



Lynda McDonald  
MBA NZ3 Albany

The present models of command and control hierarchical business management desperately need to be revised if we are to perform in the future business environment. Tomorrow's organisations must move away from the ideals of control, alignment, conformance, discipline, and bureaucracy, to be truly innovative, agile, flexible, inspiring, and socially responsible, as well as profitable and operationally excellent. There are plenty of companies who are all of the positives above, such as the Pike Fish Market, Google, Facebook, Mr Vintage, for example, but none of them use standard business models. Today's economy is based on knowledge, which requires initiative, creativity, passion, engagement and empowerment in order to flourish. How do we reboot old management models to fit new organisations that are unequivocally fit for the future? How do we unleash human capability, enable communities of passion, redistribute power and create change? By acknowledging our challenges, and then challenging the status quo.

Organisational capability is rapidly becoming recognised as the key to organisational success (Harris, 2007, p1). Even still there is a distinct lack of research on it in the literature, and organisational capability remains an elusive concept. Alongside capability, we need even more productivity from our people, we need for them to innovate, so that we can sustain our competitive advantage (Howard, 2006), and we need them to be fully engaged and empowered. But in the knowledge economy our people are already stretched to capacity, stressed, and have little time to spend focusing strategically on their business areas rather than delivering results. So how to unleash capability? This statement creates images of capability currently caged and shackled in a dark musty corner in the depths of our organisations! In actual fact, the capability is alive and well in our employees, but it must be engaged, empowered, given freedom, time to develop further, coaching, mentoring, and be treated with care and respect in order to proliferate into a movement of passion, innovation and success.

The 2011 workforce is comprised of Baby Boomers, Gen X, and Generation Y. If the existence of Generation Y is a viable explanation of employment behaviour, as is asserted in the gathering literature, then people between 19yrs and 34yrs will have

markedly different approaches to work when compared with Generation X and the Baby Boomers (Treuren, 2010, pg 48). Whilst previous generations were perhaps comfortable with centralised power, hierarchical work relationships, and formalised structure, more than ever before the new and recent entrants into the workforce need more than this to be empowered, engaged, fulfilled and able to excel to their potentials. The behaviours and expectations of Gen Y represent a major challenge to current organisational management practices, which necessitates new and innovative management practices and employment approaches in order to attract, manage and retain these employees (Budd. 2008; Dinncll. 2006; Verrct, 2000, cited in Treuren 2010, pg 50). Speaking from experience as a Gen Y, and supported by research, many Gen Y's are not driven by status and power, they want to know their work is meaningful, have input into big decisions, have a desire for appropriate leadership, and need constructive feedback about decisions (Alsop, 2009, p47).

### **Problems:**

- **Current management practices not sustainable for future generations**
- **Employees not engaged, or creating passion in their work communities**

### **SOLUTIONS:**

#### ***Empowerment:***

Hierarchies, organisational charts, and limited autonomy can define the scope of employee's roles and capabilities to the point where they will not attempt to extend themselves outside of these boundaries or assume responsibility. The days of the visionary, all encompassing, all knowing leaders are numbered. Management must take a step back from control in order to take a giant leap forward. We need to encourage initiative and innovation, and empower our people to become daily decision makers. The

