



MASTER THESIS

**TRANSFORMATIONAL LEADERSHIP
AND EMPLOYEE INVOLVEMENT IN
DEPARTMENT-LEVEL DECISION-
MAKING PROCESSES:
*A COMPARATIVE CASE STUDY ON JOB
SATISFACTION AND INNOVATIVENESS***

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ABSTRACT

Purpose – Although leader-employee relationships have been recently a subject of many studies, the concept of employee empowerment has seen increasing scholarly interest in recent years. Empirical studies on how the leadership style and employees' role in decision-making shape organisation's outcomes are just emerging, but lack an investigation on how the combined effect of transformational leadership and employee involvement in decision-making impacts individual job performance. This study suggests 'reversing the lens' as a method how employee job satisfaction and innovative work behaviour can be positively influenced.

Design/methodology/approach – For carrying out the research, a comparative case study and a mixed-methods approach were undertaken. This approach includes the distribution of surveys among both leaders and work floor employees, as well as conducting qualitative interviews with some of them. Data was collected from 52 participants, representing two departments at a multinational company in the FMCG industry. In the surveys, employee satisfaction, as well as innovative work behaviour were used as dependent variables, with transformational leadership style as an independent variable, and employee involvement in the decision-making process as a moderator. In addition, 27 interviews were conducted to gain greater understanding and analysed by using Grounded Theory. The data analysis technique of the survey data consists of conducting first reliability and correlation tests, followed by an exploratory factor analysis, as well as rwG tests for each of the studied cases.

Findings – Results show that organic *non-traditional* business environments can benefit more from a transformational leadership style, augmented with behaviours displayed by servant leaders. In *traditional* rather rigid business environments, on the other hand, involvement of employees in decision-making, i.e. reinforcing task-oriented relational processes between managers and employees, contributes to individual job performance.

Research limitations – Although this study expands our knowledge about how leaders and employees can mutually shape their behaviour and influence the overall performance outcomes, the prospects for further research are still present. A more in-depth analysis of the research question might need the exploration of all departments at the studied company. Furthermore, considering psychological factors, as well as conducting the study in other countries where the companies is operating and possible cultural differences might be present, would add value to this business case.

Practical implications – Due to the comparative nature of the study, this paper yields useful insights how managers can improve the working conditions by enhancing leader-employee relationship, fostering innovativeness and increasing job satisfaction, and thus, improve department-level performance. The practical recommendations presented in this study will help leaders avoid misalignment costs and generate sustainable competitive advantages for their organisations.

Keywords Employee involvement in decision-making, transformational leadership, job performance, innovativeness, FMCG company

1 | INTRODUCTION

Leadership is core for meeting organizational targets and delivering high performance (Lord et al., 2017). Globalization of markets, increasing diversity of workforces, considering time and change as critical elements in an organization's ability to compete have emphasized the need for investigating leadership styles and their effects on performance outcomes (Alagarja & Shuck, 2015). Alongside various business developments and innovations, aiming to increase productivity and reduce costs, sustaining and even developing people's potential becomes even more challenging for leaders. This does not solely depend on the resources a company provides to employees to further up-skill their knowledge as unleashing people's potential is oftentimes highly related to the established manager-employee relationship, and to the way how the organization internally functions. A leadership style that encompasses key skills and competences to meet the requirements of today's turbulent, rapidly changing and demanding business environment is therefore seen as a pre-requisite for organizations to remain competitive and eventually outperform their rivals (Avolio & Bass, 2008; Cascio, 1995b;).

The leadership literature, for many years, has studied the different leadership styles and their impact on job performance (Alagarja & Shuck, 2015). Scholars have identified numerous management styles, ranging from autocratic versus democratic, directive versus participative, task-oriented versus relationship-oriented, all of which build on the academic knowledge for leadership models and their impact at workplace. These management styles, however, do not represent the full set of skills and competences necessary to engage employees and transform them into power-wielding team members in order to accelerate organisational performance (Lord et al., 2017; Uhl-Bien et al., 2014). Besides, more and more companies undergo organizational changes and move towards an organic structure, where horizontal manager-employee relationships and a collaborative culture are highly valued. This tendency of

organisations to move from the *traditional* rigid structure towards a more organic and agile (*non-traditional*) one, marked by compressed hierarchies and blurred lines of authorities furthermore highlights the necessity to explore leadership styles suitable for such work environments.

A leadership behavior that suits '*today's networked, interdependent, culturally diverse business environment*' (Lord et al., 2017), is described as *transformational*. Reliance on the contrary transactional leadership behavior falls short of the leadership challenges that most organizations today are confronted with' (Lord et al., 2017, Avolio & Bass, 2008). *Transformational leadership style* (TFL) is reported to adequately support the process of transforming ideas and initiatives into action, which in turn, stimulates effective communication and increases employee involvement (Slagter et al., 2018), and is pivotal for achieving higher performance outcomes. Even though many scholars describe leadership behaviour in terms of the leader-follower exchange relationship, in which leaders provide '*direction, support and reinforcement, and followers achieve the agreed-upon levels of performance*' (Dvir & Shamir, 2003, p. 328), the role of employees in the leadership process should not be neglected.

The current leadership literature is still predominantly encompassed by leader-centric approaches and may have been extended by *followership* studies (Uhl-Bien et al., 2014; Carsten et al., 2010; Ford & Harding, 2018), but deeper research is necessary to understand the role of employees. The latter, referred to as *followers*, are perceived as crucial contributors of any organisational processes and significant sources of new ideas. In today's business world, where many companies aim at breaking silos and stimulating an engaging environment among all team members (including both leaders and employees), employee empowerment is seen as a *non-traditional* method for increasing performance. Literature refers to *empowerment* in relation to several aspects of power and control – '*control over decision-making, control over*

work processes, control over performance goals and measurement, and/or control over people' (Stander & Rothmann, 2009, p. 7). Although the majority of leadership literature promotes leaders as the central 'causes' for the success achieved in the team (Ford & Harding, 2018), recent scholars (Jie Aw & Ayoko, 2017) refer to followers as equally worthy for the decision-making process as the leaders and identify them as crucial contributors for achieving the desired goals and even outperforming the rivals. Employee engagement (involvement) is thus considered to be key to job performance.

