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Improving internal performance of a company – Introducing employee empowerment via job redesign in Finnish small and medium sized enterprises

Työntekijöiden valtuuttaminen työn uudelleensuunnittelun kautta tehokkuutta nostavana tekijänä suomalaisissa PK-yrityksissä

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1. Introduction

I'm interested in finding out that if it's possible to give more freedom for employees in Finnish organizations. It's done in large organizations and rapid growth companies that utilize the latest theoretical tools in their concept of doing business, like at Google, Ritz-Carlton and IBM as the articles in *Forbes* have told us lately. One of the great examples about empowerment comes from IBM's human resources manager Randy McDonald: "*Trust people at the lower levels. They live it. They understand it.*" Other example from trusting the employees and granting them power to act on their own can be seen at Ritz-Carlton: All the front-line employees at Ritz-Carlton are empowered to spend up to \$2000 to improve a guest's experience, handle a complaint or fix a problem. (Bradt, 2013).

Senior Vice President of Google's People Operations, Laszlo Bock told that the empowerment of their employees is the source for innovation at Google as every worker is allowed and encouraged to represent their ideas and cross-talk between management and employees is expected. Interesting examples of the freedom granted for workers at Google is that 20% of their weekly work time is allowed to spend on projects that interest them even though those projects do not necessarily relate to current projects at Google. Also the organization's headquarters includes "Google Cafés" that are channels where employees can interact with other work teams and its purpose is to raise conversation and encourage sociality. "Personally, I believe this culture is an insight about the human condition. People look for meaning in their work. People want to know what's happening in their environment. People want to have some ability to shape that environment" Laszlo Bock said. (He, 2013).

Is the employee empowerment applicable in Finnish small and medium sized enterprises? Many of the companies in European financial region suffers from economic recession or has profitability concerns as the business becomes more and more competitive and the globalization takes away the profits of doing basic manufacturing in countries that have high costs of labour. So something has to be done in order to retain competitive advantage in Finnish companies.

This kind of activity, job enrichment, self-controlled employees and employee's power to design his or her own job description also reflects manager's liabilities shifting from

management towards leadership. It might be beneficial for a company to support independently thinking workgroups depending on the complexity of work (Frankforter, Christensen 2005). My thesis suggests that empowered employees are capable in finding inefficiencies in operations, innovate more and thus should have the power to influence on how processes are being carried out.

Job design (or job redesign) can be considered as an opposing movement for theories that emphasize high level of specialization in work, like Fredrick Taylor's (1911) scientific management. Traditionally, internal efficiency has been sought from designing jobs so that they lead into highest possible output in short range i.e. making jobs simple and easily mastered. This is the message in early efficiency theories and it is inherited from Adam Smith's teachings in the book *Wealth of the nations* (1776). Specialization theories do not take into consideration the people, psychology and the whole concept of motivation in work. Job redesign approaches the issue of internal efficiency from employee's point of view and the efficiency is being derived from worker's own motivation to do his or her work well because he or she is genuinely interested in it.

In early 1950's, Walker and Guest presented that if an employee's job is repetitious and monotonous and only few different working techniques and skills are required, the employee will consider his or her job boring which causes motivation, morale and productivity to decrease. Basic principle in Job Design is that stimulating jobs have psychological impact on its doer so that the employee will voluntarily, without presence of direct incentives, invest more of his or her effort towards job. Thus the productivity and performance is increased. (Morgeson & Campion, 2003)

Later on, Hackman and Oldham introduced the Job Characteristics Model, JCM (1976) in which many of contemporary researches are based on. This model and their test of a theory demonstrated us five core job characteristics that effect on employee's state of mind and their performance. Skill variety, task identity, task significance, autonomy and job feedback were the determinants that could lead into higher motivation and satisfaction thus improving the organization's internal efficiency. However in their later research (Oldham, 1996), mixed results has been achieved when stimulating these five core job characteristics separately and compared to outcomes. The five job characteristics definitely have impact on job satisfaction, motivation and performance but the context may affect results strongly and the augmentation of one characteristic does not necessarily increase the motivation or performance in the same proportion (Parker et. Al., 2001). In

Rehman's study about job design and job performance relationship, it was noted that job design and job performance, as well as job design and job satisfaction had a highly explanatory relationship (Rehman, 2011).

Pierce, Jussila and Cummins (2009) suggested adding a psychological ownership aspect to Hackman and Oldham's Job Characteristics Model. Their conclusion was that enriched jobs naturally arouse the feeling of psychological ownership. The feeling of ownership creates motive for efficiency and self-identity on individual level. They also pointed out the possibility for negative outcomes from job enrichment's psychological aspect: Stress, burden of responsibility, defensive behaviour towards change and isolation from other employees. (Pierce et. Al, 2009)

What has not been researched in this field is what managers have to say about job design and employee empowerment, especially in certain country (in this case, in Finland). My research here focuses on combining the earlier research into one framework and after that it is brought into field test to find out what is the use of theoretical tools in different companies in Finland.

1.1 Objectives of research

Objective of this research is to discover the viability of job redesign concept in Finnish small and medium sized enterprises. The aim is to find out what barriers are encountered in Finnish enterprises when the employee empowerment is being considered to implement in the organization. The benefits and effects of self-controlled employees have been studied before as well as job redesign and I focus on combining them and making a framework that can be introduced for management that decides on policies in the organization. The goal is not to fabricate a ready-made model that can be given as such for organization's use but to clarify the suitability of employee empowerment and find out what is the state of job design in Finnish SMEs. Emphasis is on management's role in actions that leads towards self-controlled employees who are not dependent on strict supervision and control.

The aim for my thesis is to point out the utility of job redesign - in other words adjusting the job description and routines for the people, not to set people to jobs that are not suitable for their capabilities and lifestyle. This thesis enlightens job redesign in workplace from managerial point of view and how to overcome barriers that are met nowadays in Finnish

small and medium sized enterprises.

Below are the research questions that will be answered in this thesis. Every question will be treated from Finnish small or medium sized enterprise's perspective maintaining the operative level manager's potency in mind.

1. Could self-management of employees and workgroups improve organization's internal performance because workers may have more clarified view than management concerning operative issues?
2. What are the main barriers for extending employee's horizontal and vertical field of influence?
3. How could managers prepare their organization to shift towards employee empowerment via job redesign?

1.2 Structure of thesis

Thesis proceeds in the following order: First, in chapter 2 I represent the theoretical framework in which the models concerning job design and job enrichment are based on. I'll review previous researches and form a theoretical base in which I can base my data collection process and give suggestions for managers.

Next in chapter 3 I'll draft out the tool for implementing the concept of employee empowerment in Finnish small and medium sized enterprises. Emphasis is on managerial means, in other words what can management do to accomplish employee empowerment in their organization. Fourth chapter is to introduce research methods used during this study.

Fifth chapter unveils the empirical evidence from my interview survey. What is the situation in Finnish organizations nowadays and how does the management see the employee empowerment and job redesign concept's possibilities? I will also ask managers their personal opinions about theory of job design and employee empowerment and the viability of them in real life organizations.

In the end (chapter 6) comes the conclusion where I summarize the outcomes for theoretical framework combined with empirical evidence.

2. Theoretical Framework

This chapter outlines the theoretical principles that are being utilized during my study. Mostly I will focus on job design theories and their outcomes to clarify the meaning and benefits of job design and employee empowerment. Also to support thesis' later advancement, I will shortly discuss about self-managing individuals and teams.

2.1 Job Design

Jobholders, who have been granted permission to craft their own jobs, have been recognized to develop new knowledge and skills (Leach, Wall & Jackson, 2003). Autonomy might be the key here as reduction in autonomy often has a reductive impact on workers motivation to learn while working (Jackson & Wall, 1991). It must be noted, that all individuals might not react similarly to job redesign and enrichment of their work. Hackman and Oldham suggested that individuals with high Growth Need Strength (GNS) react more positively to enriched job description (Hackman & Oldham, 1976).

