Leading the unled
How can business leaders balance employee autonomy with the pursuit of company goals?

Management gurus, psychologists and leaders of some of today's most successful companies urge companies to empower their staff and afford them autonomy to make decisions, solve problems and capture opportunities, unshackled by cumbersome bureaucracy and command-and-control hierarchies. "Control leads to compliance; autonomy leads to engagement," wrote *New York Times* bestselling author Dan Pink.

Allowing employees to determine what they do at work and how, proponents say, encourages the kind of agility and decisiveness that allows companies to respond quickly to threats and opportunities. It also improves the wellbeing, innovation and satisfaction of workers, research now shows. At the same time, any organisation must work in concert to achieve its aims. Does employee self-determination threaten the pursuit of company strategy?

To explore this question and more, The Economist Intelligence Unit conducted a survey of 151 managers and executives in Europe (Germany, the Netherlands, Norway, Sweden and the UK), from companies across industries. The survey, sponsored by SAP, reveals strong support for the principles of self-determination at work, and recognition of its benefits for wellbeing, productivity and engagement. But it also reveals that opinions are divided on whether self-determining employees will necessarily act in the strategic interests of their employer—and how to deal with them if they don't.

Does employee self-determination threaten the pursuit of company strategy?

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¹ Knowledge workers are defined for the purposes of this study as employees whose work consists primarily of non-repetitive, intellectual labour and problem solving, as opposed to physical labour

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The need for engagement and innovation is driving employee self-determination

Employee self-determination, broadly defined as distributing authority throughout an organisation and empowering staff and teams to act and make decisions, is promoted by the majority of organisations surveyed by The Economist Intelligence Unit. Eighty-five

Autonomy is closely linked to productive mental states involved in creativity

percent of respondents say their employers encourage employee self-determination, either through formal policies (as in the case of 23% of respondents) or in less formal ways. It is more common among companies who mostly employ knowledge workers,[1] the

survey also reveals: 80% of respondents from such companies say their organisation fully encourages employee self-determination, compared with just 47% of those who employ most non-knowledge workers.

The most important drivers for supporting self-determination are improved morale and employee engagement and innovation in internal processes. These two are linked. Psychology research shows that autonomy is closely linked to productive mental states involved in creativity, innovation and prosocial motivation, meaning the desire to help others at work.[2] At root is the distinction between intrinsic motivation—through which a person acts according to their curiosity or inclination—and extrinsic motivation, in which they respond to instructions, external cues or even financial incentives.[3,4]

How companies approach employee self-determination
% of respondents

We encourage employee self-determination across the organisation but there is no formal strategy	40
We have a formal strategy to encourage employee self-determination across the organisation	23
Employee self-determination is partially encouraged (ie by certain managers, or among certain kinds of employee)	23
We do not encourage employee self-determination but we plan to in the future	11
We do not encourage employee self-determination	4

Source: The Economist Intelligence Unit.

[2] http://selfdeterminationtheory.org/wp-content/uploads/2017/05/2016_Liu_etal_OrgBehHumDecProc.pdf
[3] https://mmrg.pbworks.com/f/Ryan,+Deci+00.pdf
[4] https://www.danpink.com/drive./

"If you want staff to be innovative, the idea of external rewards and incentives become harder to use," says Allan Lee, senior lecturer in organisation studies and management at the UK's University of Exeter. "You can't incentivise things like creativity because it makes people narrow their thinking. As jobs become more creative and human capital becomes more about harnessing problem-solving and doing innovative work, intrinsic motivation is your strongest tool."

In other words, a more personally engaged workforce is more likely to innovate, and allowing employees to be masters of their working lives is an effective way to encourage that engagement.

The main drivers for encouraging employee self-determination
% of respondents
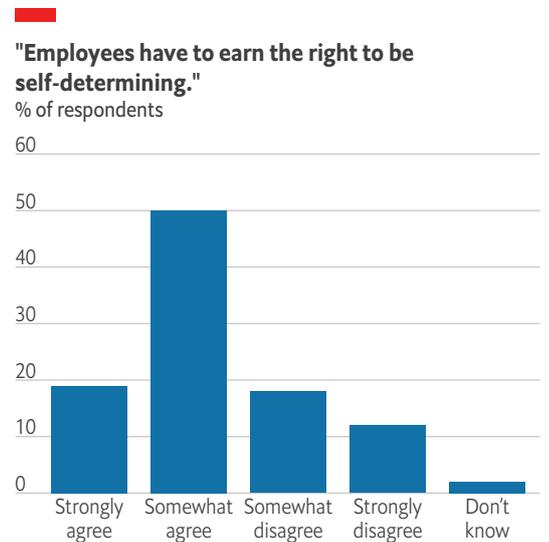

Source: The Economist Intelligence Unit.

