

ROYAL INSTITUTE OF TECHNOLOGY
SCHOOL OF INDUSTRIAL ENGINEERING AND MANAGEMENT

Using the Mental Force of The Employee

[ME204X] Entrepreneurship and Innovation Management Master's Thesis
Supervisor: Kristina Palm

Serkan Ceylan
serkanc@kth.se

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ABSTRACT

The purpose of this study is to analyse the problem that the companies do not use the potential of their employees on innovations and intrapreneurial processes.

The source of innovation is usually the entrepreneur. These are individuals that come up with new ideas of what the market is likely to want or desire. These people have usually gathered this knowledge through interaction with consumers. Sometimes it is the imaginative impulsive desire on their part to offer something new or different, at other times it is an improvement on previous knowledge. However in a corporate or large organisation environment it is often the employees who come up with innovative ideas because of their close contacts with consumers of the product or service of the company. They are very close to the ground realities and can be a great source of finding out the consumer desires or preferences. Although they are employees, they have the entrepreneurial spirit to understand the need of urge to meet the expectations. This gives them the same satisfaction an entrepreneur would feel on the success and acceptance of his innovative idea.

Therefore being innovative is not the sole domain of the leaders, corporate or individual. The potential of the workers and employees remains unexploited in this direction.

This study will try to find out the importance of the mental force of the employee on the survival of the company in this competitive world, from the perspective of innovation and intrapreneurship.

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1. Introduction

Competition is the true driver of markets. It is the product of our environment. Unless a company is competitive it will not survive in the market it is serving. There is hardly any monopoly in a market, except when it is backed by the state. Sometimes oligopolies behave like monopolies but even the constituents have to fight for market share. To capture market share, companies constantly need to innovate their product or service as core competencies can remain unique for only a small period and eventually the competition catches up with an imitation or a new idea.

People pursue good health and will do anything new that will help them to live a better life. Corporates too do the same by pursuing strategies of improvements and breakthroughs that create new products and new markets. This is a continuous exercise and any let up, in health or corporate endeavours will invite a decline. Innovations are the engine that persuaded the corporate to innovate.

Despite the fact that the urge to innovate exists equally in the entrepreneur and an employee, the larger companies usually ignore the employee contribution. Some companies are seen to make a half hearted effort by offering reward for new or innovative ideas to their employees but there is no regulated or organised effort in this direction. There can be some results through rewards but these are few and far in between and just an improvement of the existing product or service and do not fall into the class of an innovation. It has been understood for very long that employees work for self satisfaction and self actualisation (Maslow, 1954) and this factor can certainly be harnessed by companies to meet the challenges posed by competition. The potential of an employee needs to be exploited for the benefit of the company. But what most companies aim at is setting targets for the employee and rewarding him on meeting the same. They never try to find out whether they can go beyond the target. The need is to find the potential and then to direct it towards innovative practices.

1.1. Inventions and Innovations

There is a delicate difference between innovation and invention although one leads to the other. Innovation is the first happening or germination of an idea for a new product or a process while the first attempt to make it or practice it is what invention is all about. Innovation is therefore creation of a new value and invention is the creation of a new product or service that offers this value to the customer.

Sometimes additions to existing products are also called innovations as they enhance the value or are value creators and generate revenues. But a better way of describing an innovation is the discontinuation of an old value and replacing it with new value. As a consequence, discontinuation becomes a source of an innovation.

It has been suggested by Tushman and O'Reilly (1997) that discontinuous innovation is breaking with the past to create new technologies, processes, and organizational "S-curves" that result in major increases in the value delivered to the customers. In the same vein Christensen (1997), Hamel, Gary, and Prahalad (1994), and Utterback, (1986) describe discontinuous innovation as linking "disruptive technologies," "discontinuities," or "radical innovations" that facilitate the industries and markets to emerge, transform, or disappear (Utterback, 1986, p. 208).

Therefore discontinuous innovation means creation of new forms of customer value within existing or new markets and by pursuing discontinuous innovations, business creates new markets or displaces existing techniques of bringing value to customers.

Consequently the source of innovation could be the technical idea to improve or replace a product or service. The object of innovation is to do something more or something else, to deliver better use or service to the customer and to create a new market or to increase market share.

When this new product or service is successful it is the process of innovation at work. This is the result of the implementation of the innovation in the form of the new product or service. In truth there is no real definition of innovation except by its functionality and the effect it has on the markets, the customers and the economy in general.

1.2. The Innovators

It is a common belief that innovations are the realm of entrepreneurs. This is the domain of individuals who have vision and he is a person whose chief and distinctive abilities are to take risks, has knowledge of market functions and manufacturing know-how, has marketing and management skills and finally possesses the ability to co-operate with others (Littunen, 2000). He is able to foresee the unknown, and be daring enough to try it out of absolute desire to take risk. He identifies an opportunity, goes against conventional wisdom and pursues an untried strategy for the joy of achievement of his desired intention. Profit is but a secondary motive to the individual entrepreneur although in a corporate environment, as he cannot ignore it, he skilfully builds his actions around it.

But this restricts innovations to small organizations as the entrepreneurs by nature, save some exceptions, can manage only small organizations due to resource constraints. Today the global corporations innovate on a much larger scale. The example of Toyota or Sony in the East to Philips and Nokia in the West are enough to prove the point. Even the corporate bosses have these qualities and have shown them to be of the same value for huge organizations. Gorman et al (1997) state that the tendency towards entrepreneurship is related to several personal characteristics like values and attitudes, personal goals, creativity, risk-taking propensity, and locus of control. These characteristics are in fact enhanced by enormous resources, both in terms of financial and human capital at their disposal. Gifford Pinchot (1985) describes such a leader and calls him an intrapreneur as a person who acts like

an entrepreneur but is actually employed by a company and has to work within its confines. He takes risks but his only personal risk is losing the job. The company does not go down with him as is in the case of an entrepreneur.