According to Morgeson and Campion (2003), an integrated work design framework consists of three main sections (see picture 1 on page 7): Contextual influences are the social and structural factors in the background and are not part of the job design. Next one is the characteristics of work, which consists mainly from same characteristics as Hackman & Oldham's JCM but adds a social environment and physical demands to it. Social environment is about dealing with others in workplace and job interdependence and physical demands of work consists of the very physical attributes of the job, like physical activity, work conditions, schedules *et cetera*.

Third section of work design framework is the meditating mechanisms. The Job Characteristics Model suggests that there is causal relationship between complex, *enriched* jobs and the three Critical Psychological States. Hackman and Oldham (1976) suggested that Critical Psychological States mediate the relationship between job characteristics and the work outcomes. They are:

- Experienced meaningfulness - Jobs must allow workers to feel responsible for meaningful and identifiable part of the work

- Experienced Responsibility - Jobs must provide outcomes that are intrinsically meaningful
- Knowledge of results - Jobs must provide feedback about performance and success

Other psychological research concerning empowerment has managed to identify these kind of cognitive states that employee must experience in order to be motivated in his job and be willing to pursue higher outcomes. These states can be described as *active motivational states*. According to Spreitzer's research (1995) on psychological empowerment in the workplace, the critical states for employee are

- Meaning of work
- Competence
- Self-determination
- Impact of work

Even though the dimensions are not exactly the same as in other studies, it can be seen that employee motivation and willingness to perform well in his or her job is highly dependent on the meaningfulness and outcomes. Meaningfulness can be both internal and external. Jobholder can experience the internally motivated state of mind when the job design supports these cognitive states (Morgeson & Campion, 2003).

The outcomes from job design can be divided into four different aspects. Psychological outcomes are related to job satisfaction and work motivation, behavioural outcomes describes the job performance, absenteeism and turnover, human resource outcomes will effect on skill requirements, training demands and compensation levels. Last aspect, the role definitions as outcomes helps to clarify the problem ownership question (who is responsible for solving the problem) and role breadth self-efficacy. (Morgeson & Campion, 2003).

From the job design perspective, this thesis relies on Morgeson & Campion's (2003) integrated work design framework as it summarizes many of the earlier findings on researches about workplace psychology. The contextual influences are a variable that is difficult or impossible to affect via job redesign, but it must still be paid attention when

examining the outcomes of job design. The characteristics of work are a medium which can be crafted inside the organization. The purpose of crafting the characteristics is to arouse mediating mechanisms as wanted (realized critical psychological states, empowerment and knowledge level). The outcomes can help measuring the effect of work design. (Morgeson & Campion, 2003).

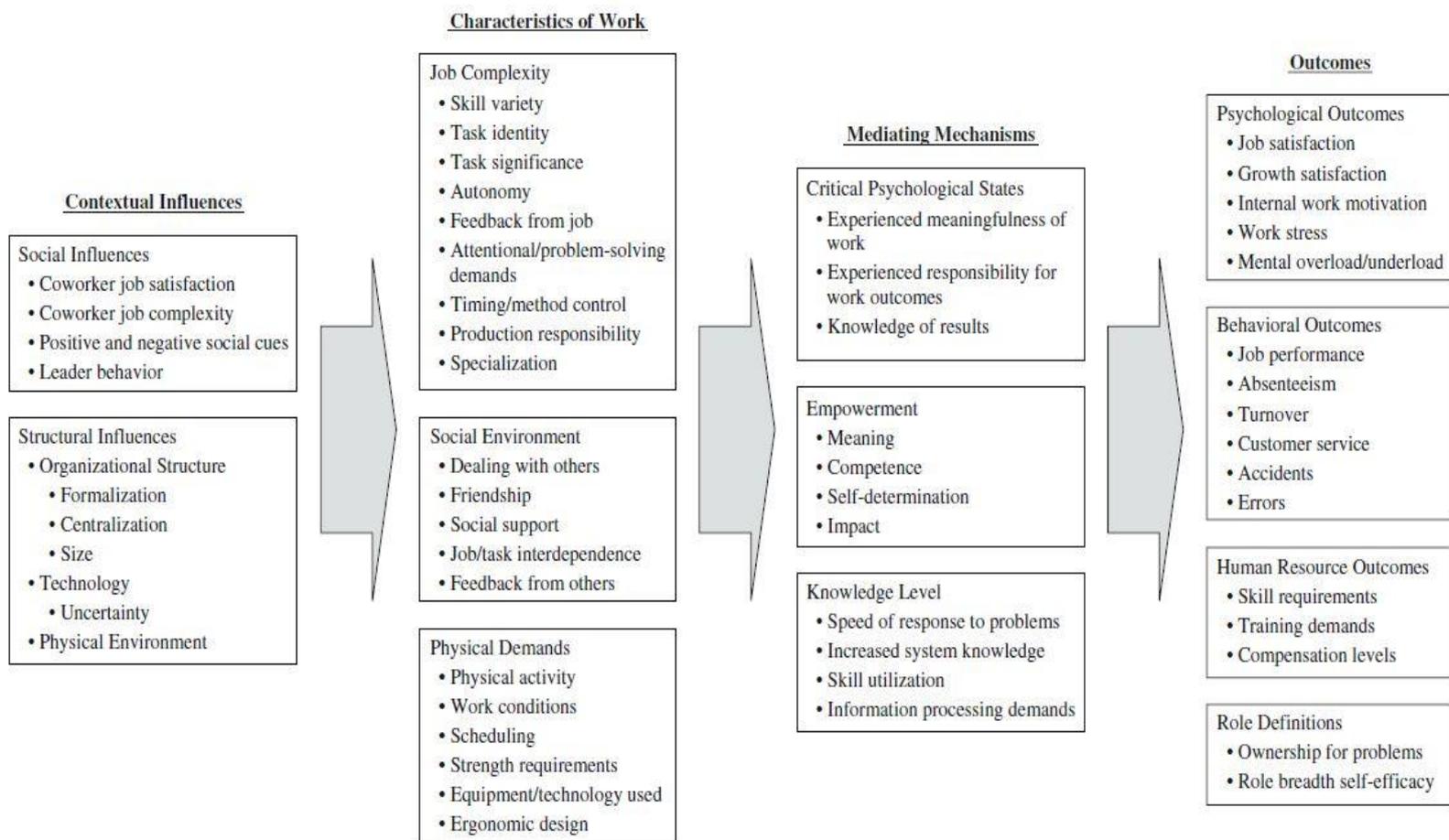


Figure 1. An integrated work design framework (Morgeson & Campion, 2003):

2.2. Employee Empowerment

Rapidly changing environments requires an organization capable in identifying the needs and possibilities for change. Jobholders can often recognize inefficiencies at operative level and they should be authorized to influence against inefficiencies. Employees' own perception that they can control the working environment may lead them to exercise their

personal efficacy strongly (Williams & Lillibridge, 1992). In 1959 Fredrik Herzberg published his two-factor theory which divided factors affecting job attitudes in two categories: Those that led into dissatisfaction if not on correct level (*hygiene factors*) and those leading into job satisfaction when utilized (*motivators*). Herzberg's two factor theory's implications on management were that management must provide the hygiene factors to avoid dissatisfaction and motivators to arouse job satisfaction. Motivators are similar features that can also be found in literature concerning job enrichment and employee empowerment and thus Herzberg's theory also supports empowerment.

The most strongly affecting six factors are presented in the table below:

<i>Hygiene factors</i>	<i>Motivators</i>
Company policy	Achievement
Supervision	Recognition
Relationship with superior	Work itself
Work conditions	Responsibility
Salary	Advancement
Relationship with peers	Growth

Table 1. The top six motivation and hygiene factors (Herzberg et. Al, 1959)

The questionnaire research *Impact of Employee Empowerment on Employee's Job Satisfaction and Commitment with the Organization* studied relationships between three variables: Employee empowerment, job satisfaction and employee's commitment. Findings were that empowerment will lead into a higher job satisfaction and increased employee commitment with strong explanatory value. The conclusion in this research was that all the variables had a direct positive impact on each other. Employee who is not empowered, which means that he or she has no authority in work related decision-making, will not be satisfied on his or her job. This causes employees trying to find out better opportunities for their career and thus becoming less committed with their organization. (Sarwar and Khalid, 2011).