This study aims at reinforcing the notion that *followers* are an essential component of leadership (Uhl-Bien et al., 2014) and how leaders and employees construct their relationship in order to pursue high performance outcomes (Heyden et al., 2016; Fernandez & Moldogaziev, 2013). Examining *followership* and its interaction with *transformational leadership*, in the context of decision-making, will help achieve a more grounding understanding of its impact on the steps before decision/actions are executed. Another argument for exploring the impact of employees' role in the decision-making process is that the vast majority of the literature is still concentrated on the decision-making process executed in a *top-down* manner, neglecting the *bottom-up* approach (Kim et. al., 2014). At a more practical level, many companies, in the fashion of becoming more organic, aim to implement new ways of working. They tend to move away from the traditional top-down approach and seek a rather bottom-up approach for making decisions. Transforming organisations towards an open and engaging working environment, which stimulates pro-active work behaviour among team members, has become key ambition for many companies¹. This, in turn, pose the question how the literature and the studies conducted can help advance organisational human resources and managers to stimulate higher performance among employees.

¹ Personal observations

This research is motivated by the opportunity to examine how decisions can be made, and particularly in a *non-traditional* manner. A few noticeable examples of companies that transformed their organisational structure from a hierarchical to a more organic one and achieved remarkable results², were also considered as a source of inspiration. The leaders of companies, such as Honda and Semco, did change the way how decisions are made and executed, providing the employees the opportunity to participate in the decision-making process equally with their managers. This, in turn, led to higher performance outcomes for both companies. Leaders' empowerment behaviour, associated such a *bottom-up approach*, is seen nowadays as a new stream in change management practices (Slagter et al., 2018; Sy, 2010).

As the paper bridges followership and transformational leadership, in the context of decision-making, the main research questions is 'How does transformational leadership style affect the extent to which employees are involved in decision-making, and, in turn, individual job performance?'. The study contributes to the filling of the knowledge gap related to the role of employees in leadership. It aims at shifting the focus of leadership studies towards *followership*, and more specifically - *employee empowerment behaviour*.. This research will also shed light on the question how 'reversing the lens' can help the company gear its business activities towards a competitive edge, and adds knowledge to already existing change management practices. Considering also the emerging servant theory, according to which '*facilitating the development and well-being of followers in order to achieve long-term organizational goals*' (Hoch et al., 2015, p. 507) is at the core, this research will broaden the leadership literature with regard to the importance of the employees in general, and provide a solid basis for other scholars to study this phenomenon more extensively.

² Insights gained during a Master course: Change Management

2 | THEORETICAL FRAMEWORK

2.1 | SYSTEMATIC LITERATURE REVIEW

In order to examine the relevant literature, a systematic literature review was first performed, allowing the researcher to collect the necessary grounding knowledge and explore what is known with regard to the studied research question. Based on empirical evidence tendencies and literature gaps were identified, which need to be investigated further. The systematic literature review was done by using the key words for this study, their variations or synonyms in several search engines, such as Scopus and Science Direct. The systematic literature review led to 110 articles related to ‘followership’ or ‘employee involvement’, ‘transformational leadership (style)’, ‘participative decision making’. However, after having become acquainted with the content of the respective article, 86 articles, relevant to the research question, were further considered and included as reference in this paper. The inclusion criteria considered several rules. First, the studies should use leaders or employees, or both as the sample. Secondly, the combination of at least two of the above-mentioned key words was taken into consideration when the abstract was reviewed in order to decide if the respective article is relevant to this study. Third, articles not written in English were excluded. Finally, the literature review was predominantly focused on 49 articles published recently. It results will be reported now.

2.2 | TRANSFORMATIONAL LEADERSHIP

Transformational leadership (TFL) is – arguably – ‘the most researched leadership concept to date’ (Braun et. al., 2013). Due to the high number of positive effects of TFL reported on various organisational indicators, including intrinsic motivation, creativity, job satisfaction, etc., this leadership style is often seen as a ‘catalyst’ for organisational changes through transforming the behaviour of the team members (Alagarja & Shuck, 2015).

Bass and Avolio (2008), one of the most prominent authors in the leadership field, find out that ‘the requirements for a successful leadership have changed over time’. Like other scholars, they call for identifying a leadership style that facilitates an organic, network-oriented (*non-traditional*) organisational environment and can adequately cope with high levels of diversity of workforces. The authors argue that *transformational* skills and competences are a critical element for an organisation to compete and eventually outperform its competitors. Based on their extensive research, the management style that has had the greatest impact on individuals, as indicated by all different participants in the study, i.e. managers, project leaders, students, is characterised as ‘inspirational, intellectually stimulating, challenging, visionary, development oriented, and determined to maximize performance’ (Bass & Avolio, 2008). These personality traits describe a TFL behavior, which is a strong requirement in today's networked, interdependent, culturally diverse organizations (Cascio, 1995b).

Transformational leadership (TFL) is a multidimensional construct, which encompasses four core behavioural sub-dimensions: idealized influence; inspirational motivation; intellectual stimulation; and individualized consideration (Bednall et al., 2018; Bass & Avolio, 2008). Idealized influence (charisma) is displayed when leaders ‘*provide(s) vision and sense of mission, instils pride, gains respect and trust*’ (Bass & Avolio, 2008). Inspirational motivation refers to leadership behaviors that are non-intellectual, emotional qualities to the influence process, such as displaying an action orientation, seeking to build employee’s confidence through verbal communications, and inspiring belief in the cause (Bednall et al., 2018). Individualized consideration involves providing support for followers (Yukl, 1999), such as coaching, mentoring performance and assigning appropriately challenging tasks. Intellectual stimulation refers to efforts to motivate followers to perceive and approach challenges in new ways.’ *Transformational leadership* goes beyond transactional

leadership, which purely relies on an exchange relationship, giving orders and monitoring the performance of task executions (Kim et al., 2014).

The demarcation between transformational and transactional leadership is quite obvious. Even though transactional leadership may be associated with high levels of effectiveness, it is insufficient to motivate innovative work behavior among team members (Bednall et al., 2018, p. 798). Drawing on other leader-centric approaches, one can assume that TFL might resemble charismatic leadership. Although there are similarities in the way how leaders are perceived by the followers, the focus of both theories lies in a different direction (Uhl-Bien et al., 2014). The success of charismatic leaders is based on their confidence and the emotional intensity they possess, which is perceived as inspiring by the followers, whereas transformational leaders display a specific behaviour which has an impact how followers, i.e. team members, adjust their behaviour respectively to the team goals and visions. Due to the reported positive effects of TFL on motivation and creativity (Xu & Wang, 2019), as well as on job satisfaction, many scholars argue that TFL is key to job performance. The emergence of transformational leadership describes a leader's behaviour, according to which '*leaders strive to go bring a change in followers that will create a climate for exceptional performance*' (Hollander, 1992, p. 51). A persuasive visionary leader who is willing to champion an idea and is capable of influencing others in the organisation to adopt it, encourages innovation among team member (Bednall et al., 2018). Similarly, Gong, Huang and Farh (2009) argued that inspirational motivation should stimulate on a creative task and increase creative self- efficacy.

As the aim of this research is to study how leadership influences employee behaviour and affects performance outcomes, this paper will focus on *transformational leadership* as a pre-requisite for job performance.

