

# EMPOWERING EMPLOYEES IN PROCESS-ORIENTED ORGANIZATIONS

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## Abstract

*Empowerment is one of key management methods in contemporary organizations. The implementation of this method, however, is connected with creation of appropriate organizational conditions. In this article the characteristics of classical function-oriented organizations and contemporary process-oriented ones were presented, then the possibilities of applying empowerment in these organizations were analyzed. Barriers, costs and benefits of empowering employees were identified. The implementation of empowerment proves high competencies of an organization as well as it contributes to their development. Special attention was paid to the speed of making decisions and flexibility of acting and reacting to changing expectations of external and internal customers.*

**Key words:** *empowerment, process organization, functional organization, competencies, involvement.*

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## Introduction

Empowerment of employees as a management method is a development of the concept of delegating authority. Contemporary organizations, forced to increase their flexibility in reacting to the environment needs, have to rely on the employees who are the closest to external and internal clients. Therefore, workers have to be more and more independent, which makes it necessary to increase their competencies and accountability for their work. Delegating authority in a classical function-oriented organization consists in granting the employees the right to make decisions in place of the manager or the supervisor. Empowerment is a new approach to sharing decision powers. The employee obtains the power which is established in the law, not through delegating, which means the possibility of making decisions for somebody else (Brilman, 2002; Potoczek 2006).

Many organizations have tried to implement empowerment, with various degrees of success, quite frequently resigning at the early stage of the implementation of the method. To explain this phenomenon we should, first of all, refer to basic barriers deeply enrooted in the organization. The aim of this paper is to identify and analyze the conditions of empowerment implementation. Among them, there are structural, relational, and organizational aspects shaping the place and the role of an employee in the company. We will analyze the conditions created by the process-oriented organization for empowerment implementation. We will also discuss here the costs connected with empowerment implementation, and the final part of the paper will present the benefits both the organization and its employees enjoy.

## Barriers to empowerment implementation

The idea of empowerment appeared in the American language of management quite recently, its importance has grown together with the development of TQM. The necessity of shortening production cycles showed the weakness of organizations in quick decision making. Therefore, the need to develop new management methods originated, the methods which would lead the organization to greater flexibility of reacting to customers' needs. In the

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classical organization, vertically- and hierarchically-oriented, decisions are taken by people on executive posts. Flexibility and speed of decision-making by executives in such organizational conditions depends mainly on the ability to delegate authority to subordinates. However, we should remember that the executive delegating authority does not become unaccountable for these decisions. That is why a basic barrier in delegating authority is the unwillingness of executives to share the power. Empowerment as an organizational method allows the company to make a further step, to streamline the decision-making process and to increase the employees' participation in it. Empowerment means a totally new concept. The employee is given the power (the rights to make decisions) which has legal foundation, not through authority delegating, which means the possibility of making decisions while substituting for someone else. The revolutionary character of the empowerment concept is manifested in placing the right to make decisions in the hands of an employee who is closest to the customer and who, simultaneously, realizes operations located in the place which is the most conducive to making the given decisions. This right should be given to employees in principle. Due to such actions the company has the opportunity to improve all its processes, because by definition, it decreases the area of causes of wrong decisions and dysfunctions (Brilman, 2002).

Managers who have not been successful in using empowerment are prone to pronounce it as a contemporary fad. There are, however, circles, in which this method enjoys great respect. F.G.Harmon (1998, p.269), a well-known American consultant of social sector organizations, stated that empowering will reform the shape of every organization in the 21<sup>st</sup> century. As a fundamental idea of the future, empowering forces classical companies to adapt to social changes and to widening intellectual horizons of their workers. Better educated employees reject the 19<sup>th</sup> century-style authoritarianism at work, just as they have already rejected it in many aspects of their lives. According to Harmon, the disappointment with the concept of empowerment can be attributed to the failure of executives implementing it as a temporary solution evoking changes, not as a strategy for the organization.