2.2.1 Self-management of workers

Self-managed teams have been proven to make a positive impact on organizational performance in different ways. Worker satisfaction can reach higher levels (Batt, 2004), labour productivity is improved in self-managed team participation (Black & Lynch, 2004, Eriksson, 2003) and organization can reach diminishing unit labour costs (Cappelli & Neumark, 2001).

Self-managed workers can be seen as a next phase in the evolution of job design. Self-management helps organization to avoid problems caused by traditional job design. Referring Frankforter & Christensen (2005) major problems in traditional top-down approach are:

- Inflexibility – Employees perform specialized tasks and are not prepared to accomplish variable tasks when needed. This causes bottlenecks in processes.
- Inefficiency – Repetitive and simple work offset the gains from specialization as the workers become less effective when the company fails to involve employees in the company's mission.
- Absenteeism and turnover – Employees are viewed as parts of a machine. In this situation workers aren't satisfied with their job and are more likely to quit or to be absent.
- Coordination and accountability – With strict supervision and low self-management, coordination costs increases. Because single person is only responsible for a small part of the end product or service and no one is accountable for the entire product or service, the quality may suffer.

Self-management of workers tries to solve all these problems by making the employees more horizontally and vertically responsible. Horizontal expansion gives employees additional phases in making a product or service and the outcome is increased experienced meaningfulness and expansion of authority and accountability. Vertical expansion gives employees the responsibility to control and plan activities that require decision-making such as scheduling the work or determining work methods. By vertical

expansion an employee is more in control his or her environment, experiences more responsibility and feelings that job is right for him or her. This leads into higher job satisfaction. Vertical and horizontal enrichment of the jobs can be achieved by removing the barriers for decentralized decision-making and information sharing. Information and knowledge should be able to travel freely inside the organization and available for all workers. (Frankforter & Christensen, 2005).

2.2.2 Defining employee empowerment

According to Thomas and Velthouse (1990), employee empowerment constitutes intrinsic task motivation that is based on four cognitions: Sense of meaning, competence, self-determination and impact. These four characteristics are also found in Morgeson and Campion's Integrated Work Design framework as empowerment is one of the mediating mechanisms leading into positive outcomes.

Blanchard (1996) described an organizational empowerment model that consists of three steps to be followed and supported by management in order to succeed in employee empowerment. First step is *communication*. Sharing information with employees arouses the feeling of ownership towards the company and job. Better informed employees are more likely to act in the best possible manner from the organization's perspective. Second step is *employee autonomy*. Hackman and Oldham (1998) describes employee autonomy as "the degree in which an employee has substantial autonomy to perform the task and he or she has freedom, independence and discretion in scheduling the work and determining the procedures how to accomplish the given task". Third step is *self-managed work teams* that replace hierarchy as strongly hierarchical organization can be inefficient. The idea of self-managed or self-directed work teams is to be responsible over the results. Workers can choose their routines and leaders internally so they feel less dependent on their superiors, thus reaching higher level of perceived control towards their own job. (Blanchard, 1996).

Many scholars do not define what employee empowerment exactly is and it is often handled as a phenomenon that comprise all possible activities which give employees more power to make decisions. From the managerial perspective empowerment is a relational construct that describes how those who have power in organization share the power and

formal authority with those who lacks it (Conger & Kanungo, 1988). Although, many empowerment programs fail as they are only focused on distribution of power in organization. Bowen and Lawler (1992) identified four key empowerment practices that increase internal performance: (1) Sharing information about the organization's performance, (2) Granting rewards based on the organization's performance, (3) increasing the knowledge level of employees to help them understand organization's mission and (4) granting power to make decisions that influence on organization.

Another perspective for defining the employee empowerment is the psychological construct of empowerment. This definition states that empowerment is an internal cognitive state characterized by enhanced feelings of self-efficacy and increased intrinsic task motivation. Conger and Kanungo (1988) argued that one's motivation to increase effort is based on expectancies: Expectancy that employee's own efforts will lead into desired level of self-efficacy (*self-efficacy expectation*) and the expectancy that the attained performance level will produce a desired outcome or a reward. As employees become more empowered, the self-efficacy expectations will increase, leading into higher levels of effort and time dedicated in performing the task. (Conger & Kanungo, 1988)

2.2.3 Implementing employee empowerment

Employee empowerment can be carried out in two different ways. The *psychological empowerment* is about enhancing jobholders' competencies, motivation and knowledge-sharing by creating a supporting environment within the organization. In this model, employee experiences being in control of his or her future and is able to make choice about how to use or learn new skills in his or her work. Psychological empowerment can be described as a mechanism that generates motivational behaviour in organization. The other way to implement employee empowerment is *discretionary empowerment* which means that the employees have authority and autonomy to make decisions that effect on their working environment. (Sarwar & Khalid, 2011)

In a field study focusing on effects of *ability utilization*, *job influence* and *organizational commitment* on employee empowerment, it was noted that all three abovementioned have a positive relationship with the empowerment. Ability utilization refers to an extent of how much skills and knowledge an employee is able and required to utilize in his or her work.

One can experience a sense of competence if an individual has the opportunity to utilize variety of skills. Recall from earlier, competence is one of the four main attributes of empowerment. The second concept, job influence arouses the feeling of control if an employee is given possibilities to influence in operational activities concerning his or her work. Organizational commitment has a positive relationship with empowerment if workers feel that they are making an impact on the organization itself. As a result, employees are likely to see the congruence between their own goals and goals of the organization which leads into higher level of organizational commitment. (Elloy, 2012)

Empowerment is also a way to encourage innovative behaviour within the organization. Empowered employees are recognized to improve performance vastly by seeking and identifying process or product innovations if the empowerment practices support innovative behaviour (Fernandez & Moldogaziev, 2012). According to Bowen and Lawler (1992), empowerment is multifaceted management approach involving four practices:

- Providing information about goals and performance (*Goal setting, performance measurement, feedback*).
- Offering rewards based on performance (*Merit-based salary, profit sharing, employee recognition*).
- Providing access to job-related knowledge and skills (*Training and embedded learning*).
- Granting discretion to change work processes (*Creative rule breaking, employee participation in decision-making, self-managed teams, job enrichment*).

Providing information about goals and performance can evoke motivation among achievement-oriented employees. Specific and challenging goals are noted to raise employee performance in general (Locke & Latham, 1990). Offering rewards based on performance may sound a bit out-dated mechanism when improving organizational performance but people still value the extrinsic rewards because of the trade-in value of monetary assets outside the working environment. Vast number of studies show that pay and other extrinsic rewards can still be used effectively to increase effort, performance and job satisfaction (Fernandez & Moldogaziev, 2012; Greene & Haywood, 2008).

Providing access to job-related knowledge and skills as a way of empowerment has been cited to foster new ideas and creativity. Training and education of workforce can help to distribute information and knowledge as employees learn about practices applied successfully in other organizations by meeting new people they can share thoughts with (Fernandez & Moldogaziev, 2012). Granting discretion to change work processes is about manager sharing power with employees. Cutting down the hierarchy and bureaucracy gives the employees sense of control and responsibility which are the key factors in increasing internal performance, according to Hackman & Oldham (1976).

