

## ***Semco's Empowerment***



Most executives like to say they empower their workforce, but few come close to the work arrangements at Semco Corporation, SA. “Can an organization let people do what they want, when they want and how they want?” asks Ricardo Semler, who took over his father's marine pump business in São Paulo, Brazil, 20 years ago. The answer appears to be “Yes.” Today, Semco pushes the limits of empowerment at its dozen businesses—high-tech mixing equipment, inventory control, environmental resources management, to name a few—with 3,000 employees and \$160 million revenue.

Organized into small groups of 6 to 10 people, Semco employees choose their objectives every six months, hire their co-workers, work out their budgets, set their own salaries, decide when to come to work, and even elect their own bosses. Semco factory workers have chosen future factory sites management didn't like. At the head office, Semler installed hammocks so employees can snooze whenever they want.

The success of Semco's approach to empowerment was recently demonstrated when Carrefour, the French supermarket chain, hired Semco to take inventory at its 42 Brazilian hypermarkets on June 30. The assignment required 1,000 workers in 20 cities on the same day, a major challenge for any firm. Unfortunately, June 30 also turned out to be the day that Brazil played in the World Cup soccer finals. If Brazil won the game (which it did), employers could count on losing 40 percent of their employees to street celebrations. Semco managers asked employees to figure out among themselves how to work out this dilemma, which they did. Semco completed the task on time.

Semco may have radical empowerment, but Semler says that the company is “only 50 or 60 per cent where we'd like to be.” Semler believes that replacing the head office with several satellite offices around São Paulo would give employees even more opportunity for empowerment. “If you don't even know where people are, you can't possibly keep an eye on them,” Semler explains. “All that's left to judge on is performance.”

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Companies can learn from this example, about what empowerment "truly" mean. Although, **Empowerment** is a term that has been loosely tossed around in corporate circles

and has been the subject of considerable debate among academics. However, the most widely accepted definition is that empowerment is a psychological concept represented by four dimensions: self-determination, meaning, competence, and impact of the individual's role in the organization.

**Reference:** Sources: S. Caulkin, "Who's in Charge Here?" *The Observer* (London), April 27, 2003, p. 9; S. Moss, "Portrait: 'Idleness Is Good,'" *The Guardian* (London), April 17, 2003, p. 8; D. Gardner, "A Boss Who's Crazy about His Workers," *Sunday Herald* (Scotland), April 13, 2003, p. 6; R. Semler, *The Seven-Day Weekend* (London: Century, 2003), Part 4, Chapter 1.

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