2.3 | RELATIONAL LEADERSHIP THEORY: BRIDGE BETWEEN LEADERSHIP AND FOLLOWERSHIP

Recent leadership studies have demonstrated that leadership is not a unidimensional construct. Uhl-Bien and colleagues (2014, p. 85) argue that leadership cannot exist and be understood without followership, and that '*understanding followers is as much important as understanding leaders*'. It is viewed as a '*relational process co-created by leaders and followers*' (Uhl-Bien et al., 2014, p. 95). '*Relational leadership, roughly speaking, involved the study of interaction and relationship quality among individuals engaged in leadership activities*' (Endres & Weibler, 2017, p. 215). Followers provide feedback and suggest ideas, co-construct, support and complement the leadership role (Uhl-Bien et al., 2014), whereas leaders support and reinforce (Howell & Shamir, 2005). Followers are 'actors' who '*engage, interact and negotiate*' with leaders to influence organisational understandings and produce outcomes (Uhl-Bien et al., 2014).

Uhl-Bien et al. 's (2014) extensive literature review refers to two different ways of understanding followership, i.e. through the prism of both constructionist and role-based approaches. The former refers to the relational interaction between leaders and followers, as a result of which *leadership* is co-created. The latter views followership as a specific formal or informal role (or rank) in the leader-follower relationship, i.e. hierarchical context (managers vs. sub-ordinates). Whereas the role-based approach sees '*followership as a set of follower-related behaviours and behavioural styles, the constructionist approach investigates followership as a social construct developed within leadership*' (Uhl-Bien et al., 2014, p. 89). This view, furthermore, addresses Uhl-Bien and Pillai's (2007) definition of followers: '*someone who socially constructs leadership and identifies him/herself as a follower in that construction*'. As the purpose of this paper is to study the relationship between followers and leaders, taking the constructionist approach will shed light on how leaders and employees co-

construct leadership and how their relationship, viewed as a social construct, can influence performance outcomes.

2.3.1 | FOLLOWERSHIP

Followership has recently become a focal point in leadership studies (Uhl-Bien et al., 2014, Jie Aw & Ayoko, 2017; Ford & Harding, 2018). Scholars, such as Meindl, 1995; Kean et.al, 2011) challenge the traditional leader-centric focus and advocate a shift towards followers' (employees') role in leadership. The relationship between leaders and followers can be described as dynamic and complex, which produces various types of behaviours within the leader-follower construct.

The most common assumption articulated among follower-centric studies is that leadership occurs only when there are followers that adopt following types of behaviours (Uhl-Bien et al., 2014). On the other hand, researchers also state that if '*leadership involves actively influencing others, then followership involves allowing oneself to be influenced*' (Uhl-Bien et al., 2014, p. 83). This statement, however, should be critically viewed and not fully adopted since followership is not only related to 'following a superior'. While followers are often considered to be the ones who are in charge of executing tasks (tasks-takers) provided by the leaders (tasks-givers), they can be seen as active partners to their managers (Uhl-Bien et al., 2014. Howell and Shamir (2005) argue that if employees are accredited more power and responsibility, they can act as '*agents of change*' (p. 110). By participating in various organisational processes and contributing to the overall outcomes, followers can have a crucial impact on team performance. As argued earlier, leaders' behaviour, on the other hand, creates an environment which encourages followers to perform beyond their expectations. The leader-follower relationship dynamics, thus, are vital to understand how managers and employees co-construct their relationship and, in turn, influence organisational outcomes. Uhl-Bien and colleagues furthermore state that '*engagement is the critical element in followership*' (Uhl-

Bien et al., 2014, p. 91). Leaders who create an engaging climate and empower followers are furthermore viewed as essential contributors to higher levels of employee participation in the organisational processes (Jie Aw et al., 2017).

2.4 | PARTICIPATIVE DECISION-MAKING

Empirical evidence points out the positive impact the discretion granted to the employees has on organisation's outcomes. Tracing back '*the intellectual roots of employee empowerment back to the 1970s*', a growing body of evidence has been built since then, indicating that '*employee empowerment is positively related to job satisfaction, innovativeness and performance*' (Fernandez & Moldogaziev, 2013, p. 490; Scott et. al, 2003). The employee empowerment approach is closely related to the participative decision-making (PDM), whose essence is grounded in integrating both leaders and employees in the decision-making process.

The participative decision-making process has been long a subject of discussions (Black & Gregersen, 1997). Over the years, the decision-making process has been known as a unidimensional construct, in which the managers or leaders are the key actors. Recent studies (Xu & Wang, 2019), however, have identified the need to study the decision-making process from a multidimensional perspective, according to which employees are also involved and considered as valuable contributors to the decision-making process (Alagarja & Shuck, 2015). Irawanto's (2015) research furthermore discusses employee participation as a key component for successfully translating strategies into actions. As employees feel involved and emotionally secured, they are more likely to feel motivated to perform better. Participative decision making has, thus, a twofold impact on the outcomes – employees feel they are better off when being involved in the decision-making processes, and organisations, on the other hand, benefit from employees' performance (Xu & Wang, 2019).

'As argued by Scott et al. (2003), various forms of '*participation in decision-making have been linked to job satisfaction*'. This is due to several factors, as highlighted by the authors

(Scott et al., 2003, p. 5): *employees inherently enjoy offering suggestions or input about their work; participation enhances feelings of ownership and commitment; having a voice or say in what affects employees personally enhances positive feelings about the job; people like to feel they have control over their work, and employees enjoy the opportunity to interact with others during the course of their jobs.* The longitudinal studies discussed in Fernandez and Mologaziev's work (2013) furthermore indicate that employee empowerment is a strong predictor of job satisfaction. The argument is that jobs which fulfil employees and provide them with the opportunity to have more responsibility and encounter new challenges, reward them intrinsically. If employee empowerment allows employees to 'have more power' and influence the decisions, they will more likely achieve what they want and thus, be more satisfied due to the value added to their position at the company. Besides the shared power, employees are enabled to perform their tasks more effectively also as a result of the flexibility granted to them and the high quality of their relationship with the leaders (Xu & Wang, 2019).

