Managers' Theories

Where do the policies and practices agricultural managers use come from? In many cases, managers step into roles in an existing system where their predecessors had established ways of doing things. Given both the momentum of current policies and the tendency to select successors who are compatible with organizational norms, the old way or a "family way" often becomes the new boss' way—at least initially. Whether in a new or previously held job, however, a manager's decisions and behavior also eventually reflect personal philosophy built from all past experiences and observations.

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All managers have a "theory" of management that they typically do not describe as such or may not even be conscious of, but it nevertheless affects how they operate. A theory in this sense (as discussed by Raymond Miles in his *Managers' Theories of Management*) is a partial explanation of how and why something or someone behaves, occurs, or responds under certain conditions. It may include assumptions, views, concepts, and ideas about causal linkages that help predict the results of possible actions. When uttered, its elements often take the form of practical axioms and folksy generalizations. For example:

- If you want the task done right, do it yourself.
- The supervisor who respects his crew members will be respected by them.
- If you don't measure results, don't expect they will be achieved.
- A worker who has two bosses cannot effectively be supervised by either.
- Promoting to higher level jobs from within builds employee commitment to the business.
- Before entrusting business assets to family, decide which you value more.
- Offering entry pay a cut above the local average is necessary to attract the most capable applicants.

Although they may never articulate one of these maxims, think any one through, or examine them together for inconsistencies, managers do hold sets of beliefs that influence their actions and have consequences for the welfare of agricultural businesses. Among the most fundamental to labor management decisions are their beliefs about human nature and inclination to work. In *The Human Side of Enterprise*, Douglas McGregor argued that traditional approaches to direction and control were based on the following set of assumptions he called "Theory X":

1. The average human being has an inherent dislike of work and will avoid it if he or she can.
2. Because of this human characteristic of disliking work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all.

The "human relations" school of thought recognizes a larger range of human needs than the traditional model but remains rooted in Theory X assumptions. Instead of limiting consideration of rewards and punishment to pay and physical pain, it includes such factors as social approval and ego gratification. Its proponents advise that because people want to be recognized, to feel useful and important, managers should psychologically stroke their subordinates, share information with them, listen to their comments and objections, and allow them a measure of self-control on routine matters. The message is still that people must be externally controlled or manipulated, but also that a greater array of tools for doing so is available to the savvy boss.

What McGregor called "Theory Y" is a set of assumptions that carries a different message and sharply different implications for management strategy:

1. The expenditure of physical and mental effort in work is as natural as play or rest.
2. External control and the threat of punishment are not the only means for bringing about effort toward organizational objectives. Humans will exercise self-direction and self-control in the service of objectives to which they are committed.
3. Commitment to objectives is a function of the rewards associated with their achievement.
4. Under proper conditions, the average human being learns not only to accept but to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under the conditions of modern industrial life, the intellectual potential of the average human being is only partially utilized.

These beliefs describe a much more capable, developable, trustworthy, and ultimately valuable resource than Theory X describes. Theory Y suggests that the major limitation to personnel performance in business organizations is not human nature but rather managerial ingenuity. Theory X provides an easy rationalization for poor performance on the farm—it is due to the nature of the people in the organization. Theory Y, in contrast, puts problems squarely in management's lap. If employees appear lazy, indifferent, uncooperative, unwilling, or unable to shoulder responsibility, and if they are truly characterized by Theory Y, management methods are at fault.

This book by no means relies on a universal view of people in line with either Theory X or Y. It strongly advocates, however, that every agricultural manager try to discern his or her own general assumptions about people, to continually reassess their accuracy as descriptors of individuals within the business, and to adjust practices if warranted to better deal with employees as they really are. The book and its companion website are intended to assist by adding to your sources of information, knowledge, and inspiration as a manager.

Recognizing and Managing Risks

Agricultural managers stand to gain in several ways from periodically examining their own human resource management methods and options. Doing so can help to keep employee relations compatible with ownership philosophy and values, to adjust to changes outside the business, to reduce the potential for dysfunctional conflict and other wastes of resources, and to improve overall efficiency and market competitiveness. All can be seen as reducing labor-related risks.

From a producer's perspective, employing personnel carries risks of various conditions and outcomes that translate into lower revenues, higher costs, or both.

Regardless of the commodity grown or shipped and the choices made in cultivating it, results flow from the work of the people in the operation. Agricultural production in western states, especially with their large labor-intensive fruit, vegetable, and horticultural sectors, depends heavily on the work of hired employees, even more so than in the rest of the nation. Likewise, expenses for farm labor are relatively greater in the West than across the United States, averaging nearly three times as much in total operating costs and exceeding half of production expense in some commodities. Despite the illusion of certainty that averages in crop budget models may suggest, two farms with the same crops and equal payrolls may have very different business results. Returns from labor expenditures are quite variable.

Some of the forces that affect labor costs and production outcomes are external to the farm—i.e., part of its business environment—and others are internal—i.e., part of the business organization. In either case, the risks they present can be managed. "Managing" the external risks most often means knowing about and adjusting to (rather than controlling) outside factors such as the legal and regulatory environment and the farm labor market. Internal risks are much more