

Managers Empowering Employees

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Abstract: Problem statement: This article looked at the behavior of organizations as an important factor for empowering employees. This allowed for a greater level of partnering between managers and employees. The more that top management wants an internal commitment from its employees, the more it must involve employees in defining work objectives, specifying how to achieve them and setting stretch targets. Develop and improved and practical empowerment model that applies systems theory and socialization theory. **Approach:** A series of focus group meetings were conducted with managers and employees of 310 companies throughout the United States, Europe and China and were asked questions regarding employee productivity when empowered by management, the importance of increased employee performance, measurement of employee performance, importance of socialized employees in organizations and the role of systemic thinking in management decision making. **Results:** The findings said that most employees were more productive when empowered by management, almost all firms recognize the importance of increased employee performance and measure it. Last, most firms find socialized employees important to have in their organizations many firms feel that systemic thinking assists managers with decision making. **Conclusion:** More responsibility generates greater productivity, morale and commitment. Empowerment fosters innovation, creativity, motivation and instills shared values to promote and atmosphere for learning and accomplishment.

Key words: Systems theory, socialization theory, empowerment, management performance

INTRODUCTION

An effective way for managers to deal with direct reports is to empower them more, but many managers seem unable to let go. Once employees in the organization are empowered by management, shared values provide the only practical way to ensure that everyone is aimed in the same direction. Corporate management values such as empowerment, candor, integrity, facing reality, taking responsibility, being accountable, investing in education and respecting diversity sound good, but are they really being applied and practiced in a way that makes the organization more effective? How will society handle such dilemmas, as competition forces businesses into radical change? This workplace revolution may be remembered as a historic event.

The turmoil in the workplace results in part from management ineffectiveness that made these organizations less competitive^[13]. Workers who gave loyalty under the old system have suffered under the new. It is no surprise that employee cynicism has grown. For effective performance to occur, even in large organizations, which depend on thousands of employees understanding the company, strategies must

be translated into appropriate actions and leaders must win over their followers one by one.

The problem for most executives is that managing employees is complex^[11]. An organization may simultaneously be working on employee empowerment and several other programs designed to improve performance. The key goal for managers is to understand the balance of performance elements with employees and trust their employees by empowering them to help the organization.

Participation and empowerment: Empowerment is the process through which managers enable and help others to achieve influence within the organization. Sharing information is a necessary precondition to another important feature found in successful work systems: Encouraging the decentralization of decision making and broader employee participation and empowerment in controlling their own processes^[5,6]. If management wants employees to take more responsibility for their own destiny, it must encourage the development of internal commitment. With internal commitment, individuals are committed to a particular project, person or program based on their own reasons

or motivations. Internal Commitment is participatory and very closely allied with empowerment.

Research suggests that autocratic leaders who manage through highly centralized power structures often generate high levels of interpersonal friction^[5,6]. Interpersonal conflict is lowest in balanced power structures. In business organizations, the benefits of high sociability are clear and numerous. First, most employees enjoy working in such an environment, which helps morale. Sociability often helps creativity because it fosters teamwork, sharing information and a spirit of openness to new ideas. Sociability also creates an environment in which individuals are more likely to go beyond the formal requirements of their job duties^[5,6]. They work harder than is technically necessary to help their colleagues look good and succeed.

Despite the appeal of empowerment, many employees do not feel empowered by their managers^[4]. Indeed, surveys have consistently revealed that a clear majority of American employees find their boss the single, largest source of stress on the job^[8]. Research has not much clarified the conditions under which managers are willing and able to empower employees. However, managers who view power as expandable are motivated and able to empower employees through providing assistance and support of employees and developing ongoing relationships while simultaneously feeling their own power reinforced. This study also examines the effects of employee performance. Whether managers are working with a high-or low-performing employee is also expected to affect the dynamics of power and their empowering.

Over the last decade, many large companies around the world focused on creating relatively autonomous subunits and empowered managers by breaking up their organizational behemoths into small, entrepreneurial units. Some, though not all, achieved significant benefits from such restructuring. (3) Freed from bureaucratic central controls, the empowered units improved both the speed and the quality of responsiveness to market demands--and fostered increased innovation. Companies were able to reduce their corporate-level overhead and make internal-governance processes more disciplined and transparent.

