

EMPOWERMENT RESEARCH

HOW ORGANISATIONS EMPOWER THEIR EMPLOYEES
TO DELIVER THEIR BUSINESS STRATEGY

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EXECUTIVE SUMMARY

Through our research project, we set out to understand and share “how organisations empower their employees to deliver their business strategy”, and uncover if there were areas of opportunities for leaders.

In 2022, Blue Ocean Consulting set out to research how New Zealand medium-sized organisations with less than 350 full-time employees empower their employees.

Many studies on leadership find that empowering leaders are effective at influencing employees’ creativity and behaviours. By empowering their employees, these leaders are more likely to be trusted and more effective at motivating employees to deliver performance. This report provides insightful information on how medium to large New Zealand enterprises empower their employees, which plays a significant contribution to the success of their organisation.

We engaged with the University of Waikato Management School and conducted interviews with various business leaders. A total of 29 companies were interviewed from various industries, throughout Auckland, Waikato and the Bay of Plenty. Of those companies, 48% have identified that they value customers as their highest priority, 38% value employees first and 14% identify shareholders as their highest priority. With 72% reporting that they are achieving their strategy, 21% said they’re on the right track and 7% said they aren’t.

Over the course of three months, we researched what elements make up empowerment and what systems organisations have in place to support their employees. A series of questions were presented to business leaders, with key insights revolving around leadership, organisation, and culture.

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EMPOWERING PEOPLE

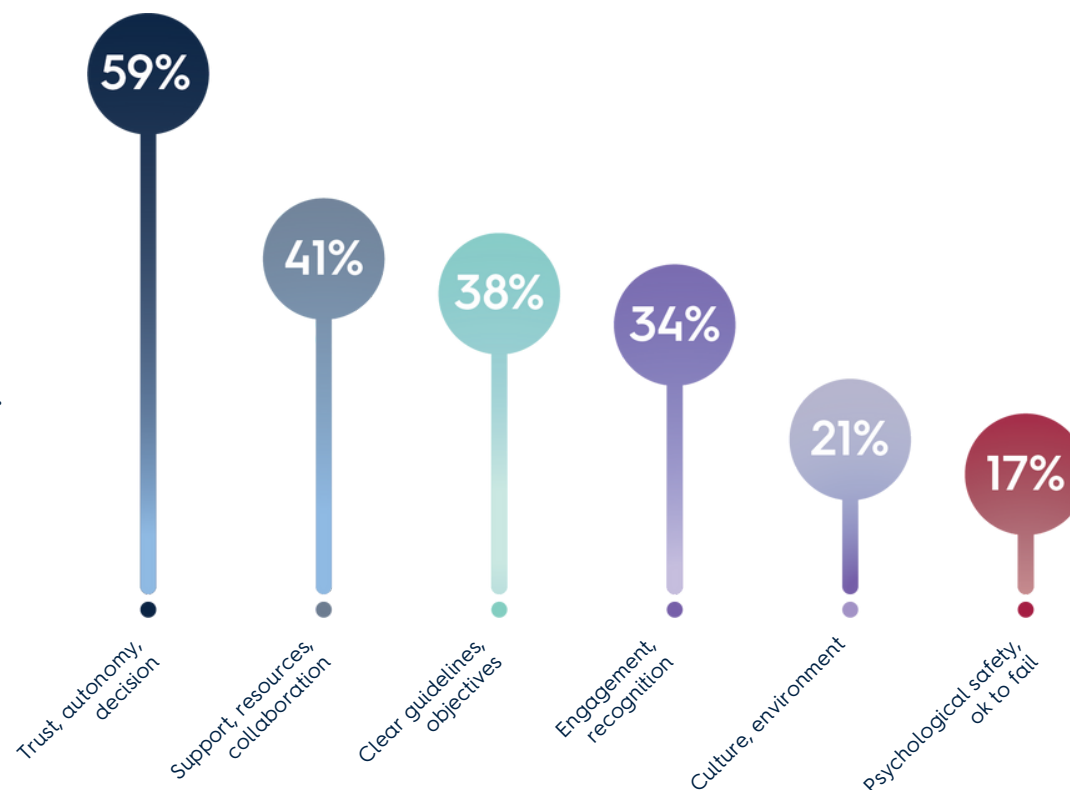
A young child with curly hair is flexing their biceps with a confident smile. The child is wearing a dark-colored polo shirt. The background is a blurred outdoor setting, possibly a park or a field, with a fence visible on the left. The entire image has a blue color overlay.

HOW DO LEADERS VIEW EMPOWERMENT?

RESEARCH

Throughout our interviews, we found that most leaders have a similar understanding of what the term empowerment means and see it as a leadership quality. Most organisations define empowerment to be more of a “leadership skill” than an “organisational skill”. Our research identified six key themes that became common trends in our respondents' descriptions of what empowerment means.

The top themes are trust and autonomy at 59%, support and collaboration at 41%, and clarity of objective at 38%.



WHAT MOTIVATES STAFF?