Empowerment is pivotal to a leadership style with transformational characteristics (Xu & Wang, 2019). Researchers describe empowering leadership as a *'leader behaviour directed at individuals or teams that involves delegating authority to employees, promoting their self-directed and autonomous decision making, coaching, sharing information, and asking for input'* (Lee et al., 2017; Sharma & Kirkman, 2015;). Granting power and responsibility to team members, aiming to unleash their potential and increase performance, are characteristics of TFL. Similarly, empowerment leadership is an example of a structural form of empowerment as it represents leader behavior that attempts to create the conditions where followers will feel a sense of empowerment. It includes delegating more responsibility, freedom and power to the employees. Leaders or managers *'grant power and decision-making authority down the organisational hierarchy'* (Özaralli, 2003, p. 335), in order to utilize the full potential of the employees. Moreover, by *'displaying care and concern for the followers'* (Gardner et al., 2005,

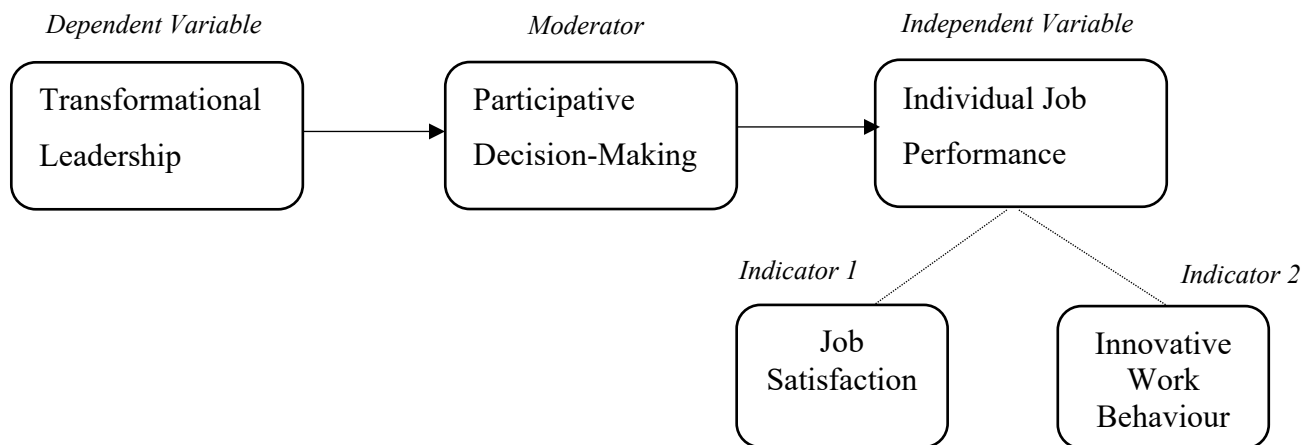
p. 359; Avolio & Bass, 2008), leaders are focused on employees' needs and ability to grow and develop, and thus, may even influence followers in their behaviour by challenging them and building employee commitment. This, in turn, positively influences employee behaviour and increase their engagement.

Black & Gregersen (1997) also argue that extent to which employees are integrated in the decision-making process determines the outcome of this process. The more employees are integrated in the decision-making process, the more empowered and valuable to the team they feel, which increases employees' job satisfaction and in turn their motivation to contribute to organisation's overall vision and goals (Black & Gregersen, 1997). Han et al. (2010) furthermore state that employee participation in decision making manifests knowledge-sharing behaviour and commitment to organizational goals, which is also a premise for innovation and higher performance outcomes.

2.4 | CONCEPTUAL MODEL

Based on the theories, the following conceptual model has been developed (see Figure 1). It addresses the assumption upon which this study is built, i.e. all variables included in the model are interconnected. It considered that *transformational leadership style* positively influences *employee's participation in decision-making*, which affects individuals' job performance, indicated in this research as *job satisfaction* and *innovative work behaviour*.

Figure 1: Conceptual model



3 | METHOD

3.1 | RESEARCH DESIGN

In order to study how transformational leadership affects the degree to which employees are involved in decision-making and, in turn, their job satisfaction and innovative work behaviour, a mixed-methods research design was applied. Considering the complexity of the research question, its relatively nascent field and the dynamics of the current business environment, it was decided to undertake both a quantitative and a qualitative approach. The integration of these two approaches aimed at deriving substantial results and ensuring a grounding understanding of the topic (Edmonson & McManus, 2007). Moreover, an advantage of applying a mixed-methods research approach is known as triangulation of the results which, in turn, strengthened the validity of their inferences (Yin, 1999).

The data collection process consisted of conducting an online survey and interviews. The former, as a quantitative approach, helped identify key patterns of behaviour among the participants. The latter, in the fashion of a qualitative approach, further developed and expanded the survey outcomes, as well as delivered in-depth understanding of the identified patterns. In order to ensure this complementary and enhancing role of the interviews, they were conducted after the online survey (Yin, 1999).

Both quantitative and qualitative approaches were of equal value in this research and contributed to a better analysis of the research *problem*. The application of mixed methods helped the research achieve consistency of the findings and draw conclusions by avoiding generalization.

3.2 | PRELIMINARY SELECTION APPROACH

For this study, several big (> 30 000 employees worldwide)³ companies were approached. The criterion for approaching them was that their departmental managers have at least one direct report. Due to time restrictions, at the end a multinational company in the FMCG industry, called Barley, agreed to participate. A preliminary research was done in order to understand the business context in which the company operates, as well as its organisational structure. For this purpose, senior managers from different business areas at Barley were involved. Intake interviews were also planned in order to select the right participants. Moreover, a short presentation was prepared for each senior manager which highlighted the currently emerging business trends, the purpose and benefits of this study. During the meetings, extensive discussions followed as a result of this presentation, and key notes were taken with regards how the different departments at Barley function. Key department characteristics, such as function, level of network and teams workflow, were identified. Based on the senior managers' expertise and considering the complexity of the research question, it was decided to study two departments⁴ that have distinct characteristics (see Table 1): HR Systems and Finance. This, in turn, enabled the research to be conducted in a comparative manner and see whether different research outcomes will be reported at the end.

³ Online research was done based on companies' official websites and by using a job search engine where a detailed company profile is available: <https://www.glassdoor.com/>

⁴ Departments which did not fit the sampling criteria or slightly differed were dropped. The ones with the most distinct characteristics were considered.

Table 1

Selection criteria for the studied departments

Departmental characteristics	HR Systems	Finance
Function	Staff- and process-oriented	Process-oriented
Level of network	High	Low
Teams workflow	Dynamic	Static

HR Systems is a separate department under the umbrella of HR. It is responsible for implementing a new HR system and providing technical assistance to a number of stakeholders around the globe. As the project in which the department, referred also to as a program, is very complex, external employees from a consultancy company have been hired too. Besides the direct department-level leaders (N=5), there is a manager from that external agency, to whom the external employees report.

Finance, on the other hand, consists of several sub-teams, all of which are responsible for a specific stream within the Finance function. Each of these teams has one manager. The department is responsible for consolidating and analysing company's financial reports, as well as providing support to stakeholders with regards to financial issues of any kind.

Both departments are located in the same country, which is one of the many countries in which Barley operates.