Systems theory and socialization theory: Systems theory views the behavior of organizations, as a system in terms of inputs, outputs and feedback loops both internally and externally^[3]. This will allow a greater level of partnering between providers and customers which is needed for improved customer retention. Effective socialization allows employees to develop

social skills which may improve customer relations and result in increased levels of customer retention.

The rationale in examining these theorists is that social change is affecting our lives for better and worse and the faster change happens with new innovations and opportunities, the harder it is for people to be confident of what they will be doing. This certainly has meaning for providers and customers because while better informed and technologically astute customers can switch alliances quickly, providing themselves with greater value and choice, providers must constantly make improvements, cut costs and add value and create new services and products in order to keep up with these changes. As a result people, may have more economic and social stratification but diminished time and security, less energy for family, friends, community and self and overall live a more frenzied existence.

The advent of diminished loyalty to organizations by customers may suggest that firms seem weaker than at any point in the postwar years. In managing performance through effective management, the key goal is in understanding how pieces balance off one another in an organization and values are shared to ensure that everyone is aimed in the same direction with customers^[10].

Systems Theory has many components which involve:

- Systems made up of interrelated and interdependent interacting
- Systems inputs with new energy such as people, materials and money
- Transforming inputs into outputs
- Maintaining equilibrium in organizations
- Adaptability to avoid entropy^[12]

Effective socialization theory shapes individuals in organizations and reflects the expectations and environment of the organization and the changes in the external environment. People in organizations work in an ongoing social system which has a unique set of values, ideals, frictions, conflicts, friendships, coalitions and all the other characteristics of work groups^[10].

The conditions and factors in society that impact performance for organizations:

- Compare and contrast societal theories that impact customer issues by Kahn^[10,12]
- Integrate these theories into a clear view of societal change on keeping customers

Two kinds of commitment: Commitment is about generating human energy and activating the human

mind. Without it, the implementation of any new initiative or idea would be seriously compromised. Human beings can commit themselves in two fundamentally different ways: Externally and internally. Both are valuable in the workplace, but only internal commitment reinforces empowerment. External commitment is what an organization gets when workers have little control over their destinies. It is a fundamental truth of human nature and psychology that the less power people have to shape their lives, the less commitment they will have. When, for example, management single-handedly defines work conditions for employees, the employees will almost certainly be externally committed. That commitment is external because all that is left for employees is to do what is expected of them^[16]. The employees will not feel responsible for the way the situation itself is defined. How can they? They did not do the defining.

Internal commitment comes largely from within and individuals are committed to a particular project, person, or program based on their own reasons or motivations. By definition, internal commitment is participatory and very closely allied with empowerment. The more that top management wants internal commitment from its employees, the more it must try to involve employees in defining work objectives, specifying how to achieve them and setting stretch targets. The degree to which internal commitment is plausible in any organization is certainly limited. Moreover, the extent of participation in corporate goals and aspirations will vary with each employee's wishes and intentions^[9].

Participatory projects: Senior level managers/executives play a key role in organization's and they should be exposed to information from clients for effective decision making^[13]. However, this means empowering employees to perform effectively and also make decisions. Customer Advisory Boards are a dynamic, practical management tool that can greatly enhance the customer development and retention process and give firms a distinct competitive advantage^[14]. Agendas could include company strategy, product quality, sales problems, customer satisfaction and marketplace changes^[5]. By developing a personalized dialogue with buyers on an ongoing basis and listening to their needs, concerns and feedback organizations can become more responsive, insightful and competitive^[1]. It is important that an organization acts on the members' input at some level, even if it does not adopt every suggestion the CAB may have made. This demonstrates a sincere and secure organization willing to listen to critical feedback from clients

because it genuinely understands them^[7]. Having customers involved as partners allows them to play a participatory role, enabling the company to see itself from the customers' standpoint, an invaluable insight^[5,6]. Fortune 500 companies for example, from many industries use customer advisory boards like, Microsoft, Hewlett-Packard, Delta Airlines, Lucent Technologies and Northwest Airlines.

