chapter 3

Literature Survey
Review of Relevant Studies

From time to time, various studies have been undertaken to understand the practices of human resource development and management in organizations. An attempt has been made here to present the outcome of various studies in the field of empowerment and related areas both in the Indian and Overseas context. In the Indian setting, researchers on empowerment have been limited. Studies undertaken by Pati (1997); Sengupta and Shaikh (1997); Mahapatra (1997) Venkatachalam (1998); and Dwivedi (1998) are discussed in detail and reviewed in Indian context.

Indian Studies

Pati (1997) undertook the study of employee empowerment in understanding the strategies to create an empowered workplace. He opines that any organization practising employee empowerment should give employees the freedom to exploit their full potential. He observes that in a traditionally bureaucratic organization, the decision making power resides with a few people, but, such organizations do not usually succeed as each person adheres to his / her position. For matters to improve there in mindset, there should be overall change in mindset, in values, attitude and behavior. With employee empowerment on the other hand, there is redistribution of power, authority and privilege. It involves deciding where to let go and where to curtail the freedom of the employees. He also speaks of the freedom employees should have in day-today activities; in deciding the course of action; and the organization strategy preparation. Employee empowerment means generating freedom, liberty and independence to employees, and the means and matters of doing this. Ultimately, empowerment becomes an organizational reality.

when managers are ready to share their authority, responsibility and accountability with the people from whom they get their work done. According to Pati, empowerment can only be effective when the mission and vision of the organization is clearly defined and communicated to the employees.

Sengupta and Sheikh (1997)² studied the concept of empowering employees through sharing of all the organizational information. While the success of any business depends largely on the involvement and commitment of its employees, they feel that it also depends on the sharing of various categories of information needed by the employees, if they are to contribute effectively to the company’s growth. The study also focuses on the information that could be shared for greater benefits and the relevant information needed by the employees. Information regarding objectives and policies of the company, setting targets, summary of the master budget, personnel policy, policies related to issues like production, technical, and marketing and policies regarding payments and benefits, are of critical importance and must be shared with the employees. These are the factors that promote a psychological feeling of openness, and motivate employees to remain with the organization. Other areas of sharing information include details regarding amenities and fringe benefits such as bonus, pension scheme, provident fund, gratuity and various forms of incentives. The conditions of services, employee discipline, evaluation systems, product development and research and development activities should also be shared openly with each employee in the organization. Open lines of communication motivates employees to great heights, therefore care must be taken in this regard.

The study further focuses on information sharing in financial areas like budget, costs, profits, investments, summary of financial results, summary of asset and liabilities, income statements, balance sheet and statements of working capital. In conclusion, the authors say that information should be presented to the employees in such a way that they could understand it easily and use it positively. To a large extent, employee empowerment is successful due to transparent and open sharing of all organization information.

Mahapatra (1997) views empowerment as the basis for sound organizational policy. He says that people are the most valued resources of an organization, and the organization must unequivocally commit itself to the belief that people make it grow and prosper, as their potential is unlimited. The sheer quality of manpower is what distinguishes one organization from other, and it is the practice of empowerment that really sets one organization apart from the others. Mahapatra further states that while motivating employees in the organization is a key success theory, there are certain other golden rules for empowerment. One of these is the loyalty to subordinates. He says that, no sub-ordinate will trust his senior if he does not hold him in esteem. A senior not only should set an example in words, but should practice it too. The senior's own attitude towards the job, his actions, interactions and above all, his leadership qualities are the vital factors for the success of empowerment. The next aspect is the involvement of the employees and delegation of authority to them. There are several advantages in this: it saves time for the manager, who can concentrate on some strategic and important work, which would eventually benefit the organization; and delegation also helps in grooming &

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developing subordinates as future managers. But it is important that while delegating, the top man should ensure there are proper coaching, guidance, training and advice.

Mahapatra speaks about giving credit to employees when it is due. All the good work done should be recognized at the appropriate levels, and a few words of praise would boost the morale of the employees. While people are empowered, they need to feel pride in their work and be proud that what they are doing is important. Recognition of good work also tends to reinforce positive behavior and the performer strives to excel so as to remain in the limelight. The study cautions about not rewarding mediocre workers because it demotivates result oriented employee.

Mahapatra points out the merits of encouraging new and innovative ideas. It becomes unfair not to explore and harness the talent that is available within the organization itself. In the final analysis the study says that management should treat each employee as a worthy individual; create a genuine feeling that people are a valued part of the organization; create a sense of belonging; recognize that all employees are not the same; and create a sound appraisal system. The study focuses less on what should be the role and scope of management in undertaking this type of practices.

A study conducted by Dwivedi (1998) presents varied theoretical perspectives on empowerment and reinforces theory with the current empowerment practices in Indian organizations. Eight case examples from industrial settings are presented to illustrate how empowerment is being practiced in the Indian context. The initial focus is on the evolution of the empowerment concept in Indian and

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traces its historical roots. The example of the Sterling group is cited where each employee is given the power to negotiate for the organizations benefits.

The ethos of the company is based on trusting people's actions, decision-making and an acceptance that mistakes are a part of business and is bound to happen sometimes. In the Shriman group, while people undertake various activities, their actions are trusted. Various tasks in the group are delegated at the appropriate stages, and people act in the interest of the organization. Through empowerment, employees are involved as the creators of the organization, regardless of the level of their power and prestige they hold. For example, in one of the group's plants, the union left wage revision decision to the management, because of the high level of mutual trust between them. Trust is the key ingredient for the success of empowerment.

