

Essence of empowerment 1772

[Business](#), [Marketing](#)



The Essence of

Empowerment

Empowerment is certainly not a new idea within the business arena. In fact, its concept has been around since the 1960's when American car manufactures suddenly realized that they were losing their butts to the Japanese producers. An extensive and extremely well-funded investigation for answers to the recurrent question, how do I get more out of my employees while simultaneously lowering my costs, did produce some implementable and constructive results. The topic I have chosen to investigate is the application of employee empowerment and how to get the most out of this HR " buzzword." Within my scope of discussions are topics which include effective implementation, the role of the organization, and incentives to achieve and sustain actuation.

Employee empowerment, in its most basic definition, is effective delegation. The new twist that upper management has been trying desperately to achieve, is to involve the lowest level of employees in the decision-making process while making them responsible for the results of their decisions. There have been many documented examples of anxiety, mistrust and complacency in employees when this wave of " new-and-improved, successful management strategies" have been suddenly thrown upon them. Change of any kind will usually inspire resistance, especially when you are talking about extracting power from management to place in the hands of " subordinates."

There are obvious methods to achieving the results that the stakeholders of an organization demand through empowerment. Increases in profitability, productivity, creativity, and a shorter time-to-market are all feasible results of empowerment. In fact, "empowerment is an extremely cost-effective means of bringing about desired changes in performance and operational effectiveness." It takes only a stout devotion of the entire organization, from the top levels downward. That's all. There are, however, key factors to its success.

One of the most important key elements to take into account is the need for extensive organizational preparation to achieve effective implementation. By preparation, I mean an organizational-wide commitment to preparing both management and its staff for the changes that are about to take place.

Education is one of the most effective tools in preparing for change. Remember that psychological studies determined that individuals are inherently resistant to change when they don't know the results and consequences of that change. Education of all levels within an organization will help eradicate some of the fear that's associated with change. It will also help define everyone's role after the changes are established. Additionally, this becomes an opportunity for upper management to align employees with corporate direction by disseminating vital information.

One such change that must occur is the flattening of the organizational chart, whether that entails the redefining or elimination of jobs. Flattening the levels of bureaucracy eliminates the hierarchical chain of command and brings all individuals closer to the actual end product. This has its

advantages since all members of the organization, then, have a feel for what it is they are actually doing.

Since the utopian result of empowerment is the transference " of decision making and ownership to those individuals [at the lowest possible levels] who have the knowledge and ability to make the most appropriate decision, " these individuals are, therefore, most familiar with their end of the value chain. They theoretically can recognize what it is, exactly, that can be done more efficiently and productively to bring this product to market at lower costs. They are also able to " refine" the product since they have hands-on experience. This transference of responsibility to the employee inherently leaves more time for creative brainstorming by management to search for more proficient processes and products.

Open, multilateral communication between management and staff is another vital requirement for effective implementation. Expectations must be communicated from top levels of management and vice versa for empowerment to work. These channels are one of the ways for management to offer support and direction. It is imperative for them to remain open and available to all employees.

One of the largest impediments to empowerment that must be addressed in the preparation phase of implementation is corporate culture. As competition is changing rapidly to a global market economy, organizations need to realize that they too, must change to remain competitive. While culture remains one of the strongest influences on individual and organizational behavior, it also becomes one of the hardest aspects to change. Reward

systems must adapt from its previous structure to one that fosters the desire to accept this necessary shift.

Yet another impediment to gaining the appropriate culture within an organization is the issue of trust. In researching whether empowerment was right for Viking Glass, they discovered that many attempts at its institution had failed. The instances in which it did succeed, they noted, ". . . a distinctive atmosphere of mutual trust between employees and management . . . in the instances of less than satisfactory results, the atmosphere was noticeably less trusting." Since mistrust, at all levels, between employee and supervisor is commonplace, this must be eliminated from the culture before continuing to implement.

Empowerment is potentially a very rewarding concept to business, but it requires unanimous " buy-in." To attain organizational buy-in, there must be proper motivational forces and incentives to move people in that desired direction. In addition, the reward structure must be set so that you're are compensating the appropriate actions. Incentive systems are difficult enough to design without having to worry about these additional pressures.

Monetary and financial compensations are not necessarily the most important form of incentive to all people. There is abundant evidence which suggests that the most motivating of rewards tend to be nonfinancial. Studies conducted by Lawrence Lindahl in the 1940's identified the primary reasons why employees worked, "[were] " good wages,' " job security', and " promotional/growth opportunities.'" Of those studied, they also reported

such intangibles as " full appreciation for work done," and " feeling " in' on things" to be what they most wanted from their jobs.

Frederick Herzberg, from his research, identified money as a " maintenance" factor, or a necessity to one's job. He did conclude, however, that having it did not motivate people to do a better job.

What then, does it take to get employees motivated to take responsibility and react like the owner of the company? Stock-based forms of compensation have been implemented, but to little avail. To understand how to convert the workforce into responsible " owners," one must realize that several factors do work against us. First is the issue that:

" Economic research indicates that individuals are risk averse, loss averse, and tend to " satisfice' rather than maximize- and taking cash now is safer than long-term stock ownership. Research also suggests that the value of a possession is perceived as greater than what is not possessed."

Secondly, research indicates that:

"... employees must see a clear link between effort and performance, performance and reward, and between the form of the reward and what they value. These

links are very difficult to achieve with equity-based plans, leading to further avoidance of ownership."

It's because of this research that we understand that the organization faces difficult restructuring dilemmas. They are caught in a Catch 22. They have to link rewards to achieve desired behavior, but the behavior that they desire is not identified with that reward. So, in designing effective compensation systems, one must congruently remove old incentives while adding behavior-guiding new ones.

Suggested, are several strategies to accomplish an ownership perspective by rewarding with equity-based compensation. First, all activities such as goal-setting, coaching, performance evaluations, and all form of reinforcement must center on ownership. By tying an employee's understanding of how individual actions affect the whole organization through rewards, one can develop an environment which fosters empowered thinking. Second, make it a requirement of employment that all individuals take a stake in the company. Introduce the investment as part of retirement plans and pre-retirement financial planning. Lastly, thoroughly educate the employee how his or her individual actions can provide a lucrative return by explaining the swings of the market in relation to the company.

While global change is driving companies to empowerment, and similar philosophies like self-managed team-based arrangements, total quality management, it is important to note that no one philosophy is entirely correct, or incorrect. By combining the best of what these philosophies have to offer and adjusting, to the best of your ability, your corporate culture to facilitate them, you are able to reap the rewards of currently suggested management ideologies. To expect them to work over night is ludicrous,

however. These things do take time, because remember, you dealing with human beings here who don't like change. Be patient, persevere; it will be worth the effort.

In sum, through cooperation, perseverance, and much patience, you might be able to develop an empowered atmosphere at your company. Change dictates that old philosophies are no longer valid. Through thorough preparation, education, communication, and absolute commitment you might be able to develop empowerment techniques, but to truly reap empowerment's rewards, you must remember that employee motivation is the product of your reward system.

Bibliography