Should we then draw a conclusion that only leaders can be innovators and saviours of a company in this competitive world? Are they the only ones who can strategise for the company and thus use their innovative talents?

1.3. The Human Capital Factor

The current thinking that strategy is dictated by the environments and that it is the domain of the leaders or the elite of the company is challenged by Smirchich and Stubbart (1985) who claim that current theories wrongly perceive that environments dictate strategies and that environment themselves are a creation of actions of organisations. They argue that all actions by all people in the organisation contribute to the development of the environment. This is almost diagonally opposite thinking. They break the existing assumption that organisation is entrenched in and confined within the environment.

The organisational culture is the source that links the leader and the employee as this is the common source of the way things work in a given company. This is one bond that binds all together and makes them work for common objectives. Inspirational Leadership, also known as Transformational Leadership (Bass, 1985), refers to the idea that leaders inspire and encourage subordinates to create greater emotional attachments to leaders and greater identification with leaders' visions of organisational goals. It is through the cultural affinity that a leader can develop enthusiasm amongst the subordinates to work for the company and not just for pay.

This also suggests that the centre of innovations is really elsewhere and it can be seen in a different light. The workers who make a product are closer to its functionalities, the

marketing staff is closer to customer desires and the purchase managers understand the capabilities of the supply chain to tweak costs. They are equally positioned to be creative and should they have the incentive, can be a great asset in the strategy for both innovations and inventions. However this great potential human capital remains largely untapped. Yet it seems feasible that, if employees are empowered, this can add real value to the competitiveness of a company.

The fact that entrepreneurship and innovations are necessary for providing the competitive edge and that for this both the leadership and the employees can be contributory factors is what needs to be understood in proper context. This paper will therefore undertake a literature view to understand the general consensus on these issues and will also conduct a primary research to validate the hypothesis that have been arrived at the next section.

1.4. The Research Problem

Empowerment is the need of the day as the global recession has offered a unique opportunity to try new methods to become competitive in a contracting or stagnated market. Having understood the need for exploring this subject with a view to present an alternative to managements in support of empowering their employees, this paper will attempt to find why the larger companies usually ignore the employee contribution towards innovations.

2. Literature Review

This literature review will look at the subject of using the Mental Force of Employees from different perspectives. The first is the aspiration of the employee and that will be covered in the section on Human Relations Theories. The second is the attitude of the employee and that will be covered under Motivation. The third is the leadership qualities that can bring the best out of the employee and that will be covered by Transformational Leadership. The fourth is the requirement of change in the organisational culture that is required to meet competitive challenges facing the company and this will be covered under Change. The fifth is the empowerment of the employee and this will be covered under Empowerment. Finally it is the innovative capacities of the leader and the subordinate that will be discussed under Innovations. This section will examine how academics in different areas contribute to the idea of using the Mental Force of the employees for furthering innovations.

2.1. Human Relations Theories

Before the invention of the steam engine, that was the precursor of the Industrial Revolution, the worker was empowered, innovative and used his mental forces to skilfully produce a whole product. His motivation was to be a unique producer. The Industrial Revolution unfortunately killed these qualities and first under Taylorism in the late 19th century and then under Fordism in the first half of the 20th century, the worker was deskilled and allotted small specific roles to produce parts of a product which were assembled for a larger consumer base. The worker thus lost initiative and became robot like. However it became increasingly clear to academics that without the human factor production would remain mediocre both in output and quality. This gave birth to various Human Relations theories.

Abraham Maslow (1954) described this in a hierarchical manner starting with human psychology, safety and security, belongingness, self esteem and finally self actualization. According Maslow, employees have a basic human need and a right to strive for self-

actualisation, just as much as the corporate directors and owners do and by this fulfilment the organization becomes stronger, competitive and profitable.

Chris Argyris (1957) argued that conflict was an inherent part of the issue and the result of skill was monotony of work. This dehumanizes a person and leads to conflict.

Frederick Herzberg (1959) propounds that there are indeed only two factors that influence a person to work and they are hygiene and motivators like self actualization. Hygiene does not motivate but its absence will reduce motivation and a good hygienic environment enhances motivating factors like achievements, responsibility and advancement. He further states that increase in salary without better hygiene and the motivators will result in disaster.

Negative or positive attitude of the management is explained by Douglas McGregor (1960) in his theory X and theory Y. According to him a negative attitude of the management, theory X, presupposes that workers are lazy, passive, without ambition, willing to be led and resist change. Hence management is through control, coercion, threats and punishment. This results in low productivity, antagonism, unionism and subtle sabotage. In contrast, positive management, theory Y, believes that people are motivated, active and interested, ambitious, prefer to lead and are interested in change. Hence management is through open systems, communications, self-managing teams and peer controlled pay systems. The result is high productivity, bonhomie and care for the organization.

2.2. Motivation

There are three assumptions to all HR theories. Organizations serve human needs, the prime being self actualization; people and organization need each other for this service; and it is critical that people and the organization are in complete harmony to fulfil this purpose.

However the level of performance of employees is not just a result of their skills but also the result of motivation each person exhibits. There are two sources of motivation, intrinsic and extrinsic. When there is an external reward like money or praise attached to performance the

motivation is extrinsic. But it is not always possible to have external rewards for all activities and therefore the management has to promote intrinsic motivation that is the outcome of internal factors like self satisfaction or the pleasure of satisfactory performance (Hagedoorn & Van Ypreren, 2003).

2.3. Leadership

While the most valuable asset of a company is the employees; an equally important resource is the leader who can use this asset by inspiration and innovation.

Traditionally leadership ruled by diktat. Under it, subordinates were rewarded for compliance with the leaders' wishes. The leader preferred experience over training and promoted "*Homosocial Reproduction*" and hired and sponsored individuals who were similar to him (Ragins & Sundstrom, 1989). Obviously innovation and imagination took a backseat.

