Employee Empowerment - A UK Survey of Trends and Best Practices

By

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ABSTRACT

It is becoming increasingly clear that the engine for organisational development is not analysts, but managers and people who do the work. Without altering human knowledge, skills, and behaviour, change in technology, processes, and structures is unlikely to yield long-term benefits. Managing business productivity has essentially become synonymous with managing change effectively. To manage change, companies must not only determine what to do and how to do it, they also need to be concerned with how employees will react to it [Cooper and Markus 1995][Reger et al., 1994]. In this respect, the role of Human Resource Management [HRM] is moving from the traditional command and control approach to a more strategic one [Oram and Wellins 1995][Cane 1996], and studies [Albert and Bradley, 1997][Agarwal et al., 1998] have highlighted “employee empowerment” as one of its critical success elements. This paper introduces a study that aimed at identifying the current trends and best practices in employee empowerment by analysing case studies of pioneering organisations and validating the findings through a survey of leading UK organisations. The paper presents the findings of this survey and provides comments and a conclusion about the future directions in ‘empowerment’.

Keywords: empowerment, UK survey, best practice
1. Introduction

The new world of work is introducing flexible working hours, knowledge workers, working from home, etc. While these patterns emerge, organisations must change the way they deal with their people to achieve maximum benefit. It is firmly believed that the success of an organisation lies more in its intellectual and systems capabilities than in physical assets. Without altering human knowledge, skill, and behaviour, change in technology, processes, and structures is unlikely to yield long-term benefits. The “process” and “IT” aspects of any organisation are continuously changing, subject to daily improvements, and easily replicated by competitors. It is estimated [Slater, 1995] that competitors secure detailed information on 70% of new products within one year of introduction, and that 60 to 70% of all ‘process learning’ is eventually acquired by competitors. In fact, ‘human development’ is a viable alternative to ‘traditional’ organisational development as a strategy for bringing about dramatic performance improvements. Thus, it is suggested that the only source of competitive advantage is the organisation’s people [committed, educated, and flexible]. In this respect, the role of Human Resource Management [HRM] is moving from the traditional command and control approach to a more strategic one [Oram and Wellins 1995][Cane 1996], and studies [Luthans, 1998][Agarwal et al., 1998] have highlighted “employee empowerment” as one of its critical success elements.

2. Study Objectives and Methodology

The study presented in this paper is part of a larger research project aimed at identifying best practice of people and knowledge management for future competitiveness. The part being discussed in this paper had the main objective of identifying the current trends, attitudes, and best practices regarding employee empowerment. To achieve these objectives, the study identified what was presented by the literature and published case studies as employee empowerment ‘best practices’ [Agarwal, at al., 1998] [Oakland, 1993][Albert and Bradley, 1997][Ganz, 1994]. These have then been reproduced in a generic format and structured in a questionnaires to assess their validity and applicability from the view point of experienced practitioners. The survey targeted practitioners in leading organisations, to see how many ‘subscribed’ to the ideas proposed. For the purpose of the study, the only criteria for sample selection was that organisations taking part had to be leaders in their field (the assumption was that leading organisations would provide the best insights into best practices). A further selection process involved the individuals to be contacted. Where possible, the contact was the most senior manager in the organisation. A decision was taken to send out 300 questionnaires. In total 75 companies replied with a response rate of 25%. Organisations that responded included Ove Arup Partnership, Andersen Consulting, Rover Group, Cap Gemini, BT PLC, Oracle...
Corporation UK Ltd, 3COM [UK] Limited, Nortel Ltd, Kodak Ltd, DHL International [UK] Ltd, IBM UK Ltd., Royal Mail, Skandia Life, Xerox [UK] Ltd., Dana Commercial Credit Corporation, , Rolls Royce Aero Engines Ltd., Honda Motor Europe Ltd., among others. The organisations that responded came from the manufacturing (44.3%) and services (55.7%) sectors. All the respondents were experienced practitioners at senior levels in their organisation with 55% at CEO/MD level, 8% HRM Head level, 12% Quality Head level, and 25% Operations Head level.

3. Study Findings

The study participants were presented with several statements to assess the perceived importance of people and people management for organisational competitiveness. Participants were requested to show how strongly they agreed with these statements on a 5-point Likert scale. In focusing on employee empowerment, the participants were presented with several proposed best practices and were asked to assess their applicability and criticality for a successful people management system.