Employers are putting workers in control of their work and careers—within limits

Asked what measures they have introduced to foster employee self-determination, flexible and remote working was the most popular, selected by 38%. Positively, this shows that companies now recognise how control over the *terms* of work—location and time—is crucial for wellbeing. The ability of staff to avoid excessive commuting, keep up with caregiving duties or even to live in more affordable locations without compromising their career all foster wellbeing and, by implication, productivity and engagement with the company.

The second most popular measure is to involve employees in setting team or department objectives, selected by 36%, giving staff a voice, and a stake, in goals that affect their work. This allows employees to input into processes based on knowledge and insights they have from working in the trenches. In third place, 34% of respondents say training opportunities are focused on employees' career progression.

However, despite their recognition of its benefits, the survey shows that companies put

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pragmatic limits on self-determination. Few companies actively seek more autonomous staff: only 17% actively recruit new hires with a strong disposition towards self-determination. And the ability to determine one's own working life is not an automatic right: 68% of respondents agree that, at their organisation, employees have to earn the right to be self-determining.

"Employees have to earn the right to be self-determining."
% of respondents

Source: The Economist Intelligence Unit.

The most common policies and practices for encouraging employee self-determination
% of respondents
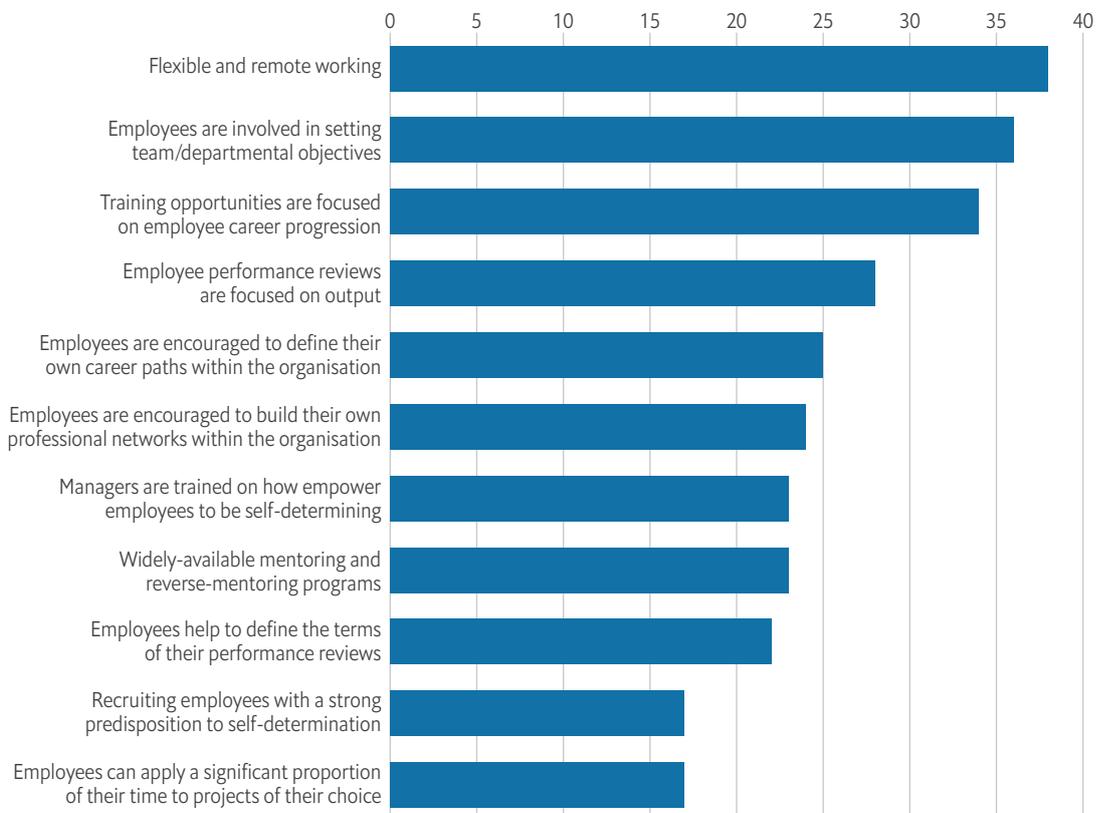
Source: The Economist Intelligence Unit.