Further, Dwivedi refers to another organization called Mahindra and Mahindra, which moved increasingly towards self-directed employees, whether they worked in a single assembly line or in a team. The CEO saw the importance of mutual and shared effort to augment involvement and commitment. The study also touches upon two giant industrial houses of India, Reliance and Hindustan Lever Limited. Fewer hierarchies, transparency, pushing decision making down the line, freedom and liberty, cross-functional teams, delegated power and responsibility are the part of empowerment exercise in these organizations. In conclusion Dwivedi says that empowerment is a highly powerful device. The only way to remain competitive is to fully utilize the innovative skills and commitment of people by empowering them. In fact, organizations can remain competitive only by being empowered in the days to come. What needs to be done is to look at how and in what areas should empowerment be practiced.
Venkatachalam (1998)\textsuperscript{5} has some interesting insights on empowerment. He says that in today's industrial world, traditional means of managerial control of people in an organization is increasingly becoming obsolete, and there is a need for better methods of organization control. Hence, the new concept of managerial empowerment has been advanced to make the workplace perform more and better, while saying that empowerment is the transfer and acceptance of power to the lowest appropriate level in order to create an opportunity for maximum individual initiativeness, responsibility, commitment and leadership as the prime components in such exercise. An empowering leadership can facilitate the process of liberating the systems by developing organizational structures, which necessitates collective involvement in decision-making. In conclusion, Venkatachalan says that traditional bureaucratic methods of control would not be effective now. There should be a shift from getting the job done, to personally attending to process, taking responsibility for the development of whole organization and solving problems using active learning. These are the techniques that are at the core of empowerment. That was a gist of few studies in the Indian context.

\section*{Overseas Studies}

Many studies have been conducted overseas in the area of employee empowerment, and on how to develop and manage human resources. Recent studies in this area have been reviewed and earlier studies been referred to and quoted wherever required.

\textsuperscript{5}Venkatachalam, J (1998). "Empowerment: An integrated perspective", Productivity, 39(1); April - June, pp. 134-141
Studies in 1970’s and 1980’s

A study undertaken by Barnes and Kaftans (1970)* involved an empirical enquiry into the design and creation of a company with no formally defined hierarchical structure, and how it promotes the practice of empowering employees and encourages them to perform well. To practice such system of empowerment, there has to be a flat hierarchical system and no set pattern of divisions that should exist. This is because in a flat system, everyone feels a sense of worth, and the work process will also be easier. The study also touches on the issue of politics within an organization, and how the very basic premise of an organization crumbles and crushes all human contribution, if the seeds of politics crop up. Further, the attitude of the employees matter much and a positive attitude is the ingredient for successful empowerment. Thus, a positive attitude needs to be developed, and each one in the organization should strive to create it. Another aspect in this empowerment exercise is that the management should allow each one to work in teams and total freedom at workplace and team autonomy should be vested with the employees. The study concludes by recommending building strong teams, good attitude and creating a non-political atmosphere as the basic grounds for empowerment. There is no such mention of how the role of management could be in this exercise.

Stack (1983)* has done extensive research on the HR practices of employee empowerment in a Diesel Engine manufacturing plant, owned by International Harvester, USA. He has reported some interesting methods of empowerment.

*Barnes and Kaftans (1970). Empowering Employees for better Results, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership

*Stack (1983). Empowerment and HR policy, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
undertaken by the sick company, which was in a bad shape. Stack undertook an enquiry to find out how to revive the company, and to prescribe remedial actions. His suggestions included implementing a radical system of management, wherein every employee was trained to read complete financial reports of the company and given weekly operating data. In this way, they saw in detail how the company is progressing and the financial status thereof. The results of the study show that there is a very positive impact to the disclosure of company data on corporate strategy, and at the same time while being open and transparent, which is crucial to boost the morale of the workforce. Each worker would have the true picture of organization and enterprise, which would in turn reflect in the changed behavior of the employees. They would all have information about their own contributions and also an idea of how much more they need to improve. The study concludes that, the exercise of workers empowerment in building entrepreneurship is a long journey and that this journey can be undertaken through a systematic approach, and by being transparent and open in all company affairs.

Eichen Myron (1989) reports his observations at Brook-tree Corp, in the area of employee empowerment. He emphasizes the need to foster and encourage creativity, open lines of communication for good employee-employer relations and how employee ownership in a capital-intensive company should be practiced as a form of employee empowerment. At Brook tree, employees and investors share the ownership philosophy. One of best things that they have done is to introduce system of employee ownership, in which included are several key Broad members who have been there since the inception and worked hard, just like any other employee,

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although they are not on the payroll. Fostering creativity, promoting open lines of communication and non-formal work practices are key factors in the process of empowering employees. In order to create a world-class organization, the study says that the creative energy with lots of ideas should be set free, freedom to decide one's own destiny and also other future course of the organization. Every communication should be transparent with all information available, and each should have the knowledge of work status.

