

WEEKEND

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new opportunities for
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MANAGEMENT Autocratic regimes lead to lethargy and poor performance, but autonomy breeds excellent performance



Employees who work in companies that employ an autocratic top-down style of leadership feel oppressed and rarely achieve their full potential. FILE

What companies lose under bosses whose word is law



BUSINESS TALK

SCOTT BELLOWS

Jaanki enjoyed her time as a university student. She treasured her first opportunity at freedom, determining her own schedule and setting her own goals. She decided 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 with their managers to tell them what to do for the next 30 days. Any deviation from instructions resulted in warnings, pay cuts and sacking.

Executives issued directives, but, worse, employees did not know the details of the firm's strategic plan. The company never asked employees' opinion and provided no

autonomy. Any new or innovative ideas fell upon deaf ears.

Fearful of executive retribution, employees kept quiet and "toed the corporate line" as one staff explained to Jaanki when she arrived. Employees did not work together unless forced on designated teams by their managers. They had no understanding of overall company goals beyond receiving instructions each month.

After only three months on the job, Jaanki reflected back on her campus days when she earned top grades. In contrast, she performed poorly in her new environment.

She pondered why her campus success did not yet translate into corporate success. She struggled to wake up in the mornings, felt bored each work day, and struggled with apathy over forced goals. By her sixth month, Jaanki began actively searching for other jobs. She desired a return to her autonomous campus days. Does such a job exist?

Unfortunately for Jaanki, her first job took her to a firm that organisational development experts would deem as a low-performance entity.

Research out of the University of Liverpool in the UK and Bergen University Col-

lege in Norway shows that every organisation exists within a "normative system", or in less academic terms, "social laws" that provides 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. As 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 their 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.

The next type of normative system is only a slightly more positive step in the right direction: benevolent authoritative system. This is similar to exploitative authoritative systems, but the management acts more paternalistic 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

consults 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 organisation 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.

Thereafter, strive to alter your leadership behaviour and move your company progressively 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.

Share stories of dictatorial bosses or brilliant team leaders at #KenyaEconomics on Twitter.

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