NEOCLASSICAL MANAGEMENT PARADIGM: A SYNTHESIS FOR STAFF MOTIVATION AND MANAGERIAL IMPLICATIONS

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Abstract

The paper demystifies the neoclassical management perspective on organizational performance. The neoclassical theorists are concerned with people, workers of the organization, workers feelings, interest, creativity, recognition of cognitive and emotion of workers so as to increase employees’ and organizational productivity. The paper argues that performance is a subject of motivation. By and large, company policy and administration that is classically inclined promotes inefficiency and stifles initiatives. Qualitative data were adopted and used. The paper reveals that organization behaviour and performance is predicated upon man physiological, sociological and psychological needs. The paper concludes that human relation and behavioural management paradigms are effective in motivating the individual to superior performance and effort. Non pecuniary factors like mental attitudes, group dynamics, and happier working conditions tended to influence the workers productivity. The paper recommends that employees should be intrinsically and extrinsically motivated.

Keywords: Human, Relation, Behavioural, School of Thought, Motivation

Introduction

Motivation of employee is a cardinal doctrine for effective and efficient service delivery in any human organization. These assertions have been supported in theory by Maslow (1943, 1954), Adams (1954), Herzberg (1966), Vroom (1967), and Aldefer (1969). The neoclassical theorists are concerned with people, workers of the organization, workers feelings, interest, opinions, and creativity in line with the paradigm shift of management focus on the job itself to work concern so as to increase employees’ performance and organizational productivity (Stello, 2011; Nyameh, 2013; Edimivwaye, 2015).

The scientific selection and placement of workers on a scientifically designed job based on training and standardised rules together with the operation of reward and higher productivity became the cardinal doctrine in the classical management approach (Ngu, 1994). The neoclassical school of thought has accused the classical management thinkers of over emphasis on formal structure, rules and procedures, hierarchy of legitimate authority which led to dehumanization and stifling of initiatives. Against this backdrop the neoclassical focuses on the physiological needs ( the need to eat, drink, shelter etc), sociological needs (the need for social affiliation and love ) and psychological needs (the need for self esteem, growth and development, self fulfilment etc).
According to Barol (2001), the classical school is characterized by highly structured formal organization with clearly defined functions, detailed rules and autocratic leadership. The three greatest proponents of the classical theory were Taylor, Fayol and Weber. Each identifies detailed principles and methods through which organizational success could be achieved (Sarker and Ghan, 2013). Reviewing the above assertions, it can be seen and understood that the classical school overemphasized on the organization and neglected the human side of the enterprise. These allegations and ill feelings culminated to the neoclassical school led by Mayo in 1920s which recognized the importance of individual/group behaviour and stressed human relations. Mayo countered the classical management thinking of neglecting the physiological, sociological and psychological needs of the employees. Mayo (1924) maintains that the classical position could lead to low morale, fatigue, monotony and labour turnover.

The neoclassical administrative thinking is deeply rooted and well entrenched in the work of Mayo (1924-1932) Hawthorne experiments, Maslow hierarchy of needs theory (1943, 1954), Herzberg dual factor theory (1959), Mc Lelland achievement theory (1960), Mc Gregor Douglas theory X and Y (1960), Alderfer ERG theory (1969) etc. In the light of the foregoing, this study is predicated on the following research questions;

a. Whether there is a paradigm shift from classical management formation to neoclassical management thinking
b. Whether employee performance is a function of physiological needs (the need to eat, drink, clothing, and shelter) or sociological needs (the need for social affiliations and interactions or psychological needs (the need for self esteem, recognition, training, development, self fulfilment).

c. Whether the methodological approaches adopted by the neoclassical paradigm are sufficient enough to have a generalization of the basic and psychogenic needs of an average employee in the human enterprise.