Eichen further outlines three successful steps that the company took to improve open and transparent internal communications while fostering creativity among employees. First, a company-wide meeting was held from time to time by inviting all employees to a question-answer session with management and officers. Second, they initiated a monthly lunch where an officer meets with eight to ten employees, and there was an open and informal exchange of several workplace issues. In fact, the front line shop floor employees had an opportunity to meet with top level officers, discuss workplace matters, and even those officers who were reluctant initially, welcomed more views and opinions later. Third, a congressional-type committee consisting of fourteen employees was organized with representation based on the size of corporate population by functional area. The democratic body elects a Chairman, and the representatives served specified terms. The group took up any subject on issue that it felt needed attention. At least, one member of management attended each meeting. Later on, the elections were not conducted as the workers had an understanding amongst themselves as to who would represent the committee. Eichen recounted how the employee committee had many of the company's plans into winning strategies.
In conclusion, Eichen describes the continuing effort by Brook-tree to increase the employee ownership level more than 35%, individual stock ownership (ISO) programmes, gifts as stock, check to pay Income tax, and management taking care of the tax formalities. Eichen's holds that employee ownership is a long-range company building mechanism in the process of empowerment. He further says that the practice was not just of ownership in the stock or in equity of the company, but ownership in the destiny of the company, where employees want to build a worth while company, value for long term, a prosperous institution that will go on, and with time become more and more employee-owned. Employee's empowerment starts from this concept of ownership practically instituted, and soon a day would come when employees own the company.

Studies in 1990's

James Russell (1991) studied efforts of Avis in empowering employees. Avis has offices in 138 countries, $2.5 billion revenue and is number two in the car rental business. The Avis Employee Stock Options Plans - ESOP covers the corporate facilities in United States for about 13,000 employees. Avis has repaid more than half of the Employee Stock Option Plans - ESOP acquisition debt since many years, which James states is almost unbelievable in that kind of business.

James starts narrating by Avis' history. Warren Avis, the founder of the company, started the company in Detroit. He had an interesting concept that people would rent cars at the airports. So, he created a company called Avis Airport Rent-

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9James, Russell (1991). AVIS Employee Owners Try Harder, Foundation Conference: October, USA: Foundation of Entrepreneur Development and Beyster Institute of Entrepreneurial Employee Ownership

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A-Car and Hotel Reservations. The next day, he dropped the hotel reservations, because there weren't any, but he doubled his fleet to six cars on the third day. A couple of years later he dropped the 'airport' from the name and it just became Avis Rent A Car.

To facilitate employee participation, Avis created employee participation groups by saying: let's do this and people come up with good ideas. All sort of ideas were welcomed and the first idea was: let's have more toilet paper in the bathroom. Another idea, which followed soon, was let's talk about vacations because we all don't get enough vacations.

The problem, he emphasized, was that the company was giving employees a voice, but not the power to change anything. It became evident to the management, when a notice was put up saying that the employees claimed to be owners, but they didn't know what that meant. So the question was - how do you empower them? The organization did two things: One was that, management gave them individual empowerment, where they literally could, if they wanted to give anyone that car free. They have the power to do that. The second thing was, the employees were given collective power. The management implemented what was called the report card. It included a series of several areas where employees evaluated their work groups. Twice a year, they evaluated themselves; answering questions such as - How do you deal with your suppliers? How are you dealing with your external customers? How are you dealing with your internal customers?. How is your training? James' study further says that the results were displayed on charts, showing the positive results of this programme. Vehicle quality improved, service delivery improved and Avis' complaint factor dropped dramatically. This was the outcome of empowering
employees and creating owners. People should be given the power to influence their daily work life.

A study was undertaken by Marjorie Reynolds (1991)\textsuperscript{10} at Colle and Mcvoy, (CMI's) USA, engaged in business of marketing communications. He observes how it was possible to empower employees by a participative style. The organization created a completely participative culture as part of empowering employees. Their goal was to succeed by making employees feel, think and act like owners, prior to initiation of a participative culture. The combination of ownership and participation boosted CMI's billings dramatically. Interestingly, creating an ownership culture and empowering employees at CMI was the initiative of the top management.

The organization created an internal marketing programme for the company. Treating each employee as a customer, CMI made every computer come up with the company mission statement before anything else, employees are cared for, valued and also communicated the worth of each employee in the organization. Further, the management treated every employee like an owner. These include conducting of annual shareholders meetings, where even spouses were invited along with bankers. In addition, the organization had a simple stock purchase programme that allows employees to buy additional shares. Each employee is made a worthy owner of organization and each has equal responsibility and power to act. CMI gave a warm welcome to all new employee-owners. They made sure that all new employees had lunch with the management every day of the first week, created an agenda detailing all training sessions and meetings for the first week, and presented the new employees with company details. Next, management involved

\textsuperscript{10}Marjorie Reynolds (1991). Colle and Mcvoy Inc. A case study, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership

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the employee-owners in important decisions. This was the main and important agenda, where employees helped to draft the company mission statement, plan the new office space and select the computer systems. The committees were also formed on their own and planned all major events. The members had a free hand in deciding the committee composition, functioning, duties and areas of work.

Reynolds further elucidates how communications were kept flowing. They had the weekly employee newsletter written and produced by the employees. Everyone was called for periodic company meetings to update all necessary information, and the developments in the organization were broadcast. Reynolds concludes by opining that this type of participative culture is not created in a day, it takes years, but it pays off. He also says how certain traits like positive thinking, patience, transparency, open lines of communication, delegation and sharing of responsibility are part of this empowering exercise.

Michael Quarrey (1992)\textsuperscript{11} shares his experience as to how empowering employees through information sharing was undertaken at Connor Formed Metal Products with 200 persons. Connor manufactures springs, metal stampings, wire forms and assemblies for big Corporates. Connor set up an employee stock ownership program way back in 1986 and now, the ESOP hold 42 percent of the company's stock.