Unleashing employee self-determination will require effort and sacrifice from management

Employee self-determination is not without its challenges. For example, four in ten respondents think their company culture is too rigid to allow more self-determination. Perhaps unsurprisingly, this complaint is more common among respondents from larger companies: 52% of respondents from companies with over US$500m in annual revenue identify it as a challenge.

Fifteen percent of respondents say a lack of trust in employees limits their ability to encourage self-determination. Among respondents at companies that mostly employ knowledge workers, 22% say the inefficiency of decentralised decision-making limits their ability to permit worker autonomy (among non-knowledge-working companies, the proportion is just 5%).
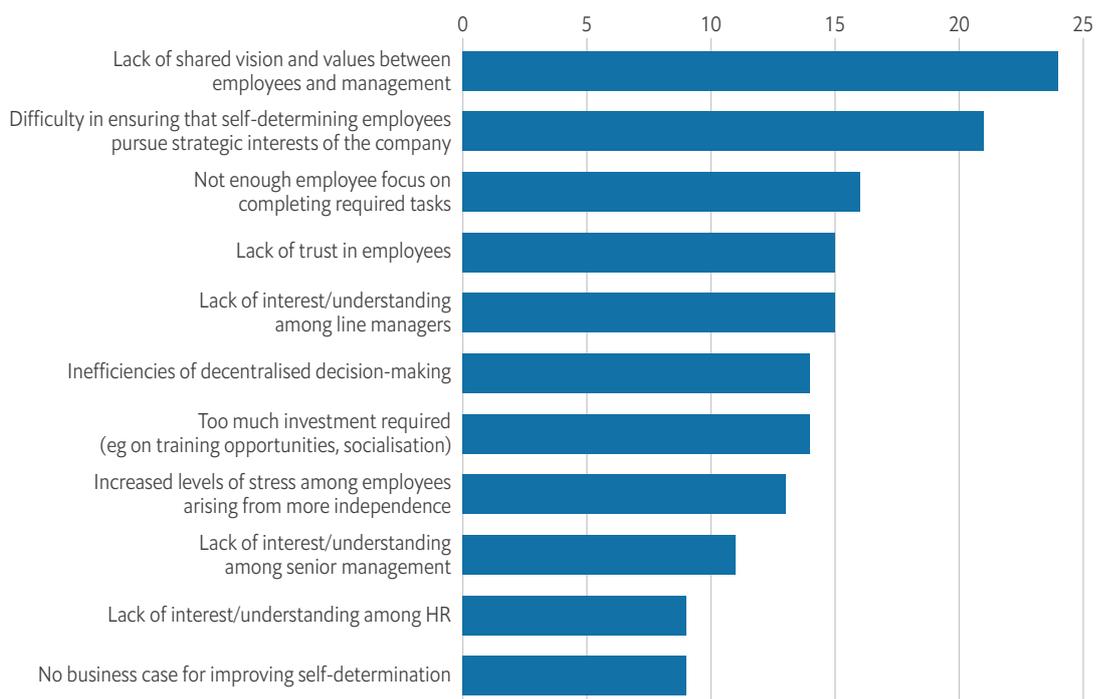
"

Just giving more responsibility to staff can be seen as burdening them.

Allan Lee, University of Exeter

Clearly, self-determination cannot be unleashed without some effort or compromise. Indeed, 80% of respondents acknowledge that encouraging self-determination requires new management skills. According to Mr Lee, managers need to ensure they are not simply burdening their teams with more work in the name of greater autonomy. "Just giving more responsibility to staff can be seen as burdening them, or