3.1 The Future of People Management (PM)

A PM strategy for the future must start by answering the question ‘what sort of people will the organisation need?’ Once answered, the strategy to meet these needs can be established. The study results (Table 1) reveal the people attributes that organisations seek for future success. The results clearly indicate the importance of ‘customer orientation’ and ‘team skills’, which have both become almost ‘standard’ requirements this decade. However, the survey does reveal that participants view attributes like being creative, flexible, and ambitious as far more important than being ‘loyal’ to the company or ‘compliant with policies’.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>% of study participants who strongly agree / agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer oriented</td>
<td>97</td>
</tr>
<tr>
<td>Co-operative [Team players]</td>
<td>85.6</td>
</tr>
<tr>
<td>Creative</td>
<td>67.2</td>
</tr>
<tr>
<td>Multiskilled</td>
<td>60.6</td>
</tr>
<tr>
<td>Ambitious [Stretch goals]</td>
<td>50.8</td>
</tr>
<tr>
<td>Self disciplined</td>
<td>37.7</td>
</tr>
<tr>
<td>Loyal</td>
<td>13.1</td>
</tr>
<tr>
<td>Compliant with policies</td>
<td>13.1</td>
</tr>
</tbody>
</table>

Table 1 - Employee attributes required for future performance excellence – study results

These findings suggest that, although the statement so often articulated ‘the most important resource of this business is its people’ is increasingly meaningful, not merely as rhetoric but also in practice, the type of people that today’s organisations require, and are dealing with, today and tomorrow, are different from a
decade ago. Thus, if organisations depend more and more on fewer people and if the loyalty of those people can no longer be assumed but rather must be earned and retained, then clearly they need to be concerned with how they utilise, develop, and resource them [Carnall, 1997]. It is within this context that employee empowerment has become a major approach in achieving employee involvement, commitment, and unleashing employee capability and creativity. In the following sections, best practices for employee empowerment are proposed, assessed, and tested. However, it must be stressed that these proposals form a guiding framework only, as there is no single right way to solve human resource issues. What works in one organisation may be quite inappropriate for another. The complexity of managing people matches the complexity of human nature itself.

3.2 Employee empowerment best practices

For the purpose of the study, the practices proposed were considered validated as ‘best practices’ if 75% of the respondents either agreed or strongly agreed with the statement and less than 5% ‘strongly disagreed’. The reasoning behind this choice of 75% point was that the concepts being proposed were exploratory in nature. They were practices suggested for future success, and have only been applied by pioneers [best performers in their fields], or suggested in the literature to date. Thus they would be new to most organisations questioned, and would present a change from the norm. If 75% agreed that they are ‘best practices’ and none disagreed, then it could be concluded that most of the remaining respondents do not hold any strong opinions [for or against] probably due of lack of experience with the idea. This would be sufficient grounds upon which to conclude that such a practice would have positive outcomes when properly applied in an organisation (i.e. best practice). A literature review on related studies [Loomba and Jonanessen, 1997][APQC, 1997][DTI, 1995][Ashton, 1998] has revealed similar approaches, and demonstrated that there is no clear cut-off point.

4. Employee empowerment study results

Employee empowerment can be termed the ‘most arguable concept in the management of the 90’s’. Various literature sources [Peters, 1997][Oakland, 1993][Albert and Bradley, 1997][Ganz, 1994] have defined it, and many organisations claim they employ it. However, if one asks a hundred people what empowerment means or entails, one is guaranteed at least 99 different answers. Empowerment in general terms is handing the power of decision and action to the employees and giving them more authority and responsibility to achieve their job and thus customer satisfaction.
Proposed best practice: Employees should participate in decision making

Figure 1: Participation in decision making – study results

86.9% of the study participants agreed and confirmed this as a best practice. The concept of participative decision making is at the heart of empowerment. However, there are various degrees of employee participation in making decisions. This varies from merely asking employees what they think in general meetings to treating the employees as business people. At the Ritz Carlton Hotel [Peters, 1997], the Bellhop (who carries bags), and doorman, are authorised, on the spot, to spend up to $2000 to fix any customer’s problem. Ritz Carlton are MBNQA winners. At Xerox Business Service they already started empowering the whole workforce and noted that “ultimately, our strategy is all about creating an organisation of 15,000 effective business people, where everybody thinks about the future, everybody amazes customers, everybody manages the bottom line. It is the ultimate accountability strategy” [Peters, 1997]. This form of empowerment will require a culture shift to one that balances the reward with responsibility, ensures training for the required skills, sets a clear measurement system, and employs a continuous improvement system and organisational structure that facilitates it.