3. The model for employee empowerment via job redesign

In this chapter I present a model for employee empowerment via job redesign for use of my research. I strongly lean on the theoretical framework that I've been describing earlier on. This model is used as a tool for introducing the employee empowerment and job redesign for managers in Finnish small and medium-sized enterprises and with the responses gathered from the interviews, it helps to answer in one of the research questions; *“How could managers prepare their organization to shift towards employee empowerment via job redesign?”*

The sole purpose of employee empowerment is to unleash the unused human resources within the organization. I describe the process of employee empowerment with help of Morgeson's and Campion's (2003) Integrated Work Design framework (see picture 1 on page 6). The process of embedding employee empowerment into job design consists of three steps that are:

1. Organizational environment to support reasoning and self-actualization
2. Characteristics of work to support application of extended range of worker's skills
3. Meditating mechanisms that fulfil worker's psychological expectations on his or her career

With right kind of supporting environment and core job characteristics, the goal is to

generate psychological ownership towards job so that the work itself can be pleasuring for its doer and worker parallel his self-identity on his work, has a motive for efficacy and experience his or her workplace as “home”. Home here means the perceived sense of being part of something and finding oneself comfortable with surroundings (Pierce et. al., 2003).

3.1 Organizational environment to support reasoning and self-actualization

Step one comprise social and structural factors that are required for employees to invest more effort in their jobs. Social factors here encompass behavioural and cultural issues that worker encounter during work. Social influences should strengthen the self-managed behaviour of employees and questioning current working methods should be encouraged. The role of management must not be underestimated here since leader’s behaviour implies what is expected from workers. Management and other members of organization can hint out positive and negative social cues considering organizational behaviour, thus steering the organization culture into more democratic state.

Structural factors are visible and include organizational structure, technology and physical environment. Organizational structure can indicate the state of power decentralization and formality of interaction between people on different position. When aiming for employee empowerment, structure of the organization is crucial as it makes it possible for employees to experience the possibility of making an impact on organization and start spreading their ideas. Technology as a structural influence on job redesign refers to the level of uncertainty that may prevent workers from acting on their own and innovate when there is constant fear of large scale changes in working environment. A physical environment here means all the facilities, tools, instruments and machinery that are intended to use for working. Physical environment can be controlled either by management or let be handled by employees. Management-controlled environment does not exclude employee empowerment if management intentionally builds interactive and permissive operative environment.

3.2 Characteristics of work to support application of extended range of worker's skills

My goal in this thesis is find ways to overcome problems caused by high degree of specialization so that internal efficiency of an organization is improved and employees are more satisfied and committed in their work. Altering the characteristics of work is a part of the job redesign and empowerment process that is highly meaningful for the workers themselves because it has the greatest impact on the employee's daily activities and modified task contents and demands are something concrete that require responding from every worker no matter how responsive they are towards job redesign undertakings. The most relevant variables in characteristics of work to support application of extended range of worker's skills are job complexity, social environment and physical demands of a job.

Job complexity is a variable which describes how valuable the worker is for company's business. The higher the attributes of job complexity, the more important the individual is for operation of an organization. Job complexity includes variables such as skill variety, task identity, task significance, autonomy, feedback from job, problem-solving demands, schedules and methods control, production responsibility and specialization. From empowerment point of view, the most vital for job redesign is to reinforce the autonomy and employee's decision-making possibilities that lead into improved self-guidance and better understanding of a job context in larger perspective. A manager could increase the job complexity by intensifying task objectives (more production, stricter time limits etc.) but this wouldn't meet the job enrichment and empowerment description. The aim is not to make jobs more stressful but to increase the jobholders' own desire to perform well and develop their skills in order to fulfil their personal goals.

The code of conduct in the job complexity phase is to make an employee responsible for greater part of the final product or service thus increasing his or her skill variety and task significance. This leads into greater task identity as worker thinks his or her input more vital for the end product and he or she can find meaning for the efforts. Allowing the employee to decide more about the schedules and methods used in production, or solve the problems encountered in work is what the empowerment stands for. Increasing job complexity might require training: Simply making employees more responsible of different affairs and adding their workload does not lead into intended outcomes of job redesign and

employee empowerment. Employees should be provided the means that make the skill development and variety of skill utilization possible.

One category that defines the characteristics of work in Morgeson's & Campion's (2003) Work Design Framework is physical demands of work. Category consists of factors like physical activity, work conditions, scheduling, physical requirements, equipment and technology used and ergonomics of work. As the model has an empowermental approach to the issue, we must view the factors from the right perspective. Working conditions should meet the preferences of employee's so that doing the job would feel pleasant enough to satisfy jobholder's conception of his or her work. In other words, the employee should not find him-/herself from a position where he or she constantly seeks for other possibilities in his or her career. Instead, the worker should be able to influence on physical demands of work and design the job suit better for his or her capabilities. An aim for this is to use the full capacity of each worker and for example job rotation and better organizing of tasks together could solve the problem of wasted human resources.

The third and the last category in characteristics of work is social environment that includes *dealing with others* (peers, subordinates, management, stakeholders etc.), *social support*, *job interdependence* and *feedback*. Empowerment and job design has little to do with social environment and apart from job interdependence and feedback, the social issues fall under contextual influences category in this paper. During empowerment process, a leader must consider the value of feedback and job interdependence. According to studies, the amount of different sources of feedback cause positive effect on jobholder's task motivation and the increased frequency of feedback can have counterproductive effect on motivation and learning (Kluger & DeNisi, 1996; Schmidt, 1991). That being said, empowerment should be carried out in a way that increases the amount of interaction between workers and the feedback should be given comprehensively from different sources and one way to put this into practice is to design jobs interdependent and demand feedback from all employees that work with each other.

3.3 Meditating mechanisms that fulfil the worker's psychological expectations on his or her career

Hackman and Lawler (1971) suggested that jobs must (a) allow workers to feel responsible for a meaningful and identifiable part of the work, (b) provide outcomes that are intrinsically meaningful and (c) provide feedback about performance. Hackman and Oldham (1976) labelled these as *critical psychological states* and suggested that they mediate between characteristics of work and outcomes from job redesign. Meditating mechanisms are nothing that an organization can build *per se* but a phenomenon that occurs when changes in organizational environment and job characteristics are successfully initiated (Hackman & Oldham, 1976). Many studies in the area of psychological empowerment suggests that empowerment is an active motivational state and that enlarged work has motivational gains and provokes the following cognitions in workers: (a) meaning, (b) competence, (c) self-determination and (d) impact towards organization, as mentioned earlier in chapter 2.1 (Spreitzer, 1995; Gagne et. Al, 1997; Kraimer et. Al, 1999).

With Critical psychological states and Empowerment, meditating mechanisms also encompass level of knowledge among workers. According to Wall and Jackson (1995), work redesign may improve organization's internal efficiency by increasing the current level of worker's knowledge and building better basis on further learning. If workers are well aware of their job and the entity that it belongs to, they are also capable in anticipate and avoid problems better (Wall et Al., 1992). Response time for problems is also decreased if workers are authorized to deal with the problems as soon as those are detected. This requires autonomy in work.

In Campion's and McClelland's study (1993), researches made discrimination between task enlargement (added responsibility, added tasks) and knowledge enlargement. The former is found to cause variety of negative outcomes such as mental overload and lower job efficiency as the latter has resulted in better work satisfaction and ability to handle problems better. So to achieve the preferred outcomes from job design, my work suggests that the job design and empowerment should lead into a situation where employee's level of system knowledge is being taken care of. In other words, worker should not be only

aware of his own task, but also what influences on his or her work and how his or her contributions effect on organization.

4. Research methods

The aim of this chapter is to explain the data collection process and analysis methods used during this study. Here I outline why I ended up with the methods chosen and how the data used in this study was collected. I'll also describe how I handled and analysed the data after collecting it. Finally I evaluate the validity of the study.

The research process was begun by familiarizing myself with current empowerment and job design literature. Soon I noticed that this area of leadership research was relatively little explored in practice. I personally was interested in practicality and viability of the concept of employee empowerment in small companies. Also the economic situation of the Finnish and European markets at the moment challenges companies to seek for cost savings and significant production and process innovations in order to survive from the economic downturn of this decade. That is why I chose to start studying about the idea of empowerment and it led into a notion that job redesign is appropriate supporting medium for carrying out a efficiency increasing change in organization that focus largely on people and psychology.