Due to increasing competition over a period of time, the organization has changed its approach in doing business, adds the study. One means of accomplishing this objective was by allowing technically oriented and product knowledgeable sales people a free hand in dealing with customers, so that they

\textsuperscript{11}Michael Quarrey (1992). Empower employees through information sharing: Foundation Conference, June, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
could add value to product and customer relationship. The organization began involving more people in decision-making, and at the same time eliminated layers of mid-level management, thus creating more cross-trained skilled engineers. One major advantage to this process according to Quarrey was that right from the beginning, the organization designed quality products, instead of accepting customer's designs, making the parts and then having them not working. Employees were the key in such exercise.

Quarry says that unless employees are made a part of organization, the company would struggle to achieve great returns. Empowering employees through involvement at different stages will help the organization to make great strides and it helps for positive developments.

Further, Quarry also examined whether employee-owned companies out perform their competitors and if so why. He found that on an average, ESOP companies improve their performance relative to their competitors by about one to two percent per year. Moreover, the ESOP companies provide more significant opportunities for employees to participate in decision-making. The top one-third of ESOP companies improve by 15-20 percent per year. Quarrey creates a unified theory of what makes employee ownership work: give employees lots of stock, and then translate their excitement into behavior by giving them a chance to change things. That as the way to create an organization of excellent growth.

Quarrey also describes how employees were empowered at Connar through an open information sharing system. The first step towards empowering employees was by sharing all the information openly. It was done by presenting the broad picture of how the company was performing through newsletters in simple, open and honest language. It gave the monthly and year-to-date profit and loss
figures. Information is power, and if people are to be fully involved in taking good decisions, they have to be well informed. The second level of information was shared through computerized information system operational information on a day-to-day basis, that helped employees do their jobs more efficiently, which improved the organizations overall productivity. This information was shared with the employees through a plant-wide computerized information system. There is open access to the system, and any employee can gain information such as the price of the job, the estimated profit margin and the delivery schedule. Furthermore, employees could add their comments, such as, “I hate this job for x or y reason”. Others could access the information, and use it for other jobs they are running. Infact, it enabled any employee to prevent a job from being shipped until someone read and dealt with the problems identified. This was empowering employee at a high level of responsible administration.

Quarrey also explains the genesis of shop hold system. An employee at one plant was complaining about the procedure for communicating a problem on a job. He would have to write it down on a piece of paper and give it to his supervisor. The supervisor would give it to the plant manager, who would pass it on to customer service to be filled. The next time the customer ordered that product; an engineer might check the file and get information about the problem, which was a long process. With shop hold system, whenever there is a problem, any employee can put the entire job on hold until the correct person reads about it and takes note of it for next time. This shows how an employee is made to feel part of the organization and how the responsibility is equally shared.
Quarrey’s final observation is that an apt system that has to be created, where there is free flow of information at all levels, open lines of communication, goal setting by each employee, allowing employees deciding the future course of action in the organization and the like. These are the means by which organizations truly can empower their employees.

Michele Hunt (1993) examined the Herman Miller organization. He says that concepts such as participation, quality and ownership are fundamental while empowering employees. At Herman Miller, employees through profit sharing own 13 percent of the company’s stock. On a quarterly basis, five percent of profits (allocated on the basis of length of service) go to employee owners as stock. Hunt notes in the study that Herman Miller talks about love and beauty, and participation - believing that people want to and can make a difference and that there’s no limit to people’s potential. That is really the cornerstone while managing the organization and workplace.

The organization has established a participative management process and an earned-share bonus programme, whereby bonuses are paid to all employees when corporate goals are surpassed. Another way of participative approach is that employees meet once a month to see whether the company is performing according to plan and it is openly reported to the Executive Committee, describing both problems and successes. The results of those meetings are then reported to employees every month via videotapes. The report includes a status update on the prospects of the company. After the report, all Officers and Directors meet via conference call, and during the following week, every employee-owner has the right

and responsibility to meet at least one Director to discuss the contents of the video. Everyone at all levels of the organization know the problems they are facing and have a true picture of where they stand and the reasons there of. The company initiated a visioning process for mapping out future strategy and corporate philosophy by involving each and everyone in this process as a management philosophy.

The study further notes the importance of being open and sharing, which literally drives people towards the vision of being the reference point to quality management, which include customer focus, building on the heritage of teamwork, enhancing ownership with understanding and actual participation. By being open, by involving people in the decision-making process, and allowing them to share the risks and rewards, the company encourages people to "stick with the organization and this strongly develops a sense of affiliation towards the organization and workplace. Also, Hunt says that the company practising an empowered style should provide intensive education centering on vision, building quality understanding, commitment and new ways of working globally. Education and empowerment go hand in hand, and all efforts have to be taken to educate the employees about the systems per se. The attitude should also be changed, as there cannot be a 'one man do attitude'. Hunt finally concludes by adding that every human being who comes to work is a part of the family, community and organization. By not respecting the community and the environment, one gains very little of it. Similarly, one has to respect and feel proud of the organization you work with. This is really putting a whole new twist on what an organization is and should be. Empowerment while respecting each goes a long way in building a better organization.
Owen Gaffney (1994) did research on the Polaroid Corporation (PC). He shares his experience in the area of building an empowered employee organization through ownership culture. Polaroid is a leader in building a participative business culture since the very beginning of the company's founding. Owen reports two goals of the corporation. The first aim of the corporation is to provide a worthwhile working life for each member of the corporation -- one that calls out member's best talents and skills. The second aim is to create a life in which the employee shares both the responsibilities and the rewards of enterprise.

