

MANAGEMENT OF EMPLOYEE EMPOWERMENT

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ABSTRACT

As we move ahead in today's fast paced business environment, it is imperative for an organization to have a highly skilled, competent, satisfied work force. In order to obtain such employees, an organization must offer education programs, let employees be involved with decision-making and have adequate reward systems. This new type of management style is called Employee Empowerment. To achieve this new management technique, the organization, as a whole, must undergo an extensive transformation process. Empowering employees is a top-down change that must begin with management. The purpose of this paper is to examine this process and make some recommendations for how managers can approach and implement a sound employee empowerment program.

INTRODUCTION

Today's business environment is becoming more and more competitive. The onslaught of the global market place has raised the stakes for U.S. businesses. If today's companies are to be competitive they must be more agile and inventive in their quest to lower costs and increase value to the customer. A key method companies are using to tackle these daunting tasks is unleashing their most powerful weapon, their employees. By empowering teams of employees, companies are using their greatest asset to its highest potential and, in return, are becoming more competitive in the emerging global economy.

When Xerox Corporation's dominance in the photocopier market was challenged by Japanese competitors more than 15 years ago, Xerox responded by harnessing the full power of its work force. A change in the management style of the employees that allowed them to participate in management decisions was the key to Xerox's comeback. Since Xerox has implemented policies of employee empowerment, they have posted impressive results. In 1989, Xerox won the Malcolm Baldrige National Quality Award; and, from 1993 until 1994, their return on assets rose 3.5 points (Profile: Xerox Corporation Ohio Consumer Business Unit, Training & Development, 1996).

It is vital to have a work force with potential, but how do you get your employees to perform at their highest ability? A work environment consisting of empowerment will help keep top employees and will attract new, high quality employees. Empowering employees can be the key in turning an average employee into an exceptional one. Empowered employees are usually happier; and, therefore, more likely to stay (Blanchard, O'Connor & Ballard (2003).

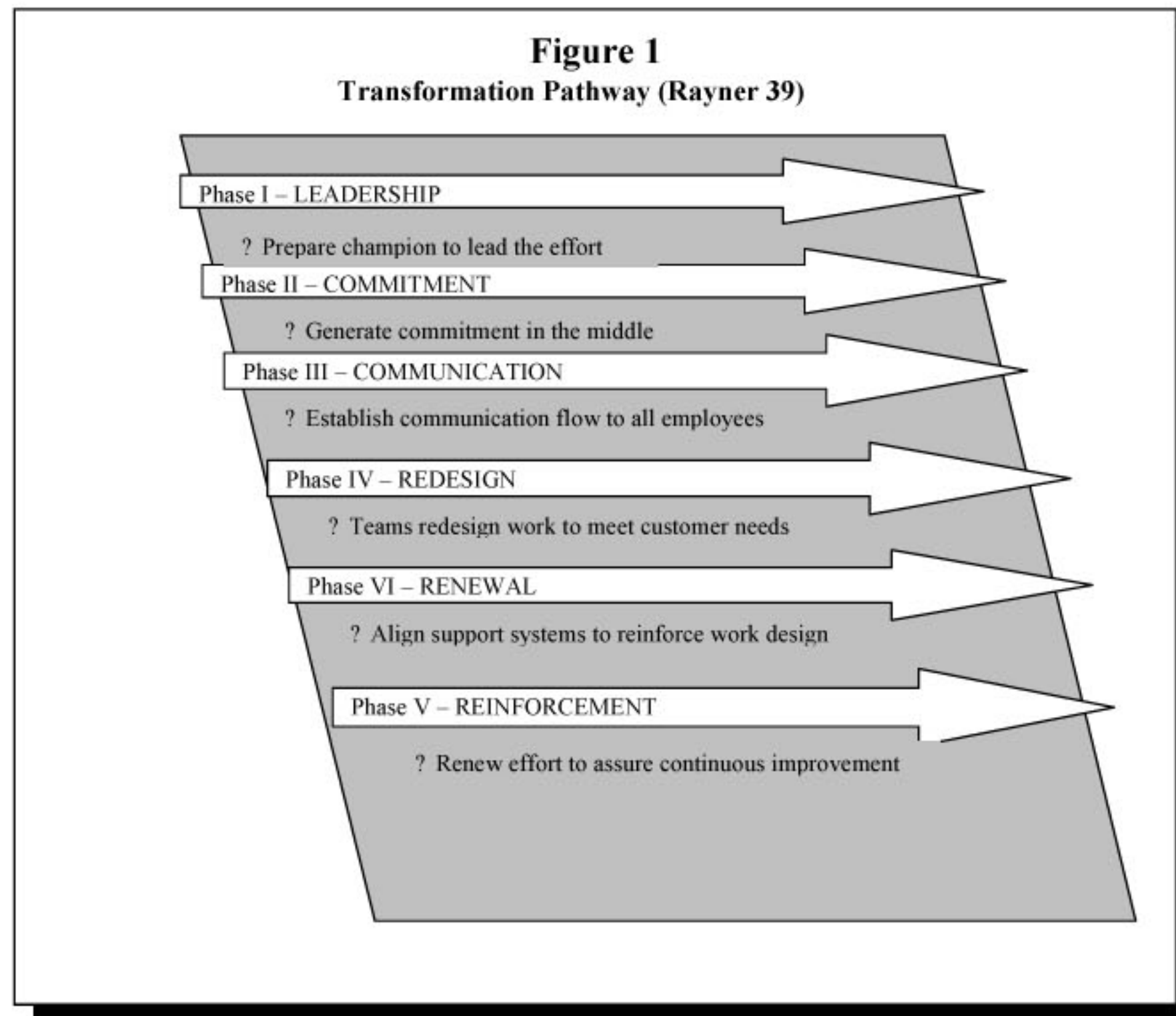
"...The difference between mediocre and excellent [employees] depends on how the employee is managed" (Blanchard, et. al. (2003). The job of an empowering manager is more similar to that of a coach than that of a traditional manager. The manager's mission is to unlock the potential of every person within the organization. Motivated, empowered employees are more productive. They are able to use their own innovation to streamline inefficient processes and policies, saving both you and your customers' money.