3.3 | ORGANISATIONAL CONTEXT

With its operations in over 80 countries, Barley is an international and one of the world's large-sized companies in the FMCG industry. It has round 80,000 employees worldwide, who contribute to various global projects and add value to the development of many markets. Company's strategy is built around corporate values, focused on achieving a long-term growth through sustainable decisions and delivering innovative solutions⁵. As

⁵ Insights based on company's report and conversations with senior managers

identified during the meetings with senior managers, Barley has a complex, but clear structural division. Its organisational culture is grounded on values, such as innovativeness, diversity and entrepreneurial spirit⁶. Each department represents one business area, i.e. global function, and can be characterised based on its job design, the interdependence and composition of the team, and the context in which it operates (Miller, 2008). These departmental themes determine the ways of working and also incorporate the key departmental characteristics identified during the meetings with senior managers.

As reported by scholars and addressed by many senior managers, new trends emerge in the business world. Companies nowadays aim at implementing a collaborative horizontal organisational structure and becoming more organic in order to meet customers' demands. Barley is one of the big companies which currently undergoes internal changes. These distinct characteristics will help find out to what extent the studied departments follow these emerging trends or are prepared to comply with them. As a high level of network and a dynamic teams workflow are considered as one of the main characteristics for an organic horizontal structure, HR Systems is assumed to operate in a *non-traditional* organic manner. On the contrary, low levels of network among team members, and a rather static workflow describe a rather rigid departmental structure. Therefore, Finance is expected to follow a more *traditional* way of working. The research aims to find out whether these assumptions are true. It will furthermore generate valuable insights and useful future implications for managers of other large-sized enterprises, based on a comparative case study approach. The fact that both departments are affiliated within the same company, rules out the possibility that other factors - specifically in the case when the studied units operate in different business sectors - might influence the outcome out of the research.

⁶ Insights based on company's report and conversations with senior managers

3.4 | PARTICIPANTS

At the very beginning, the senior manager (or director) of each department was informed about the communication strategy of how their teams will be approached. All respondents were assured anonymity and confidential treatment of their data. Furthermore, they were asked for permission to record their answers which will be used later for data analysis.

This resulted in total 52 participants, including both managers and employees. 30 out of them belong to HR Systems and 22 – to Finance. The survey was initially sent to all HR Systems (N=50) and Finance (N=23) employees. Five out of 50 HR Systems employees are managers. For Finance, there are three managers. The rest for both departments are employees. A complete survey was returned by 30 (60% response rate) representatives of HR Systems, and by 22 (96% response rate) – of Finance. Table 2 reports the respondents' characteristics in a more extensive and precise way.

Table 2
Respondents characteristics

Characteristics		All respondents	HR Systems (N=30)	Finance (N=22)
Gender	% male	61 (N=32)	57	68
	% female	39 (N=20)	43	31
Education	% High school	4	7	0
	% Bachelors	21	23	4
	% Masters	63	70	12
	% Doctoral	12	0	6
Age	Mean	34.2	32*	36.4*
Company tenure	Mean	4 years	3,6 years**	5 years***
Departmental tenure	Mean	17 months	11 months**	2 years**

* 2 missing responses

** 9 missing responses

*** 8 missing responses

Interviews were conducted with all managers (N=8 in total) and with at least one employee from their team. In case there were more than one employee in the team of a manager, the interviewees were chosen on a random principle and conducted with those who were available. This resulted in 15 interviews (6 managers and 9 employees) with HR Systems, and 12 (3 managers and 9 employees) with Finance. The total amount of collected interviews is 27.

At the end everyone who participated was informed about the research outcomes. An additional meeting with the top management of each department was scheduled, in which the results were anonymously presented and discussed in an interactive way. Some of the managers also agreed on organising a team workshop where employees can participate in a team building activity, and based on their departmental results also generate initiatives or improvement suggestions.

3.5 | MEASURES

In this research, two main methods were used: a survey and interviews. In the following section, the measurement strategy for each of them will be reported.

3.5.1 | SURVEY

The main variables in the survey are *transformational leadership style*, *employee involvement in decision-making and job performance*. All three variables are ‘*treated as latent variables measured using multiple observable indicators*’ (Fernandez & Moldogaziev, 2013, p. 493). Appendix X provides an overview of the complete survey instrument.

3.5.1.1 | DEPENDENT VARIABLES

Since the variable *job performance* is a rather broad term, which can refer to a number of indicators, two variables treated as dependent in this study comprised it: *employee job satisfaction* and *innovative work behaviour*. The latent variable *job satisfaction* indicated the degree to which employees are satisfied with their job and was evaluated with seven items, based on Scott et al.’s (2003) construct. Example items included: ‘*How satisfied are you with*

your job in general?’ and *‘How satisfied are you with the amount of variety you experience on your job?’*. To assess these items, participants will use a seven-point Likert scale, ranging from ‘extremely dissatisfied’ (1) to ‘extremely satisfied’ (7).

The latent variable *innovative work behaviour* was measured using Janssen’s (2000, p. 292) validated innovative work behaviour nine-item scale. Example items included: *‘I generate new ideas for improvement.’* and *‘I introduce innovative ideas in a systematic way.’*. The respondents evaluated their individual innovative behaviour in the workplace based on a seven-point Frequency scale, ranging from ‘never’ (1) to ‘always’ (7).

3.5.1.3 | INDEPENDENT VARIABLES

The latent variable *transformational leadership* was measured using the 19 items from the short version of the Multifactor Leadership Questionnaire (MLQ; Avolio et al., 1999). Example items included: *‘My direct supervisor instils pride in me for being associated with him/her.’* and *‘My direct supervisor talks enthusiastically about what needs to be accomplished.’*. Respondents evaluated the items using a seven-point response scale ranging from ‘not at all’ (1) to ‘always’ (7).

Employee involvement in decision-making is treated as a moderator, as it is influenced by the extent to which a transformational leadership style is displayed at a department-level. It furthermore affects the strength of the relation between the predictor (independent) variable and the dependent variables. This variable indicated the degree to which employees are involved in decision-making on a departmental-level and is evaluated with 5 items, based on Scott et al. (2003) construct. The last question (*‘My direct supervisor is receptive and listens to my ideas and suggestions.’*) was duplicated and referred to the department-level leader. Another item example is *‘In general, how much say or influence do you have on how you perform your job?’*). A seven-point Likert scale was used, ranging from ‘not at all’ (1) to ‘a very great extent’ (7).

3.5.1.4 | CONTROL VARIABLES

Research has identified age, education, and tenure as predictors of job satisfaction (Badeian, Ferris, & Kacmar, 1992; Kirkman & Shapiro, 2001; Ryan, Schmierer, Parra, & Smith, 1998) and innovative work behaviour. Demographics, including employees' age and educational background, as well as work-related experience were, therefore, treated in this research as control variables.