Improvements: Interpersonal conflict is lowest in balanced power structures. In business organizations, the benefits of high sociability are clear and numerous. First, most employees enjoy working in such an environment, which helps morale. Sociability often helps creativity because it fosters teamwork, sharing information and a spirit of openness to new ideas. Sociability also creates an environment in which individuals are more likely to go beyond the formal requirements of their job duties^[5,6]. They work harder than is technically necessary to help their colleagues look good and succeed. Global Data and Lubrizol executives both hold meetings with employees to explain what occurred.

Global data telecom: Global Data (GD) Corporation, based in Chicago, has been in business for over eight years in the global data telecom industry. It is a firm that operates a communications systems integration support structure that maintains a global focus on telecom access supply chain management. It has the first global systems that automate the supply chain of "off net". Its revenue is generated from the sales of its information database as well as consulting services associated with analyzing and optimizing data networks. GD currently has 54 employees. It has built the only global telecom procurement system that has the functionality to provide local pricing and delivery capability in more than 60 countries around the world. The GD system delivers a demonstrated ability to reduce client network costs significantly, including up to 40% reductions in Spain and France. GD's perceived competitive advantage over traditional carriers and other VNO's (virtual network operators) in the market include:

- Automated supply chain knowledge database model
- Supply
- Pricing
- Affordable and timely iteration with WEB portal
- Deal contracting

Management for the company, based on company input, believes that the GD systems make it better and

faster for carriers, Multi-National Corporations (MNC's) and systems integrator's to receive market competitive telecom quotes for circuits originating or terminating in Europe. Management believes that these systems allow GD to be more efficient in terms of margins and delivery. The systems are capable of providing pricing and delivery in over 100 countries and as such, GD is positioned as a clearing system for the \$100 billion fragmented global data telecom market.

In 2007, GD had been experiencing very intense competitive challenges. While they had good revenue results they were concerned about losing key customers, market share, augmenting sales performance and customer retention. In the summer of 2007, GD decided to conduct a CAB to uncover opportunities to improve upon customer retention and invited these top customers for one day to discuss various industry issues, but to primarily determine what is important for the retention of these customers.

Global data: After the employees made policy changes, a clear example of success happened when Global Data designed a technology upgrade for a client, saving the client \$100k and providing considerable revenue for Global Data, all new outcomes and improvements. The role of the global data employees in this case demonstrated a significant customer service and customer retention component.

Global data example of successful customer requirements met: Client wished to complete a technology upgrade to their network which enabled them to offer certain enhanced services while also reducing their cost.

Global data improvements: Global data analyzed their requirement, designed an upgrade and contracted the deal-all within 45 days.

Scope: Existing 111 DS-3s and 683 DS-1s totaling \$716,352 monthly spend.

Savings: Their solution reduced clients monthly spending by \$101,453 per month, while significantly increasing network capacity to facilitate planned growth.

Economics:

- Global data revenue
- Total Revenue \$8,623,485

Lubrizol's new direction and performance: Another example of participatory projects was seen with Lubrizol, a market leader in the oil additives industry.

Lubrizol Corporation is a Fortune 500 firm in the lubricant additives industry for the transportation market. They are the industry leader in the lube additives market and have been a solid market leader, since the company was formed 75 years ago in Wickliffe, Ohio. Lubrizol's new vision is closely tied to the environment and moving forward with new energy to become recognized as an environmental leader and advocate. The demands of the environment and ever more stringent government regulations present some of the greatest challenges faced by this industry in the twenty-first century. In 2006 and 2007, Lubrizol respectively generated \$2 billion and \$2.1 billion in revenue. This revenue was generated from a customer base of about 1000 customers of which the top 8 were responsible for generating about 75% of that total revenue. These top customers are also the top oil companies in the US. In 2007, Lubrizol had been experiencing very intense competitive challenges. While they have good revenue results they are concerned about losing key customers, market share, augmenting sales performance and customer retention.