Gaffney makes several observations on Polaroid's efforts to create a participative ownership culture. First, changing a corporation's culture and re-inventing it was an extraordinarily slow process, but worth doing. On the other, even when there is a small significant change, it will become a part of the existing culture. Creating an employee ownership culture requires sharing business information and decision making with all levels of employees, and that was extensively undertaken at PC.

Secondly, every employee participating in an ownership culture had both the right and the obligation to help address the problems and opportunities of the enterprise. They incorporated at Polaroid a few key practices in efforts to create an employee-owned culture. They have an employee owner on the Board of Directors. That employee is a volunteer who is chosen from three finalists. A committee of peers selects these three finalists. The Board of Directors makes the selection from the three recommended candidates. While this employee is mostly symbolic of the changes they would like to make, many Polaroid's employees view it as a step in the
right direction. Finally, an ownership culture demands that each employee takes some responsibility to remedy a problem even when it is caused by another employee, a either subordinate or a supervisor, who is not living up to the expectations of an employee owner.

Another practice at Polaroid is a formal grievance system. An individual can seek a remedy to what he sees as unjust treatment an unfair action by going through a grievance process. For several years, panelists or judges drawn from pools of senior officers of the corporation would adjudicate employee grievances. But, over a period of time, things in the process of creating a transparent culture have changed. They began to ask for volunteers. They created a pool of nearly sixty members from all levels of the corporation. An aggrieved working his or her way through the process could choose the traditional panel or the peer panel to hear his case, but the results showed that 95 percent choose the peer panel. Another important forum practiced at Polaroid was the employee owners influence council - a group of thirty to forty employee volunteers selected by peers. The charter of the council describes it as an equal partner with the CEO in determining all issues of pay, benefits, procedure or policy for the corporation. The committee members represented every level of worker -- a mix of exempt, non-exempt, technical and non-technical personnel. These groups of employees were equal partners with the CEO in running the corporation enjoying parity with respect to pay, benefits, personnel issues, and all other matters of organizational concerns.

Another unique practice at PC was the selection process of senior management. Candidates are identified through the internal posting system, and the interview team comprised of employees from every level of organization, each with equal vote in that outcome. This gave employees a say in the selection of
management for their company, as also the responsibility of selecting the personnel, who were partners in the future development of the organization. In conclusion, Gaffney says, that human resources has been prime concern in this exercise of empowerment.

Matt Ward (1994) reports his observation at The Wyatt Company. He shares his observations on creating an ownership culture through participation. He states top management should be in order to create an ownership culture. In fact, Ward explains his theory by means of an equation - What you do is create an ownership fact, i.e., Employees + Stock = Employee-Owned Company. An essential element of the equation is missing in the formula for an ownership culture: i.e. participation. Employees+ Stock+ Participation = an Ownership Culture, also known as an Employee-Run Company. Participation is an important element while practicing empowerment and employees should be allowed to participate in different levels of decision-making.

In addition, the transformation from employee-owned to employee-run organization can be done through S-T-A-L-L - Share information, Teach employees new habits, Ask employees their opinion, Listen to employee answers and Learn from employees. Sharing meaningful financial and operational information with employees is crucial. Sharing the company’s success, especially any success resulting from employee participation and sharing the burden of company’s setbacks and failures through feedback process as a means of learning from failures are also equally important. Participation has to be encouraged for empowerment to be success on a larger canvas. While doing so, people have to be trusted. Companies characterized by suspicion and distrust will only move in the negative direction, and

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towards a downfall. Further, according to Ward, an organization can become empowered only if its leaders sincerely practice the following 'must do' laws – listen to people, commit to take action, encourage, reward objectively, use employee ideas, read between the lines of employee responses and accept practices at the most fundamental levels, learn to tolerate failure, go out and talk to your employees, learn from employee's experience and eliminate the trappings of greed at management levels.

Rothstein (1994)\textsuperscript{15} studied a Sportswear company, a US based organization, with the objective of finding out why the company was not performing well and the reasons thereof. Once a leading manufacture and retailer, it had a host of problems in terms of market shares coming down, employees barely on speaking terms with one another, low morale, and high turnover. Rothstein says that the CEO, whose role was very crucial at this stage, once paced aggressively in front of the auditorium where all the employees had gathered and said, "We need new idea's, new energy, and new spirit to make this company great. And the source for all this change is YOU, each one of you. You need to develop and organize the human resources, be free in asking and telling new idea's, free to do your own course of work and make use of your pent up energy to generate, idea's, views, opinions, and which surely is positive way of aiming at organizational growth". What the study conclude is - if one is managing human resources effectively in creating a world class organization, one has to adopt different strategies and practices like sharing, allowing one to use his new ideas, and freedom to work in keeping with ones work style. It is the culture that one should create, and a culture of progressive and democratic ethos is the

\textsuperscript{15}Rothstein, L R (1994). "The Empowerment effort that came Undone", Harvard Business Review, 73(1); Jan-Feb, pp. 20-31
the right example of an empowered system.