The implementation of this method is connected with high costs. In this aspect empowerment is just like other professional management methods. Many authors, such as Block, Howard, Thomas and Velthous, Yukl (Yukl, 2002), examining the mechanisms connected with empowerment, pay special attention to several subgroups of costs, which the organization has to bear:

- 1) higher costs of selection and training,
- 2) higher costs of employing qualified workers,
- 3) costs connected with differentiated quality of the services provided by employees,
- 4) costs connected with the feeling of unequal treatment the customers have,
- 5) costs of solving problems and wrong decisions of some employees,
- 6) costs of the resistance of middle managers resulting from their feeling of being threatened.

Taking all these points into consideration, we should notice the growing challenges in managing organizations, connected both with external factors – the environment, and with internal factors. The analysis of particular groups of costs requires macro- and micro-economic perspective.

Empowerment should concern employees of high competencies. If the company wants to be successful, it should give strategic importance to the process of recruitment. The companies, it turns out, perform more and more conscious actions in this field. It can be visible, for example, in the growing interest of employer branding. Research in this field, led by Polskie Towarzystwo Zarządzania Kadrami (Polish Human Resources Management

Association) and Szkoła Główna Handlowa (Warsaw School of Economics) (2008) shows that nearly 90% of Polish companies have problems with obtaining candidates for work, 76% plan to revise or implement employer branding, and 93% of companies think that the image of the employer has all-important influence on the recruitment of employees. Efforts connected with attracting appropriate candidates for work are ever-growing as there are fewer and fewer candidates on the market. Demographic forecasts for Poland show that in the next 10 years there will be a significant shift in proportions of people in productive and post-productive age. In the period before 2035, the number of people in productive age will be systematically falling, whereas the number of people in post-productive age will be increasing. This means that the post-productive population will increase by over 30% at the expense of productive population (Central Statistical Office, 2010).

Obtaining an appropriate candidate for work does not mean his or her readiness to independent decision-making. Empowerment must be preceded by numerous trainings concerning the company's mission and objectives, its products, competitors, specific work on a given post, communication with clients, knowledge and abilities to make decisions. The costs connected with obtaining independence on a job position, are commonly treated as recruitment costs, which, as the business practice proves, amount to at least full annual remuneration of a newly employed worker. The company has much to win, but also a lot to lose. Each negligence in the recruitment process has its consequences in future decisions of empowered employees.

Higher costs of employment of empowered workers are connected not only with their higher competitiveness on the market but also with their burden resulting from individual responsibility for decisions made. Many organizations strive at easing these burdens, applying team empowerment (Adair & Murray, 2002). The horizontal character of communication in a team creates considerably fewer barriers in comparison to vertical, hierarchically-determined communication.

The costs resulting from differentiation in quality of the services provided by employees must be significant and quite easily measurable. Increasing the rights of the employees to make decisions proves that there is a need to decrease the degree of process standardization. As it is well-known, it is the level of process standardization which differentiates the classical approach to processes from the contemporary approach, consisting in lowering the degree of standardization for the benefit of empowering employees and teams. The scale of standardization in classical organizations is reflected by the typology created by Hill, Fehlbaum and Ulrich (1974, quoted after: Trocki, 2004) in the 70-ties of the twentieth century. The authors selected 5 levels of work standardization: starting with the first level, at which process standardization is not subject to any regulation, to the fifth level, where there is a detailed, rigid regulation, practically eliminating any freedom of the employee's actions. There are many factors determining the choice of the standardization level, such as:

- the required level of the process susceptibility to changes, guaranteeing enough flexibility of actions,
- the necessary level of safety and stability of the process,
- the level of complexity of the process, the more complicated the process, the fewer unpredictable consequences,
- the level of competencies the process performers possess.

The costs connected with the customers' feelings of unequal treatment also result from low standardization of the process and high independence of the employee in creating offers for customers. Customers possess ever-better means of obtaining information about the product, through the Internet they can obtain and compare the information supplied by the

customers and other, competing or cooperating companies. Conflict-free creation of the offer for customers requires the workers to have knowledge of not only the product and the customers' expectations, but also of the plans of long-term cooperation with the customer, synchronized with the strategy of the company.