concept of empowerment has been developed and advanced by several researchers (Chebat & Kollias, 2000; Conger, 1989; Conger & Kanungo, 1988; Hartline & Ferrell, 1996; Hui, 1994; Spreitzer, 1995, 1996; Thomas & Velthouse, 1990, cited in Seibert, Silver, and Randolph, 2004). Empowering leadership involves sharing power, with a view toward enhancing employees' motivation and investment in their work (Kirkman & Rosen, 1999; Thomas & Velthouse, 1990), gives scope for greater autonomy, and has roots in powerful issues such as intrinsic motivation, job design, participative decision making, social learning theory, and self-management (Liden & Tewksbury, 1995). Empowering leadership tends to enhance the meaningfulness of work by aiding employees' understanding of the importance of their contributions to the organisational goals. Employees on the lower rungs of the organisational ladder often feel powerless, and less inclined to initiate changes. Empowered employees however have greater authority and responsibility for their work than they would in more traditionally designed organisations (Conger & Kanungo, 1988). If leadership is redefined, then empowering leadership is an answer to unleashing our organisational capability. Empowerment is thought to unleash employees' potential, it can enhance their motivation, allow them to be more adaptive and receptive to their environment, and minimise bureaucratic hurdles that slow responsiveness (Forrester, 2000; Spreitzer, 1995, cited in Seibert et.al. 2004, p 332). Many studies in the literature (Liden, Wayne, & Sparrowe, 2000; Sparrowe, 1994; Spreitzer, 1995; Spreitzer, Kizilos, & Nason, 1997) have shown that an empowered working climate is positively related to work-unit performance outcomes. However empowerment comes from an individual perspective as well – employees must feel empowered in order to be empowered by leadership (see Appendix 1). If we get this right:

- Bottom up initiatives streaming from empowered employees will give solutions and innovations with greater clarity and vision
- Engage Gen Y with empowering leadership which will help to clarify the meaningfulness of their work, give them greater autonomy, and give them input into important decisions

- Ultimately increase responsiveness and customer satisfaction

### **PRACTICAL HOW TO'S:**

- Empower your people - lose control! Coach leaders in empowerment strategies. Ensure that the employees actually feel empowered.
- Stop saying NO, start saying YES and here's how!
- Define goals and deadlines but not necessarily the means in how to achieve them, let employees innovate and come up with creative ideas, be there to support, mentor and guide, but not to instruct. Remember - great learning comes from making mistakes too.
- Give people regular streams of constructive feedback
- When any important decisions involve your team, if it affects them chances are they have valid and constructive feedback which you'll be needing to hear before the final decision is implemented.
- Actively engage major stakeholders (customers / business partners) in your interview processes. Their involvement creates ownership & builds the empowered community interface right from the applicants' first insight into the company.

### ***PSYCHOLOGICAL WELLBEING AND ENGAGEMENT:***

Most people seek more than monetary gain from work. They want a job which is meaningful, where they can challenge, and be challenged, where they can make a contribution to society, participate, and have an opportunity for self expression, which all translates to psychological wellbeing if acquired. Organisations are communities, and passionate communities have the potential to be significant forces in the realm of human accomplishments. Yet a wealth of data indicates that most employees are emotionally disengaged at work (Hamel, 2009, p7). Our people are unfulfilled, consequently it is no

surprise that their organisations underperform. Research evidence suggests that high levels of psychological well-being and employee engagement play a central role in delivering some of the important outcomes that are associated with successful, high performing organisations (Robertson, Cooper, 2009, p325). Wright and Cropanzano (2000) report studies that show that people with higher levels of psychological well-being perform better at work than those with lower psychological well-being. Some of the key benefits to organisations are: customer satisfaction; productivity; profitability; decreased employee turnover, and lower sickness/absence levels, and higher engagement (Harter, Schmidt, and Hayes, 2002, p269). Conversely, poor leadership and unsupportive colleagues can have quite the opposite effect, leading to higher employee turnover and lower psychological wellbeing (Sosik and Godshalk, 2000). Becoming engaged in our organisational communities could be as simple as talking and sharing more with colleagues. And positively correlated, a recent study found employees with the most cohesive face to face networks were also 30% more productive (Pentland, 2009, p37)!

There is an increasing need to attend to diversity related issues in organisations (Offerman & Gowing, 1990). Prejudice and discrimination can hinder an organisation's psychological wellbeing (Lavine, Moore, 1996), however awareness (both of self and community) and consciousness among employees may be a key to reducing the issues. An individual who automatically processes information is more likely to make decisions which are not as wise and informed as possible. This could lead to disastrous implications. However, a "conscious" individual tends to be more effective, particularly when it comes to processing information and making accurate judgments (Lavine Moore, 1996, p406).