Parallel to this was the *upper echelon* type of leadership that created a sense of elitism surrounding leadership positions. The top executives responded to situations based on their own interpretation values of the situation through a mixture of personal experiences, personality type and behaviour (Mason & Hambrick, 1984). This involved their cognitive base, inadequate values, limited field of vision, selective perception, interpretation, managerial perception, and strategic choice (Hambrick, 2007). The result was a myopic view of employee outputs and inability to cope with external challenges.

When these perspectives failed to respond to competition, a new leadership was born. They believed in empowering the workforce and in the power of team leadership (Gabrielsson, Huse, & Minichilli, 2007). This became popularly known as the servant leadership and strongly believed that the leader was not the only force that shapes an organization (Greenleaf, 1977). Consequently it was envisaged that the role of the servant leader is to empower one's employees as opposed to using their power to control the workers (Yukl, 2006). The outstanding qualities of such leadership were recognition of the importance of a

positive leader-follower connection as it relates to a more productive work environment and contentment (Northouse, 2007). This was developed by listening to followers and showing empathy towards them; thereby creating a peaceful, healing environment, community building, and growth (Spears, 2004).

2.3.1. Transformational Leadership

People have always looked towards their leaders for inspiration, guidance and recognition. As early as Maslow had propounded in his human relations theory that all workers look to self actualization. This means that for them realization of their full potential is more satisfactory than the compensation earned for it. Similarly they also look for recognition of their work by their peers as well as their superiors.

Transformational leaders influence their sub-ordinates to do more than they were originally expected to do thereby they subtly give them room to self actualize. Armstrong (2001) has described four main characteristics of a transformational leader and they are: Ethical behaviour, sharing of visions and goals, improving performance through charismatic leadership and leading by example. Bass in 1985 had said the same much earlier. Avolio et al (1991) state that this type of leadership instils individualized consideration. The leader gives personal attention to others, making each person feel outstandingly valued. He offers individual consideration thereby providing intellectual stimulation. He provides a new look to old methods, inspiring creativity, encouraging others to look at problems and issues from a different angle. His leadership offers an ideal influence and creates inspirational motivation by increasing optimism and enthusiasm.

His communication skills generate new possibilities and widens the spectrum; creating a vision and a meaningful role for each individual and thereby gets respect, trust, and confidence from followers.

2.3.2. Attributes of a Successful Leader

The level of performance of employees is not just a result of their skills but also the result of motivation each person exhibits. This calls for a determined and encouraging leadership that values the workers as human capital and give it the same respect as given to the financial capital of the organization. In fact this human factor is more important as the core competency of the firm evolves and improves with the active help of this capital.

Just as the financial capital is exploited with diligence and care the human capital is utilized through motivation. Motivation is the outcome of internal factors like self satisfaction or the pleasure of satisfactory performance (Hagedoorn & Van Ypreren, 2003). When leaders are able to offer conditions for this self actualization, performance exceeds expectations and benefits the individual as well as the organization. This affinity is greater than any other loyalty programme.

A successful business is about collaboration and stakeholder interests have to be shared, they must be working for the same purpose, otherwise business will come to an end and new collaborations will be formed (Venkatarman, 2001). Effectively this means that when leadership share the vision and goals with subordinates and encourage them to participate in them as a team, the outcome is a bond that brings out the best from everyone. The result is all round growth for the individual, the team and the organization.

Most leaders bring about changes in the organization and its culture in order to achieve transformation from a dormant, status-quo type to a more dynamic and vibrant organization. This is their objective and they work on it through persuasion (Perloff, 2003) and transformational leadership.

At the end of the day most people are not motivated by being pushed. The motivation comes out of the desire to meet their own needs, to achieve something that holds value for them, to be in control, to be recognized, to have self esteem and the satisfaction of having achieved their personal objectives. A successful leader connects with these human values and excites

people with his vision that will help them achieve their personal objectives through his visionary strategies. This involvement must be real and for this the leader has to formulate a vision that takes these aspirations into account. The results of this vision come out in the shape of recognition and reward for all his subordinates. This was the extrinsic reward that led to self actualization.

2.4. Empowerment

Executive leadership has three key roles in transformational change. The first is envisioning which involves articulating the new strategic direction and standards for performance. The second is energizing i.e. executives must demonstrate excitement for and be examples of the expected change. The third is enabling, meaning that leaders must provide the resources necessary to accomplish the change by developing new management practices and using rewards to reinforce new behaviours (Cummings & Worley, 2001).

Under the capitalistic society labour is usually considered as a tool and not as an investment. This paradigm has been challenged lately due to the consumer's new attitude of looking for excellence in organisations as reason for patronage.

In this context, organisations have become conscious of the fact that capitalism is now a two way street due to both globalisation and liberalisation of economies. The consumer and the worker are the same people with different roles. Therefore they have come around to give more power (flexibility) to the worker to motivate him to do better.

However empowerment has been a biased effort so far and it amounts to coercion in the sense that it offers carrots on performance and sticks on non-performance. This has to change and for this motivation to become real it needs empowerment that is real and acknowledged.

The new work environment and work ethics need to give back some planning and decision making power back to the worker. This is the real way he can be motivated to perform better. This need is understood as the new methods of work need more skilled worker and such skills

need planning and decisions even at the execution stage. By default, such empowerment also raises the performance and it is conceded by management that strict deskilling has indeed killed performance.

While it has been proclaimed that empowerment is good, there are some fundamental issues that will have to be dealt with first. Every organisation has some method of working called the culture of the organisation. This may be defined and planned or may come about through practices adopted over a period of time. This is an influential factor on the level and degree of empowerment. The individual worker has to fit in the organisation's cultural pattern and the empowerment has to be within its confines. Therefore understanding the culture becomes important.