**Conceptual and Theoretical Framework**

**Motivation**

According to Ajang (2006) Motivation deals with all the conditions that are responsible for variation in the intensity, quality and direction of behaviour. In the wordings of Flippo (1982) motivation is a psychological process initiated by the emergence of needs, involving a goal directed action and behaviour aimed at satisfying a particular desire. It is the inducement given to workers for high output. Nwachukwu (2009) corroborated that motivated behaviour has three basic characteristics:

1. Sustainability: it is sustained for a long time until satisfied.
2. Goal oriented: it seeks to achieve an object
3. Directional: It is an urge directed towards a need-

Halepota (2005) gave credence to the foregoing and asserted that motivation is a person’s active participation and commitment to achieve the prescribed results. Halepota reiterated that the concept of motivation is abstract because different strategies produce different results at different times and there is no single strategy that can produce guaranteed favourable results at all times. Samson and James (2015) gave concordance to the foregoing and stipulated that motivation is more or less basically concern with factors or events that moves, leads and drives certain human actions or inaction over a given period of time, given the normal conditions.

Akintoye (2000) maintains that money remains the most significant motivational strategy. Halidu (2015) argues that money can only serve as a strategy to sustain and maintain the workers with extrinsic values for a short term but employee with intrinsic values has his motivation in the work itself, job enlargement, job satisfaction, job enrichment, and personal determination to self growth and development. Early studies such as Musner (1959), Gardner (1977) and Hertzberg (1966) vindicated the position of Halidu (2015) and argued further that an investment to enable workers acquire more knowledge may lead to more efficiency and higher productivity. In the wordings of Suleiman (2013), Anwar, Aslam and Tariq (2011), Lucky and Rahman (2013) contend that Job security may serve as workers motivation because in the modern contemporary times, machines are replacing human labour speedily. Many people lose jobs for this reason. In Nigeria today, socio-economic problems make both the private and public sectors retrench workers. People no longer have confidence in any sector. This has greatly demoralized an average Nigeria worker. To be effectively motivated, the employees must constantly be assured of job security.
Nwachukwu (1994) blamed the non productivity of Nigerian workers on several factors: interalia; employer’s failure to provide average compensation for hard work, low remuneration as a take home package, poor working condition and epileptic nature of the job. Putting the submissions of Akintoye (2000), Halidu (2015), Samson and James (2015), Anwar et. al. (2011) and Nwachukwu (1994) one may infer and posit that factors that motivate employees are both intrinsic and extrinsic viz; achievement advancement, job satisfaction, more responsibilities intrinsic interest on the job, organizational policy, job security, organizational policy and working conditions, interpersonal relationship, good salaries and status are key to more efficiency and higher productivity in the human enterprise. Nnabuife (2009) reaffirms the above stipulations and asserts that motivation as the internal or external driving force that produces the willingness to perform an act to a conclusive end.

### Neoclassical Management Paradigm

The Neoclassical Thinking is the extended version of the classical theory wherein the behavioural sciences get included into the management. According to this theory, the organization is the social system, and its performance does get affected by the human actions. The classical theory laid emphasis on the physiological and mechanical variables and considered these as the prime factors in determining the efficiency of the organization. But, when the efficiency of the organization was actually checked, it was found out that, despite the positive aspect of these variables the positive response in work behaviour was not evoked. Thus, the researchers tried to identify the reasons for human behaviour at work. This led to the formation of a neoclassical theory which primarily focused on the human beings in the organization. This approach is often referred to as “behavioural theory of organization” or “human relations” approach in organizations.

The Neoclassical theory posits that an organization is the combination of both the formal and informal forms of organization, which is ignored by the classical organizational theory. The informal structure of the organization formed due to the social interactions between the workers affects and gets affected by the formal structure of the organization. Usually, the conflicts between the organizational and individual interest exist, thus the need to integrate these arises. The Neoclassical theory asserts that an individual is diversely motivated and wants to fulfil certain needs. The communication is an important yardstick to measure the efficiency of the information being transmitted from and to different levels of the organization. The teamwork is the prerequisite for the sound functioning of the organization, and this can be achieved only through a behavioural approach, i.e. how individual interact and respond to each other.