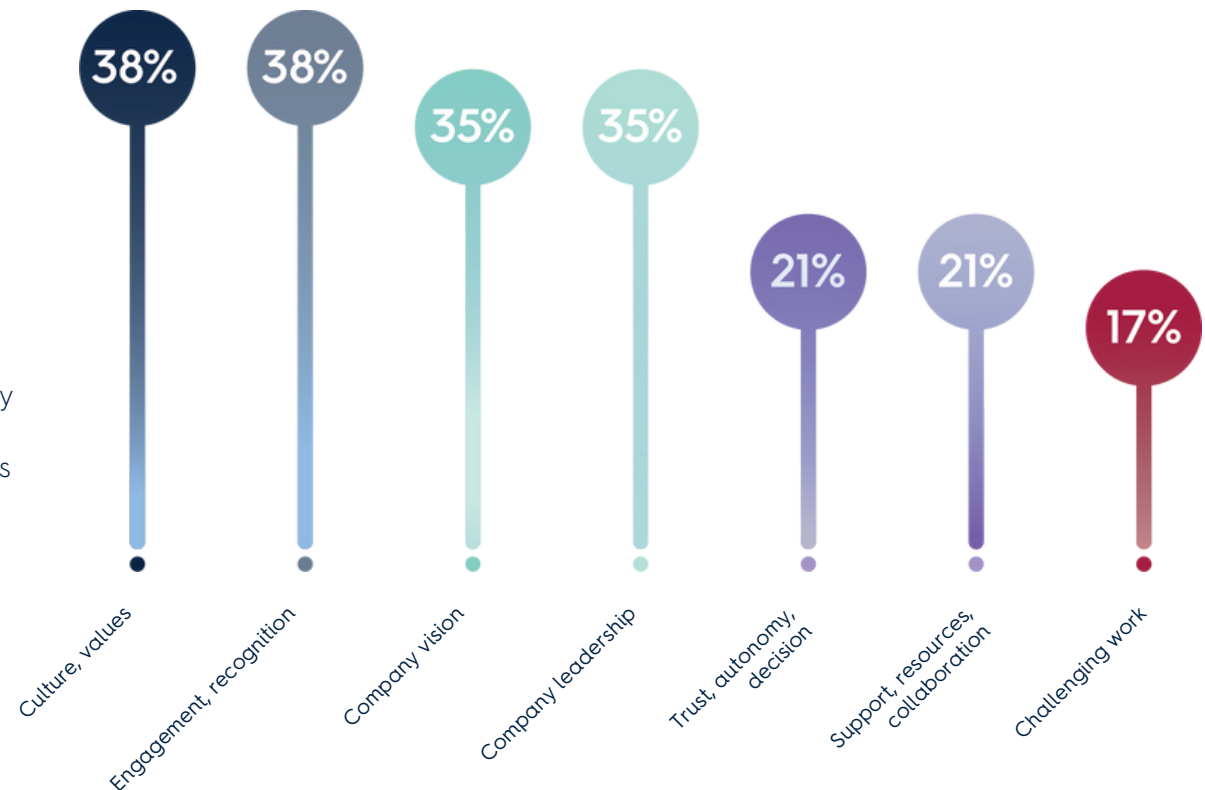
RESEARCH

We further asked our respondents what they believe motivates their staff, and seven key themes were identified.

The top themes are culture and values at 38%, engagement and recognition at 38%, vision at 35%, and leadership at 35%.

An interesting observation we made here is the disconnect between key empowerment themes and motivation. While 59% identify trust and autonomy as key to empowerment, only 20% see this as motivational. Similarly, while 41% identify support and collaboration as key to empowerment, only 20% see this as motivational.

Do culture, vision and leadership deliver more motivation than empowerment for employees? Or should we look at these elements as an integrated set of tools to build the organisational conditions to empower employees?



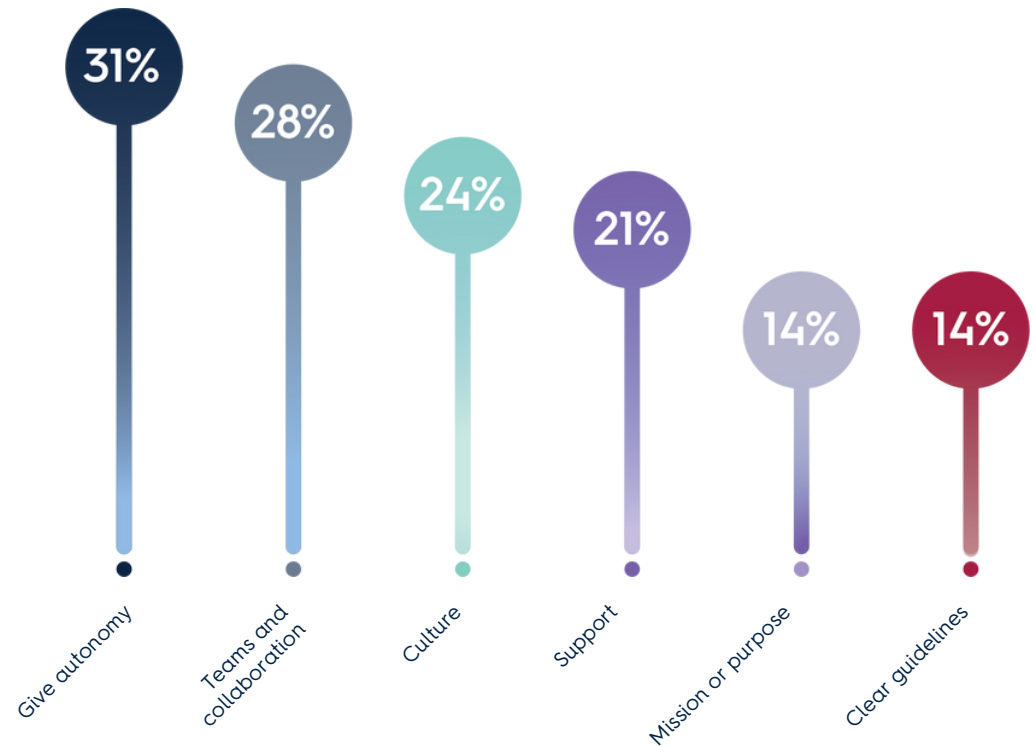
WHAT IS WORKING WELL?

RESEARCH

We asked leaders what had worked well in empowering their employees, and once again key themes became common trends in their responses.

In line with how participants view empowerment, our participants tended to prioritise empowerment by giving direction and enabling teams through collaboration and autonomy.

The top themes identified were autonomy at 31%, collaboration at 28%, and culture at 24%.