This study was conducted as qualitative study and its purpose was to map out the current state of job enlargement and employee empowerment in Finnish small and medium sized businesses. Because companies implement empowerment efforts differently, it would not be useful to examine numeral values as the goal is to find out what are the experienced benefits, barriers or other thoughts about the topic within companies. So, the data was collected from real-world companies from managers who have the authority to conduct decisions that influence on operative level organizational behaviour and routines in work. I chose the interview method for my research method because I expected it to reveal the most from businesses as I could react to manager's responses and ask more specifically if something arouses interest. This is appropriate way when conducting qualitative research, as purpose is to understand the subject of research (Hirsjärvi et Al., 1996)

The form of interview can be described as semi-structured interview. I presented two different topics for managers; job design and employee empowerment which both had short insight on the topic before each question. After raising an issue, managers were asked to answer from their point of view. Answers were not limited nor demanded in certain form.

After collecting the data from interviews, it was transcribed and analysed. What I sought from the data was statements on behalf of empowerment as well as against the idea and repetitive themes and experiences from successful and unsuccessful job redesigns. Also I was open for new ideas as one of the purposes of this study was to find out how the concept of employee empowerment via job redesign would fit into a Finnish organization and is there some distinct features in a Finnish way of running an enterprise that need special attention whilst conducting the job redesign.

As a validity evaluation, I'd say that this study focuses on introducing the employee empowerment for small and medium sized companies and mapping the current practices in situations where there are any. The nature of this study causes that the results are not necessarily applicable as such within organizations as the survey group is relatively small and geographically centralized. But amongst Finnish SMEs, this study points out how managers sees the topic currently as the respondents are not chosen from certain industry or by certain properties. Method for acquiring respondents can be described as theoretical sampling, which here means that all companies employing 10 to 250 people and located in South Carelia were potential participants and qualified to take part in this study.

5. Empirical evidence from Finnish small- and medium-sized enterprises

The participants for this study were CEO Aki Savolainen (Auto-Kilta Trucks Oy), CEO Ari Häkkinen (MC-Info Oy), CEO Mika Savolainen (Maestro) and Vice President of Operations Osmo Strengell (Flowrox Oy).

Auto-Kilta Trucks provides products and services for heavyweight vehicles and trailers in Lappeenranta and Savonlinna area and it has employees working in truck sales, after-sales services and in maintenance of trucks and trailers including also the equipment like cooling systems and tires.

Mc-Info does market research and its services include collecting and analysing research data. Its organization consists of CEO Ari Häkkinen, four experts in market research and some 50 phone interviewers.

Maestro is vendor of information systems that provide extendable and full covering ERP systems for SMEs and growth companies. Maestro is founded in 1986 and it employs 84 people in Lappeenranta, Savonlinna, Helsinki and India.

Flowrox Oy again manufactures heavy duty valves, pumps and systems and has a factory located near Lappeenranta city centre. They are specialized in manufacturing parts for demanding environments such as quarries. Flowrox employs more than 100 people and has subsidiaries in United States, Australia and South Africa.

5.1 Job Design – altering the characteristics of work

Concept of job design was not utilized as theoretical literature presents it but managers in every organization recognized its characteristics and several of the mechanisms were clearly being used with noticeable results. None of the managers had developed systems to measure the impact of job design features that they had implemented but everyone clearly stated that they can see the difference and utility of job design elements. When speaking about Job Design, half of the respondents divided their employees in two categories: Those whose job contents are set by systems, equipment and nature of work

and those whose jobs are highly redesign-able since they already have freedom to control resources they are given and made responsible for.

When asked about what determines employee's job content, Aki Savolainen from Auto-Kilta Trucks told following:

“Our mechanics do work that is designed by truck manufacturers; manufacturers gives directives and scores parts of the works differently; their systems, equipment and time given characterizes the work whereas in jobs at customer service the goal is to fill customers wills and needs – and that designs their job content. Of course organization's own system and equipment limit somehow the possible ways of operation”.

Similar thoughts could be noticed in other companies as well. There are some jobs that are hard to redesign and the quality management defines the job design. Ari Häkkinen from Mc-Info describes the set-up:

“The people who do telephone interviews in our organization, their routines are set by our quality management systems; how to greet and introduce us to a respondent, what kind of forms they fill et cetera. Other typical job here is Project Manager; his/her task is to independently accomplish the project with resources given to him/her”.

Mika Savolainen from Maestro told that there's on-going process of job design within the organization. The main points were to rethink the division of labour, making the right people do right tasks, arousing right kind of collaboration between teams and to gain more sense of control about one's job. In this organization, the jobs are designed by thinking about objective of team and customer's needs. Jobs are being tailored to fit their doer and keeping the objective in mind, but in general, each task is planned together with co-workers so that job redesign would not create unwanted conflicts.

Osmo Strengell from Flowrox Oy said that they aim to lower the hierarchy in their organization. They began this by making small changes, like giving employees liberty to design their own workstations. On present day, the employee in manufacturing also handles the paperwork and bureaucracy related to his or her work and by this, employees have gradually taken more responsibilities and tasks that before belonged to their foreman. For example nowadays workers can themselves decide in which order they

manufacture orders in queue and they are responsible for the quality of an end product after filling the inspection form and by signing it. With these changes, the measured work satisfaction is elevated, reliability of deliveries are on higher and complaints on lower level than before. But the employees haven't always been so open-minded towards job redesign. For example earlier, when the plant's layout was on a state it happened to be settled over the years, employees resisted on making changes to the layout and disagreed that it could work in any other way. After the management implemented the changes to the layout, employees adapted to the situation and finally the internal efficiency was increased as the flow of raw materials and unfinished products in the production line was rationalized. This event, changing the layout in factory could have been an event that triggered employees to start thinking more positively towards changes.

5.1.1 Characteristics of work influencing on job design

In one part of the interview, managers were asked if the five core characteristics are taken into account when they design jobs. These five core characteristics were picked from Job Characteristics Model (Hackman & Oldham, 1976) as it had shown results which stated that increasing the level of certain characteristic (skill variety, task identity, task significance, autonomy and feedback), organization's internal efficiency can be improved. Task identity and task significance sprung up more often than rest of the characteristics.

Maestro's CEO Mika Savolainen answered that the characteristics of work are thought and they have extensively tried to create roles that incorporate responsibility over certain areas of work. For example in software design, clear definitions about boundaries of responsibility and objectives of task, makes it possible to let the employee decide on how he or she accomplishes his or her task. This reduces the need for continuous supervision and increases job satisfaction as the perceived task identity is increased.

Other companies saw it the same. Aki Savolainen from Auto-Kilta Trucks also added that besides motivational increase, there's also a second benefit from increased task identity:

“Task identity is noticeable and it works in two directions. If something is “dangling”, it is easier to find a person responsible for it – quality targets are met easier. Task identity is strongly present and it clarifies operations within organization”.

Mc-Info’s CEO Ari Häkkinen mentioned that task identity works as a motivator when employee can use his or her personal strengths at work. This naturally requires that there is a right person doing right job so he or she can use his skills extensively. The feeling of psychological ownership towards one’s job creates a motive for self-efficacy and identity for the worker as long as the role definitions support their strengths and interests.

Skill variety was considerably affecting the job designs. Every respondent had noticed the benefits of augmented skills (professional capabilities, system knowledge *et cetera*) and aim to upgrade employees knowledge from organization was often mentioned during interviews. All of the respondents were like-minded about benefits of system knowledge. Employees’ understanding about the organization helps them to make better decisions and act more efficiently as they see the entity more clearly and know how their actions affect the organization and other workers.

At Flowrox Oy, Osmo Strengell emphasized the autonomy of their production workers. It is something that the management tries to raise on employees and the autonomy of workers helps to lower the amount of hierarchy within organization. It was also noted that every worker doesn’t pursue autonomy and aren’t motivated by it; managers have to recognize different personalities and guide their careers towards tasks that suits best for their personality.