Lawler, Edward III (1994)\textsuperscript{16} Director, Centre for Effective Organizations, University of Southern California, has undertaken extensive studies in the area of empowerment and how instilling a sense of ownership among employees leads to maximum output at workplace. He has studied US Fortune 500 organizations in the context of employee empowerment and has come out with several dimensions, directions and ways of such practices. Lawler's study concentrates on employee involvement in ownership, particularly on the psychological ownership of the business and how this feeling is created in a relatively large and complex organization. According to him, each should psychologically feel the sense of ownership employee and that there are different ways, means and strategies in creating the final impact. Lawler is of the opinion that over the past four to five decades, most large corporations have failed to generate a sense of employee involvement. People who do not have psychological and financial stakes in their company do not put in requisite efforts. Involvement and as sense of ownership help to create a world in which people are committed and care about their organization's success, development, and enhancement.

According to Lawler's study, there are four requirements for getting employees involved fully, and these factors are: Organization information, Knowledge, Power and Rewards. When people simply do not care, they do not get involved in the business the way they need to in order to optimize the performance of that business. Organization can be competitive only if they can get people at all levels, particularly

\textsuperscript{16}Lawler Edward III (1994). "TQM and Employee empowerment: Are they compatible?. Academy of Management Executive, 8(1); pp. 68-76
people at the lower levels, to do more, care more and know more about the business. Further, it has been repeatedly proved that the adoption of quality circles, participation groups and problem-solving groups has been successful generally, and proved that people do have good ideas, which come out through these forums. Allowing employees a free hand to form these forums and decide on their own the course of action is another way of empowering employees. Lawler's study advises using the team concept. There is no question that, when properly constructed, teams can be highly self-managing. They can take on many duties that were previously performed by the levels of management above them and by the staff support. Team, delegation and shared power will help the organization to a large extent move in the right direction. Unfortunately, on the other hand, Lawler feels that many of the large organizations haven't yet recognized this potential. According to him, organizations should redefine the paradigm and ask question like: what can be done better at lower levels in the organization to add more value and make the organization more competitive. In other words, sharing more knowledge, information, power and rewards with lower levels is an empowering strategy for creating a world-class organization and an essential strategy for the development and management of human resources.

Lawler study further adds that empowerment works only if organizations builds their knowledge expertise and are able to move decisions down, equity down and power down. The sharing of all workplace information openly on how business is going, allowing participation in debates about the status of business and seeking open comments on new personnel and other policies of the organization should be practiced. Once significant amount of power, information and knowledge are at place, then at lower levels, rewards can move downward. For this, the study comes
out with the theory of structural and human resource development to create an involvement-oriented paradigm of management. For this to happen, the companies need to flatten the organizational hierarchy. But, this is just one leg of the stool. All it does is move power downward, and power without information, knowledge and rewards is dangerous.

The basic financial information that is not shared with most of the employees is also the most crucial aspect in the process of empowering employees, adds the study. Employees do not get a copy of the annual report and they are not invited to financial meetings, which describe the economic performance of the organization. Most employees have neither financial training nor access to any kind of on-line information system in financial matters. Human Resources management and development, to a great extent depends on how these areas are addressed. Finally, Lawler concludes that changes must be made in the definitions of employee and manager. The concepts of organization, employee and managers have to be reinvented in our society. If that doesn't happen, then it is difficult to see how these organizations can compete globally.

A study undertaken by Clark (1995)\textsuperscript{17} at the National Forge Company demonstrates how leadership is essential in practicing empowerment and for the development and management of the organization and employees. He feels the main challenge lies in balancing employee expectations with today's competitive markets. The market place wants everything quicker, cheaper and better. The employees, on the other hand, do not always accept or understand why changes are being made.

With the introduction of ESOP, the organization created a new sense of commitment in many employees, the results say. By this, each felt to be a part of the organization and the top management found a way to continually inform and educate all employees on how individuals truly affect the company's success or failure. Empowering should have a comprehensive educative programme. Being open, direct, and honest and maintaining all three at the highest level is crucial for empowerment to be success. Similar study by Gates (1995)\textsuperscript{18} on how empowerment can be practiced through appropriate leadership approach has come out with the results of openness and a transparent ethos to be practiced by leaders organizationwide.

Hudetz, Frank (1996)\textsuperscript{19} examined the process of empowerment at Solar Press, Inc., a packaging and printing business in Naperville, Illinois, USA. He says how self-actualization and self-esteem are the greatest order of incentives, which lead to the highest form of empowering employees. The results of the study say that no matter what title, seniority or salary the employees get, all they want is to be recognized as worthy. It is human nature to want appreciation for one's efforts. There's no question that a sincere thank you at the right time from the right person works wonders building self-esteem and motivation. While Hudetz says the practice of responses to thank-you notes send annually on managers' employment anniversaries, just shows how powerful an incentive the short verbalized or written thank-you can be as a way of empowering employees. This is precisely how a system should be developed and small things matter a lot in motivating employees.


\textsuperscript{19}Hudetz Frank, C. (1996). Self-actualization and Self-esteem are the highest order of incentives; USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
at the workplace. Empowerment is not only about sharing power, but it is about
timely appreciation that will certainly boost the morale of the employees.

Argyris, Chris (1998)\textsuperscript{20} has done extensive study in the area of
empowerment. Argyris finds that, despite all the talk and the change programme,
empowerment is still mostly an illusion. Argyris contends that CEO's subtly
undermine empowerment. Managers love empowerment in theory, but the
command-and-control model is what they trust and know best. Thus, despite all the
best efforts that have gone into fostering empowerment, it remains very much like
the emperors new clothes - we praise it loudly in public and ask ourselves privately
why we can't see it. There has been no real transformation in the workplace and no
sweeping metamorphosis.