3.5.2 | INTERVIEWS

For conducting the interviews, a general interview guide approach was chosen. This interviewing method ensured that the same areas of information were collected from each interviewee (Turner, 2010). Within this qualitative framework, a semi-structured interview design was incorporated. This allowed the qualitative data collection process to be narrowed down to the key areas and to elicit themes in line with the research question. At the same time, employing a semi-structured interview design also allowed a certain degree of freedom and adaptability in getting information from the respondents. This means that although the main question topics had been pre-defined, interviewees could contribute as much detailed information as they desired, and fully express their viewpoints and experiences. Another advantage of the semi-structured interview design is that follow-up questions could be asked, or certain questions – rephrased, depending on respondents' answers.

In order to ensure quality of the interview protocol, it was crafted in line with the main components of this research: *transformational leadership style, employee involvement in decision-making and job performance*. Two versions of the interview instrument were designed: one for the managers and one for their direct reports. The questions included referred to the same key themes of the research, but rephrased depending on the interviewee's job position. The complete interview instrument is provided in Appendix 9.2.

During the interviews, the word *transformational* was not mentioned in order to give respondents the opportunity to describe their managers' styles the way they see it. When

necessary, follow-up questions were asked to gather better understanding of interviewees' answers. Example questions were: *'How would you describe your own leadership style?'* (for managers) or *'Which leadership behaviour is displayed by your manager?'* (for employees), and *'How would you assess the performance of your department in terms of job satisfaction and innovativeness?'*. Additional questions were also included to better understand the working environment in each department, as well as grasp respondents' views on their manager-employee relationship and its impact on job performance. Example questions were: *'What approaches do you implement to translate the team strategy into concrete actions?'* and *'How strong is your relationship with your team members?'*.

3.6 | DATA ANALYSES

3.6.1 | SURVEY DATA: RELIABILITY AND VALIDITY

The analysis strategy of the survey data included testing reliability and validity of the whole sample by calculating Cronbach's Alpha of the theoretical construct, and conducting an exploratory factor analysis. For these statistical analyses, the software program SPSS was used.

The theoretical construct used in this research turned out to be reliable and sufficient (see Table 4). By adding all 41 survey items separately, Cronbach's Alpha is very high (= .963) and significant.

Table 4	
Reliability test of the whole sample	
	Cronbach's Alpha of all 41 items
	.963*
No. of items	41

*desired threshold > .700

Before proceeding with the individual department-level analyses, the appropriateness of aggregating individual scores for each component included in this research was tested (O'Reilly et al., 2010; Xu & Wang, 2019). This was assured by conducting independent samples t-tests, supported by inter-member agreement measurement method (r_{wg}). The independent samples t-tests indicated whether there are statistically significant difference between the means in the two studied departments. The r_{wg} indices, on the other hand, determined to what extent team members of one department have a shared view on the four main research components. The independent samples t-tests turned out to be insignificant for all four components ($p > 0.05$ – see Appendix 9.3). As some of the statistical assumptions for the independent samples t-tests were violated (such as abnormal sample distribution, different sample size), the non-parametric Mann-Whitney test was conducted instead. This test, however, showed significant results only for TFL ($p = .017$). All r_{wg} values were, however, sufficient to justify aggregation (see Table 5).

Table 5

Inter-member agreement (r_{wg}) scores ($>.80$)*

	Transformational Leadership	Participative Decision-making	Job Satisfaction	Innovative Work Behaviour
HR Systems	0.84	0.91	0.85	0.89
Finance	0.90	0.92	0.91	0.88

*based on raw item scores

The correlation analysis (see Table 6) revealed high inter-item correlations of *transformational leadership style* with both *participative decision-making* (.537), and *job satisfaction* (.605).

Table 6
Correlations between constructs' means (N=4)*

	1	2	3	4
1. Transformational Leadership	1			
2. Participative Decision-making	.537	1		
3. Job Satisfaction	.605	.419	1	
4. Innovative Work Behaviour	.303	.324	.194	1

**Pearson Correlations (1-tailed)*

Finally, an exploratory factor analysis (based on Principle Component method) was run with an oblique rotation. As the components turned to be orthogonal, EFA was run again with Varimax rotation (see Table 7). Kaiser-Meyer-Olkin Measurement for sampling adequacy is sufficient (.720), and the Bartlett's test is highly significant (.000). As the theoretical construct consists of four components, an additional option was added, where EFA was run with fixed number (=four) of factors.

Almost all survey items, belonging to the same component, loaded on one factor. Three items from the PDM construct (items 4*-6 in Table 7) loaded on the factor for TFL. As the TFL construct consists of a high number of items (19) and is proven to be valid and reliable by other researchers, these PDM items weren't added to the TFL construct. Besides item 4* (as it was below the necessary threshold of .600), the other two items were excluded from further analyses.

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Table 7
Varimax factor loadings for all constructs (N_{items} = 41)

Items	TFL (F1)	PDM (F2)	JS (F3)	IWV (F4)
Transformational Leadership				
1. My direct supervisor instils pride in me for being associated with him/her.	.760	-.066	.015	.089
2. My direct supervisor goes beyond self-interest for the good of the team.	.797	-.130	-.213	.053
3. My direct supervisor acts in ways that build my respect.	.802	-.182	-.279	.031
4. My direct supervisor talks about his/her most important values and beliefs.	.799	-.022	-.371	.019
5. My direct supervisor specifies the importance of having a strong sense of purpose.	.811	-.069	-.004	.166
6. My direct supervisor considers the moral and ethical consequences of decisions.	.752	-.100	-.198	-.121
7. My direct supervisor emphasises the importance of having a collective sense of mission.	.767	-.247	-.056	-.062
8. My direct supervisor talks optimistically about the future.	.726	-.325	-.088	.100
9. My direct supervisor talks enthusiastically about what needs to be accomplished.	.762	-.335	-.071	.264
10. My direct supervisor articulates a compelling vision of the future.	.804	-.276	-.087	.176
11. My direct supervisor expresses confidence that goals will be achieved.	.811	-.260	-.203	.195
12. My direct supervisor re-examines critical assumptions to question whether they are appropriate.	.734	.029	-.297	-.108
13. My direct supervisor seeks differing perspectives when solving problems.	.677	-.028	-.536	.091
14. My direct supervisor gets me to look at problems from many different angles.	.680	-.083	-.501	.107
15. My direct supervisor suggests new ways of looking at how to complete assignments.	.832	-.130	-.305	.081
16. My direct supervisor spends time teaching and coaching.	.704	.031	-.209	-.072
17. My direct supervisor treats me as an individual rather than just as a member of the team.	.645	-.041	-.327	-.005
18. My direct supervisor considers me as having different needs, abilities, and aspirations from others.	.750	.056	-.140	-.128