### The Nexus Between Neoclassical Approach to Management and Employee Performance: A Review of Scholarly Contributions.

#### Elton Mayo

Gerald & Kelly (in Edimivwayne 2015) said that “Elton Mayo has been described as the founder of human relation movement whose advocate the need for managerial strategies to ensure the concern for people at work was given the highest priority” Mayo’s Hawthorne study implication which is the main catalyst of human relation movement had been explored (Edimivwayne 2015).

#### Elton Mayo Hawthorne Studies and its Effects

<table>
<thead>
<tr>
<th>Study</th>
<th>Result</th>
</tr>
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<tbody>
<tr>
<td>Illumination study 1924-27</td>
<td>There is no significant relationship between illumination and employees performance</td>
</tr>
<tr>
<td>Relay assembly test study 1927-29</td>
<td>Employees performance is a function of basic needs and social affiliation</td>
</tr>
<tr>
<td>Interview program 1928-30</td>
<td>It was concluded that productivity can be increased if workers are allowed to talk freely about matters that are important to them.</td>
</tr>
<tr>
<td>Bank wiring room observation 1931-32</td>
<td>it was found that the group established its own standards of output, and social pressure was used to achieve the standards of output.</td>
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Source: Adopted from Hawthorn Studies (1924-1932)
Individual behaviours may be altered by the study itself, rather than the effects the study is researching was demonstrated in a research project (1924–1932) of the Hawthorne plant of the Western Electric Company in Cicero, Illinois. This series of research, first led by Harvard Business School professor Elton Mayo along with associates F. J. Roethlisberger and William J. Dickson started out by examining the physical and environmental influences of the workplace (e.g. brightness of lights, humidity) and later, moved into the psychological aspects (e.g. breaks, group pressure, working hours, managerial leadership). The ideas that this team developed about the social dynamics of groups in the work setting had lasting influence — the collection of data, labour-management relations, and informal interaction among factory employees. The major finding of the study was that the production of the workers seemed to improve. One reasonable conclusion is that the workers were pleased to receive attention from the researchers who expressed an interest in them. Four general conclusions were drawn from the Hawthorne studies:

- **The aptitudes of individuals are imperfect predictors of job performance.** Although they give some indication of the physical and mental potential of the individual, the amount produced is strongly influenced by social factors.
- **Informal organization affects productivity.** The Hawthorne researchers discovered a group life among the workers. The studies also showed that the relations that supervisors developed with workers tend to influence the manner in which the workers carry out directives.
- **Work-group norms affect productivity.** The Hawthorne researchers were not the first to recognize that work groups tend to arrive at norms of what is a fair day's work; however, they provided the best systematic description and interpretation of this phenomenon.
- **The workplace is a social system.** The Hawthorne researchers came to view the workplace as a social system made up of interdependent parts. Rest periods and a group incentive plan also had a somewhat positive smaller effect on productivity. These variables accounted for almost all the variation in productivity during the experimental period.

**Abraham Maslow’s Hierarchy of Needs Theory (1954)**

Maslow developed a need–based theory of motivation. People are extraordinary complex creatures with many motives for behaviours’ on and off the job. Maslow identified and analyzed five basic needs, which he believed underlay all human behaviours’, these needs relate to physiology (the needs for food water, air and sex), security needs (job security, safety, the absence of illness, protective clothing etc), social needs such as the need for social affiliation (friendship, interaction, love), esteem needs such as the need for ego (respect and recognition), and self actualization needs (the ability to reach one’s potentials). These are perceptions for high performance and productivity of individuals. Before Maslow, most managers assumed that money primarily motivated people. Aiyetan and Olotuah (2006) maintained that with Maslow’s work, managers can evaluate their own actions, their companies conduct and their individual philosophies about people. Maslow’s needs theory presented a workable motivation framework for managers.