An empirical study has been done by Cyndy Payne (1998)\textsuperscript{21} at EPIC
Solutions, USA, an organization dealing in image-based booking and information
management systems for public safety and criminal justice agency. The study says
how incentive stock option pool and bonuses was part of employee ownership and
empowering employee exercise, while all the EPIC employees participated in the
Incentive Stock Ownership (ISO) pool. The initial grants were fairly standard based
on the employee's level in the organization, while the subsequent grants were
performance-based. Also, employee ownership was part of EPIC's culture and a
step towards empowering employees in the organization. Because of this ownership
culture it is cited as one of the fastest growing technology companies in the country.
In other words, employee ownership has worked very well at EPIC. They truly

\textsuperscript{20}Argyris, Chris (1998)."Empowerment: The Emperor's new Clothes", Harvard Business
Review, 76(3); May - June, pp. 98 -105

\textsuperscript{21}Cyndy Payne (1998). A one of a kind way of profit sharing, USA: Foundation for
Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
believe it to be a key facet to their ongoing success and in making employees empowered, and the profit earned by the organization was equally distributed amongst the wealth creators.

In an effort to maintain open communication channels with employee-owners, they had monthly communication meetings where they would discuss current events and often mention the option programme. All employees could discuss freely and express their views. EPIC has developed a more comprehensive communication program to better define the true benefits to all. Payne firmly believes that the open culture was responsible for creating an organization of excellence and empowering employees at EPIC.

A Macro study report on employee empowerment has been presented by the Hewitt Research Associates (1998). They conducted a broad study in various US organizations in as many as 380 companies, on how to unleash the power of employee ownership to determine methods of achieving an optimal mix of participatory involvement, communication and shared responsibility in achieving the maximum growth. The report says that:

ownership dynamic is equal to shared investment x information x influence.

Employees can see that their collective hard work and good results lead to stock price appreciation and they will share information about companies that are successfully creating an ownership culture. Through this research, the study planned to explore broad-based employee ownership and tested three hypotheses that emerged from the study:

a) An ownership dynamic optimizes an organization's ability to adapt and thrive. The preliminary research study suggests a connection between an ownership dynamic and a company's financial success. They began to investigate the hypothesis that an ownership dynamic contributes to long-term financial success of an organization and saw how shared ownership can create connections between internal and external owners.

b) An ownership dynamic is created by continuously strengthening and balancing each factor with shared investment, information and influence: Organizations that focus only on one factor in ownership dynamics are likely to fail in creating an ownership culture. Simply granting stock options to employees without providing access to good business information will not create a meaningful sense of ownership. Similarly, without a strong common financial stake, self-directed work teams can become fragmented and disillusioned. Open sharing of information will create a healthy workplace and motivate employees.

c) An ownership dynamic is created through the strength and balance of all three factors i.e. shared investment, information and influence. Each factor is necessary, but not sufficient to unleash the power of ownership dynamic. The responses in the study suggest that successful companies recognize the importance of all three factors, and a financial stake by itself does not create an ownership dynamic, but with shared investment, information and influence, it does. The conclusions of the study suggest that it is the system and practices, which can release the hidden strengths in employees and help in creating an outstanding organization.

Another study by Reynolds, Marjorie (1999) undertaken at Procter and Gamble, (P and G) USA, examined how to create a winning and learning organization through empowerment system and to what extent the practices have positive implications, per se.

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Reynolds, M (1999). Ownership Philosophy as part of Employee Empowerment, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
The study initially traces the history of organizational changes at Procter and Gamble, the growth at each stage and the innovative HR practices adopted from time to time. Practices like profit-sharing programme, giving employees a stake in the company, employees treating as an inseparable part of the organization and as owners of the company, were the systems adopted from time to time. In an effort to build a long lasting relationship of employee loyalty to the company, the organization take their promotions – from –within policy very seriously and provides full support for their professional development.

The study also discovered that in employee empowerment exercises, values of individual accounts will vary considerably depending on service years at retirement, but the account balances of many retirees earn sufficient returns to provide retirement income approximating their pay as active employees. This shows how Procter and Gamble takes care of employees even after retirement, by still keeping them as part of the company. Nearly, every employee of Procter and Gamble is a participant in ESOP plan. The company recognizes that one key factor in motivating the company employees to perform well is through communicating the value of ownership and commitment, and it is the employees who formulate most policies regarding these two areas. The system of ownership structure and benefits leveraged through employee stock ownership and profit sharing plan made Procter and Gamble Corporation a substantial investment in employee ownership, employee owned organization, where each employee at the end will be owners of the company.

The study also reports on the comprehensive continuing education at Procter and Gamble College. It is a routine training ground within the company where employees spend time attending learning exercises at least once every six months.
on issues like corporate vision, changes in workplace environment, diversity, company values, ownership, how to read financial statements, forecast budgets, recognize competitors and cultivate opportunities. This translates into a keen understanding of their impact on the company and its bottom-line. On the other hand, the financial statement is shown to all and there is transparency in putting forth the real picture of gains. Reynolds gives a clear picture of how Procter and Gamble treats employees and make them self-sufficient by providing all the information, while running the business in a transparent way.

