Rensis Likert’s Four Systems of Management
Lessons from the ‘creator of organizations’

Syndicate 8 - 2014
Background

• **Rensis Likert** was an organizational psychologist known for his research on management styles.

• He was born on 5 August 1903 and lived to be 78. He died on 3 September 1981. He was married, for 53 years, to Jane Gibson.

• As a young man he trained as an engineer. He was working as an intern with **Union Pacific Railroad** during the **watershed 1922** nationwide strike of railroad workers.

• The lack of **communication** between the two parties (the Railroad Labor Board and the workers unions) made a profound impression on him and caused him to study organizations and their behavior for the rest of his life.
Background - cont’d

• Likert’s best known work is the 5-point Likert Scale which he developed in 1932 in his PhD thesis.

• He used it to identify the extent of a person’s beliefs, attitudes, and feelings towards international affairs.

• The traditional Likert scale asks people the extent to which they agree or disagree with a statement on a 5-point scale. The scale ranges from “strongly agree” to “strongly disagree”.

• Using the 5 point scale allowed him to rank people's attitudes with fewer questions and greater exactness. He showed that it captured more information than competing methods.

• Rensis Likert also outlined four systems of management to describe the relationship, involvement and roles of managers & subordinates in industrial settings. These are analysed herein below:
# The Four Systems of Management

<table>
<thead>
<tr>
<th></th>
<th>Authoritative Exploitative (S1)</th>
<th>Authoritative Benevolent (S2)</th>
<th>Consultative (S3)</th>
<th>Participative (S4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision Making</strong></td>
<td>By Management/ Top and imposed on subordinates.</td>
<td>By Management/ Top although subordinates are allowed to contribute within a framework given to them by management.</td>
<td>Employees participate in operational decision, Management still maintains control of strategy</td>
<td>Genuine participation from employees</td>
</tr>
<tr>
<td><strong>Motivation</strong></td>
<td>Threats (of sacking, pay cuts, etc.), fear, and punishment</td>
<td>Potential for punishment &amp; rewards bonus, financial incentives</td>
<td>Rewards and occasional punishment and some involvement in decision making</td>
<td>Level of involvement in decision making, monetary rewards and participation in goal setting</td>
</tr>
<tr>
<td><strong>Level of responsibility &amp; Accountability</strong></td>
<td>Management</td>
<td>Management</td>
<td>Management and moderate responsibility for the employee</td>
<td>High Level. All parties feel responsible</td>
</tr>
<tr>
<td><strong>Level of Satisfaction of employees</strong></td>
<td>Low (employees do not matter)</td>
<td>Low to moderately low</td>
<td>More satisfied than S1 and S2</td>
<td>Highest satisfaction</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>Top Down, close monitoring (micro-management), insults</td>
<td>Top Down with selective upward (limited to what management wants to hear)</td>
<td>Upward more than S2 but still limited</td>
<td>All ways (vertical and horizontal communication)</td>
</tr>
<tr>
<td><strong>Teamwork</strong></td>
<td>No team work</td>
<td>Little teamwork. Inequality and hostility among staff</td>
<td>Teamwork exists - More cooperative as they feel they have more input</td>
<td>100% Collaboration. There is cooperative teamwork</td>
</tr>
<tr>
<td><strong>Management Awareness of Staff problems</strong></td>
<td>Not aware/aware and choose to Ignore</td>
<td>Some awareness</td>
<td>They are aware</td>
<td>Management are fully aware</td>
</tr>
<tr>
<td><strong>Employee Attitude to Organizational goals</strong></td>
<td>Hostile, may act to counter the goals</td>
<td>Slight responsibility</td>
<td>Staff are more cooperative with organizational goals because of their involvement</td>
<td>Organizational goals are accepted by everyone</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td>Sweat shops in India, Slavery systems,</td>
<td>Dictatorships, High schools,</td>
<td>Parenting, Richard Branson, Democratic Governments</td>
<td>Google, SEMCO,</td>
</tr>
</tbody>
</table>
Pictorial Summary of the Four Systems of Management

The four types of management style by Rensis Likert

Participative

Consultative

Benevolent authoritative

Exploitative authoritative

Work!

Are you ok?

Ok!

Good work, son...

Work, slave!

SIR, YES SIR!

Fuckin' asshole

Yes!
Questions & answers