**McGregor’s Theories X and Y**

An unmet need can frustrate an employee and make him unproductive. Douglas McGregor published the human side of enterprise in 1960. In it, he explained that managers operate from one or two basic assumptions about human behaviour: Theory X and Theory Y. The first theory, traditionally views an average employee as indolent, lazy, inherently self centred, prefers to be led, and dislikes responsibility, resistant to change, needing to be supervised, coerced, controlled and directed to achieve the organizational state goals and objectives. The second described people as McGregor thought them to be; self motivating, self ambitious, goal achieving, result oriented, responsible, willing to learn giving the proper incentives, inherently motivated to exercise ingenuity and creativity. McGregor holds the view that the traditional way of treating people regarding them as unthinking, uncaring robots – must change. Indeed, McGregor stressed that only by changing these assumptions could managers tap workers’ or labourers’ vast talents. He emphasized that what matters was how people were treated and valued in their work settings. He went further by advising managers to give employees a chance to contribute, take control and responsibility.

Aiyetan and Olotuah (2006), reiterated that with these theories, managers could discover what employees want from workplace, how to enlist their cooperation and commitment and how to unleash their talents, energy and creativity for their ultimate goal, which in most cases is high level of productivity. Familiarity with theories of motivation allows a manager an educated viewpoint from which to consider how to develop workers, capture commitment and develop a positive work.
environment. The core of theories X and Y is that a management philosophy influences the type of work climate the manager endeavours to create and ultimately, how the manager treats people.

**Frederick Herzberg's two-factor theory**

This was developed in (1959) to illustrate factors that motivate employees in the human side of enterprise. One set of the theory defines factors that lead to extrinsic values; these factors are called hygiene factors. Herzberg interviewed 200 engineers to discover what determined their job satisfaction and job dissatisfaction. He found that they had been most satisfied on occasions which had involved them in achievement, recognition, taking responsibilities for one's own job, being afforded the opportunity for advancement and self growth. By and large, they had felt dissatisfied when company policy or working condition had been bad. Herzberg categorized the former as satisfiers (real motivation) and the latter as hygiene factors.

The theory can be classified as follows:

<table>
<thead>
<tr>
<th>Real Motivation</th>
<th>Hygiene motivation</th>
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<tbody>
<tr>
<td>Achievement</td>
<td>Company policy and administration</td>
</tr>
<tr>
<td>Supervision</td>
<td></td>
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<tr>
<td>Recognition</td>
<td>Relations with superior</td>
</tr>
<tr>
<td>Work itself</td>
<td>Work conditions</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Salary</td>
</tr>
<tr>
<td>Advancement</td>
<td>Relations with subordinates</td>
</tr>
<tr>
<td>Growth</td>
<td>Status</td>
</tr>
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<td></td>
<td>Security</td>
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</table>

Source: Herzberg (1959).

The real motivation encompasses the intrinsic values from within the person such as interest on the job, ability to perform on the job, personal determination to self actualization, self fulfilment, self growth and development. Hence, personal talents, potentials, intellectual creativity of the employee enhance productivity. Thus, such an employee with the above qualities should be given a more challenging task, additional responsibilities and job enlargement. This will result to job enrichment, job satisfaction and by extension organizational higher productivity. Allied to the above, as a manager or chief executive officer, an employee with the extrinsic values, in order to motivate him to higher productivity, his job should be securitized, the organizational interpersonal relationship and social affiliation among staff should be embedded. Salaries and other fringe benefits are key to motivating an employee under the hygiene factors. Thus, to corroborate the above assumptions it is imperative to note that employees are both motivated by intrinsic and extrinsic values. This is consistent with the findings of Chukwuma (2004) which revealed that employees need the hygiene and real motivation to be motivated for increased productivity in the organization.

Aiyetan and Olotuah (2006) corroborated the above assertions and gave an insightful requirement on each of the extrinsic and intrinsic factors as thus:

- Salary: To prevent job dissatisfaction, a manager should provide adequate wages, salaries, and fringe benefits.
- Job security: Ability to securitized ones job through stability of tenure of staff sustains and enhances workers productivity.
- Working conditions: Managers should ensure adequate heat, light, ventilation, and hours of work to prevent dissatisfaction.
- Status: Managers who are mindful of the importance of hygiene factors provide privileges, job titles, and other symbols of rank and position.
- Company policies: To prevent job dissatisfaction, managers should integrate organizational policies with workers aspirations, provide guidelines for behaviour and administer the policies fairly.
- Quality of technical supervision: When employees are not able to receive answers to job-related questions, they become frustrated. Providing high quality technical supervision for employees prevents frustration.
• Quality of interpersonal relations among peers, supervisors, and subordinates: In an organization with high-quality hygiene factors, the workplace provides social opportunities as well as the chance to enjoy comfortable work-related relationships. The other set of factors in the theory produces job satisfaction and motivation which is also called motivators. They are:
  • Achievement: The opportunity to accomplish something or contribute something of value can serve as a source of job satisfaction.
  • Recognition: Wise managers let employees know that their efforts have been worthwhile and that management notes and appreciates them.
  • Responsibility: The potential for acquiring new duties and responsibilities, through either job expansion or delegation, can be a powerful motivator for some workers.
  • Advancement: The opportunity to improve one’s position because of job performance gives employees a clear reason for high performance.
  • The work itself: When a task offers the opportunity for self-expression, personal satisfaction, and meaningful challenge, employees are likely to undertake the task with enthusiasm.
  • Possibility of growth: The opportunity to increase knowledge and personal development is likely to lead to job satisfaction.

Theoretical Framework

This paper is rooted in the neoclassical formation of ERG as propounded by Clayton Alderfer (1969). The cardinal doctrine of the neoclassical school of thought rests on the ontology and epistemology of physiological, sociological and psychological well beings of the employees in the human enterprise. E= EXISTENCE which has a foundation in Maslow (1943,1954) physiological needs inter alia; the need to eat, drink, cloth, defecate, shelter etc. The deficiency needs are also rooted in Mayo (1924-32) introduction of rest periods and snacks in the relay assembly and bank wiring test room of the Hawthorne studies. This formation has also been corroborated in Herzberg (1959) hygiene motivation. R= RELATEDNESS: this is the need for social affiliation and interaction which rested on the main thrust of sociological need of Maslow (1943,1954) and rooted in the Herzberg (1959) interpersonal relationships of the hygiene motivation. The underpinnings of the aforementioned can be traced back to the social interactions between the supervisors/controlled/experimented groups in the Mayo’s Hawthorne studies.

G= GROWTH: Self growth and development is one of the main streams of the psychological need in Maslow (1954) and of course the need for advancement, promotion, achievement of Herzberg real motivation. Literature findings by Gardner (1977), Musner and Snyderman (1959) and Herzberg (1966) revealed a symbiotic relationship between employees physiological, sociological and psychological needs with higher performance in the human enterprise. This paper interrogates these claims to vindicate the actual position. The justification for the adaptation of ERG Model is predicated upon the fact the existence needs has to do with the satisfaction of our basic material requirements such as food, water, pay and working conditions, they can be classified as physical and safety needs. The relatedness needs is similar to the social role needs and interpersonal relationship. Finally, the growth need is intrinsic desire for personal development or making creative productive contribution. Alderfer argued that if the gratification of a need is stifled, it may lead to frustration, regression, depression, withdrawal, fixation and dimension (Stone et al, 2009). Alderfer also suggests that people can have the desire to fulfill the three needs at a time and pursue them simultaneously. Existence, relatedness, and growth model have been developed through qualitative and quantitative empirical studies to understand how employees might improve job performance, job satisfaction, self esteem, co-worker relationships, management influence, and leader styles.

Methodological Approach

The paper explored the secondary sources of data through the qualitative and descriptive approach. Scholarly publications, books and internet materials specifically on classical and neoclassical management thinking in concomitance with employee motivation were utilised. For the purpose of clarity, the neoclassical management school of thought contains human relations and behavioural management formations.
Results and Discussion

Hypothesis

Whether there is a paradigm shift from classical management formation to neoclassical management thinking

Studies by (Schein, 1974 Gerald and Kelly, 2011; Edimivwaye, 2015) revealed a paradigmatic shift on management concern on the people, workers of the organization, workers feelings, interest, opinions, creativity, workers growth and development, cognition and emotion of employees at the prime. Studies by Mintzberg (1970,1971, 1973, 1975), Kottler (1982a, 1982b), Stewart (1974,1976, 1982), Edimivwaye (2015) revealed the following setbacks in the classical management formation; hierarchy of legitimate authority, stifling of creativity, crippling of initiatives, mechanistic, highly autocratic, strict adherence to rule and procedure among others. This shows a paradigm shift in the neoclassical management thinking with the concentration of employees needs deeply rooted in deficiency and psychogenic characteristics.