Open and transparent feedback about organizational health, overall culture and environment through regular surveys are the other areas Procter and Gamble works on. The company has the policy that it is it's intention to develop all employees to their full potential and that sharing the power of ownership ensures commitment by every individual to the continued success of organization. This proves that empowering employees is a well thought out process at Procter and Gamble, and all efforts are made to see that it is deep rooted and clearly understood by all. The study finally says that, if empowerment is to be practiced and understood by all, every person should be made totally aware of the meaning and practices of such system, by means of a comprehensive education for all.

A study undertaken by Bo Burlingham (1999) explained how organizations could empower their employees through the practice of open-book management and ownership culture. He is of the opinion that open book is a journey. Management can share company-wide financial information with employees at all levels and help employees feel that they are a part of the organization and share the

Bo Burlingham explains that there are three factors that are essential for open-book management to work: a) Everyone must know the rules and what is expected of him; b) Everyone must have enough information to make the moves and keep score; and c) Everyone must have a stake in the outcome. Further, based on results of the study, Bo Burlingham explains that there are four characteristics of successful open-book management. First, sharing of financial information is crucial. Information must be practically shared throughout the organization so that employees can track the financial pulse of the company. Each should know the financial position of the company and the efforts that have to be made in setting standards.

Second, people should be taught how to make sense of the financial information. Education is a huge part of the equation for empowerment to work, and each employee has to know how to use the financial information and what he or she can do to make a great difference. If empowerment has to be success, one should impart comprehensive education related to all aspects of business, systems and practices.

Third, changing the fundamental relationships in the company. The employees should attend the work in the morning with a changed mind. One must get rid of the ‘us v/s. them’ mentality; create an environment where people act not like traditional employees, but like owners who should own the organization. They should feel that they are part of the organization and that their feelings are cared with due respect.

Lastly, employees must have fun at the workplace. The amount of fun a company is having is a key indicator of how the company is doing. Having fun is
something all people want in an empowered organization. Bo Burlingham also adds in conclusion that vision and mission is critical to a true open book management company. The mission provides a single beat, to which everyone marches, asserts Bo Burlingham study.

In a study, Mickey Manaster (1999)\textsuperscript{25} observed the process of empowerment in American Tool and Engineering (AT and E). Manaster firmly believes that success or failure begins with the management and development of human resource department of every company, where the main responsibility is to set the tone and morale. Sharing the experience at AT and E, Manaster opinions that, the HR Manager and General Manager should meet personally with each employee totaling 100, to explain the various human resources related programmes. Annual meetings are conducted to show employees the facts and figures and update them about the company’s status.

The Monday breakfast practice is one simple gesture to make a positive impact on morale. On any given day, at lunch, staff and management can be found playing together. This is another simple method practiced, which allows for trust and positive attitudes flowing. Many researchers have reported their findings through publications under the foundation banner. Infact, the selection criteria include a company owner or business executive who exemplifies good leadership by demonstrating an enlightened commitment to involving employee’s hearts and minds in business.

The study further says that the future of any organization belongs to those who manage their organization and who constantly plan for it through various ways including empowerment of employees. Attitude is everything and developing a positive attitude at each level, matters most for the growth of the organization.

\textsuperscript{25}Mickey Manaster (1999). Empowering strategies at AT and E, USA: Foundation for Enterprise Development and Beyster Institute for Entrepreneurial Employee Ownership
greater output by the employees and empowerment systems to work, the study concludes.

The Present Study

While it would be perfect logic to try and predict the future, one thing certain about today's business environment is that the best, brightest, most innovative and entrepreneurial people want a piece of action - many won't even consider joining a company unless they receive stock of their own. Fortunately or may be unfortunately for some, this is the type of employee companies desperately need to survive.

Financial success must be the bottom-line for every profit company. When employees understand what drives financial success and have a vested interest in making it happen, then it can be said that the energy of two incredibly powerful competitive weapons have been harnessed. Demystifying employee empowerment not only tells why it is important for the companies to practice it, but also tells the rate of success organizations will have in future. The answer to most organizations in the present century is to set free the employees and give them power, while at the same time making them accountable and responsible for their action to decide the destiny of the organization. This is what the employees also need.

Ultimately, how employee empowerment is put into practice is the crucial issue. The present work is an apt step in this direction of showing the right path to systematize and practice employee empowerment. The study makes an attempt to demystify the systems, practices, and strategies, and also develops a model for employee empowerment.

The Gap

The study theoretically extends the nomological network of empowerment in the workplace by articulating the context and nature of the relationship between

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structural context and empowerment. The characteristic to be examined in this research reflects characteristic of a high involvement work design, and how it has to developed and managed. Does a well-planned HR approach correctly matched to the business situation yield success?

Further, we have examined the key personality and organizational variables contributing to empowerment practices. In an entire setting, while how everyone has to be empowered at different stage/levels, without disturbing the social equilibrium of the organisation has been the knowledge base.

This study shows how group and leadership characteristics can be an important influence on feelings of empowerment, and also identified how self-managing teams form the change agent.

The study also looked at how increased autonomy has to be build in order to exercise influence over themselves and how demographically diverse employees sample at different level look at empowerment as strategy and practices, per se.

A Framework for understanding the leader and the leadership approaches, while empowering employees has been other supporting knowledge base. While, how the CEO has to scrutinize the business situation, determine what the organization requires from its leaders, and choose the leadership approach that best meets those requirements in developing and managing the human resources.