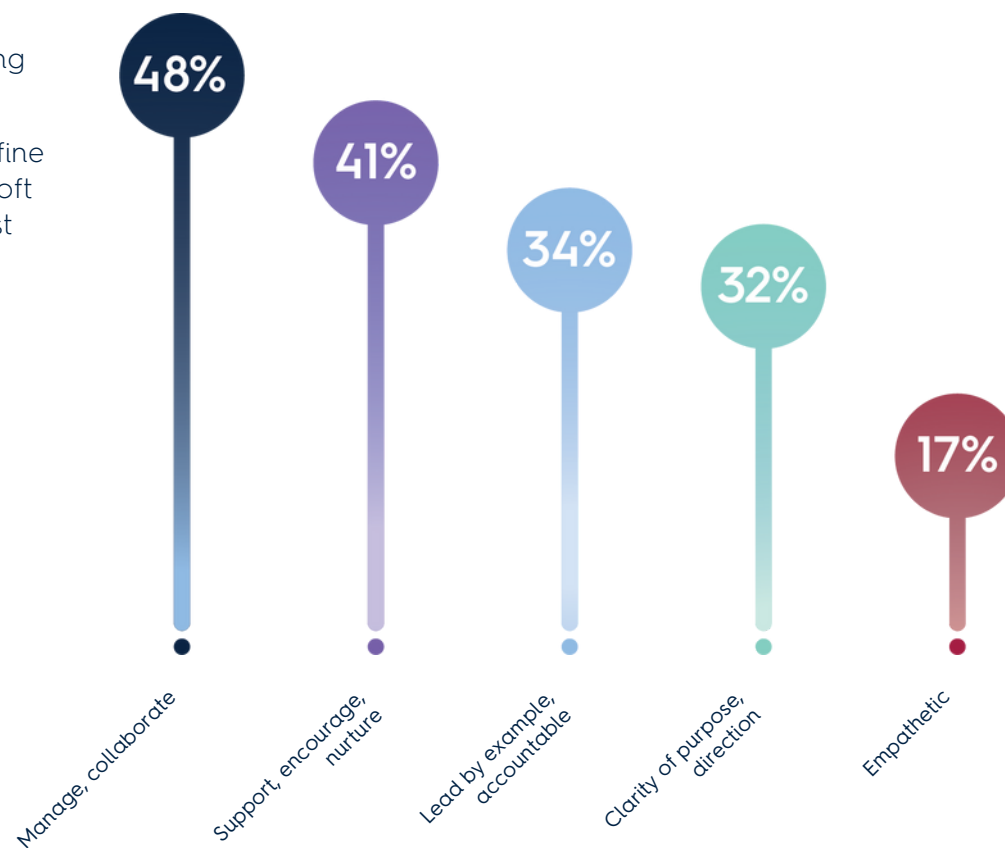


WHAT DOES LEADERSHIP MEAN?

RESEARCH

Leadership is a term that can take on many different forms depending on its context.

An array of words were proposed by business leaders in order to define what leadership meant to them in their organisation. In addition to soft skills such as support, lead by example, and empathy, the single most recurring attribute that business leaders identified as an important aspect of leadership was to **manage and collaborate at 48%**, followed by **providing support at 41%**.



INSIGHT

BALANCING EMPOWERMENT WITH THE ORGANISATION'S PRIORITIES

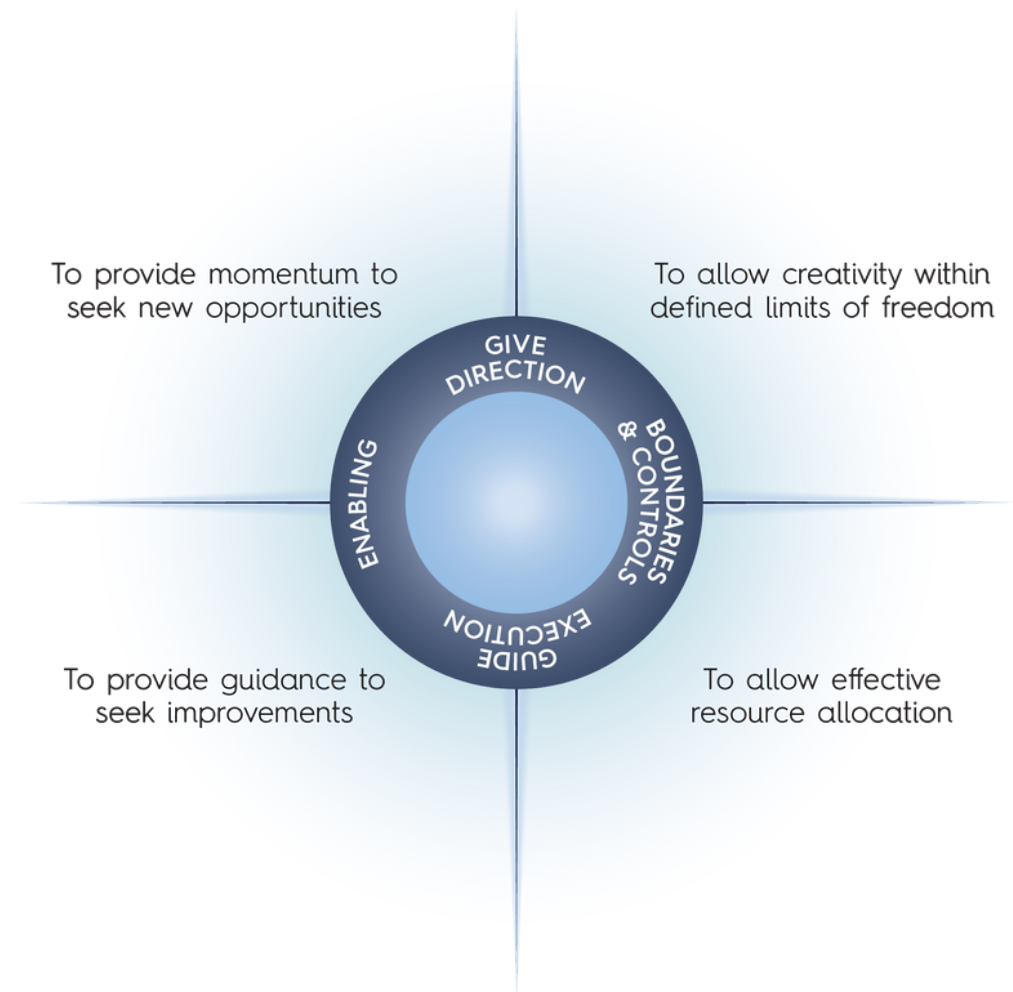
An extensive body of research has demonstrated that when employees feel empowered at work, it is associated with stronger satisfaction, performance and commitment to the organisation. Many leaders today empower their employees by delegating authority and decision-making, sharing information, and asking for their employees' input. But research also found that some styles of leadership work best in motivating certain types of performance and certain types of employees.

Leaders face a dilemma between enabling and setting boundaries, between giving direction and clearly guiding the execution. We can represent this within a matrix where leadership map their priorities depending on the organisation's needs.