5.1.2 A genuine task motivation

To maintain and enhance employees’ interest in work, there were several mechanisms present and one of the most remarkable was autonomy. This is an area where it is hard to reliably measure the outcomes from changes but managers could notice the impact of job characteristics that raise task motivation and interest in work. At Mc-Info Oy premise for operation is that everyone can decide how they carry out projects as long as they put proper effort to it and perform well. Outcomes are being monitored and mooted together with rest of the organization. This has proven to be effective.

Actually there are no external motivation-raising techniques at Mc-Info, as the autonomy in work, atmosphere of freedom in organizational culture and confidential relationships between workers generates motivation inside organization. In other words, the two categories of contextual influences were strongly present: Social influences, like *co-worker behaviour* and *positive social cues* Structural influences were also mentioned: Equipment and tools should be proper and organizational environment should support interaction and working together. One final ingredient shaping contextual influences was luck. If the chemistry between employees works, it leads into better organizational environment. A leader cannot instruct workers to like each other – sometimes they just match but this can be taken into consideration when recruiting new personnel.

When speaking about motivation and employee's interest in making efforts towards their job, characteristics of work and contextual influences came up. On some organizations, rewards based on performance and customer satisfaction helps to motivate workers and measure their output. This is a way to fulfil Conger and Kanungo's (1988) theory of expectancies (as mentioned in chapter 2.2): The expectancy that employee's own efforts will lead to desired level of performance (or *self-efficacy expectation*) and the expectancy that the attained performance level will produce a desired outcome or reward. Self-efficacy expectations will raise leading in increased amount of effort and time dedicated in performing the task. Ari Savolainen (Auto-Kilta Trucks) told that expectancies among workers can be noted and are paid attention on: Graduated supplementary training and employee's own effort leads into better outcomes and jobs and careers are designed in a way that makes expectancies come to fruition.

Ari Häkkinen (Mc-Info) raised communality as source of motivation. Although there is a bonus system at Mc-Info, he did not see the presence of it as rewarding as succeeding in task which strengthens the togetherness in workplace. Perceived pride from doing tasks well is more valuable for employees than monetary rewards. Employee's own aspiration for good performance pays off in two different ways: Making employees own being and doing more pleasant and the same spirit seems to transfer to other employees as well.

It must be noted, that all individuals might not react the similarly for job redesign or enrichment of their work. As Hackman and Oldham (1976) suggested, individuals with high Growth Need Strength (GNS) react more positively on enriched job description. This is what CEO of Maestro, Mika Savolainen often emphasized during the interview. It is an

affair that came up in every interview and managers all agreed that some individuals react positively and are willing for job redesign and others don't. It's vital for managers to be able to recognize individuals with high GNS in order to accomplish changes in organization successfully. Particularly for transformational leaders, it's important to have an organization that is built on doers who are willing and able to change.

Mika Savolainen raised the workers' own contemplation to design jobs as one of the most important sources for genuine interest in work. It's vital that workers themselves think and suggest what could be done differently. As the environment and tasks around them evolves constantly, it requires continuous consideration about efficiency of their input. It's important that employees themselves are influencing on their job design.

Osmo Strengell from Flowrox Oy stated that the genuine task motivation is generated through feeling of ownership towards job. Feeling of ownership in his company comes into existence from employees' valuation of their own capabilities. Strengell also suggested that employees shouldn't compare their capabilities directly to other workers' specific traits and let it decrease their self-valuation. The right way of thinking would be to focus on own strengths and let them shape an individual career path. Organization should support this because by developing this kind of model of thoughts within the work community, its skills and capabilities becomes more diverse.

5.1.3 Possibilities of Job Design in Finnish small and medium-sized enterprises

The interview process allowed me to see the current state of job design knowledge and the attention paid on its elements. What caused positive reaction was the fact that Finnish SMEs clearly had utilized the current knowledge of job design and capabilities of its means even though maybe the purpose hasn't been to start a job redesign process but to make an effort to raise motivation and internal efficiency. Techniques and methods used during times happens to share features with processes described in job design literature. A step towards employee empowerment via job redesign was taken when I asked about possibilities of authorizing employees to design their own jobs.

Aki Savolainen from Auto-Kilta Trucks had noticed that flexitime makes it possible for their mechanics to design their own jobs to some extent. Ability to accumulate labour hours into the bank eases personnel in combining work and personal life better and it clearly had raised job satisfaction. Excluding flexitime, job designs of mechanics' work are considered fixed into current state: Quality management systems, contemporary business networks and operations that are linked to client's or principal's systems define the contents of a job in many cases. For example for Auto-Kilta Trucks, it wouldn't be possible to make radical changes into the jobs of mechanics as the principal (Volvo Trucks) schedules each part of the service and provide the quality requirements that must be met.

People working in projects as an expert or in sales for example, are the most likely to encounter job redesign as their work usually allow alteration of methods. In every organization interviewed for this study, employees with wide field of expertise and task variety were granted freedom of crafting their routines. Managers also highlighted that freedom should be granted more and more in those cases where the organizational structures, systems or regulations does not limit the possibilities, as it generates outcomes wanted from job design: Psychological outcomes (job satisfaction, less stress, internal work motivation etc.), behavioural outcomes (job performance, less absenteeism, better customer service etc.) and human resource outcomes (new skills).

Osmo Strengell from Flowrox supports the idea of granting employees the freedom to design their workstations and working environments, as this can be granted without any harm and it raises the feeling of ownership and helps to streamline the work. Everyone should be able to work in a manner that suits the best for each individual, but end-quality must be uniform.

Arousal of meditating mechanisms is wanted as jobs are redesigned. Meditating mechanisms incorporate Critical Psychological States as mentioned in the end of chapter 2.1. Critical Psychological States were consequence of successful job design. These were systematically tried to achieve among respondent organizations. Experienced meaningfulness of work was particularly popular subject as managers had experienced its effect. Meaningfulness and experienced responsibility for work outcomes could both be achieved by collecting customer feedback, even on individual level. Mika Savolainen (Maestro) stated that every person is not motivated by simply by increasing the meaningfulness-aspect of his work. A manager has to recognize different personalities and

evaluate what motivates different people. For persons working as an expert it is possible to give meaningfulness by sharing information about project's purpose and its backgrounds. Knowledge about how the customer will use the product or service can also add meaningfulness for the software engineer.

Aki Savolainen (Auto-Kilta Trucks) stated that annual performance appraisals are opportunities to genuinely discuss with the worker about development of his or her own work, defining goals and review performance. It is possible to alter the characteristics of one's job after employee's own initiative and it's very positive signal if he or she suggests any. What is important is that initiative is processed and employee gets a clear answer for it – whether it leads into redesign or not. Every worker needs personal discussion and sparring with his superiors in order to add meaningfulness and motivation towards work.

The answer of Ari Häkkinen (Mc-Info Oy) characterizes well the results gained from interviews in general:

“As an employee is responsible for entirety and work is independent, autonomy can be granted as long as schedules and different systems make it possible. In every job granting freedom of operation is not possible, like in process-like manufacturing tasks because of the quality control - - Of course the manager has to be able to trust the worker and know that he/she is capable in fulfilling the task - - What is important is that an employee receives support from the organization and people around. - - Communication between management and employees is important so that both are aware of current situation and goals and what may affect on their job contents. In a small organization this usually works well but in bigger organizations problems may occur if co-workers and management aren't aware of what each other is doing. Advanced enterprise resources planning systems can improve this situation as long as every worker makes log markings and co-workers and management are able to monitor logs in real time. The importance of log-keeping is emphasized if jobs in organization are divided into separate and independent tasks”.

Quotation above states that expanding employee's job design trust, communication and enterprise resource planning systems are important supporting factors that must be found in organization's social and physical structure in order keep both management and employees well informed in all situations.

5.2 Employee empowerment – expanding the skills and responsibilities of an employee

This chapter's purpose is to show managers' answers to the employee empowerment discussion. What was interesting during the interview process was to find out that managers in Finnish small and medium sized enterprises were actually really pro-empowerment and had taken actions towards more empowered workforce during their career. Interviews indicated that empowerment in Finland is nothing strange and managers are not afraid of the phenomenon. All of the respondents had used at least some practices of empowerment and supported the idea of more liberal way of running their businesses.