Many spiritual texts state where there is harmony there is health. Organisations today would do well to keep that in mind. Tending to the psychological wellbeing of our employees, will play a part in increasing organisational health, as ultimately business is not about war, it's about value creation. If we get this right:

- High levels of psychological well-being will help in the attraction of new talent and the retention of existing people

- Employees will be more engaged positively affecting organisational success and performance
- Employees will be more self aware and will involve more conscious thought in decision making, leading to better decisions

### **PRACTICAL HOW TO'S:**

- Focus on psychological well-being. First survey (formal or informal will probably find the same results) to define a baseline and then improve from there. Use leaders and the stand out people in the team to focus on influencing positivity and awareness.
- Coach leaders in using emotionally intelligent communication styles
- 360 degree feedback has merit in increasing self awareness at both the micro and macro levels
- If you have dissenters who are negative and disruptive to the psychological wellbeing of the organisation - get rid of them. Nobody is indispensable. The other 99% of your team will thank you for it.
- Implement 2 forms of relaxation into the workplace
  - Encourage awareness via meditation for 5 mins per day
  - Active relaxation, encourage at least 15 mins of exercise at lunchtimes. This could be walking / running / climbing stairs / gym memberships, for those who are not keen on meditation
- Get talking! Make one day an email free day so employees have to use their face to face or phone networks.
- Engage with your team, and insist they engage with customers, business partners, and each other. It's the little things that count. Start by asking about their lives, families, interests etc.

## CONCLUSION

Starbucks CEO Howard Schultz (Harvard Business Review, 2010) said last year, “I think the leader today has to demonstrate both transparency and vulnerability, and with that comes truthfulness and humility and obviously the ability to instill confidence in people, and not through some top-down hierarchical approach”. This statement gives clarity to the issues organisations face today. Organisations require leadership which empowers, engages, gives more autonomy, input into big decisions, and feedback on performance, conveying confidence in performance. Our organisations need to be humanised. If this can be articulated, communicated and implemented we will not only unleash capability, awareness, and passion through engaging and empowering our people, but we will psychologically prepare our people for future challenges, we will attract and retain valued employees, and begin to develop and inspire future generations. Create reality, and choose your future.



## **REFERENCES:**

Alsop, R. (2009). Generation Y in the Workforce. *HBR Case Study*. Feb 2009.

Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13: 471–482.

Hamel, (2009). Moonshots for Management. *HBR at Large*. Feb 2009. Retrieved Feb 20<sup>th</sup> 2011 from: <http://web.ebscohost.com.ezproxy.massey.ac.nz/ehost/detail?hid=8&sid=913cc5cd-49e1327b33e15ccc4088aa%40sessionmgr10&vid=1&bdata=JkF1dGhUeXBIPWlwLGNvb2tpZSx1cmwsdWlkJnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d>

Harris, R. (2007). Unravelling the notion of organisational capability: University of South Australia.

Harter, J.K., Schmidt, F.L. and Hayes, T.L. (2002), “Business unit level outcomes between employee satisfaction, employee engagement and business outcomes: a meta-analysis”, *Journal of Applied Psychology*, Vol. 87 No. 2, pp. 268-79.

Harvard Business Review, (2010). We had to own the mistakes. July-August 2010. Retrieved Feb 20 2011 from: <http://web.ebscohost.com.ezproxy.massey.ac.nz/ehost/detail?hid=8&sid=1d02f1b0-a6a0-4951-ad880d246f4aeae%40sessionmgr4&vid=5&bdata=JkF1dGhUeXBIPWlwLGNvb2tpZSx1cmwsdWlkJnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=bth&AN=51601111>

Jeff Howard, (2006). Unleash Innovation. Training, 00955892, Jun2006, Vol. 43, Issue 6 Retrieved 20 February 2011 from: <http://web.ebscohost.com.ezproxy.massey.ac.nz/ehost/detail?hid=8&sid=e18c3aa0-8c84-4481-a3b8a01eee278f3%40sessionmgr13&vid=3&bdata=JkF1dGhUeXBIPWlwLGNvb2tpZSx1cmwsdWlkJnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=bth&AN=21375759>

Kirkman, B. L., & Rosen, B. 1999. Beyond self-management: Antecedents and consequences of team empowerment. *Academy of Management Journal*, 42: 58–74.