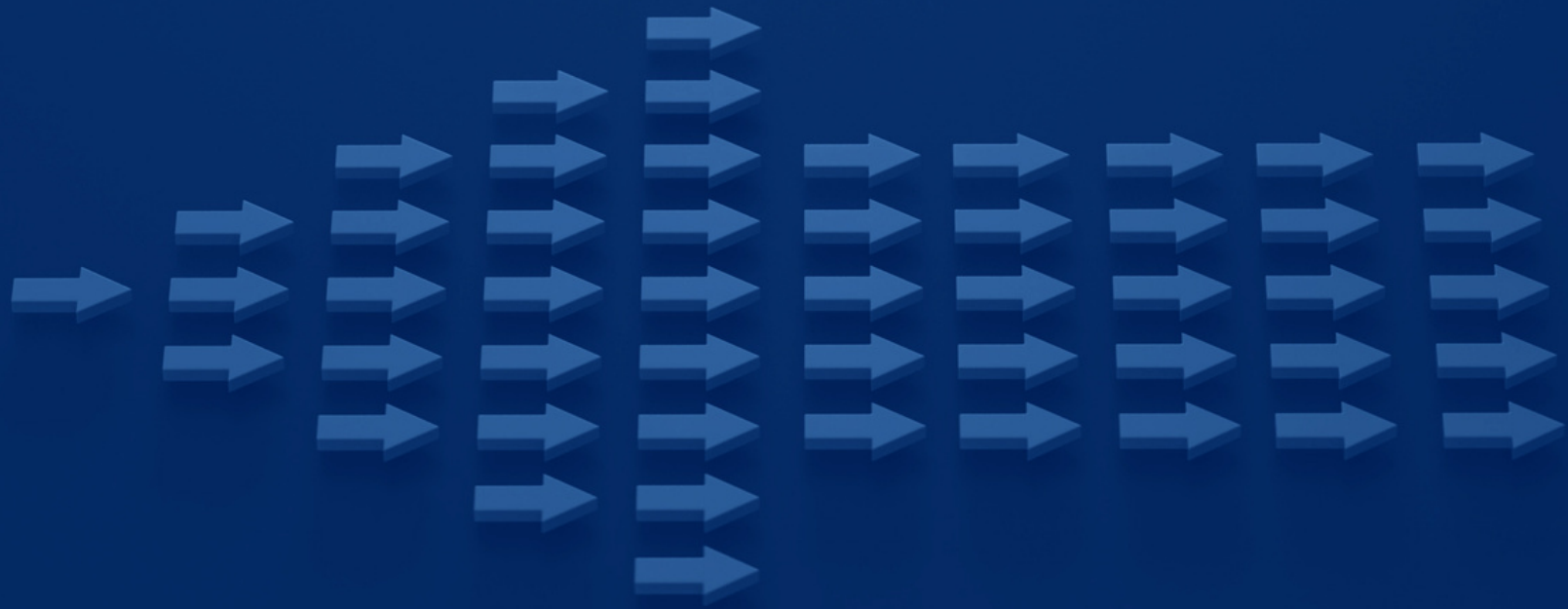
Direction and enablement support innovation and seeking new opportunities, but without sufficient guidance or controls it can also lead to wasted resources – i.e. time, cost, and opportunities.

One of our respondents gave us a great metaphor; "Imagine you are driving a car across a bridge. If you can clearly see the railings, you will drive faster and more confidently as you can see the boundaries and know where you are going".

Setting boundaries, controls and guidance are key to aligning the organisation's priorities with the need to give autonomy.



EMPOWERMENT THROUGH DIRECTION



PURPOSE, VISION, AND MISSION IMPACT ACTIONS

Business leaders offered great insight into what an empowering leader means to them, with one of the most recurring attributes being to communicate direction, predominantly through strategy or vision.

Purpose, vision and mission are fundamental concepts when learning about organisational leadership. And it is important to make the difference between those concepts.

- **Purpose is why we do what we do, every day.**
- **Vision is our aspirational destination, where we are headed, the bright future.**
- **Mission is the impact the organisation is trying to have.**

Together, these concepts will drive the organisation's culture, impacting the attitudes, work ethic and values reflected in the employees' actions, and inactions. They "align everyone around the company's direction".



PURPOSE, VISION, AND MISSION IMPACT ACTIONS

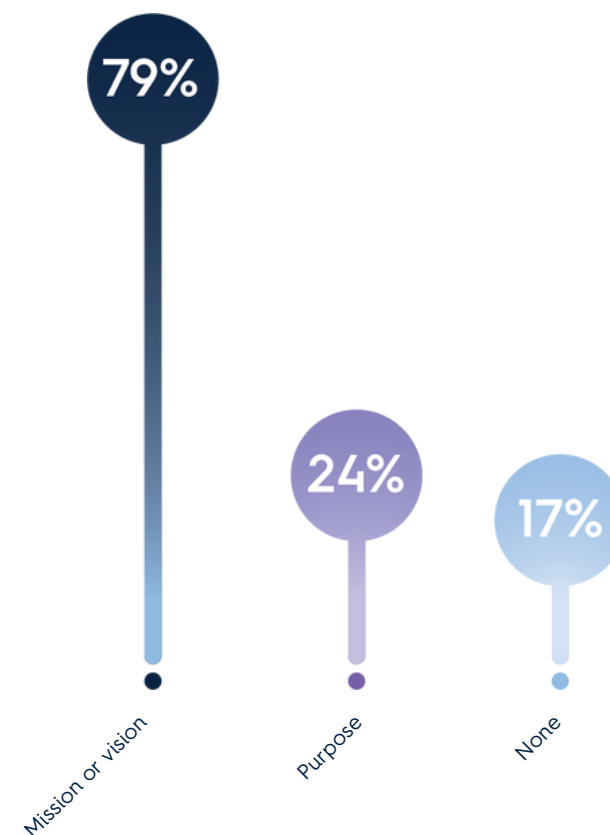
RESEARCH

When we started our research, we wanted to find out if having purpose, vision and mission was seen as having a meaningful impact on empowerment.

Out of 29 companies, 79% had either a mission or vision, and 24% had a purpose. Only 17% did not believe either was needed.

While most business leaders believed those elements had an impact on the organisation, very few recognised their role in empowering people:

- 79% of respondents believed that it was very or critically important that their employees have a secure understanding of their purpose, vision or mission. But only 14% recognised it as a tool of empowerment.
- 24% of respondents reported having a purpose, and most other respondents believed that only having an understanding of the direction of the company provides employees with a sense of meaning, “a reason to come to work other than pay”.
- 17% of respondents didn’t have a formal mission, vision or purpose; and 7% used values instead to guide their company in the right direction.