With the beginning of the realisation that the worker's active involvement is necessary to realise competitive advantage, ways and means were developed to consider the worker as a stakeholder of the organisation. Both had to be seen as gaining from each other to bring about a change in attitude. One powerful way to bring this about was the concept of empowerment. Empowerment means offering flexibility to the worker. It also means power sharing, information sharing, upward problem solving, task autonomy, shaping of attitudes and self management (Wilkinson, 1998). Legge (1995) sees it as a promoter of trust and collaboration between managers and workers. This relates to relationship between manager/worker as well as promotes motivation for improved performances.

The perception of empowerment becomes meaningful only when it is perceived as an enabler by the worker. The psychological advantage is phenomenal as he perceives it as power, self-control, efficacy and competence (Psoinos & Smithson, 2002). The four dimensions explained by Lee and Koh (2001) elucidate this concept further; and they are meaningfulness, competence, self determination and impact. The results of these can be seen as powerful measures to improve performance.

The real test of the individual fitting the organisation, or the person-organisation fit, is tentative at best and has been defined as the similarity of patterns of the organisational values and individual values. These may be further defined as those things that the individual values in an organization, such as being team-oriented or innovative (Chatman, 1989). Values are fundamental building blocks in most definitions of organizational culture, and culture plays a key role in determining how well an individual fits into an organisational framework (Barley, Meyer, & Gash, 1988) (Rousseau, 1990). When individual values and priorities match the values and priorities of a particular organization; the individual is happier and more likely to maintain an association with that organization. Value systems offer detailed and comprehensive justifications both for suitable associate behaviour and for the activities and functions of the system (Enz, 1988). Organizational values are often considered as a group or collective product, and while all members of the group may not hold the same values, they will support a given value (Schein, 1985). A central value system exists when a number of key values concerning behaviours and the way things are done or are shared in an organisation across units and levels. However, strong organizational values are those that are both intensely held and widely shared.

However, there is great disagreement on the level at which values are considered to be meaningful to individuals (Enz, 1988). These values have been theoretically measured by Hofstede et al. (1990) at the sub-unit level and O'Reilly, Chatman, and Caldwell (1991) have done the same at the organisation level.

Within the organisational context, an individual has to understand that he has to uphold the organizational values and therefore these values guide his actions, attitudes and judgments beyond the immediate or distant goals (Rokeach, 1973). Both the organisations and people influence each other's behaviour and attitudes; the person-organisation fit is therefore a consequential way of evaluating the person-situation interaction. This then becomes the

limiting factor of the worker's empowerment. In other words, the empowerment is organization led and oriented. If the organization culture is overpowering then the workers' creativity is curbed and the organization will lose an opportunity to gain from it. This becomes relevant in creative jobs that abound today. Empowerment therefore becomes a subjective issue. Indeed it may be said that the worker is coerced into a situation of compliance with the organizational demands.

2.5. Conclusions of the Literature Review

The Capitalist society rests on few principles. Chief among them are the concept of free markets, dominance of capital, subjugation of labour to the extent that it follows the dictates of capital, higher productivity, low cost, mass production and consumption. The free run of capitalism is given rein to, by market forces and competitive environment. The classical theories of Taylorism and Fordism are generally seen as having been characterised by deskilling labour, monotonous labour processes, mass production, rising wages linked with productivity, the development of the welfare state and a central role for the trade unions. The new pattern of post-Fordism capitalism is notable by its new methods of production based on microelectronics, by its flexible working practices, and, significantly, negligible role for trade unions, new born individualism, reduced state intervention and evolving new relationships between production and consumption.

The rigid supervisory procedures under Taylorism and Fordism were a demand within that social and educational context, and were both a need and an opportunity within that evolving economic context. The evolution still continues and as a result; Post-Fordism revived the individualism and specialization of the pre-Taylorism days, but with a difference that Fordist productivity paradigm still dominates the situation. The assembly lines still rule the day; mass production is still the calling for satisfaction of mass consumption. What has changed is the sophistication of the consumer, who is also a worker in another context and values his

individualism, but is willing to accept basic norms required for high productivity. The introduction of high technology has neither replaced Taylorism nor Fordism but has given a new impetus to how work is organised in a capitalist society and has brought the importance of empowerment to the forefront.

This has begun to change the old industrial ways, where empowerment is still controlled, but in the new age industries, especially the service oriented industries that are of a global nature, empowerment can be seen to be the main drivers of success.

It is a revival of sorts for the old concept of letting the worker to decide on quality and timelines. However the improvement is in the fact that unlike the old days the worker himself is part of the large society where his dual role of both worker and customer balances out the forces of demand and supply so that all efforts are market oriented.

3. *Research Methodology*

Research is a systematic inquiry reported in form of analysis and predictions. Quantitative and qualitative researches are strategies. Method refers to the research tactics used in the conduct of a research effort. Together they validate the data and bring forth true fact about the subject under enquiry. For example the success or failure of any business is usually judged by the bottom line. But profit alone is unable to display the health of a business. In the absence of research these numbers will hide the ailments. This is the real value that researchers look for. Methodology refers to the strategies researchers follow in gaining knowledge. Quantitative and qualitative research strategies are examples of methodologies. Method refers to the research tactics used in the conduct of a research effort. Examples include drawing samples, conducting questionnaire surveys, engaging, and participating in observations.

3.1. *Qualitative and Quantitative Analysis Methods*

The qualitative method involves much in-depth research and analysis. Qualitative research is the result of sustained evaluation over a large audience and period. Eisenhardt (1989) and Locke (2001) have concluded that qualitative methodology is appropriate for both exploration and understanding of a phenomenon. Hence a survey is required to be carried out to find the perceptions of the targeted segment and to give it credibility; both positivist and post-positivists methods should be applied.

