruition.

With previous knowledge and experience in being a leader and manager, using Likert's system as well as Situational Leadership can be used to build/ assess a successful group. System 4 has a high level of teamwork, communication, and participation which are all needed for the Situational Leadership style. The teamwork, communication, and participation are all reasons why an organization could benefit from using System 4 regularly. Throughout Rensis Likert, and Jane Gibson Likert's, *New Ways of Managing Conflict*, overall conclusion of research and development is that the most effective base for managing and resolving conflict is best structured within System 4 (Likert & Likert, 1976).

The Likert Scale is a numerical ranking system which is used to quantify participants' level of satisfaction, and to compare the effectiveness of group facilitators and presenters. (Butler-Knight, 2002). Throughout the Research and information found on Rensis Likert's Theory, it has been described as making it possible to quantify the results of work done out in the field, as well as the results of group dynamics. Using Likert's Theory and especially the approach on System 4, it is shown to lead to long term improvements in employee turnover rates, high productivity, low costs, and high earnings for any company that would use this numerical ranking system.

Situational Leadership Comparison

Situational Leadership approach examine the interplay between the leader, follower and the situation in order to find the relationships that will lead to predictability of behavior (Hersey et al, 2008). “According to Situational Leadership, there is no one best way to influence people” (Hersey et al., 2008, p. 132). Likert’s research and studies indicated System 1 leadership style led to low producing results while System 4 led to higher producing results, implying that System 4 was the best leadership style. The situational leadership styles of telling and selling can be compared to Likert’s System 1 and System 2.

The Situational telling leadership style is designed to provide high amounts of guidance but little supportive behavior (Hersey et al., 2008). In this style followers are told “what to do, where to do it, and how to do it” (Hersey et al, 2008, p. 142). This is similar to Likert’s System 1, the exploitive authoritative style. Likert’s System 1 has virtually no employee interaction and all decisions are made from top management. The Situational selling leadership style requires high amounts of task and relationship behavior (Hersey et al., 2008). The selling leadership style is similar to System 2 only that both require high amounts of guidance. The difference between the two styles is that the selling leadership style allows for more relationship behavior while System 2 leadership style has a master to servant style relationship.

In Likert’s studies he indicated that management systems and leadership principles must always be applied in a culturally relevant manner or in each situation the manager should apply the principles that fit the work situation (Likert, 1977). Although Likert indicated that the management systems must be applied in a culturally relevant manner, Likert did not apply the leadership styles to the follower’s performance readiness as the Situational Leadership style

does. Likert's management styles also do not include the situation as a variable in determining the appropriate leadership style.

Consultative and participative have similarities to situational leadership because they are both impacted by the leader, the follower, and the situation. The variables in these three factors cause all leadership styles to vary, and any one factor can be the main contributor to the approach used.

Conclusion

“A manager's job is defined by the measurements obtained on his performance. Consequently, this emphasis on end results puts pressure on sales managers to set more specific targets, use closer supervision, and put more direct pressure on their subordinates” (Executive Trends, 1959). The overall thesis of Likert's is in order to maximize productivity, create exceptional labor relations, and grow return on investment; management would need to adopt System 4 type of leadership approach (Minton-Eversole, 1996). This entails adapting to a participative style management with trust infused into all levels of the organizations allowing a healthy balance to incorporate into the organization. Participative style of management is also in conjunction to (S3) style of situational leadership approach. Encouraging, supporting and empowering employees at all levels of the organization to enhance and grow, essentially similar to what also Likert believed his System four supported.

Rensis Likert's research continues to be sought after, although he has since passed in 1981. His popular Scale Model, Management Systems and Pin Model are researched daily, and still practiced amongst military personal and corporate leaders. Likert's models are favored midst many theorists today.

References

Butler-Knight, M. (2002). *Every Manager's Desk Reference*. New York, NY. Penguin Group Inc.

Cole, G.A. (2008). *Management Theory and Practice (6th ed.)*. Bedford Row, London: Cengage Learning.

Executive Trends. (1959). *vol. 47, no. 5 (May 1959), p. 102-103*

Hershey, P., Blanchard, K., Johnson, D. (2008). *Management of organizational behavior: Leading human resources*. Upper Saddle River, NJ: Pearson Prentice Hall.

Likert, R. (1977). Management styles and the human component. *Management Review*. Retrieved from <http://ehis.ebscohost.com.ezproxy.sckans.edu/ehost/pdfviewer/pdfviewer?sid=130f76f9-9aba-44d4-b6ee-2ca972ff7b5c%40sessionmgr111&vid=2&hid=115>

Likert, R., 1979. From production and employee centeredness to systems 1-4. *Journal of Management*. Retrieved from <http://ehis.ebscohost.com.ezproxy.sckans.edu/ehost/pdfviewer/pdfviewer?sid=2a8caa43-5b8d-4707-a76f-e238fe945d4d%40sessionmgr11&vid=4&hid=5>

Likert, R., Likert J.G. (1976). *New Ways of Managing Conflict*. The University of Michigan. McGraw-Hill Publishing.

Likert's Leadership Styles. (n.d.) *ChangingMinds.org*. Retrieved from http://changingminds.org/disciplines/leadership/styles/likert_style.htm

Minton-Eversole, T. (1996) *Training & Development*. Retrieved: ProQuest Central

Pierce, J., & Newstrom, J. (2008). *Leaders & the leadership process: Reading, self-assessments & applications*. New York, NY: McGraw-Hill Companies.