IDENTITY FUELS EMPOWERMENT

RESEARCH

Company values and culture constitute the organisation's identity. They often play an integral role in the strategic success, or failure, of the organisation. A great reference from author Peter Drucker (1) is that "Culture eats strategy for breakfast." He was not minimising strategy's importance for driving performance but emphasising that, if strategy and culture are not aligned, culture will win.

Values

Our research revealed that 83% had defined company values, and 21% reported that their company culture stems from those values. The remaining 17% referred to values as behaviours. The establishment of company values was largely a combination of employees and the management team, with only 28% establishing values using a top-down approach.

Overall, business leaders described values as needing to be more than words on the wall.

Employees needed to live and implement values in everyday operations and 69% had tactics in place to check if they are understood and incorporated the into daily operations.

(1) Peter Drucker - Management Consultant, Educator and Author, whose writings contributed to the practical foundations of the modern business corporation

EMPOWERMENT THROUGH DIRECTION



IDENTITY FUELS EMPOWERMENT

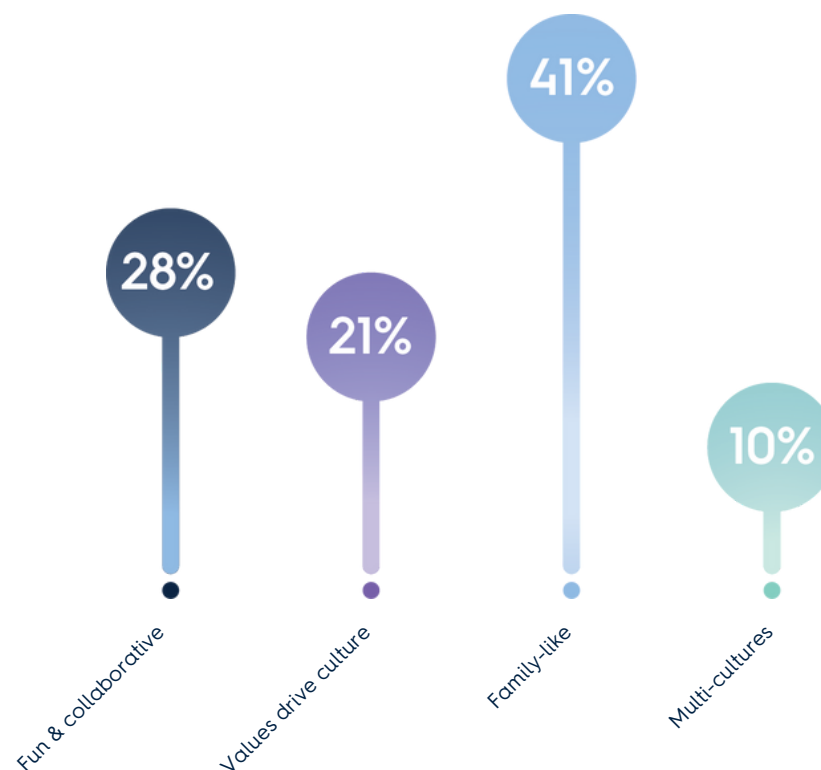
CULTURE

Culture was generally reported as important. An interesting point made by a CEO of a start-up was that “first hires are important to create the culture that you want to have moving forward”. He believed that if you hire the right people, the positive culture will become “self-sustaining”.

From our interviews, 55% of business leaders said their company culture was established through the people that they hire, while 44% said their culture was driven by the senior management team, especially in larger companies where there is a more traditional hierarchical environment.

How did business leaders describe their company culture? Eight companies reported that they have a fun and collaborative environment, six stated their values are what drive their culture and three companies said there is not one culture, that it is made up of subcultures. The remaining companies described their company culture as a “family-like” friendly environment that is made up of passionate people who take pride in their work.

Values and culture motivate people through a sense of belonging, but they can also inhibit empowerment. This can often be done through using the wrong language, feeling imposed rather than lived, and coming across as commanding rather than empowering. Overall, we found that company culture was mostly “undefined” and not thought of in the context of aligning behind the organisation’s strategy.



STRATEGY AND GOALS CONNECT PEOPLE TO OUTCOME

RESEARCH

An important part of empowering staff is ensuring employees understand how their work contributes to the organisation's success.

Respondents understand that making employees feel they are an integral part of the business is important for empowerment. But sharing the company strategy and goals takes a great level of trust, and trust is a critical aspect of an employee feeling empowered. Without trust, we can't sustain a healthy state of empowerment. If a leader doesn't trust their employees, they risk holding back information that will help their employees do their jobs well, and company performance can suffer as a result.

48% have identified that they value customers as their highest priority, 38% value employees first and 14% identify shareholders as their highest priority. With

So we wanted to find out if strategies and goals are communicated, and how. Are they plastered across the wall for everyone to see? Are they shut away in a vault?



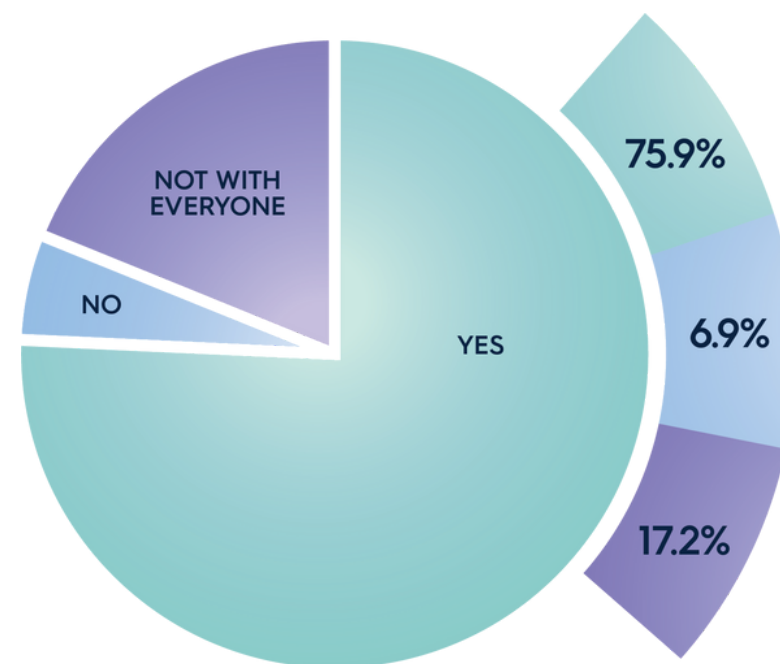
STRATEGY AND GOALS CONNECT PEOPLE TO OUTCOME

COMMUNICATING YOUR STRATEGY

When asked participating companies if they communicated their strategy to employees, 76% of participants reported that they are transparent with their strategy across their teams.