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19. My direct supervisor helps me to develop my strengths.	.873	-.028	-.072	-.089
Participative Decision-Making				
1. In general, how much say or influence do you have on how you perform your job?	.389	.164	.486	.542
2. To what extent are you able to decide how to do your job?	.323	.187	.565	.563
3. In general, how much say or influence do you have on what goes on in your team?	.289	.026	.527	.636
4. In general, how much say or influence do you have on departmental-level decisions which affect your job?	.493*	.110	.329	.350
5. My direct supervisor is receptive and listens to my ideas and suggestions.	.780	-.082	-.158	.082
6. My departmental-level leaders are receptive and listen to my ideas and suggestions.	.693	-.061	.234	.235
Job Satisfaction				
1. How satisfied are you with your job in general?	.734	-.209	.494	-.248
2. How satisfied are you with the opportunity you have to use your skills and abilities?	.730	-.041	.337	-.394
3. How satisfied are you with the importance placed on your job?	.510	-.114	.506	-.317
4. How satisfied are you with the sense of accomplishment you get from your job?	.770	-.237	.394	-.072
5. How satisfied are you with the amount of variety you experience on your job?	.694	-.181	.458	-.351
6. How satisfied are you with the kind of work you do?	.705	-.180	.488	-.372
7. How satisfied are you with the challenge you receive from your job?	.647	-.208	.565	-.276
Innovative Work Behaviour				
1. I generate new ideas for improvement.	.480	.710	.016	-.069
2. I mobilise support for innovative ideas.	.494	.647	.072	-.191
3. I search out new working methods, techniques or instruments.	.535	.635	-.023	-.181
4. I acquire approval for innovative ideas.	.240	.667	-.102	-.081
5. I transform innovative ideas into applications.	.326	.765	-.079	.047
6. I generate original solutions to problems.	.381	.784	-.067	-.061
7. I introduce innovative ideas in a systematic way.	.400	.797	.044	.083
8. I make important organisational members enthusiastic for innovative ideas.	.286	.771	.102	.019
9. I evaluate thoroughly the application of innovative ideas.	.252	.773	.012	-.013

Moreover, all *job satisfaction* items had the highest loadings on the factor for TFL (F1). The second factor on which these items revealed relatively high loading scores was their own (F3). Considering this, as well as the stability of the TFL construct (Bass & Avolio, 2008), these items were not added to TFL. Their high loading scores on the TFL factor can be explained by the high correlation between *transformational leadership* and *job satisfaction* (see Table 6).

Excluding just the two PDM items (referring to the direct and department-level leaders), a new exploratory factor analysis was run again. Kaiser-Meyer-Olkin Measurement for sampling adequacy was sufficient and revealed a higher score (.742). Bartlett's test was highly significant (.000). The Cronbach's Alpha scores for all constructs after the exploratory factor analysis were high and sufficient (see Table 8).

Table 8

Reliability test of each measurement construct after EFA (N=52)

	Transformational leadership	Participative decision-making*	Job Satisfaction	Innovative Work behaviour
Cronbach's alpha	.968	.833	.958	.940

*PDM consists of four items

After conducting statistical analyses for the whole sample, descriptive and correlation analyses for each of the studied cases were run as well. The results will be reported in section Findings.

3.6.2 | QUALITATIVE DATA

All interviews were digitally recorded, transcribed verbatim and loaded into Atlas.ti (Scientific Software Development GmbH, Germany) for storing, coding and analysing. The total number of pages of double spaced text 12 pts Times New Roman that resulted after the transcription of the 27 interviews, with an average length of 23 minutes, was 81. A full transcript is provided in an offline appendix.

After all transcribed interviews were screened once again to grasp the overall tendency among participants, a general approach based on Grounded Theory Methodology (Charmaz, 2006) was undertaken to analyse the data. In order to generate concepts reflecting patterns and gather a deeper understanding of the research question, first theory-based codes were determined. These codes were associated with the key characteristics of each theoretical construct, and added to a code group, which was named after each of the four main research components. While analysing the qualitative data, the theory-based coding moved towards an open coding. This step referred to identifying other key patterns or repetitive statements among the participants, which also were given a code. These new codes were identified in this research as '*Other*' (see Table 9).

Part of the qualitative data analysis is retrieving the codes density, i.e. how often each code was associated with a quote from the transcribed interview. This analysis technique supported the cross-case comparison which will be reported in the next section.

Table 9
Codes used in qualitative data analysis (N=20)

	Codes	Codes density	Quote examples	
Theory-based	1. Transformational leadership	idealised influence	6	<i>'I explain why I'm aiming for what I'm aiming and give purpose. To understand why we are doing what we are doing and why where this needs to go.'</i>
		individualised consideration	20	<i>'I am people-oriented. I'd like to build on the initiative of people and I try to treat them to what I think is important for each individual.'</i>
		inspirational motivation	9	<i>'He [the leader] is very. Enthusiastic. So he has a lot of energy. And that's positive. So he brings the energy to the team.'</i>
		intellectual stimulation	13	<i>'I think what we try to stimulate is having the team coming up with all the ideas which we can follow up on.'</i>
	2. Participative Decision-Making	participation/involvement in decision-making	19	<i>'I think our manager is very good in the sense that he is really open for our inputs when it comes to decisions.'</i>
		lack of participation/involvement in decision-making	1	<i>'Well, basically all decisions need to go through the Program Leadership Team. I don't feel people are really empowered to make decisions themselves.'</i>
	3. Job Satisfaction	high job satisfaction	25	<i>'Speaking of job satisfaction: there wasn't a day that I wasn't coming with a smile to the office. So, I'm really happy with the job.'</i>
		low job satisfaction	1	<i>'I think that my job satisfaction is not very high here.'</i>
4. Innovative Work Behaviour	presence of innovative work behaviour	16	<i>'We are always looking for ways how to do things better.'</i>	
	lack of innovative work behaviour	4	<i>'I think [thinking out of the box] is the challenge a little bit for us also because we have a lot of work that's quite repetitive.'</i>	

Table 9
Codes used in qualitative data analysis (N=20)

	Codes	Codes density	Quote examples
Other	bottom-up	7	<i>'This year especially, we've put a lot of items on the list coming directly from the team. It is not necessarily top down but bottom up.'</i>
	controlling/detailed leadership	4	<i>'The other part I also know that he is a person who also wants to be in control.'</i>
	empowerment	29	<i>'He will empower the employee mostly involved with that topic to take ownership and then follow up with that person.'</i>
	interpersonal acceptance	11	<i>'I would say it is quite good that he manages the individuals differently based on their skill set and also their individual characteristics.'</i>
	open culture	6	<i>'I feel there is a very open culture in the team.'</i>
	ownership	4	<i>'I trust them and give them ownership of the decisions.'</i>
	providing direction	8	<i>'I have a very clear vision of where I want to be, and think that's also my role as a manager. I need to be the tactical strategic thinker and a long term thinker.'</i>
	subject-related decision-making	13	<i>'It [involvement in decision-making] depends on the topic because sometimes you just see things going through.'</i>
	top-down approach	4	<i>'Key decisions are made by the project leadership team.'</i>

4 | FINDINGS

The main findings in this research will be reported in a systematic way for each department, followed by a cross-case comparison at the end of this section. For this purpose, mainly tables 10 and 11 (see below) will be used, as well as tables from the previous section or in the Appendix.