The quantitative method refers to the research tactics used in the conduct of a research effort. Examples include drawing samples, conducting questionnaire surveys, engaging, and participating in observations.

Positivist methods are based on descriptive and experimental research. Their justification lies in internal and external reliability of content and validity through random and deliberate sampling of data.

3.2. Questionnaire

A questionnaire was prepared in a structured manner with the purpose of offering a position on the subject in different ways to the respondents. The questions were leading to conclusions and the respondents were expected to endorse or reject the idea they represented. This kind of question that is leading to some conclusion assists the respondent to comprehend the question quickly and he can come up with a faster response. With such questions the time required for replies is small and it offers easy choices for the respondent thereby he is able to retain his focus and does not get lost in details.

A structured questionnaire was circulated to 50 persons through e-mail and 35 responses were received. These are being analysed to arrive at the research findings. The responses came from all kinds of people with executive powers, as can be seen in the appendix enclosed, none from the workers at the shop floor and therefore reflects the opinion of those who had the responsibility to empower their subordinates for contributing towards the improvement of the company products and services. The answers may therefore be taken as a report on their success or failure of their task of using the mental force of their subordinates.

As many as 69% of the responses came from companies that provide work for 1-200 employees. A mere 6% from those who employ 201-500 and 13% each from large companies that employ 501-1000 and 5001-10,000 persons. Thus the survey can be said to be more of small and medium class of businesses. About half of them were with their respective companies for about 5 years with few having up to 1 year and the owner/directors being over 5 years with the organizations.

The questions were posed to all of them and their responses have been sought on a scale of 1-5 with 1 representing Do not Agree [Negative] and 5 representing Fully Agree [Positive]. The ones in the middle represent leaning towards either position. However this was not fully spelt

out in the questionnaire as people are aware of surveys that are carried out in similar fashion with graded responses.

3.3. Limitations

This research is limited as this an academic student paper a more accurate picture requires a more extensive research that is possible with financial support. However it is expected that the outcome, together with the result of the literature review, will give the general validation of the hypothesis. It will also find the gaps where the data is inconsistent with the literature review and will help in the direction of future researches.

4. *Research Findings*

The response to each question is being analysed below.

Q1 Innovation in product/services is necessary for survival

Over 88% respondents agreed that survival of the firm depended on innovations. This in line with the assessment of various academics and is associated with the concept that innovations are required to keep the competitive edge (Porter, 1990).

Q2 My Company believes in innovating products/services

While 66% of the respondents agreed with the question 23% were not sure of this position with their respective companies. The rest were not entirely in disagreement but did not believe it to be a strong position of their companies. This reflects that most companies believed in and made efforts towards innovations. A further in-depth analysis reveals that those who are not sure and those who do not subscribe to the questions were from the sales team or software development teams. This has two connotations; either that the efforts in innovations were insufficient or not visible enough to impress the customers. This conclusion is based on the basis that the sales team is the closest to the customer and is able to judge the impact of a so-called innovation.

Q3 Innovation and Intrapreneural activities are made only by leaders.

While 46% disagreed, 17% were not sure and the rest were leaning towards the view in the question while not going to the extent of full agreement. Only 14% declared their full acceptance of the statement put forward to them. This was a question that asked for a commitment and the 31% that fully or partly agreed were from mid management group. This shows that not enough was done to empower the worker to contribute. In other words it is the mid-level managers who should be used to pass on the empowerment to the shop floor level. Another way to look at it would be that the mid-level felt that they were bypassed in the

delegation exercise. Overall the response tells that is that an attempt was made at empowering workers. Further questions will be required to find support or resistance on this issue.

Q4 Innovations and intrapreneursip are easier in small firms as decisions are quick

About 37% disagree with the statement and an equal number are unsure while the rest are positive about it. It appears that decision making is considered to be on same footing in both small and large firms. However since the opinion is by most small firms [since they are the majority who have responded to this survey] this question is not truly answered and the opinion of large firms is missing. It also shows a certain bias or limited knowledge of how big firms work, hence this response is inconclusive.

Q5 Innovations and intrapreneursip are harder in small firms as resources are limited

A big 58% do not agree with the statement but 31% believe that resources are a constraint with the smaller firm. The rest are unsure of their position on this issue. Apparently most small firms are comfortable with resource positions as they are already working on need basis. The fact is that the small firms know that they have access to limited resources and they have learnt to live with this. The result is that they are used to survive with less. They are also closer to their customers as they have a small customer base and mostly work within a specific region and aiming towards a particular demography of consumers. For them it is easier to understand the needs and wants of their consumers as against a large firm that has to cover a larger and more varied geography and find it difficult to assess similarly. This response is mostly from smaller firms and hence the statement is not valid for them under present circumstances.

Q6 Big companies cannot innovate quickly

This is a repeat of an earlier question #4 but put in a different way; 37% do not agree and another 34% are unsure. The response is similar to that in Q4 and since it is coming from mostly small firms it can be read as a case where they feel that their big brother are able to

take quick decisions since they have larger resources and are able to act quickly. The ground reality is that there is an equation of sorts. The big firm has large resources and can arrive at a decision because of them. The small firm has limited resources and arrives at decisions despite them. They are both used to their conditions, hence the decision is not delayed because of the presence or absence of resources but their individual ability to understand their own environment and acting in accordance with it.

Q7 Big companies introduce innovations easily because of large resources

Here the envy of the small firm shows up. They agree largely [42%] with the statement while 34% are not too sure about it. This demonstrates that resource constraints do hamper innovations as they are a restrictive factor in case of smaller firms.

Q8 My company is doing better due to innovations

This is a very clear statement and most responses 51% agree with it while a large number 34% are not fully convinced about it. This indicates that innovations do promote the competitive edge and make the firm and its products more likeable in the market. The survival chances of the firm in the market against intense competition are believed to improve with innovations.