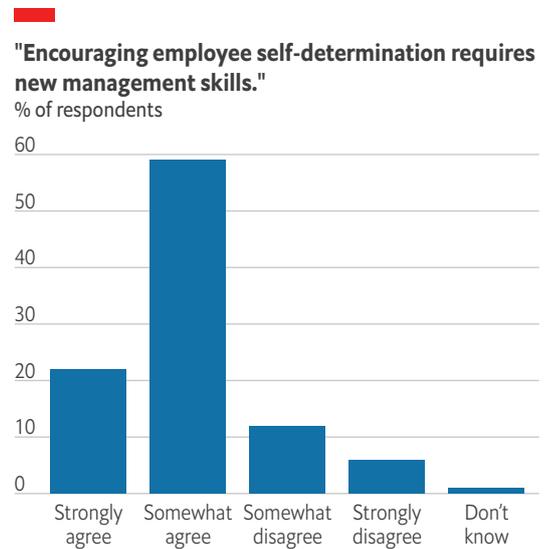**The biggest challenges to increasing employee self-determination**
% of respondents

Challenge	%
Lack of shared vision and values between employees and management	24
Difficulty in ensuring that self-determining employees pursue strategic interests of the company	21
Not enough employee focus on completing required tasks	16
Lack of trust in employees	15
Lack of interest/understanding among line managers	15
Inefficiencies of decentralised decision-making	14
Too much investment required (eg on training opportunities, socialisation)	14
Increased levels of stress among employees arising from more independence	13
Lack of interest/understanding among senior management	11
Lack of interest/understanding among HR	9
No business case for improving self-determination	9

Source: The Economist Intelligence Unit.

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be interpreted as shirking responsibility yourself," he explains. Truly empowering leadership, he argues, means "offering support where needed".

Employee self-determination is an important component of company culture at Blinkist, an audiobook start-up. According to Molly Levinson, the company's organisational development and internal operations manager, the company issues a regular employee survey to ensure workers feel empowered and autonomous. "The survey tells us if people are enjoying working here, whether they are likely to stay, and gives us fine-grained data about whether processes are working and if people feel they are blocked or lack autonomy," she explains.

"Encouraging employee self-determination requires new management skills."
% of respondents

Source: The Economist Intelligence Unit.

The biggest challenge is balancing self-determination with company goals

The biggest challenges concern the balance between employee self-determination and the pursuit of the company's interests. The most commonly identified challenge is a lack of shared vision and values between employees and management, the survey found. The second most commonly selected is difficulty in ensuring that autonomous employees pursue the strategic interests of the company. Evidently, this is the area in which companies

that want to reap the benefits of employee self-determination should consider most carefully.

When asked whether self-determining employees will necessarily act in the interests of the organisation, respondents are divided. Just under half (47%) believe they will naturally pursue the company's interest. Within this, 25% of the total sample believe that self-

The relationship between self-determination and company strategy
% of respondents

Source: The Economist Intelligence Unit.

The best way to balance employee self-determination and achieving business objectives
% of respondents

Collaboratively aligning values and strategy between management and employees (eg through workshops, forums)

Ensuring the values and purpose of the organisation are understood and shared by employees

Clearly defining and articulating the company's purpose

Management clearly defining parameters for self-determination (e.g. specific training opportunities, how employees can use "innovation time")

Enabling employees to collectively define business values and strategy

Source: The Economist Intelligence Unit.

determining employees will naturally pursue the company strategy; the other 22% have such faith in their staff that they will pursue the company's interests, even if it is not in line with company strategy.

But nearly as many (44%) believe there needs to be some kind of intervention to ensure that the company strategy is upheld. Seventeen percent of the sample say this is reason enough to limit self-determination. More common is the belief that the risk autonomous workers will not act in the strategic interests of the company means they need to make sure strategy and self-determination are balanced.

How can this balance be struck? Respondents are again divided: 27% say that values and strategy should be aligned collaboratively between staff and management, for example through workshops and forums. A quarter (25%) are more prescriptive: the best approach is "ensuring the values and purpose of the organisation are understood by employees".

At Blinkist, company values are defined and communicated by an in-house manifesto.

At Blinkist, company values are defined and communicated by an in-house manifesto, called the Blinkist Operating Systems, which provides overarching principles without over-specifying actions. It lays out seven core values to guide decisions—including default to transparency and communicate directly. "Everything is based on these themes," says Ms Levinson. "They are not so specific as to say 'this is how you do everything' but instead 'this is the concept that guides how you do things'."

In all, the survey suggests that the growing need for creative and engaged employees is shifting the primary concern of management from employees' actions to their values and beliefs. Little wonder a command-and-control approach is no longer fit for purpose. What replaces it is a work in progress.