While employee empowerment is a relatively new topic in management, the emphasis on teams is by no means unique. Historical roots for this movement can be traced to the school of human relations in the early 1930s. As mentioned in the article "Beyond Teams and Empowerment: A Counterpoint to Two Common Precepts in TQM" by Karukonda, Watson, & Rajkamur (1999), the authors made a key argument advanced by Mary Parker Follet that man can overcome his physical, biological and environmental limitations through a system of cooperation, rather than competition. Empowered teams involve a particular configuration of work structures, practices and processes. Companies organize workflow around key business processes and often create teams to carry out those processes. The emphasis of this system is on a horizontal organization with strong customer orientation. Therefore, its basic premise is to create "an internal environment that supports customer needs and expectations" (Varma, Beatty, Schneier & Ulrich, 1999, p.29).

In the 1950's, Eric Trist of the Tavistock Institute made several attempts to implement this idea; one result of his work was the emergence of autonomous work groups (Karukonda, et. al., 1999). However, the first experiment with empowered teams was when Colgate-Palmolive opened its Cambridge, Ohio, plant in 1988. This type of management style deals with two basic concepts: the concept of teams and the concept of employee empowerment. There are three different types of teamwork. The first type is based on the assumption that non-managerial employees can make important contributions to organizations when they have the power and necessary preparation. The second type is teamwork among functions, which is based on the notion that organizations as systems cannot be effective if individual people emphasize their own outcomes over those of others. Finally, teamwork between customers and suppliers is based on the perceived benefits of a partnership between the two organizations. The concept of employee empowerment also has three aspects. First, is the instrumental aspect that empowerment involves providing better information, better skills and delegating authority to the non-managerial employees. Next, is the equally important question of do you have employee self-control as opposed to management control? Lastly, is the assumption that empowerment must result in employee satisfaction which is needed to provide customer satisfaction and continuous improvement. This kind of system can be implemented in any company, but it is important to remember that the implementation depends on the environment and characteristics of each company.

The implementation process towards empowered teams can be quite complicated. The steps towards empowering employees are unique to each individual company. There is a general outline which, when followed, leads to success. This outline, called the Transformation Pathway, can be

altered to best suit a company's needs. Figure 1 shows the six phases in the Transformation Pathway (Rayner 39).



During phase 1, the leadership phase, a person or group of persons within an organization recognizes the need for change. Once this need is recognized, they must clearly communicate this need to the rest of the organization. This is generally achieved through communicating the reasons why change is necessary and conveying a vision of new possibilities. The reasons for change includes why change is important, what is likely to happen if change does not occur, who is involved in the change and how the organization as a whole is likely to benefit from change (Rayner 42). This makes others aware of the need for change and the consequences of ignoring this need. The vision of new possibilities is the statement of the new goals of the organization. These are often goals that were previously unattainable and are unrealistic to undertake without a complete redesign of the work place.