Aki Savolainen stated that it is positive if some changes that reduce inefficiencies can be done without intervention of managers if the change relates to work itself. Still, it's important that managers are aware of changes, as good practices can then be duplicated. Ari Häkkinen said that the idea of employees solving the problems themselves is great, but it requires comprehensive understanding about company's operative level and how changes impact on other parts of the business. This problem can be reduced by discussing together with employees. This can also spark the work community to jointly begin to think about their surroundings.

5.2.1 The Process

As my thesis is based on figuring out the possibility of conducting the empowerment as a process that includes alterations to the job design, I asked managers opinions about it. ***The first step of a process is to create an organizational environment that supports reasoning and self-actualization.*** Predominantly this requires a change in leadership attitudes and only small bit comes from altering structural factors. As Aki Savolainen stated, the organization itself cannot carry out the empowerment as it requires labour force that is willing to evolve and develop new models. Managers have to act the way they speak – superiors have to demonstrate with their own behaviour that reasoning and new ideas are sought after. At Auto-Kilta Trucks, management tries to recognize employees

who are keen to bring out new ideas and the aim of this is to create a group of employees who can develop new models and practices so that the company could obtain first mover advantages. Ari Häkkinen in turn stressed the organizational atmosphere here; workers in general have to experience that it's expected of them to present own ideas and plans. The uncertainty of bringing out ideas and judgemental co-workers definitely prevents the empowerment process from come into operation.

Osmo Strengell saw the greatest barrier for supportive organizational environment being the cramped roles of out-dated superiors as they can act in a way that employees see them only supervising and not leading the performance. In this situation, leaders have to shift from supervision to performance leadership – it is a major cultural shift and managers have to pay attention on the way they give feedback if something does not go as planned. They must not search for culprits but show that sometimes people must dare to fail in order to make progress. The message of Mika Savolainen was that leader's must point out that they support the employees in taking a step towards reasoning and self-actualization.

The second step in employee empowerment process via job redesign is that the characteristics of a job support application of extended range of worker's skills. All of the respondents felt that broadening field of worker's skills and system knowledge is beneficial for the company even though if the skills wouldn't directly relate to the exact job description of an employee. Ari Häkkinen told that one concrete benefit from the extensive knowledge from the organization and different jobs that it incorporates is that in case of absence, other workers can substitute the absent person and no work remains completely undone. It is the reason why they have begun to broaden employee's capabilities at Mc-Info.

Mika Savolainen from Maestro told that it is important to enhance employees' understanding of the entirety they belong to. This is done by sifting through job contents and objectives of co-workers and other teams. Improved conception of the organization and its tasks increases meaningfulness and also helps to achieve the objectives better.

Aki Savolainen also agreed that extended range of worker's skills benefit the organization. Knowledge about how different jobs in the organization are conjoined is taught in staff meetings. What is also important is to take customer's perspective into consideration of workers so that everyone understands what is important for customer's business.

Osmo Strengell saw the state of affairs a bit alarming. As the workers in the industry have become more capable in precision mechanics and skilled with components, craftsmanship skills have eroded. This leads into the situation where workers aren't well prepared to solve problems that require manual labour or comprehensive understanding about the way components or machinery works. He hoped to see more manual labour skills and extended range of knowledge and capabilities related to the profession.

The third step towards employee empowerment is to achieve meditating mechanisms that fulfil the worker's psychological expectations about his or her career. As mentioned in chapter 3.3, meditating mechanisms are consequence to successful job design and employee empowerment. In other words the aim of step two is to arouse Critical Psychological States, feeling of empowerment and increase level of knowledge (see picture 1 on page 7). Managers agreed that successful alteration of job characteristics can generate meditating mechanisms that eventually leads into improved performance. Aki Savolainen stated that if an employee gets more responsibility and power, he or she automatically begins to want and need more information concerning the entirety. Ari Häkkinen told the same:

"We continuously try to spread information about situations for everyone. I'm certain that being more aware of the state of the business increases the quality of work. When employees are more aware of the business, they also start to learn more. For example, think about projects: We fill in the information about past projects and spread this information to other workers and by this, the experience gained from previous projects accumulates in organization".

Also the mechanisms cause the workers to see greater effort towards job because they genuinely are willing to do so after finding more meaning from work, feeling more responsible about it and gaining more system knowledge, said Mika Savolainen from Maestro.

5.2.2 The Practices

As we discussed about practices that are utilized to evoke empowerment inside the organization, it came up that companies indeed had taken actions towards empowerment with the help of same mechanisms that are mentioned in the end of chapter 2.2:

Empowerment is a multifaceted managerial approach that includes four different practices: Providing information, offering rewards based on performance, providing access to job-related knowledge and granting discretion to change work processes (Bowen & Lawler, 1992).

At Auto-Kilta Trucks, first three practices were extensively being used and fourth is being utilized increasingly, depending on the job. For example enrichment of work is now being started among mechanics; their superiors have nominated some individuals that could be capable in taking more responsibility e.g. taking the role of foreman on weekends. Employees react to this in two different ways: Those that the enrichment impacts, finds it positive but others may see it as demonstration of distrust towards them. Employees, whose job is enriched, learn to see entities better and expand their understanding about the organization. This also helps them to understand the reasons for changes better and this is also attempted to embed to the organization whenever possible.

At Mc-Info Oy, providing access to job-related knowledge and granting discretion to change work processes were utilized purposefully. Being organization that consists of experts who work in projects, it is vital that all information is available for everyone – it generates self-learning and better problem solving abilities. Also to secure the creativity of experts, the freedom of operation has to be ensured.

Mika Savolainen from Maestro stated that if the feedback is not being given, it decreases the motivation but the right amount of feedback secures the motivation to stay at the correct level.

At Flowrox, providing information about goals and performance was considered effective. As performance is being monitored weekly and the information is shared with employees, they quickly learn to take hints from the data and are capable in beginning to optimize parts of work that require fine adjustment in order to achieve the objectives. The results from offering rewards based on performance vary. Sometimes, employees are excited on getting the reward and sometimes reward system has no effect. We do reward good ideas and doing something exceptionally well and in a way this system is about developing the process together with the employee, said Osmo Strengell. Providing access to job-related knowledge and skills are taken care of by organizing additional training for employees. By looking the amount of attendees, it can be noted that they truly have willingness and aspiration to obtain better qualifications and expand their professional skills. Osmo

Strengell stated that fourth practice (granting discretion to change work processes) is being utilized in their organization by supporting the positive indiscipline. If tasks can be done with less effort whilst maintaining the same quality, they should be done that way. And usually employees will find out the ways which is positive and should be encouraged because it saves time and resources.

5.2.3 Employee's willingness and skills

In general, managers thought that employees are willing to make efforts to impact their working environment and pursue efficiency, thus improving the internal performance of the company. Aki Savolainen said that he had seen this phenomenon increasing over the years as the ever intensifying competition, redundancies and process-optimizing have awakened employees to seek for efficiency themselves. But not every individual is keen to develop and evolve. Some are satisfied preserving the current state of their job design and field of responsibilities and it's no use to force them to change if there is no urgent need for that. More important would be to find right kind of tasks for those types of employees.

Employees can be empowered vertically and horizontally (see chapter 2.2). During interviews, managers were asked to share thoughts on the vertical and horizontal expansion of jobs, and tell how those are implemented in their organizations. In expert-based organizations, horizontal responsibility was naturally wide-ranging and in both types of organizations, vertical expansion was being planned and implemented gradually at the present moment. Ari Häkkinen told that in a small company with low hierarchy, development ideas and solutions spread quickly inside the organization. As the employees are authorized to put these ideas and solutions into practice, it reduces the need for control and management's participation in small scale decision-making. At Maestro, vertical expansion has been executed as employees have taken some of the responsibilities that earlier belong to the middle-management, and this model has proven to be effective.