The costs of solving problems and wrong decisions of some employees, though they really deter the management from implementing empowerment, can be controlled. Also implementation of empowerment in the company should take place as a process, flexible by its nature. The needs of teams and jobs connected with empowerment are not the same, and the preparation of employees to increased decision rights may consist of many stages and bring various results.

The necessity of bearing costs connected with implementation of empowerment is an obvious consequence of applying a new management method. Initiating new actions would not make sense if the costs exceeded the expected profits. Empowerment as a management method is to serve the development of organizational competencies, to develop the company's potential to compete in increasingly unpredictable conditions. As Hammer and Champy (1990) pointed out in their first paper, managers should create organizations able to function in the increasingly unpredictable future.

### **Competencies of process-oriented organizations**

The competencies of an organization are mostly understood as some potential existing in the organization, expressed in abilities, processes and resources, which are the source of the organization's successes (Potoczek, 2007). Organizational competencies determine the organization's ability to realize its mission, vision and strategy, to initiate contacts and to cooperate (Oleksyn, 2006). The current incredible dynamics of the environment of each organization forces the companies to adjust and to develop new competencies. The directions of changes in organizational competencies were vividly presented by Kieźuń, who contrasted the features of classical organizations and the features of the 21<sup>st</sup> century organizations (Kieźuń, 1999).

**Table 1. Features of the organizational structure of the 21<sup>st</sup> century enterprise.**

Old characteristics of success	New characteristics of success
Orientation on ability or goal	Vision – long-term perspective
<b>Organizational structure</b>	
Functional Hierarchical Local, regional, national Vertical integration Focused on machinery Focused on shareholders Rigid and formalized Focused on product Focused on the quality of product Based on monetary measure Efficient and stable	Integrated Flat and decentralized Global Network integration Technological information Focused on all stakeholders Flexible, adaptive, prone to changes Focused on the customer Focused on total quality Based on time measure Innovative, entrepreneurial

Source: Kieźun (1999).

The features in the right-hand column are consistent with the contemporary concept of process management, developed since the 1980-ies, firstly within Total Quality Management (TQM) and later Business Process Reengineering (BPR) promoted by Hammer and Champy (Jeston and Nelis, 2008). Radical approach to process management is still being confronted with the evolutionary approach of T.H.Davenport. Whereas these authors differ in the method of restructuring (reorienting) the organization from the functional to the process one, the expected effects coincide in many respects. Quick and flexible reaction to customers' expectations is provided by proper work organization, based on process integration, advanced information technology, high competencies of employees and empowered teams and individual workers.

The contemporary process management has been determined mainly by information technology. In classical organizations the attention was focused mainly on processes in manufacturing areas, whereas the contemporary approach assumes the company's operation based on processes identified in all areas. The contemporary information technology enables us to integrate all processes, and therefore it allows quicker decision-making and higher flexibility of operations.

The enterprises which have applied modern technology in process management, obtained a satisfactory short-term return on investment). The application of modern technology requires, however, good organization, appropriately prepared people and new organizational roles (Jeston and Nelis, 2008).

Business Process Management = organization + people + technology
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The acceptance of process orientation in management means initiating or restructuring the company's operations on the basis of new process structures. Reaching the new structures can be achieved in a radical way stipulated by Hammer and Champy in their first publication (Reengineering the Corporation). More popular, however, is an evolutionary approach, more predictable and safer. The experiences in this matter have been well researched and described in the scientific literature. Usually, 4 stages in the process of restructuring the organizational structure are differentiated (Grajewski, 2007, p.161).

1. Creation of temporary task teams in a functional organization. Temporary teams naturally fill the gap in the areas in which no organizational cells operate. The meeting vertical areas mostly require multi-functional competencies and inter-specialist insight into the organization. The team is usually composed of representatives of organizational units on the meeting areas of which organizational problems appear. The aim of the team is to create new rules/ procedures defining cooperation of appropriate cells.

2. Project management in a functional organization. The new organization consists in implementing in the structure a steady element in shape of a project team. The team members are appointed from employees representing various functional areas in an organization. Functional managers and project managers jointly supervise the work of their subordinates.