Lavine, K.A., Moore, E.S. ( 1996). Corporate Consciousness: Defining The Paradigm. *Journal Of Business And Psychology*. Volume 10, No. 4, Summer 1996

Liden, R. C., & Tewksbury, T. W. 1995. Empowerment and work teams. In G. R. Ferris, S. D. Rosen, & D. T. Barnum (Eds.), *Handbook of human resources management*: 386–403. Oxford, England: Blackwell.

Liden, R. C., Wayne, S. J., & Sparrowe, R. T. 2000. An examination of the mediating role of psychological empowerment on the relations between the job, interpersonal relationships, and work outcomes. *Journal of Applied Psychology*, 85: 407–416.

Offenmann, L.R., & Gowing, M.K. (1990). Organizations of the future: Changes and challenges. Special Issue: Organizational psychology. *American Psychologist*, 45, 95-108.

Pentland, A. (2009). How Social Networks Network Best. *Harvard Business Review*. Feb 2009. Retrieved Feb 20<sup>th</sup> 2011 from:

<http://web.ebscohost.com.ezproxy.massey.ac.nz/ehost/detail?hid=8&sid=913cc5cd-49e14327b33e015ccc4088aa%40sessionmgr10&vid=3&bdata=JkF1dGhUeXBIPWlwLGNvb2tpZSx1cmwsdWlkJnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=heh&AN=36193663>

Robertson, Cooper. (2009). Full engagement: the integration of employee engagement and psychological well-being. Retrieved Feb 15 2011: [www.emeraldinsight.com/0143-7739.htm](http://www.emeraldinsight.com/0143-7739.htm)

Sparrowe, R. T. 1994. Empowerment in the hospitality industry: An exploration of antecedents and outcomes. *Hospitality Research Journal*, 17(3): 51–73.

Spreitzer, G. M. 1995. Psychological empowerment in the work place: Construct definition, measurement, and validation. *Academy of Management Journal*, 38: 1442–1465.

Spreitzer, G. M., Kizilos, M. A., & Nason, S. W. 1997. A dimensional analysis of the relationship between psychological empowerment and effectiveness, satisfaction, and strain. *Journal of Management*, 23: 679–704.

Seibert, Silver, And Randolph (2004). Taking Empowerment To The Next Level: A Multiple-Level Model Of Empowerment, Performance, And Satisfaction. *Academy Of Management Journal*

2004, Vol. 47, No. 3, 332–349.

Sosik, J.J. and Godshalk, V.M. (2000). Leadership styles, mentoring functions received, and job-related stress: a conceptual model and preliminary study. *Journal of Organizational Behavior*, Vol. 21 No. 4, pp. 365-90.

Treuren, G. (2010). The employment expectations of different age cohorts: Is Generation Y really that different? *Australian Journal of Career Development* Volume 1 Number 2, Winter 2010

Thomas, K. W., & Velthouse, B. A. 1990. Cognitive elements of empowerment: An “interpretive” model of intrinsic task motivation. *Academy of Management Review*, 15: 666–681.

Wright, T.A. and Cropanzano, R. (2000), “Psychological well-being and job satisfaction as predictors of job performance”, *Journal of Occupational Health Psychology*, Vol. 5 No. 1, pp. 84-94.

Zhang, X., Bartol, K.M. (2010). Linking Empowering Leadership And Employee Creativity: The Influence Of Psychological Empowerment, Intrinsic Motivation, And Creative Process Engagement. *Academy Of Management Journal* 2010, Vol. 53, No. 1, 107–128.

# APPENDIX 1

Source: Zhang, Bartol (2010), pg 120.

**(a) Moderating Effects of Empowerment Role Identity on Empowering Leadership–Psychological Empowerment Relationship**

