Authority in the 21st Century: Likert’s System 5 Theory

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There is a paucity of research on R. Likert’s System 5 leadership theory as evidenced by only three specific articles on the topic found among several academic databases. While the field of leadership has largely ignored this theory, evidence suggests 21st-century organizational climate in many countries may be ready for this type of approach. R. Likert and Likert (1976) explained that System 5 would resemble Likert’s System 4, but with less hierarchical authority. The following summarizes the available literature on System 5 including foundational material about earlier Likert systems. Recommendations for further study include assessment of the potential viability of this approach for collaborative organizations during the postmodern era.

The following is a review of the available literature regarding R. Likert’s System 5 theory, along with a proposal for further study to assess the potential viability of this approach in organizations during the postmodern era. There is a paucity of research on Likert’s System 5 theory as evidenced by the three articles found in the following databases limited to scholarly/peer-reviewed articles: ABI/Inform, Academic OneFile, and Google Scholar. The search included the following keyword pairings in each database: “leadership” and “System 5,” “System 5” and “Likert,” and “leadership” and “Likert.” An additional search included all three terms together, but produced very few results. Searches on “System 5” alone or paired with “leadership” were problematic as they returned results when a numbered serration ended point number four with the word “system,” followed by the number five, starting the following point. For instance, a search on “leadership” and “System 5” in the ABI/Inform database returned 23 results. However, only one was relevant to Likert’s System 5 theory of leadership. By comparison, a search of the same database using “Likert” and “System 5” returned only one article, the same article referenced in the aforementioned search. The ABI/Inform search on “leadership” and “Likert” produced 44 results, 32 of which were references to unrelated Likert work (i.e., the Likert scale). Of the remainder, only two articles specifically discussed System 5, while the others more generally related information about Likert’s entire profile (Systems 1-4) without any reference to System 5. While the field of leadership has largely ignored this particular theory, there is
evidence that 21st-century organizational culture and climate in many countries worldwide may be ready to consider this type of approach.

**Background: Systems 0-4**

R. Likert and Likert (1976) described Systems 0-4 as a continuum of management systems. The authors described System 0 as a “relatively amorphous masses . . . [with] little differentiation in function, an excessive span of control, considerable confusion about each person’s role, and, in extreme cases, chaos and anarchy” (p. 18). The subsequent systems, however, represent organizations with a definable climate. In a System 1 organization, “the motivational forces rely on punitive treatment of members of the organization” (p. 19). They posited that “in the United States, the average company is 2 or 2 ½” (p. 98) at the time of publication, described as lacking “the formal structure for cross-functional linkage and coordination except at the very top of the organization” (p. 82). System 4 is “based on supportive treatment and involvement” (p. 19), used by R. Likert and Likert to show the right end of the spectrum leading to the projected System 5. Hence, they used System 4 as the foundation for the System 5 concepts.

Buble and Pavic (2007) defined organizational culture as “essential for successfulness, development and efficiency of the modern organization” (p. 143). These authors described Likert’s four systems as: (a) System 1—exploitative–authoritative, where “the leader has a low concern for people and uses . . . threats . . . fear-based methods to achieve organizational goals”; (b) System 2—benevolent–authoritative, where “the leader adds concern for people . . . [and] uses rewards to encourage appropriate performance”; (c) System 3—consultative, where the leader makes “efforts to listen carefully to ideas”; and (d) System 4—participative, where “the leader makes maximum use of participative methods, engaging people lower down the organization in decision-making” (p. 144).

**Linking Pins**

Linking pins are a key component of R. Likert and Likert’s (1976) System 4 and take on even greater importance in System 5. Linking pins are individuals who have a prominent role in two or more groups that may interact with each other when circumstances require (J. G. Likert & Araki, 1986, p. 17). Any given member of a particular team may serve as the linking pin with other groups connecting the entire organization together.

The authors characterized linking pins as individuals who (a) exert influence in more than one direction within an organization; (b) have higher involvement in each relevant group than any other member of either group; (c) enjoy full status within each group, so they are not considered an outsider; (d) communicate effectively in both groups through use of jargon and understanding of each group’s culture and values; (e) coordinate solutions to problems in ways that satisfy the needs of both groups; and (f) instill common responsibility for implementation among members of both groups (R. Likert & Likert, 1976).