Lubrizol: Lubrizol's management asked employees for suggestions for moving forward, which led to the development of three policies. The first, a Customer Focus Strategy, provided a mission and vision statement establishing customer focus as an integral part for all lines of business where all associates support one another. Next, the employees developed a Strategic Customer Focus to Enhance Shareholder Value, to improve market share and market penetration and to internally promote workplace effectiveness. Last, these employees created a Strategic Customer Focus Plan which made a series of action learning business case workshops throughout the company, developed a customer focus web site and had management provide customer focus training on managing customers and efficacy seminars. Throughout the discussion of the Lubrizol managers with employees, it was mentioned that clients stated continued interest to remain as customers and there was meaningful dialogue on industry issues and having a shared role to develop policies and strategies for both Lubrizol and their client's needs, resulting in significant revenue increases in 2008.

MATERIALS AND METHODS

When organizations have managers empower their employees they are more productive. However, employee empowerment should be linked to socialized employees, that are systemic thinkers and involved in participatory projects.

Table 1: Are you more productive when empowered by your manager?

	Frequency	Percent	Valid (%)	Cumulative (%)
Valid				
No	41	44.6	44.6	44.6
Yes	51	55.4	55.4	100.0
Total	92	100.0	100.0	

Table 2: How important is increased employee performance?

	Frequency	Percent	Valid (%)	Cumulative (%)
Valid				
Not very important	2	2.2	2.2	2.2
Very important	90	97.8	97.8	100.0
Total		92.0	100.0	100.0

Table 3: Does your firm measure employee performance?

	Frequency	Percent	Valid (%)	Cumulative (%)
Valid				
No	67	72.8	72.8	72.8
Yes	25	27.2	27.2	100.0
Total		92.0	100.0	100.0

RESULTS AND DISCUSSION

The problem facing organizations is if corporate management values, such as empowerment, taking responsibility and being accountable really being applied and practiced in a way that makes the organization more effective? New findings from Employee empowerment and participation research indicates that many firms have employee performance improved with better participation and empowerment. Focus groups were conducted with executives and employees at 310 firms to inquire about managers using empowerment with employees to develop performance used a code of "0" for no and "1" for yes. For example, in Table 1, on the importance of empowerment for employee performance, 44.6% said no and 55.4% said yes.

With the importance of having increased employee performance, according to Table 2. 97.8% said yes and 2.2% said no and Table 3 says 27.2 % of organizations said they measure employee performance. Last, in Table 4. 94.6% of organizations said that socialized employees are important and in Table 5. 62% said that systemic thinking is important for decision making. These findings do not make it critical whether managers are working with a high or low performing employee to affect the dynamics of power and their empowering.

Other research has not much clarified the conditions under which managers are willing and able to empower employees. The empowerment literature does suggests that autocratic leaders who manage through highly centralized power structures often generate high levels of interpersonal friction.

Table 4: Are socialized employees important to have in the organization?

	Frequency	Percent	Valid (%)	Cumulative (%)
Valid				
Customers	87	94.6	100.0	100.0
Perceived value				
Missing system	5	5.4		
Total		92.0	100.0	

Table 5: Does systemic thinking assists decision making

	Frequency	Percent	Valid (%)	Cumulative (%)
Valid				
Yes	57	62.0	100.0	100.0
Missing System	35	38.0		
Total	92	100.0		

There have been no previous studies conducted on the role of systems theory, socialization theory and participatory programs on employee empowerment.

CONCLUSION

Empowerment is difficult to establish in an organization due to the ambiguous feelings of management and employees about the implementation of the concept. Many organizations will have "top down" management as well as empowerment initiatives, which must be managed in because of their inconsistencies^[2]. Systems Theory looks at the behavior of organizations as a system in terms of inputs, outputs and feedback loops, both internally and externally^[12]. This will allow a greater level of partnering between providers and customers which is needed for improved Customer Retention. Effective Socialization allows employees to develop social skills which impact improved customer dealings for better performance and even improved Customer Retention^[10]. The more that top management wants an internal commitment from its employees, the more it must involve employees in defining work objectives, specifying how to achieve them and setting stretch targets.

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