What companies lose under bosses whose word is law

Jaanki enjoyed her time as a university student. She treasured her first opportunity at freedom, determining her course schedule, study groups, and when to read for examinations.

She graduated and went to work at a large insurance company in Nairobi. Thrilled at her first job, she began her first working day with vigour and excitement. However, Jaanki noticed that her new colleagues did not share her optimism. Every month, the employees waited for a meeting instructions each month.

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Over the worst among the four possible types of normative systems, is the autocratic system. Such companies often use autocratic management, where decision-making is centralized and employees have limited input. This type of leadership leads to low employee engagement, decreased creativity, and a lack of innovation.

The next type of normative system is only slightly more positive, the benevolent authoritative system. This system includes features such as an employee’s input and involvement in decision-making, leading to higher employee satisfaction. However, this system can lead to higher turnover rates and a lack of engagement.

The participative group system is the next step, where employees have a significant role in decision-making. In this system, employees feel more valued and engaged, leading to higher productivity and satisfaction. However, this system can also be challenging to implement and manage.

The final type of normative system is the collaborative system, where employees have the highest level of involvement in decision-making. This system leads to the highest levels of employee engagement and satisfaction, but it can also be the most challenging to implement.

The four types of normative systems are: autocratic, benevolent authoritative, participative group, and collaborative. Each system has its pros and cons, and the best system for a company will depend on the company’s culture, goals, and values.

Consulting employees about problems and decisions, management makes the final decisions. Employees are moderately satisfied and performance results rise from mediocre to good.

Finally, the fourth type of normative system is termed a participative group system. Such scenarios are designed around group methods and supervision that fosters high degrees of member involvement.

Work groups become highly involved in setting goals, making decisions, improving methods, and appraising results. Communication occurs both laterally and vertically. The firm then links decisions throughout the organization by overlapping group membership.

So, executives seek out the opinions of the staff and jointly make decisions. A member of an accounting work group would also sit on a sales work group to cross-pollinate ideas. Many employees dream of such a company. Google famously strives for such work environments and autonomy.

Staff satisfaction

Research shows that such environments create not just good performance, but excellent employee performance by way of high productivity, quality, staff satisfaction, and higher profits.

As an employee, which of the four types of normative systems would you prefer to work for? As a boss, take a good, hard inward look at how you manage your office and determine which of the categories you fall into.

Strive to alter leadership behaviour and move your company until you reach a participative group system.

The next type of normative system is only slightly more positive in the right direction: benevolent authoritative system. This is similar to exploitative authoritative systems, but the management acts more paternalistically with slightly more attention to employee welfare.

In such scenarios, employees are allowed a little more interaction, communication and decision making. However, such interaction falls strictly within the boundaries defined by management. The performance results for these institutions exist as only mediocre.

Thereafter, firms may operate consultative systems whereby they allow more employee interaction, communication, and decision making. Although the firm

leige in Norway shows that every organisation exists within a “normative system”, or in less academic terms, “social laws” that provide a set of constraints on employee behaviour. Some of you, like Jaanki, might have the misfortune of working for a firm that operates under the worst among the four possible types of normative systems.

An exploitative, authoritative system, Jaanki’s insurance company used autocratic top-down approach to leadership. Such companies also base employee motivation on punishment and occasional rewards. Company communications also occur primarily downwards. Little lateral interaction between departments or other employees results in minimal to no teamwork. Decision making and control reside primarily at the top. It is no wonder that Jaanki’s colleagues, tainted by years of authoritarian rule, felt lethargic and performed poorly. The performance result for such firms ranges from poor at worst to mediocre at best.

Unfortunately, the traditional view of company leadership and management involves an attitude of “tell employees what to do” and “give them limited information so that they know only enough to do their jobs”.

Bewilderingly, executives in such firms fail to see the downsides in such actions since few organisations actually monitor internal executive-staff interactions and assess such effects on bottom-line profits. So the result: a sad disconnect exists between what scientific research knows and what businesses actually do.

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As an employee, which of the four types of normative systems would you prefer to work for? As a boss, take a good, hard inward look at how you manage your office and determine which of the categories you fall into.

Thereafter, strive to alter leadership behaviour and move your company presgressively further along the normative system continuum until you reach a participative group system. If you do so, you will find that you turn into a coach and mentor and your job gets easier as your employees pick up the slack and achieve great results for you.

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