The authors indicated that these lateral linkages are a formal component of System 4 and would be present in System 5 as well (R. Likert & Likert, 1976). That these linking pins are not representatives, but rather full-fledged members of both teams involved in an interaction is the critical distinction.
System 4

R. Likert (1981) discussed System 4 in terms of improving public administration in one of his final published works. R. Likert defined a System 4 leader as (a) “supportive, approachable, friendly, easy to talk to”; (b) “builds the subordinates into a cohesive . . . team linked together by persons who hold overlapping membership”; (c) “helps subordinates with their work by seeing that they are supplied with all the necessary resources”; and (d) “has high performance, no nonsense goals” (p. 674). R. Likert found that managers “fear that employees will usurp authority and that the manager will lose control” (p. 677) if they implement a System 4 environment. However, R. Likert assured readers that studies have shown “employees respond responsibly and with increased cooperation and greater productivity when their managers move toward System 4” (p. 677). The author recommended that organizations take great care to make a slow transition to System 4 from a lower system. This caution seems equally relevant to companies considering a transitioning from System 4 to System 5.

Studies Using Likert Systems 1-4

There seem to be some correlation between System 4 and Japanese-style management, often called JSM. Hall and Leidecker (1981) presented JSM, in comparison to what they called type Z, an American equivalent that is seemingly independent from JSM yet with similar characteristics. Likert’s System 4 is one of five U.S.-based models attributable to the author’s description of type Z. The authors characterized JSM as having the following elements:

1. Bottom-up process
2. Senior manager—the facilitator
3. Middle manager—the molder
4. Openness
5. Consensual decision making
6. Holistic orientation
7. Management by walking around. (p. 15)

In comparison, Hall and Leidecker (1981) characterized Likert’s System 4 as emphasizing trust, freedom to talk to superiors about the job, rewards as incentives, group involvement, responsibility of individuals towards organizational goals, co-operative teamwork, vertical and lateral information flows, and accurate communication. Hall and Leidecker suggested however, that freedom to talk with superiors in System 4 stops short of top-level managers. Likert’s System 5 downplays hierarchy and power distance, and therefore more ubiquitous communication channels might be possible between all levels of the organization in this model.

Hall and Leidecker (1981) reported that System 4 emphasizes consensus in decision making using linking pins, which they defined as key individuals with influence within multiple groups, as central to facilitating such consensus. The authors concluded however, that Likert did not “expand on this [consensus] theme to the extent found in the holistic orientation of JSM” (p. 19). System 5 seems to have the potential to address some of the gaps found between System 4 and JSM.

Al-Jafary and Hollingsworth (1983) studied ten Arabian Gulf region organizations in terms of Likert’s system model and compared them with similar organizations in the United
States, consequently providing some cultural reference points between the systems and cultural attitudes towards various managerial styles. To this end, the authors accounted for a number of other studies of managerial styles performed in more countries around the globe, confirming their findings across an extant of cultures. However, Al-Jafary and Hollingsworth cautioned readers that “external validity for managers differing on these variables cannot be claimed” (p. 150). As a result, they recommend longitudinal study to identify the correlation between culture and managerial style effectiveness. Instrumentation for such research “must be designed [to] have validity at lower levels of organizations in a variety of countries” (p. 151) since this study found that style could vary depending on the type of decision and on the organizational level.

Bakotic’s (2008) study of Croatian companies also explored Likert’s classifications from a nonwestern cultural perspective. Bakotic explained that “the style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others” (p. 214). The study results showed that Croatian companies fall in either System 2 or System 3 in most cases. Bakotic’s study also reviewed differences in leadership style based on gender for each of Likert’s style barriers. Further, the author accounted for variability based on company activities; “the managers of large Croatian companies engaged in commerce . . . oriented toward consultative leadership style but in the case of manufacture companies this orientation is lower” (p. 216).

Beehr (1977) performed a study that tested the effectiveness of Likert’s Profile of Organizational Characteristics. The intent of this hierarchical cluster analysis was to determine if the instrument was a viable “measure of an organization’s Likert System level” (p. 120). The seven dimensions measured by this instrument are “leadership, motivation, communication, interaction-influence process, decision making, goal-setting or ordering, and control” (p. 120). The results of the study affirmed this instrument to measure four of the factors to some degree, however, the other three “were not represented as Likert intended them to be” (p. 122). It is possible that Beehr’s study provides insight into the changes that could make the Likert Profile of Organizational Characteristics better suited as a mechanism to study System 5 along with the other Likert system levels. For instance, Behr recommended the bifurcation of decision-making into “informed decision making and participative decision making” (p. 123).

Buble and Pavic (2007) performed a study into the correlation between leadership style and organizational culture in Croatian companies based on Likert’s Systems. Like Bakotic (2008), Buble and Pavic found that the leadership style in Croatian companies was System 2 or System 3. The results showed that managers of these companies tended towards consultative leadership, but reverted to System 2 when making big decisions. Like other studies using Likert, this study did not account for variables related to readiness for an organization to progress to a higher system level.