Q9 My company also asks for ideas from employees

A huge 60% agree with the statement and demonstrate that they do rely on the abilities of their employees to contribute towards innovations. This also shows that they have the confidence on the inherent capacity as the employee is closer to the product or service and is able to give better inputs towards both improvement and innovation.

Q10 My company adopts ideas from employees

The use of the mental forces or capacities of the employees are clearly shown by the high positive response of 54% of the respondents. Only 17% of responses are in disagreement while another 29% are not too sure. Overall the small firm, that is mostly represented in this

survey, believes that on the one hand their employees are bright people and on the other they can be relied upon to come up with innovations that will benefit the firm.

Q11 My company offers rewards for ideas from the employees

Only 24% agree with the statement with 29% not sure and the rest in disagreement. This reflects badly on the management and does not augur well for the firm. If the employees are not compensated for their contribution either they will resent and not come forward with bright ideas in the future or they might even be disillusioned and tempted to leave the company.

Q12 My company has empowered the employees in managing work

A simple majority of 51% agrees with the statement while 34% are unsure and 14% reject it. This shows that the concept of delegation does not go very well with the small firms [they are mostly covered in this survey] and this is in consonance with the thinking of the mind set of the entrepreneur who starts business with his own ideas and seldom expects or accepts others as contributory factors. They do empower others but rather reluctantly.

Q13 My company encourages the employees to decide on innovational and intrapreneurial activities

Only 43% agree and 40% are unsure of this statement. Like the previous question this too reflects on the inherent inability to delegate on the part of the entrepreneur and thereby restricts the use of the mental abilities of the employees for the firm.

Q14 Employees have benefited from empowerment

The agreement of 54% of the respondents reflects the acknowledgement by the small firms that indeed the employee feels important and useful for the firm when he is empowered. This is accepted as a positive trend by the majority while 20% are still fence sitters without any opinion.

Q15 Empowerment is coercion and a stress on the employees

The disagreement by 51% reflects that it is by and large believed that empowerment is welcomed by employees and is not to be taken as a compulsion but rather as an opportunity to actualize and fulfil ambitions of self satisfaction.

Q16 Empowerment passes on responsibility on employees and they get blamed.

This was a leading question that indeed brought out the confirmation received in the response to the previous statement on coercion. A total of 51% do not agree with the statement and this shows that empowerment is indeed a tool for improving performance, actualization of the self and not a step to be used for the blame game.

Q17 Empowerment enriches the lives of the employees

Indeed the agreement of 60% respondents confirms that empowerment is an act of fulfilment and provides for the self satisfaction that the employee feels on using his/her abilities. This is the real effect of empowerment as it raises the self esteem of an individual thereby making him/her a more confident and contented person.

Q18 Empowerment only means additional responsibilities

Over half of the respondents 52% do not agree while 23% agree to varying degrees and the rest are undecided. This demonstrates that although there is a positive side to the statement but there are still some doubts lurking. The reason for this is that some people believe that they would like to avoid responsibility and yet enjoy the fruits of labour by others. This kind of thinking is what comes in the way of collaborations that are needed to face competition. This is a negative statement meant to draw out the dark nature of respondents.

Q19 Empowerment is the way to trap employees into doing extra work.

Another negative statement is made to bring out the inner fears of the respondents. The large response of 57% negates this and shows a positive trend that in the modern world with greater awareness this is wrong statement.

Q20 Employees are equally good as innovators in comparison with leaders

The final statement really lets the hypothesis of this research be tested. The response seems hesitant at 40% with a high 43% who have no opinion either way. This shows that the concept of delegation, empowerment and actualization has still not sunk in fully with both employers and employees.

4.1. Analysis

The statements, made through questions, have been negative and positive; sometimes provoking and at other places thought evoking. The responses have generally favoured the hypothesis of this research: "Being innovative is not the sole domain of the leaders, corporate or individual, and the potential of the workers and employees remains unexploited in this direction". But it must be said that clearly the potential of the mental forces of the employees has been underutilized.

5. *Conclusions*

Long ago, back in 1776, Adam Smith the father of modern economics had stated in his *Wealth of Nations* that the human factor was equally important for production and should be equated with the other capital of the company. Unfortunately this prophetic pronouncement got lost with the industrial revolution and capitalism.

Under capitalism it was thought that the entrepreneur or the shareholders, through their managers, had the sole right to decide policies at all levels, including in production. This worked as long as demand outstripped supply. Under those conditions consumers accepted whatever they could get. It was only the profit motive that brought in competition and ushered in an era of oversupply. This changed the equation and the consumer got a say in how things should be priced and for what quality. Later with awareness and education, thanks mainly to the internet, the consumer got bolder and companies had to innovate to survive.

Capitalism by nature is controlled from the top and leaders felt that they could come up with innovations and innovative ideas that could promote their companies, small and big, and satisfy the consumer. But the consumer today is also the worker. In this dual role he became more aware of his contribution to the innovative process. Some capitalists realised this potential and converted this to the advantage of the firm. Empowerment became a respected term and a useful one for enriching the life of the worker and for getting his vital contributions towards the innovative process. The leaders who were foresighted also tagged rewards to results and benefitted with both substantial contributions as well as loyalty and transformed their companies into institutions that became respected by both the consumer and the employees. This created a bond that became the hallmark of excellence in the long run.

The use of the mental force or prowess of the worker has therefore come to a full circle. From an independent worker with potential to innovate he has become a worker whose innovative potential is now again harnessed for the benefit of the whole company.

The writing is on the wall: Use of the Mental Force of the Employee will guarantee survival of the firm in this competitive world. Simco of Brazil, Whilpool of USA and Swatch of Switzerland are outstanding examples of companies that use the mental force of their employees to the hilt. These are companies that have pooled internal resources by drawing out talent from within its employees have created entire divisions to invite, investigate, research and develop innovative ideas into innovative products with new or better usage. They have lined up monetary and recognition incentives for employees which has created anticipation and involvement of the workforce and resulted in rise in productivity as well. They have in some instances even turned the entire management of production into the hands of their workers with magnificent results. These are the companies that have become legends in their lifetime and the customers have rewarded them with loyalty and respect.