Proposed best practice: Employees should have responsibility and authority to break the rules to enable excellent service and total customer satisfaction

Figure 2: Employee responsibility – study results

Although this practice has been proposed in extreme terms (rule breaking versus customer satisfaction), it received a relatively large level of support (63.9%), not enough to confirm it as a best practice, but enough to support the concept and maybe confirm it after minor adjustments. The main criticism from study participants was ‘breaking the rule’. However, ‘breaking the rule’ does not advocate doing anything unethical or illegal. It advocates the need to change habit patterns, break familiar rhythms, and turn stones which should not be turned, these patterns, rhythms, and anchors which have somehow evolved into ‘rules’ [Hinton and Schaeffer, 1994].
Proposed best practice: Employees should decorate their own workplace

The responses were very surprising and very low support was given for this idea. Given the importance both of the work place layout and of making employees feel that they belong, it is not very clear why participants did not support this idea.

Proposed best practice: Employees should set and monitor their production goals

Again, there was insufficient support to declare it a best practice [67%], but there was a clear interest (Figure 4). This idea is part of the overall package of employee accountability. If organisations tend to let employees participate in decision-making, have the responsibility for their own training, and accountability for the results of their work, it seems natural that they should set their own goals for production. There are of course certain criteria that have to be in place like all goals should be in line with the organisational overall goals, and in some cases in manufacturing organisations, there are physical limitations like machine capacity and economic batch sizes.

Proposed best practice: Employees should decide when to start and finish work

Figure 3: Workplace layout – study results

Figure 4: Employee goals monitoring – study results

Figure 5: Employee working hours – study results
This proposed practice again gave inconclusive results. Clearly it is another revolutionary practice that subscribes to performance based management. Again, if no physical limitations were there for this flexibility, and if all employee goals were aligned to organisational goals, the only effect of applying this concept would be added freedom and, according to proponents of the idea, increased productivity, especially in the case of knowledge workers. Deloitte & Touche [Albert and Bradley, 1997] were concerned with the costs associated with their 25% annual turnover. In order to reduce this they now support employees taking time off work in order to ‘make time for personal life’. In a similar vein, the Dentsu Institute for Human Studies [Ganz, 1994] offers its employees the freedom to schedule their work, allowing a greater balance between their home life and work. When Sprint [Powers, 1995] benchmarked their attendance policy with the best-in-class, they were surprised that the attendance policy at one leading organisation was ‘come to work’, as opposed to Sprint’s own 28 page document regarding attendance. This idea is very closely linked to the increase in working from home where employees naturally would set their own schedules. Participants were also asked whether they envisage an increase in employees working from home, and 45% agreed there would be. However, only 30.2% of these agreed that employees should set their own schedules. The reason could be that organisations will start relying on remote production control systems [commercial intranet based software which monitors employee work times are available now], or that the whole concept of working from home, and totally empowered employees, is hard to fully comprehend or accept for many.

Proposed best practice: Employees should be free to dress as they please

![Employee dress code – study results](image)

Figure 6 Employee dress code – study results

This practice received a lot of resistance. Service organisations claimed that there needs to be a certain company image they would like to maintain, and manufacturing organisations had an additional note about production requirements (health, safety, etc.).

5. Conclusions

The study has identified several concepts and approaches relating to employee empowerment that leading organisations (and supporting literature) consider to be best practices. These practices included employee participation in decision making, and handing more responsibility and authority to employee (coupled with accountability). Clearly the whole concept of ‘employee empowerment’ is still an infant in terms of practical implementation. Although various benefits stand to be gained, organisations are still not willing to hand down power to employees and the ‘control’ mentality is still abundant. This has to change, and is gradually
doing so. The future of work relies on knowledge workers and the competitive advantage of organisations is their people. Moreover, the contract between organisations and employees will undergo dramatic changes, and the organisations are already changing the way they hire, reward, train, and rely on their employees. Within this context, organisations must be ready to offer a system of empowerment to allow employees to produce their full potential. Any residues of the command and control culture are very strong obstacles for achieving maximum employee potential. Thus, this requires a change in management style. There is no on single best practice system or formula for organisations to follow and implement. What the study has provided are well proven best practices that represent the pieces to a puzzle. Each organisation should take the appropriate ones and build their own picture that drives them and their people to excellence. The only constant in all the practices proposed is the emerging theme of people involvement and in all the thought process and relevant decision making points. This formula, coupled, with a shared vision towards the overall benefit of the organisation and its people is the true path for future performance excellence.
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