3. Creation of matrix solutions, in which a single employee, located in functional vertical sections of the company, simultaneously participates in team tasks realized within already distinguished processes. Functional managers concentrate on perfecting human resources and employees focus mostly on realizing processes.

4. Consolidation of process solutions and elimination of functional division. Competencies of functional managers are taken over by process managers. All tasks realized in the company are covered by processes.

The restructuring of organizational structure from the functional into the process one is the next phase in the evolution of work organization and probably not the last one. It is hard to state at present in which direction the evolution will proceed, however, one thing is sure, it will be even more strongly determined by modern information technologies and will aim at developing autonomy and responsibility of particular performers of the process. Application of present process solutions at the present stage enables the organization to develop competencies, which in quite a short time will increase the distance between the organizations which operate on the basis of functional structures.

The process-oriented organization, basing its operations on teams, for the first time forces the real interdisciplinary cooperation, which is not only a declaration or readiness to cooperate, expressed enthusiastically by managers or specialists. Work in interdisciplinary teams simultaneously forces us to perfect particular new abilities, also communicative ones. Process organization changes the status of contemporary line employees into process performers, horizontal relations become more frequent and more important than hierarchical relations, which tend to become more occasional or sporadic. The owner of the process, participating in realization of the task should have defined customers: external or internal, the level of task realization should enable the satisfaction of expectations of a particular group of clients. Process performers, having better contact with their clients, take real responsibility for the results of their work.

Empowerment of people managing processes is seen as one of the most important competencies of contemporary organizations. The fact that the method was adapted accounts for high maturity of an organization, high competencies of employees and managers who often constitute a basis barrier to empowerment implementation. Development of independence and increasing the autonomy of process performers leads to the development of the ability of the structure to self-organize. Creation of organizational structure and new forms of work organization is no longer an exclusive privilege of managers. Therefore, real conditions are created for development of employees activity in searching for effective realization procedures.

In accordance with the initial assumption of this part, the potential of an organization is created by its abilities, processes and resources. The above-mentioned competencies of a process-oriented organization should lay a solid foundation for satisfying the customers' expectations and for obtaining a strong competitive position on the market.

### **Creating organizational conditions for empowerment**

Implementation of empowerment as a management method requires creating specific organizational conditions. Empowerment cannot be the first step in building the employees' involvement (Potoczek, 2006). G. Yukl (2002) first gave the characteristics of an organization which creates favorable conditions for empowerment. He distinguished several attributes of an organization, such as organizational structure, competitive strategy, tasks and technology, customer relations, corporate culture, features of employees, their abilities, forms of employment, employees participation in profits, programs of employee involvement, level of trust in the company. Analyzing each of them, he identified favorable and unfavorable conditions for empowerment.

**Table 2. Conditions for empowerment**

State of an organization	Unfavorable conditions	Favorable conditions
Organizational structure	High centralization, formalization	Decentralization, low formalization
Competitive strategy	Low costs and standards of products and services	Customer orientation, high differentiation of products and services
Tasks and technology	Single, repetitive tasks and reliable technology	Complex, routine-free tasks, openness to new technologies
Customer relations	Short transactions in short periods of time	Repetitive transactions, continuation of cooperation.
Corporate culture	Reliability, effectiveness of operating without mistakes	Flexibility, learning, participation
Features of employees	Low motivation, external control, emotional instability	High need for achievement, internal control, emotional stability
Abilities of employees	Low abilities, lack of experience	High, professional abilities
Forms of employment	Temporary employment	Steady, long-term employment
Employees ownership, profit-sharing	None or very small	Employees are stakeholders or co-owners
Programs of employee involvement	None	Costly programs strongly supported by top management
Mutual trust	Low	High

Source: Yukl (2002).

The above characteristics allow us to make a key conclusion for empowerment implementation in an organization. Empowerment should be implemented gradually and should support the processes of restructuring the company. The idea of empowering employees should be included in the organizational structure, in work organization, personnel policy, the strategy of attracting, developing and motivating employees. In consequence, it should create a new corporate culture, based not on hierarchical structure but on the cooperation of process performers.