Phase 2, the commitment phase, is characterized by the emphasis to get members of management and other key figures in the organization to back the idea of empowerment. No organization can successfully empower their employees without having management behind them. Some managers may have a difficult time changing from their old hierarchical ways and others may resist for fear of losing their jobs. Before the task of empowerment can progress, all resistance from management must be dealt with.

Phase 3, the communication phase, is the first real active step towards changing any procedures within an organization. Two major changes take place during this phase. First, the direction of the flow of information changes. In traditional management, information travels up the hierarchy, a decision is made, and, it travels back down in order to be implemented. In an empowered atmosphere, decision-making is made as close to the point, as possible, where the work is taking place. This leads to the second major change. In order for good decisions to be made which will benefit the organization as a whole, employees must be well informed. This leads to the expansion of information. Rather than information being shared on a need-to-know basis, information is readily available to all employees.

Phase 4, the redesign phase, is focused on the redesign of work roles. As employees are exposed to more information in phase 3, they begin to realize that the problems they face are often caused by the poorly designed work roles. Those actually performing the job design new work roles; and, in this way, it optimizes the employee's time and abilities.

Phase 5, the reinforcement phase, strengthens the new management system. The first priority in doing this should be the installation of training and development programs within the organization. The reward system must also be altered. Although there is debate about the best time to change the reward system, factors affecting individual organizations will generally decide the best time. Table 1 (Rayner 210) illustrates different reward methods and their advantages and disadvantages.

Phase 6, the renewal phase, focuses on helping the team remain focused so that continuous improvement never ends. Often, after a few years of continuous improvements, teams seem to reach a sudden plateau and cannot go any further. A main cause of this is that teams are becoming overconfident or glorifying the past rather than concentrating on the future. Whatever the cause, the purpose of the renewal phase is to keep this from happening.

As mentioned earlier, individual companies may alter these steps in any way necessary to reach their goal of empowerment. While many companies will establish teams of employees, others may not. In the case of W. L. Gore, there are only two levels in the management hierarchy (Manz & Sims, 1987). Top level consists of president and secretary-treasurer. Every other employee within the organization is referred to as an associate. This management style is referred to as 'unmanagement'. Associates make all the decisions. Before being hired, an applicant must be sponsored by another associate. Other associates initiate recognition and allocate raises. W. L. Gore is a good example of how individual companies can alter the empowerment theory to best work for them.

There is no guaranteed set of steps to empowerment. Each organization must find the best method for their needs. Empowerment will only work if management believes in it and is behind it from the beginning. Although the process can be slow, an organization must stick with its beliefs to achieve empowerment and reap the rewards.

Table 1
Different Reward Methods and Their Advantages and Disadvantages

Plan Type	Description	Advantages	Disadvantages
Gain sharing	Monetary benefits of increased productivity, cost reductions and improved quality shared with employees through regular cash bonuses.	Enhanced coordination and teamwork. Employees learn more about the business and focus on objectives. Reinforces participate work environments	Company may have to pay bonus even when unprofitable. High administrative costs Tends to be ineffective in large organizations
Profit Sharing	Monetary benefits shared annually with employees in the form of cash, retirement or a combination based on company profits. Incentive formula is simple and easy to communicate and understand	Firm pays only when profitable Unites financial interests of owners and employees Lack of correlation between work effort and benefit	Tends to be ineffective in large organizations Focus on short-term profit could have long-term consequences
Merit Based	Salary or wage determined solely or largely by the employee's or group's performance.	Effective in employees perceived relationship between pay and performance Can benefit company if measured performance correlates with team/company objectives	Difficult to achieve trust in mgt. Employees may perceive system as unfair. Most employees view their performance as above average can de-motivate Creates unhealthy competition between employees
Skill Based	Salary or wage based on the number of skills the employee knows and can perform. Increases flexibility of company	Company can operate with a leaner staff. Increases employee incentive to expand depth and breadth of skills/knowledge. Emphasizes importance of continual growth and development	Raises labor costs as employees learn new skills False expectations due to lack of vacancies in areas of newly learned skills "Topping out"