Burns and Schuman (1988) studied law enforcement agencies using Likert’s systems. The authors indicated that the “structure [of law enforcement agencies] encourages an authoritarian approach to leadership and would appear to be counterproductive to any movement toward a more participative model” (p. 145). However, Burns and Schuman also noted that an effective leader should adapt the leadership style to situations in order to account for “the complexities of modern organization[s]” (p. 149). They used the law enforcement agency as illustrative of this point. Their conclusion was that “the compatibility of the individuals with the organization’s structure is of greater importance than where the organization might fall on the continuum between System 1 and System 4” (p. 156).
Common Definitions

Generally, authors writing on the subject of Likert’s Systems 1-4 agree on the general description of each system. Al-Jafary and Hollingsworth (1983) described Likert’s systems as follows:

1. System 1: Exploitive authoritative
2. System 2: Benevolent authoritative
3. System 3: Consultative
4. System 4: Participative group (p. 146)

As shown in Table 1, however, authors of studies related to Systems 1-4 vary in terms of the characteristics used to establish the level of a particular organization.

Table 1: Varying Characteristics Used when Assessing Likert Systems in Organizations

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Al-Jafary &amp; Hollingsworth</th>
<th>Bakotic</th>
<th>Boss</th>
<th>Beehr</th>
<th>Burns &amp; Schuman</th>
</tr>
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<tbody>
<tr>
<td>Communication</td>
<td>X</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Decision making</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Leadership/influence</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Motivation</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Goal setting</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Control</td>
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<td>X</td>
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<tr>
<td>Technical training</td>
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<tr>
<td>Concerns for persons</td>
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<td>Job-based control</td>
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<td>Employee based control</td>
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<td>X</td>
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<td>Interaction–influence process</td>
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The authors all agreed on communication, decision making, leadership/influence, and control as characteristics. All except for Al-Jafary and Hollingsworth (1983) also agreed on goal setting. The remaining characteristics appear to be a matter of preference on the part of the author.

System 5

Likert and Likert (1976) first introduced System 5 theory as an extension of System 4. They expressed the belief “that social science [would] help create, [for the 1980s and 1990s] an
even more effective, complex, and socially evolved management and social system” (p. 33). The authors further explained, “It appears that it will have the structuring and interaction process of System 4 but will lack the authority of hierarchy” (p. 33). The authors believed that this advanced variation of System 4 would be more collaborative, would allow groups to make decisions on a consensus basis, and would provide better tools for mitigating conflict. Further, “some early experiments already are providing a glimmer of what System 5 may be like” (p. 33). The expectation was for System 4 to allow for decreased authority and the role of individuals that they call linking pins would facilitate the organizational mission into operational practice (Likert & Likert).

In contrast to System 4, Likert and Likert (1976) explained that the leader in System 5 would be less beholden to “create an atmosphere of support throughout the organization . . . this obligation would be more widely shared” (p. 18). A team would exist that consists of executive level managers, however, they would represent the linking pins that “co-ordinate the efforts of the total organization” (p. 19). Leadership of this executive team like all teams would shift as the situation required.

### Decreased Authority

In reference to Likert’s model, Burns and Schuman (1988) indicated that “decisions appear to be more successful if those who have to implement the decisions are given more of an opportunity to be involved and have influence in the decisions made” (p. 147). The level of authority is on a decreasing scale in terms of the System 0-4 continuum. System 0 arguably lacks any authority based on the definition provided above. R. Likert and Likert (1976) do not suggest that System 5 will be without authority as with System 0, however, they distinguish System 5 “will have the structure and interaction process of System 4 but will lack the **authority of hierarchy** [emphasis added]” (p. 33). With the increase of influence by linking pins, the need for hierarchy decreases assuming such individuals have the personal influence to serve the purpose of coordinating groups towards the correct goals. If the linking pins can effectively serve this purpose, then the hierarchy of authority is less imperious.

Reilly (1978) included questions about System 5 theory of leadership during an interview with Rensis Likert. During the interview, Likert summarized the characteristics of System 4 as interlocking work groups comprised of loyal participants committed to trusting one another and pursuing the goals of the organization together. Further, Likert emphasized the social system as a critical element for System 4 organizations to solve problems and to influence decisions aimed at organizational achievement. In response to Reilly, Likert indicated that System 5 “will have a structure like System 4, and it will become increasingly complex as we move toward more complex technology—for example, we’ll have more matrix organizations” (p. 21). Likert presented the idea of System 5 when System 4 was more the exception than the norm. He recognized the potential for “horizontal and vertical linkages, and sometimes horizontal ones [in] two or three dimensions rather than one dimension” (p. 21). Now that models similar to System 4 are more widespread, there seems to be potential to explore the System 5 model. Further, technological advances such as social networking applications, portable communication devices, text messaging, and Twitter could aid the advancement of this approach.