The favorable conditions for empowerment implementation listed by G.Yukl correspond to the direction in which process organizations grow up. Hammer (2007) in the proposed process audit distinguishes 5 factors enabling the realization of the process and four organizational abilities. The evaluation of the process maturity of an organization is made according to the mentioned criteria on four-point scales. Among five factors enabling the realization of the process we have: process design, process executives, process owner, infrastructure and process efficiency measures. Four organizational abilities are: leadership, culture, competencies and supervision.

From the perspective of empowerment implementation, of great importance is strong orientation to changes initiated by performers. The highest level of process advancement of an organization means that the process performers who have the ability to initiate changes know the market in which the company operates and its trends really well and are able to describe in which way their tasks influence the results of cooperation between enterprises. They are also able to identify the signals to start necessary process changes and they can manage the change. The performers of processes are supported by module IT systems, which facilitates cooperation of various teams. As far as human resources management is concerned, the systems of recruitment, professional development, rewarding and giving credit strengthen the

importance of cooperation inside the company and between firms, individual learning and readiness for changes. The space for real decision-making by employees is created in this way, they can influence not only their personal situation, but also the effects of the whole company's operations.

Shaping organizational conditions for empowerment also means defining the areas and the scope of decision-making by employees. In process-oriented organization, the empowerment space is determined by customers and processes in which employees participate. Hammer relates the competencies on the highest level of organizational ability to re-designing processes, implementing changes in processes, project management, program management and change management. Introducing changes, and consequently making decisions is conditioned by the ability to observe the environment, plan changes, the ability to implement and innovate which is concentrated on the process (Hammer, 2007).

Contemporary process management is based on modern information technology. The integration of processes is possible due to application of specialized programs for business process management. It should be noticed that the information tools also facilitate empowerment implementation. Introducing a personalized interface allows us to define the space for developing initiative and making decisions by every employee as well as to monitor the effects of decisions made by employees by process managers and owners.

## **Conclusion**

Why should we implement empowerment if the costs are high and effects of independent decision-taking so doubtful? For many organizations empowerment may become a fad if the inspiration from the method will not come from the real needs of an organization. In a function-oriented organization empowerment plays only a correcting role in inefficient and inflexible activity. On the other hand, in a process-oriented organization empowerment becomes the prime power of processes and their self-organization. Empowerment seems inevitable in process organizations and almost impossible in classical, function-oriented organizations.

Application of empowerment should bring numerous benefits to organizations and their employees. Such authors as Block, Howard, Thomas and Vethous (Yukl 2002) list the following basic benefits of empowerment: 1) stronger involvement of employees in task realization, 2) greater initiative and responsibility on the post, 3) more innovation and learning, 4) greater optimism for successes at work, 5) greater satisfaction from work, 6) deeper involvement in organization, 7) fewer redundancies. There is, however, a basic condition concerning the involvement of employees. Each activity of employees should be expected and appropriately stimulated. The management experience shows that involving employees is still a serious managerial problem. The seriousness of this problem can be reflected in Gallup Organization survey carried out in over 500 organizations all over the world (<http://www.gallup.com/>). Apart from involved employees, there are groups of uninvolved and actively uninvolved workers, which definitely lower the effectiveness of each organization. Empowerment may become a management method which will have substantial influence on financial results of an organization that will want to use and direct the activity of its employees.

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#### **Abstrakt**

*Empowerment jest jedną z kluczowych metod zarządzania we współczesnych organizacjach. Wdrożenie metody związane jest jednak z tworzeniem odpowiednich warunków organizacyjnych. W artykule przedstawiono charakterystyki organizacji klasycznych zorientowanych funkcjonalnie i współczesnych zorientowanych procesowo, a następnie zanalizowano możliwości zastosowania w tych organizacjach empowermentu. Zidentyfikowano bariery, koszty i korzyści jakie wiążą się z uprawamianiem pracowników. Wdrożenie empowermentu świadczy o wysokich kompetencjach organizacji, a także przyczynia się do ich rozwoju. Szczególną uwagę zwrócono na szybkość podejmowania decyzji i elastyczność działania i reagowania na zmieniające się oczekiwania klientów zewnętrznych i wewnętrznych.*