According to B. Hayes, Director of Organizational Design/Leadership, Hamilton Sunstrand Aerospace Business Group of United Technology, (personal interview, October 10, 1999), one of the most critical steps on the road to empowering employees is the need for additional training and increased communication throughout the whole organization. This provides each employee with a greater understanding of how the organization works and what the goals of the organization are. Because of this training, employees become more knowledgeable about decision-making, other employees' jobs and other aspects of the organization that they were not previously accustomed to. Once employees become more educated about the company they begin to express a higher level of commitment to the organization. Through this new found commitment employees become more

involved in the quality of the products or services that the organization is providing. After this occurs, it is inevitable that quality of output and employee moral will increase. Accompanying this increase in employee moral is an increase in productivity. Employee empowerment really excites employees and eventually they begin to feel that they are important and that their input matters; thus, encouraging them to do their absolute best and achieve more for their company. All of this leads to workers having a greater sense of ownership for the organization.

Another major advantage to employee empowerment is that overhead costs can be reduced because there is a lesser need for managerial supervision. Groups and teams of employees have a greater range of ideas and solutions to problems, they can talk and brainstorm about alternatives to different situations and come to a consensus rather than having a supervisor dictate what they are to do and how they are to do it.

Accompanying all new proposals, there is always opposition and negativity. In exploring the concepts of employee empowerment we have discovered that there are some definite glitches in the system. Hayes said that because employee empowerment is based on the extension of the traditional tasks that employees are required to do, it depends heavily on the readiness and willingness of the workers to take on new and different responsibilities. Empowerment sometimes fails because employees do not want to take on new responsibilities. Many times an employee, who has been with a company doing the same job for a number of years, becomes set in his or her ways. They become reluctant to take on more tasks than they previously were accustomed to. Related to this problem is the question of which employees to keep and which to let go. Inevitably, there will be people who will resist change. If these people are unwilling to align with the new philosophy of the company they will, unfortunately, need to be replaced with someone that will.

After employees have been trained, educated and have proven themselves, the dilemma of how much to pay them arises. If employees have more responsibilities and are highly skilled, typically they should be paid better. This creates a very delicate situation. If wages are raised, then overhead costs will rise, but if employees are not justly compensated, they will leave the company, and, more than likely, get a job with the competition. All of the time and money that the company has put into the training of employees will be wasted and the competition will basically be getting something for nothing.

Although the positive aspects of employee empowerment are very impressive and many of the negative aspects can be overcome, there is still one major roadblock in the way of truly successful empowerment. According to the article entitled: "Empowerment: The Emperor's New Cloths" (Argyris, 1998) many of the change programs that are implemented in companies today crush employee innovation, motivation and drive rather than stimulating it. Managers love the sound of employee empowerment; but, they are much more accustomed to the traditional command-and-control model. In the work force there are two kinds of commitment: internal and external. Internal commitment comes largely from within and relates very closely with empowerment. If top management really wants to implement internal commitment, they must try to involve employees in defining work objectives. External commitment is the exact opposite. It

is what a manager gets when workers have little or no control over what they do. The result of external commitment is that employees will only do what is expected of them and they will put no effort or passion into their work. In order for empowerment to work, employees need to be internally committed to a particular project, person or program of the company based on their own reasoning and motivations. As opposed to external commitment, when employees are internally committed they are able to individually define tasks, define the behavior it takes to perform those tasks, jointly define performance goals with management, and, individually define the importance of those goals. Because empowerment is very closely allied with internal commitment, managers must involve employees when defining work objectives (Argyris, 1998). The problem is that managers just aren't doing it. How can there be empowerment when job requirements are predetermined and employees are being controlled from the top down? Argyris compares employee empowerment to the emperor's new clothes: we praise it in public, but in private we ask ourselves, why we can't we see the results. Why is this happening? Is it simply that today's managers are afraid to give up control or that they just don't know how to manage empowered employees?

According to Argyris, managers can improve their management techniques, thus, further enabling employee empowerment if they realize that external and internal commitment can coexist in the organization. However, the way managers balance the two is crucial to the success or failure of empowerment. Managers must distinguish between the jobs that require internal commitment and those that don't. Once those boundaries are set, managers have to convey to their employees that they are serious about empowerment; this is done by giving employees the power to make decisions and rewarding them accordingly.

Because today's business environment is becoming more and more competitive, it is essential for organizations to keep and utilize employees to their fullest potential. In order to do that, employees must be given power and control over decisions made in the organization. Companies are realizing that by using their greatest asset, their employees, to its highest potential, they will become more competitive in today's cutthroat business environment.

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