How do the 22 companies that communicate strategy to all employees do that exactly? Strategy doesn't have to be a scary conversation, our research found that 41% of respondents discuss strategy on a regular basis through team, or departmental meetings, to maintain team cohesiveness. All of these companies complement these team meetings with informal discussions that go on regularly in the office. Our research identified four companies that go much further and do whole team planning workshops to determine new strategies.

We found that 32% of participants reported that strategy is communicated because it shows all staff what direction the company is going in, and how each employee fits into that. This is to allow them to understand what they're working towards and see how their specific job is beneficial for the entire company.



STRATEGY AND GOALS CONNECT PEOPLE TO OUTCOME

COMMUNICATING YOUR STRATEGY

Whilst the majority of companies in our sample size do believe in the importance of sharing strategy, 24.1% either don't share it at all or only do with some employees. This was largely dependent on the type of industry and audience. The primary reason given by these companies in not choosing to share their strategy, or only sharing it with some people, was that they believe part of the staff just want to come to work and do a "good job".

However, a large body of research recognises that effectively communicating strategy helps employees, at any level, to make day-to-day decisions. Regardless of the type of work employees are doing, creating "a narrative" about the future helps employees understand the organisation. They will be able to connect tasks to a bigger outcome, whether that be welding in a workshop or designing clothes in a studio.

An example of outstanding strategy communication that we came across was a company with upwards of 350 employees. This company went through a routine, large strategy adjustment when a new CEO came on board. This CEO sat with groups of employees, ranging between the size of 10-30 people and went through the new strategy with every single one. There were approximately 25 different meetings hosted by the CEO and people were put in groups depending on the department. These meetings gave employees a chance to understand the direction and what it meant for them but also gave them a space to ask questions directly to the people tasked with implementing it. We thought this showed great commitment to being inclusive and was very impressive given the size of the company.



STRATEGY AND GOALS CONNECT PEOPLE TO OUTCOME

UNDERSTANDING GOALS

Every organisation has goals, whether that be a comprehensive 1, 2 and 5-year plan, or simply to make ends meet and get through a pandemic. Similar to strategy, we wanted to find out how organisational goals are passed down through the chain of command or if they are hidden away in a secret filing cabinet that only senior management can access.

Only 14% of companies keep goals under tight wraps, with them only accessible to upper-level management. The reason given for this is that some things are confidential. Not everyone in the business needs to know what level of success the organisation is aiming for, especially in a highly competitive industry.

Again, a large body of research recognises that if employees don't understand what the goals are, how can the organisation expect those goals to be met? That matters whatever industry you work in, fostering a shared vision among employees at every level of the organisation means that they have an understanding of how their own role and their team or department contribute to the overall success.



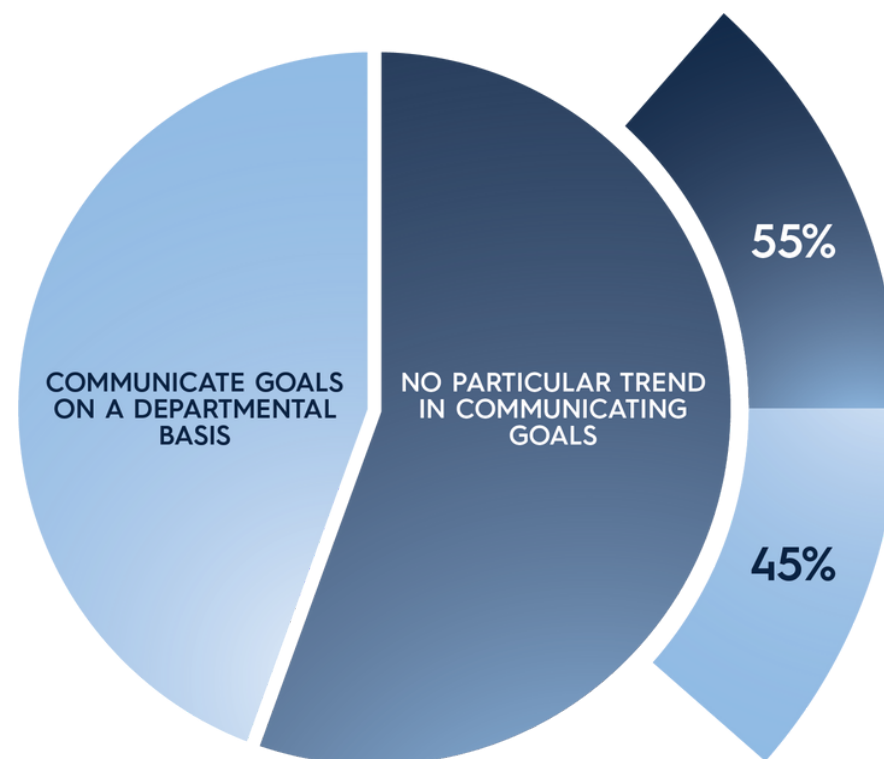
STRATEGY AND GOALS CONNECT PEOPLE TO OUTCOME

UNDERSTANDING GOALS

The vast majority, 76% of respondents seem to agree with this and are transparent with all of their employees when it comes to company goals. The trend we found was that 45% of those respondents communicate goals on a departmental basis, leaving it up to team managers to communicate them effectively. Objectives are broken down per team where employees genuinely care about the goals that their department has to reach. In the other 55%, there wasn't any other particular trend in how they communicate goals. It just depends on the organisation as to whether they did it on an individual level, at a companywide level, in stand-up meetings or formal monthly meetings.

Once these goals have been communicated, how do you know they've been understood? We discovered that most companies simply gauge this by what they can see in the office. Through day-to-day actions and how teams are performing.