Hypothesis

Whether employee higher performance is a function relationship of physiological, sociological and psychological satisfaction

Workers peer groups and clique influenced in a substantial manner the productivity level, the quality level, the relationship to supervision (Roethlisberger and Dickson, 1939; Schein, 1974; Edimivwaye, 2015). This shows a symbiotic relationship between sociological needs and productivity. This stresses the importance of social affiliations and group dynamics. The cultural framework of the organization should reflect the fact that employees physiological and security needs are paramount; when such needs become culturally focused, performance will be improved tremendously in that organization (Maslow, 1954, Nyameh 2013). To corroborate the positions of Roethlisberger (1939), Maslow (1954), Schein (1974), Nyameh (2013), Stello (2015) and Edimivwaye (2015) it can be seen and understood that favourable attitudes affect performance more than unfavorable attitudes. This is well entrenched in earlier studies of Herzberg et al (1959) who found that Maslow’s theory of personal growth and self actualization became the keys to understanding good feelings in the human enterprise. By and large, the satisfaction of hygiene needs can prevent dissatisfaction and poor performance.

House and Wigdor (1967) reported that Herzberg et al.(1959) cited 27 studies in which there was a quantitative relationship between job attitude and productivity. Of these, only 14 revealed a positive relationship. In the remaining 13, job attitudes and productivity were not related. In 1964, Vroom examined 20 studies dealing with strength between job satisfaction and job performance. Seventeen studies revealed a positive relationship with a medium correlation of 14, while 3 studies revealed a negative relationship.

Hypothesis

Whether the methodological approaches adopted by the neoclassical paradigm are sufficient enough to have a generalization of the primary and psychogenic needs of an average employee in the human enterprise.

Due to demographical compositions of people with different ecological and environmental differences, the generalization cannot be 100 percent valid. There is a theoretical and literature evidence that shows the validity or otherwise of these theories across a wide range of technologies and people. The validity is much more embedded in job satisfaction, employees’ motivation, job performance, reward and compensation.

Major Findings

1. There is a paradigm shift in the neoclassical management thinking with the concentration of employees needs deeply rooted in primary and psychogenic needs. (The need to eat, drink, shelter, clothing, social affiliations and interactions, self esteem, self growth and fulfilment).

2. Employees performance is largely predicated on the satisfaction of basic human needs. The study also revealed that favourable attitudes affect performance more than unfavourable attitudes.
3. The neoclassical methodological approach to management is valid and resilient in terms of organizational behaviour, job satisfaction, reward, compensation, and employee performance.

Conclusion and Policy Recommendations

In a diagnosis of the preceding submissions, the paper concludes that organization behaviour and performance is predicated upon man physiological, sociological and psychological needs as thus; his needs as a wanting animal to avoid pain and his needs as a human to grow psychologically. Deficiency in biological and psychogenic needs may lead to monotony, fatigue, low productivity and increase in workers turnover. Therefore, performance is a subject of job satisfaction. By and large, company policy and administration that is classically inclined promotes inefficiency and stifles initiatives. Consequently, lack of recognition and achievement in the working environment can also lead to dissatisfaction. Hence, the human relation and behavioural management paradigms are effective in motivating the individual to superior performance and effort. This conclusion is consistent with the findings of Roethlisberger (1939), House and Wigdor (1967), Schein (1974), Nyameh (2013), Stello (2015) and Edimivwaye (2015) that non pecuniary factors like mental attitudes, group dynamics, and happier working conditions tended to influence the workers productivity. The paper recommends that employees should be intrinsically and extrinsically motivated.

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