J. G. Likert and Araki (1986) produced the landmark work on the subject, presenting a more structured System 5 model built on the foundation of System 4; “the group decision-
making pattern of a System 5 organization would be similar to that of System 4. The difference would be in the leadership role” (p. 18). The authors posited two key distinctions of System 5 in comparison to System 4: decision making and leadership. The authors explained that System 4 establishes the networks of individuals in an organization empowered to make decisions based on informed knowledge of the mission and objectives of the organization (J. G. Likert & Araki). Therefore, System 5 exists when team members collectively coordinate with the total organization through linking pins both to insure the alignment of decisions with organizational policy and to gain widespread consensus for said action (J. G. Likert & Araki).

**Level 5 Leadership**

Boss’ (1980) study identified a correlation between CEO behavior and “the success or failure of an OD [Organizational Development] effort” (p. 190). Using the Likert profile, this study inferred a strong correlation between the efforts of the top executive on the effectiveness of an organizational development effort. This seems particularly poignant when considering the type of executive who might guide an organization towards a model similar to System 5. Likert pointed out that many leaders are even reluctant to implement a System 4 approach for fear of losing authority (Reilly, 1978, p. 22).

Collins (2001) introduced the concept of “Level 5 Leadership” (p. 12), which bears a relevant connection to Likert’s System 5. Where System 5 describes an organization’s structure and climate, Level 5 describes characteristics of the “type of leadership required for turning a good company into a great one” (p. 12). These characteristics seem consistent with the type of leader who would not be fearful to lose authority when there is so much to gain in terms of influence and effectiveness. In an interview, Collins described Level 5 leadership as “ambition for the cause combined with the will to make good on it” (Collins & Powell, 2004, p. 710). This ambition is not self-serving, but rather for the success of the organization blending humility and strong will to succeed (Finnie & Abraham, 2002, p. 11). Finnie and Abraham quoted Collins, saying, “Most Level 5 leaders would understand that their report card only comes in when their successor succeeds” (p. 12).

Collins (2001) indicated that a Level 5 leader focuses on (a) identifying the right people for the organization before the direction of the organization, (b) confronting difficult problems while confident that efforts will be successful, (c) isolating complexity into a single focus, (d) establishing a “cultural of discipline. . . . When you have disciplined people, you don’t need hierarchy” (p. 13), (e) transforming the organization through strategic use of technology, (f) pursuing persistent increases in momentum, and (g) looking ahead towards sustainable organizational effectiveness. Gunn (2002) suggested that humility is most likely the distinguishing characteristic between Level 5 leaders and those who score lower on Collins’ scale (p. 14). Gunn indicated that such leaders are more likely to face the facts, pursue the interests of the organization ahead of their own interests, and strive towards teamwork.

This type of leader would seem a good candidate to build a System 5 organization since a Level 5 leader is likely to surround themselves with individuals who are confident, but not self-centered (Collins & Powell, 2004, p. 712). These characteristics of Level 5 are very consistent with Likert’s System 5, and it is likely that a Level 5 leader who personifies the above might even inadvertently establish a System 5 organization. Many other cultures have embraced these ideas much more quickly than the United States, such as “Asian [cultures]”—and to some extent...
European cultures demonstrate less of a love affair with the heroic individual facing the universe alone” (p. 715).

Conclusion

While System 5 is one of R. Likert’s less prominent works, System 5 seems to have noteworthy implications in the 21st century. Many businesses have adopted a System 4-style model in some form. Examples include companies such as Fitzgerald Battery, IDS, Lake Superior Paper, and W.L. Gore and Associates (Stewart, Manz, & Sims, 1999). Likert proposed these theories before the technologies existed that could potentially support System 5 on a broad scale such as the technologies for collaboration and communications described in this paper. Such innovations might supply the infrastructure needed for decision making to happen quickly without sacrificing the value of achieving consensus. More research is needed to determine whether companies and employees are ready to make the shift from System 4 to System 5. Adaptations to Likert’s Profile of Organizational Characteristics could prove useful in identifying the readiness of an organization and of individual leaders to make this transition. Finally, social networking technologies are only in their infancy, but more research into the potential uses of these applications could shed light on the type of infrastructure that could better support a System 5 organization. The proliferation of participative organizations, technological advances, and preferences towards collaboration in 21st-century organizations may at last be conducive for Likert’s visionary theory to succeed in many countries and cultures.

About the Author

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References