An effective way that some companies communicated their goals was through the distribution of their business plan. This business plan goes in-depth into the company's strategy, all of its goals and KPIs to reach the goals, basically, an all-in-one package that shows what the organisation does and how they do it. This plan is rewritten every 12 months in sessions that all of the employees are involved in, to create and write it up. They do this so that the employees know the goals of the business inside-out.



INSIGHT

EMPOWERMENT CAN BE DESIGNED

Organisational leaders aim to do what is best for both the individual and the organisation as a whole. They work to empower employees on many levels, applying their understanding of personality, relationships, work ethic, business and a leadership mindset to help ensure success for the business and its people.

Empowerment is more than motivation. It can be defined as “creating the motivation, competence, and coordination for individuals to effectively deliver value to customers, staff and shareholders.” (2)

Empowering leaders design and build organisations that deliver:

- Performance: Delivering value to customers, employees and shareholders
- Strength and flexibility: Getting better and better at what the organisation does, and building capacity to be resilient and pursue new directions
- Individual learning and growth: Enable people to grow and adapt to new conditions

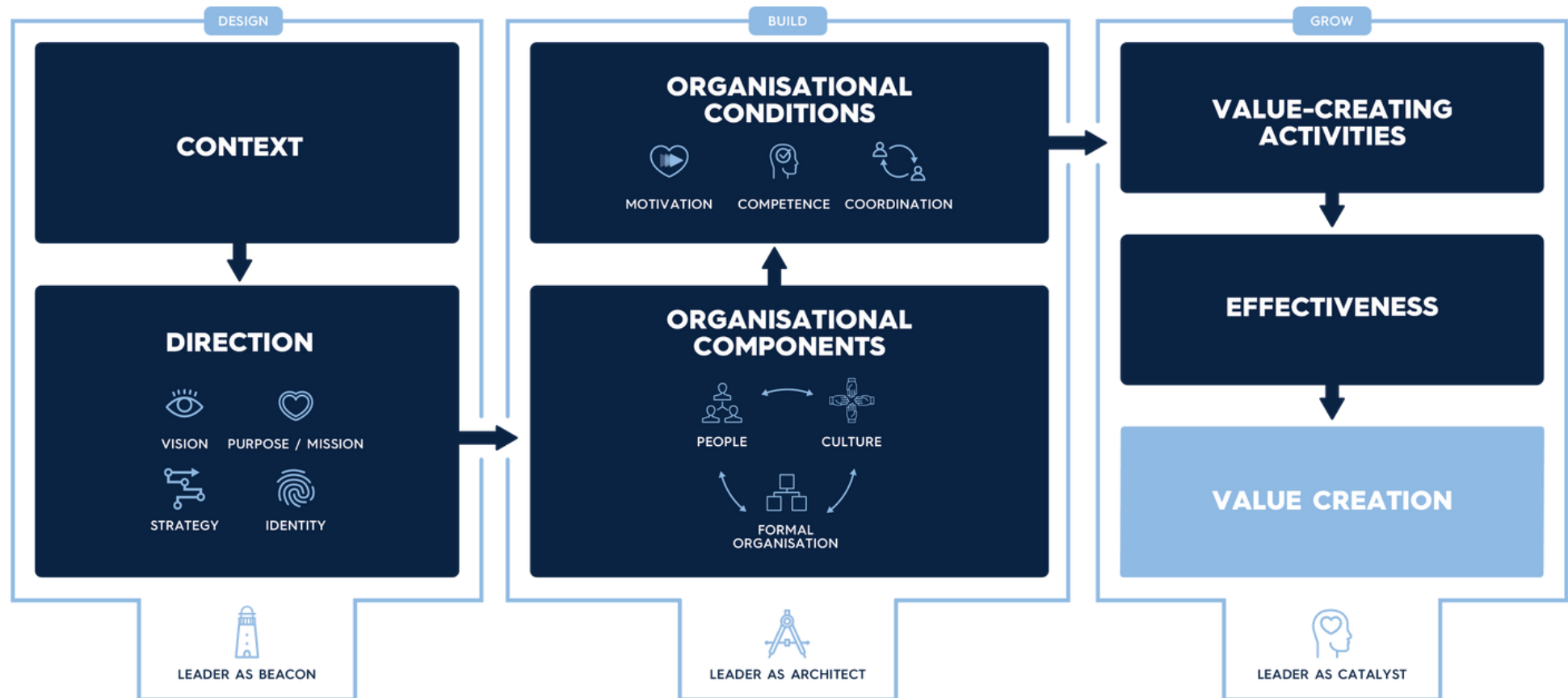
To achieve these goals, empowering leaders embark on a journey starting from understanding the context surrounding the organisation and ending with the creation of value. As a beacon, they adjust direction as needed, as an architect they build and adapt the organisation, and as a catalyst they motivate and coordinate people to be effective in creating value.



(2) Organisational Leadership: Thomas S. Murphy - Senior Lecturer of Business Administration, Harvard Business and James Dinan - Professor of Business Administration, Harvard Business School

INSIGHT

EMPOWERMENT CAN BE DESIGNED



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INSIGHT

EMPOWERMENT CAN BE DESIGNED

While all respondents identified direction, people and culture as key components of empowerment, very few mentioned the formal “organisation” (e.g. systems, structure, processes) as a tool to empower employees.

Organisations can inadvertently hinder empowerment by not understanding how they create roadblocks (Table 1).

Designing and implementing the formal “organisation” around the concept of empowerment allows leaders to address any blocks so employees can focus their attention where they can create the most value.

TABLE 1: ORGANISATIONAL BLOCKS

MOTIVE	CORRESPONDING ORGANISATIONAL BLOCK
People want to contribute. They have an innate desire to make a difference in the world, and the organisation can be a vehicle for fulfilling that need.	Organisations make it difficult for employees to understand how they can make a difference. Management fails to communicate the business’s strategy and direction to employees. Employees are unsure of the larger purpose and mission of the business and don’t recognise how their role fits in to that purpose.
People strive to achieve. Many work to capture extrinsic rewards such as money, promotions, and praise. People also possess an innate drive to feel a sense of satisfaction from personal achievement.	Employees lack the resources necessary to complete their tasks. Or, they face so many competing demands that they are unable to focus on any single objective with enough intensity to achieve the desired outcomes. Their productive energy becomes scattered and diffused, hindering efforts to achieve strategic goals.
People like to innovate. The urge to experiment is a powerful human instinct that has allowed us to continually improve our standard of living.	Employees fail to innovate or continually improve because they lack the necessary resources or because they are afraid to risk challenging the status quo. They worry that if they voice opinions that seem novel, superiors and colleagues will not support them.
People choose to do right. They recognise the difference between right and wrong.	Employees face pressure to hit performance goals, causing them to bend the rules. Boundaries around the right behaviours can be unclear.