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7. Appendix

7.1. Questionnaire Summary

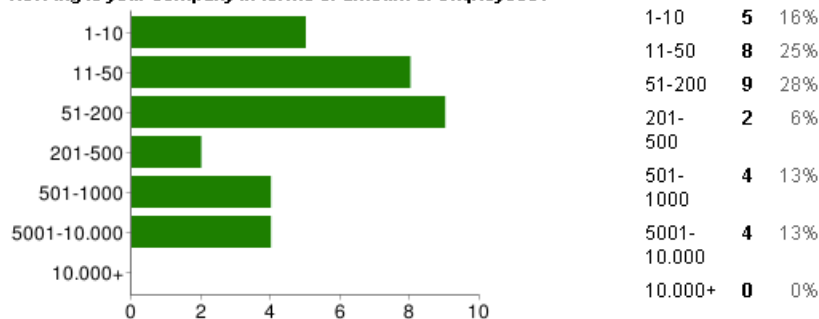
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35 [responses](#)

Summary [See complete responses](#)

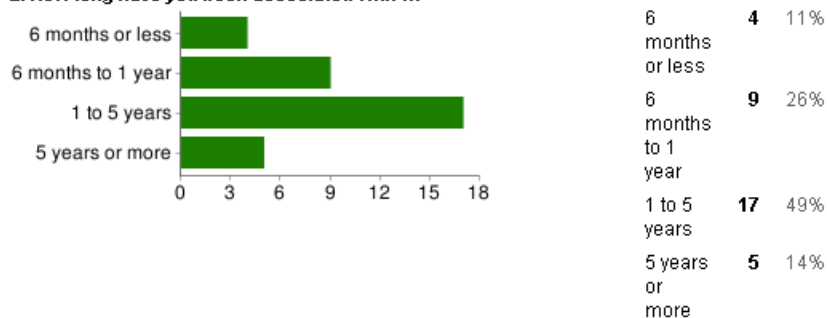
How big is your company in terms of amount of employees?



1. What is your position/status in the company?

Marketing and Sales Executive Planning and Career Assistant Specialist Sales Engineer Mid Management Education Director managing Director Advertising Sales Manager Market Manager President & CEO Product Mana ...

2. How long have you been associated with it?

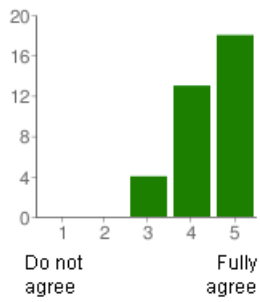


3. Innovation in products/services is necessary for survival

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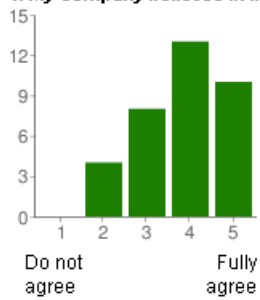
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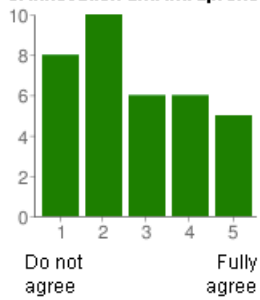
1 Do not agree	0	0%
2	0	0%
3	4	11%
4	13	37%
5 Fully agree	18	51%

4. My Company believes in innovating products/services



1 Do not agree	0	0%
2	4	11%
3	8	23%
4	13	37%
5 Fully agree	10	29%

5. Innovation and intrapreneurial activities are made only by leaders



1 Do not agree	8	23%
2	10	29%
3	6	17%
4	6	17%
5 Fully agree	5	14%

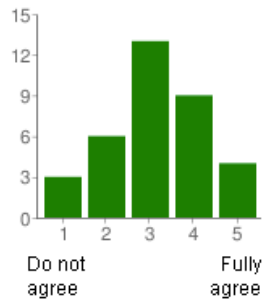
6. Innovation and intrapreneurship are easier in small firms as decisions are quick

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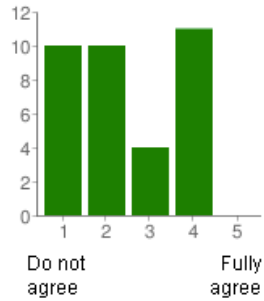
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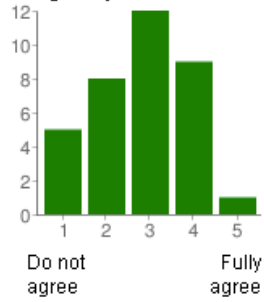
1 Do not agree	3	9%
2	6	17%
3	13	37%
4	9	26%
5 Fully agree	4	11%

7. Innovation and intrapreneurship are harder in small firms as resources are limited



1 Do not agree	10	29%
2	10	29%
3	4	11%
4	11	31%
5 Fully agree	0	0%

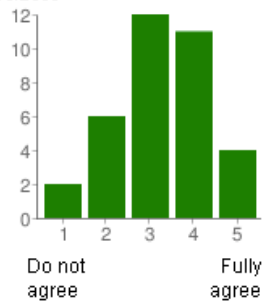
8. Big companies cannot innovate quickly