At Auto-Kilta Trucks, vertical expansion of responsibilities have generally worked and shown good results as employees can be capable in taking more responsibility and it helps to cut costs as removing unnecessary management becomes possible. But it requires management to identify people with higher GNS (Growth Need Strength) and

management must make sure that they still are aware of decisions that employees make because some of the actions may have juridical consequences.

At Flowrox Oy, Osmo Strengell told that lack of precise monitoring and ERP systems set limitations for proper vertical expansion as it would aim to the removal the foreman from the manufacturing. But as mentioned earlier, some of the production-related tasks of foremen had been assigned for employees already, but those do not include responsibility from other worker's operations as collective labour agreement prohibits it.

Horizontal expansion of employee's jobs is being utilized with promising results. Strengell told that nowadays production workers participate in the design process and quality control of products. Production workers have proven their usefulness especially in design phase of products, as they can spot flaws and inefficiencies from blueprints that design engineers do not always discover. This spares company from huge amount of corrections afterwards. Strengell mentioned that production workers have made dozens of improvements in design phase. This participative model also adds meaningfulness and satisfaction to work as employees themselves have participated in designing the products and they've approved them so there is no motive to complain about design flaws. Osmo Strengell stated that it's very profitable to sacrifice few hours of employee's time in production and to involve them in broader horizontal range of process as the suggestions and corrections they make, can spare exponential amount of time if the faulty design is corrected before it arrives into the production facilities. Employees also experience the more meaningfulness because of increased horizontal knowledge and skills.

5.2.4 The Barriers and the possibilities

Traditions and unwillingness to change methods that have been used earlier was seen as a barrier for proper employee empowerment via job redesign in Finnish organizations in general. Many respondents said that personnel with high average age and old organizations are usually less eager to enrich jobs. New generations seem to think about jobs from different perspective (in general) and their mind-set is prepared to see and do changes. Also organizations that are founded recently do not have the burden of old traditions and thus they encounter less internal resistance of change. Always the old ways

are not inferior to new methods so managers must not rush into conclusions that change must always be done. The topic here is about the possibility to conduct changes successfully as the organizational culture must be supportive for changing job descriptions and structures.

Trust towards an employee was also seen as one barrier. Because every employee is not the same, managers must be familiar about the personality of an employee and also be sure that the person can be trusted. This usually takes some time and requires interaction and discussion between manager and employee. Ari Häkkinen from Mc-Info said that it usually takes about one year to be so familiar with an employee, that manager can decide if he or she is the kind of person that can be granted extended responsibilities that require self-guidance. Different managers see this differently: Some managers are more tolerant towards risks and they do not see the empowerment of unfamiliar employee as a problem but others do. In Finnish culture the natural suspiciousness towards strangers could make this problem worse, said Ari Häkkinen.

Aki Savolainen from Auto-Kilta Trucks saw one barrier for employee empowerment being the flow of information and its reliability. In their business, foremen have to be extremely aware of the situation of assignments as it is vital for customers to know what is going to happen and when. This requires them to preserve an echelon between employees and customer. Other barriers that Aki Savolainen saw was the fear of decreasing efficiency that may happen if added responsibility and power reduces employee's level of concentration towards his task.

Rush, lack of capabilities and lack of daring was also considered preventing the possibility for proper empowerment. Both employees and managers can lack capabilities and daring to successfully put empowerment via job redesign into effect. As Osmo Strengell said, overcoming the barriers requires that organization consists of conscious people who have right attitude towards enrichment of job and who are willing to make progress. He also continued that employees can often figure out the inefficiencies but it is harder for them to suggest solutions that fix the problem.

To make empowerment happen at workplace, it needs management's participation as Ari Häkkinen stated:

“To success in employee empowerment, an organization has to make a definite decision to engage in implementing this model of operation”.

When asked about the possibility of employee empowerment to solve internal efficiency problems, managers were positive about it. It requires more knowledge about the organization and operative affairs and this is the base for successful employee empowerment. To make employees aware of what are being done and how it affects to the organization as entirety. Mika Savolainen said that if management opens up the entirety for the employees by telling the reasons for changes and the objectives, there are always some employees who are willing and capable to get involved in transformation.

6. Summary

The state of an employee empowerment and job design in Finnish small and medium sized organization is healthy in my opinion. Managers know and believe that the trend of empowered employees can bring benefits and raise internal efficiency. Many organizations use the practices that grant more responsibility and power for employees and it has proven to be beneficial and it is something that managers want to see happening more.

In this section I will return to the original research questions that I issued in the first chapter of this thesis:

1. Could self-management of employees and workgroups improve organization's internal performance, because workers may have more clarified view than management concerning operative issues?

Employees do have a clarified view considering their level of operation and they can solve the problems that cause inefficiencies if the organizational structure supports the employee initiative-making and contextual influences (for example organizational structure and social influences) do not prevent employees from taking actions towards more efficient working. Managers have to admit that every worker is not keen to develop and evolve and to gain efficiency benefits from self-managed workers. Managers must recognize the right persons and support them in reasoning and take their suggestions into consideration.

2. What are the main barriers for extending employee's horizontal and vertical field of influence?

All managers interviewed during the making of thesis seemed to be very supportive towards cutting down hierarchy and making it possible for employees to participate in decision-making. Every respondent had made efforts to remove barriers out of the way. However, the managers saw the main barriers in general being inflexible attitude towards major changes and resistance to change the models that have been previously used. Other barrier to overcome is lack of trust, which can be solved by increasing the amount of interaction between employees and management. In terms of skills and responsibility, employees in general are capable to adapt to changed practices and culture, but to successfully implement enrichment of jobs, managers have to share knowledge about reasons and objectives of change.

3. How could managers prepare their organization to shift towards employee empowerment via job redesign?

Managers have to lead the change. Employee empowerment and job redesign will not happen unless managers truly decide to start the change in organization and put effort in it. Managers have to deliver a message that states that openness and self-guidance is highly expected and supported. They also have to take care of the fact that employees truly know that the management support reasoning, problem solving and are open for suggestions. Relationships between co-workers and between management and workers have to be built on common trust and managers should invest effort in trust-arousal.

Empowerment via job redesign is process that takes time and management, as well as workers, have to be committed to it. People will not make efforts to change unless they don't see the reason for change; this is why management has to increase the level of system knowledge (knowledge about organization, customers, operative issues *et cetera*) so that employees would have the motive to change and could solve problems themselves.

To prepare the organization shift towards employee empowerment via job redesign, managers have to believe in benefits that come with empowerment and they need to show and communicate that they truly want to see actions towards empowerment. A manager

cannot do other than he or she has stated and his or her own example is important so that workers can be sure about the current policies.

7. Conclusions

Employee empowerment seems to have good basis and possibilities in Finland as managers in general welcomes the change and are willing to see self-guidance amongst workers. Before beginning to make major changes towards employee empowerment, the management should get themselves familiar with different practices and how theoretical literature suggest empowerment being implemented in organization, as during the interview process I noted that current and earlier research seems to have high validity in real life business.

It is crucial for management to accept the fact that every worker is not like-minded and able to change with the organization. Management must pay attention towards that fact and think about it during recruitment process and try to find ways to design everyone's job in a way that their skills and capabilities would benefit the organization. This means that management should get themselves more familiar with their personnel in order to successfully position the right person for right task. Keep in mind that this thesis was focused on small and medium sized enterprises where it still is possible to know each employee's special traits.

One main issue to overcome is the trust. Empowerment demands trust from both management and employees on which management should pay proper attention and seek for practices and techniques concerning trust arousal in organization. Once management trust the employees sufficiently, they must clearly define the responsibilities for each worker and make sure that employees are capable of carrying widened field of responsibilities. Training, education and level of knowledge should be taken care of when more responsibilities are given.

For further research I'd suggest studying more about employee-management trust arousal in order to build better basis on empowerment and in which scale freedom can be granted for different individuals and what are the effects of it.

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