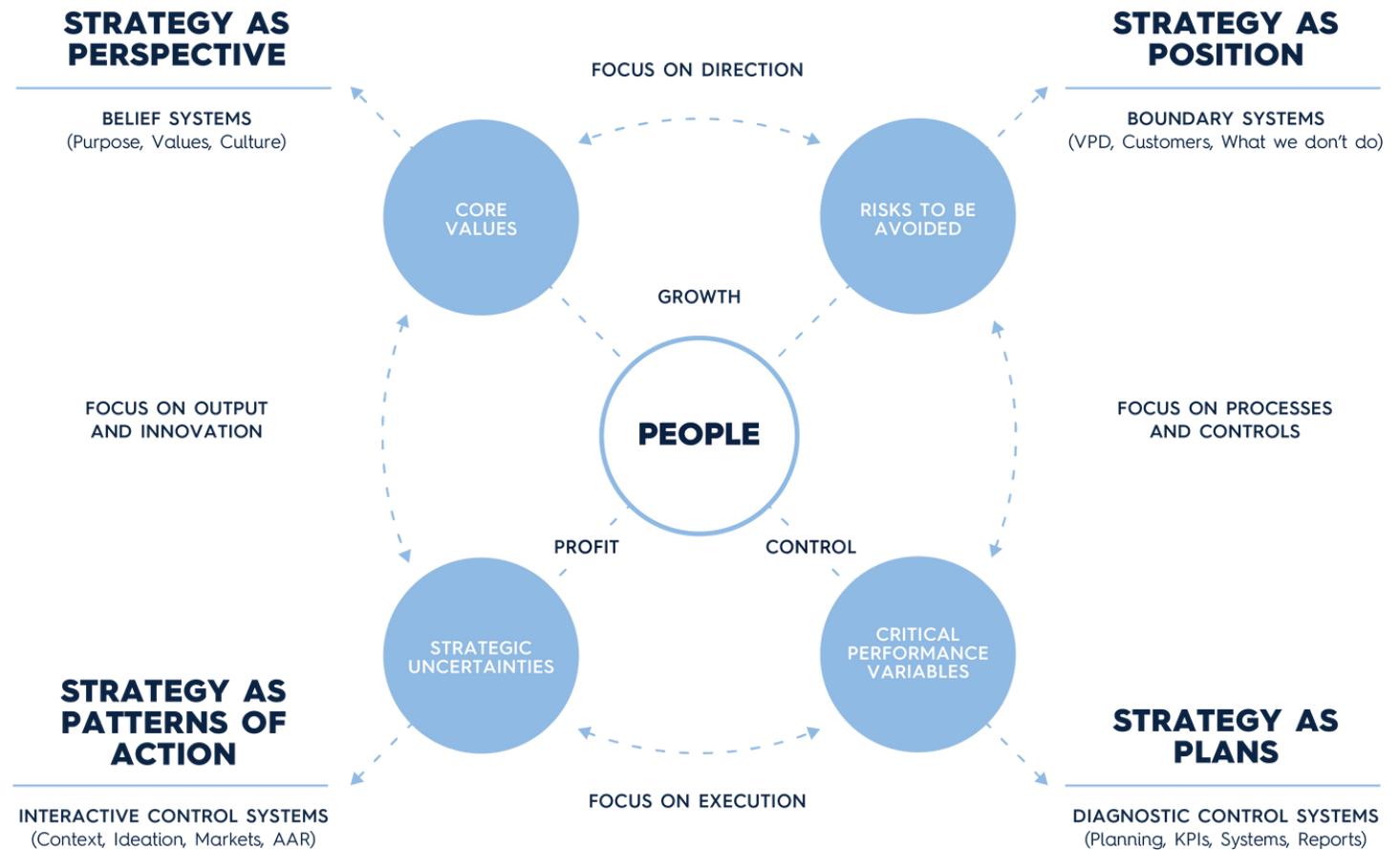
INSIGHT

EMPOWERMENT CAN BE DESIGNED

Looking at empowerment through the lenses of human-centred design (Table 2) is an area of opportunity leaders should consider.

In our experience, this is an area often overlooked that adds tremendous value to the organisation, and increase the long term profitability.

TABLE 2: HUMAN-CENTRED DESIGN



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CONCLUSION

EMPOWERMENT IS A CATALYST OF VALUE CREATION

Empowerment is a term that is becoming more and more popular in the workplace. This research shows that empowerment is perceived as giving employees the freedom to work autonomously in a safe environment where they are actively engaged, can make decisions, work collaboratively and aren't afraid to make mistakes. But empowerment is more than motivation, autonomy and leadership. Empowerment can also be designed to focus people's attention within the value-creation process.

Does empowerment actually matter? Leaders are keen to report that empowerment is important to their businesses. Organisations that have genuine care for people are focused on creating an environment where individuals can thrive, inside and outside of work. People want to connect, and the best way to achieve this is through creating motivation, developing competence and coordinating value-creating activities.

Trust is a huge driver in empowerment. Not only does it instil belief in their team and their capabilities, but employees should also feel supported and enjoy their work as they are comfortable in their environment. This enables greater productivity, creative thinking and job satisfaction; all components that lead to an empowered employee. Even though empowerment may not be at the top of every business's agenda, the majority of companies do encourage and nurture empowerment.

We hope that the elements we have discussed in this report can help you execute your strategy. We'll leave you with a question that hopefully this report helped answer:

Is empowerment implemented successfully in your business and are there areas requiring improvement?



ACKNOWLEDGEMENTS

We would like to thank all of the companies who contributed to this research. We know they are busy so we appreciate them taking the time out of their busy schedules to meet with us.

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Credit:

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Thank you to those companies for their time and contribution



Empowering
people and
businesses to
succeed



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