1 Do not agree	5	14%
2	8	23%
3	12	34%
4	9	26%
5 Fully agree	1	3%

9. Big companies introduce innovations easily because of large resources

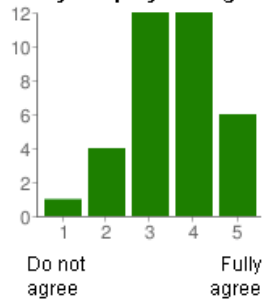
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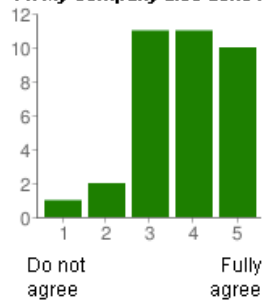
1 Do - not agree	2	6%
2	6	17%
3	12	34%
4	11	31%
5 Fully - agree	4	11%

10. My Company is doing better due to innovations



1 Do - not agree	1	3%
2	4	11%
3	12	34%
4	12	34%
5 Fully - agree	6	17%

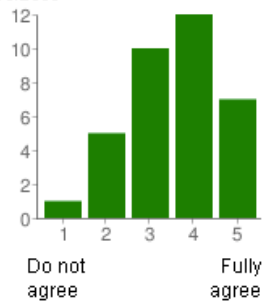
11. My Company also asks for ideas from employees



1 Do - not agree	1	3%
2	2	6%
3	11	31%
4	11	31%
5 Fully - agree	10	29%

12. My Company adopts ideas from employees

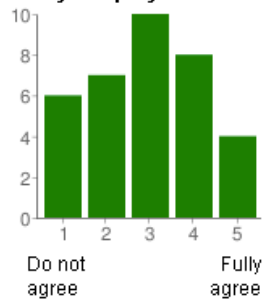
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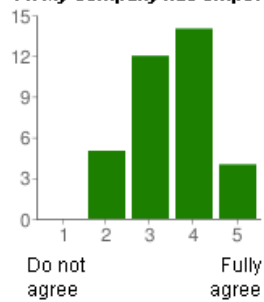
1 Do - not agree	1	3%
2	5	14%
3	10	29%
4	12	34%
5 Fully - agree	7	20%

13. My Company offers rewards for ideas from employees



1 Do - not agree	6	17%
2	7	20%
3	10	29%
4	8	23%
5 Fully - agree	4	11%

14. My Company has empowered the employees in managing work



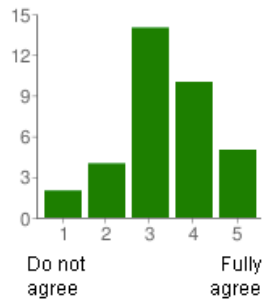
1 Do - not agree	0	0%
2	5	14%
3	12	34%
4	14	40%
5 Fully - agree	4	11%

15. My Company encourages the employees to decide on innovational and intrapreneurial activities

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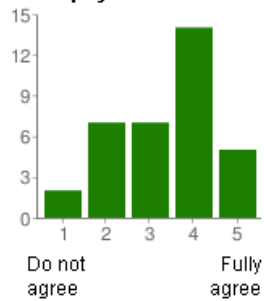
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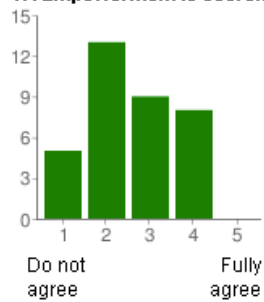
1 Do - not agree	2	6%
2	4	11%
3	14	40%
4	10	29%
5 Fully - agree	5	14%

16. Employees have benefited from empowerment



1 Do - not agree	2	6%
2	7	20%
3	7	20%
4	14	40%
5 Fully - agree	5	14%

17. Empowerment is coercion and it produces stress on employees

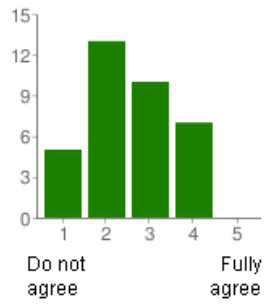


1 Do - not agree	5	14%
2	13	37%
3	9	26%
4	8	23%
5 Fully - agree	0	0%

18. Empowerment passes on responsibility on employees and they get blamed

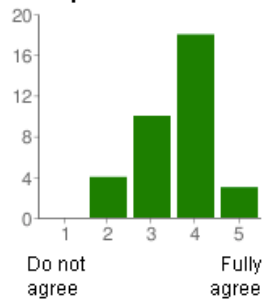
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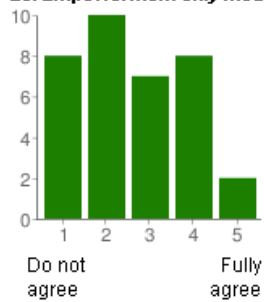
1 Do - not agree	5	14%
2	13	37%
3	10	29%
4	7	20%
5 Fully - agree	0	0%

19. Empowerment enriches the lives of the employees



1 Do - not agree	0	0%
2	4	11%
3	10	29%
4	18	51%
5 Fully - agree	3	9%

20. Empowerment only means additional responsibility

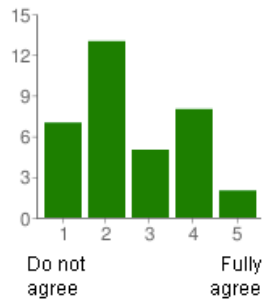


1 Do - not agree	8	23%
2	10	29%
3	7	20%
4	8	23%
5 Fully - agree	2	6%

21. Empowerment is the way to trap employees into doing extra work

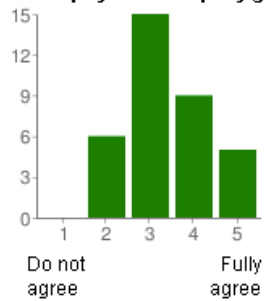
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1 Do - not agree	7	20%
2	13	37%
3	5	14%
4	8	23%
5 Fully - agree	2	6%

22. Employees are equally good as innovators in comparison with the leaders



1 Do - not agree	0	0%
2	6	17%
3	15	43%
4	9	26%
5 Fully - agree	5	14%