The table below shows the descriptives (means and standard deviations) for each component for the two departments, and the Pearson correlations between each of these components.

Table 10
Descriptives and Pearson correlations for both cases (N=52)

Variables	HR Systems		Finance		1	2	3	4
	Mean	Std. Dev.	Mean	Std. Dev.				
Transformational leadership style	5.475	1.237	4.928	.978	L	.678	.509	.139**
Participative decision-making	5.091	.906	4.954	.888	.471	L	.515	.456
Job Satisfaction	5.466	1.177	5.551	.898	.687	.589	L	.304**
Innovative work behaviour	4.514	1.015	4.515	1.959	.419	.208*	.376	L

Pearson Correlations (1-tailed)

**non-significant (HR Systems)*

***non-significant (Finance)*

Table 11 (see below) results from the qualitative analysis generated in Atlas.ti. It refers to how many times each research component could be identified as a theme in the transcribed interviews. The table helps establish clear patterns of the prevalent themes in each studied cases, as well as among their department-level leaders and employees. As the majority of the

statements were in a positive fashion, the legend below the table refers to the number of negative statements identified during the qualitative analysis.

Table 11
Density of code groups among studied cases

	HR Systems		Finance	
	Leaders	Employees	Leaders	Employees
Transformational Leadership	15	12	9	9
Participative Decision-Making	15*	12	11	19
Job Satisfaction	4	9	4	9*
Innovative Work Behaviour	5*	6	3**	6*

* $N=1$

** $N=2$

4.1 | CASE 1 – HR SYSTEMS

As it follows from the descriptives analysis (see Table 10), HR Systems has scored relatively high on three out of four components (where 7 is the highest score): *transformational leadership* (Mean= 5,475), *participative decision-making* (Mean = 5.091), and *job satisfaction* (Mean = 5.466). *Innovative work behaviour* has received the lowest score (Mean = 4.514). The variances in respondents' answers for each research component are acceptable and almost the same (between .906 and 1.237). Considering also the r_{wg} values (see Table 5) for each theoretical construct (>0.80), it can be concluded that participants from HR Systems department have a shared view towards the leadership style displayed in their department, the extent to which they are involved in decision-making, satisfied with their job, as well as able to be innovative in the workplace.

Table 10 also reveals that the independent variable *job satisfaction* is highly and positively related to both *transformational leadership* ($r=.678$) and *participative decision-making*

($r=.589$). This is supported by the qualitative data analysis, as the prevailing themes among both leaders and employees were indeed *transformational leadership* and *participative decision-making*, and their impact on employees behaviour. Statements, such as ‘*The more you make each individual feel that they are actually contributing to the overall team performance, the greater the chance to have a successful outcome at the end*’ (an employee) and ‘*I think in general they are satisfied within the team. They are satisfied with the ways of working and the way I interact with them.*’ (a leader), can be used as a reference.

The second job performance indicator, *innovative work behaviour*, on the other hand, is just moderately correlated to *transformational leadership* ($r=.419$). Employee statements, such as ‘*I’m not micromanaged. I have flexibility. So, this just makes me more loyal and I have a sense of pride. I’m eager to get to try new things.*’ furthermore show that management style influences employees’ behavior towards being innovative, i.e. proactive. The statistical correlation between *participative decision-making* and *innovative work behaviour* turned out to be non-significant and low for this department. Qualitative analysis, however, also shows that innovativeness was the least addressed theme among HR Systems interviewees.

4.2 | CASE 2 – FINANCE

The descriptive statistics show that Finance has scored below 5 (out of 7) for *transformational leadership* (Mean = 4.928), *participative decision-making* (Mean = 4.954) and *innovative work behaviour* (Mean = 4.515). *Job satisfaction* has the highest score (Mean = 5.551). Based on the r_{wg} values for each theoretical construct (see Table 5) and the small standard variations for *transformational leadership*, *participative decision-making* and *job satisfaction*, it can be concluded that respondents have a shared view on these three components. For *innovative work behaviour*, however, the variances in the provided answers are high (SD = 1.959). This is supported also by the r_{wg} value for this independent variable (see Table 5). Despite sufficient, r_{wg} for *innovative work behaviour* has the lowest value (= 0.88).

The variances in respondents' answers can be explained with the way how the financial department is comprised. As it consists of sub-teams, each of which is focused on one specific area within Finance, they are responsible for different kind of tasks, and thus exposed to a different degree of innovativeness.

Table 10 reveals moderate and positive relationship of the independent variable *job satisfaction*, with both *transformational leadership* ($r=.509$) and *participative decision-making* ($r=.515$). The correlation between *innovative work behaviour* and *transformational leadership* is non-significant. However, statistics show that *participative decision-making* is moderately and positively correlated with *innovative work behaviour* ($r=.459$). This is supported by the qualitative data analysis, where innovativeness was the least prevalent theme or addressed in a rather negative fashion. Leaders' statements, including '*I think, thinking out of the box is the challenge a little bit for us also because we have a lot of work that's quite repetitive.*' and '*From an innovative point of view, I don't think we are an innovative team. We don't have an innovative role within the economic structure.*', backed up with employees' view on *innovativeness*: '*We cannot be innovate so much. You know in Finance the level of innovation isn't as big as in production.*', provide further insights on the extent to which the financial department can perform in terms of *innovative work behavior*.

4.3 | CROSS-CASE COMPARISON

Based on both the statistical and qualitative analyses, the main difference between the two studied departments is that HR Systems managers lead in a slightly more transformational way than Finance managers (Mean difference = 0.547). The independent samples and Mann-Whitney t-tests furthermore support this finding (see Appendix 9.3). Even with a small sample ($N=52$), the independent samples t-test indicated a marginally significant ($p<.19$) difference in terms of both department leaders' style. The Mann-Whitney test points also a significant

difference between the values of *transformational leadership* for HR Systems (Mean Rank = 30,78) and for Finance (Mean Rank = 20.66). Based on the r_{wg} values (see Table 5), it can be concluded that the shared views on leaders' behaviour among team members in Finance is higher than the one among team members in HR Systems. This can be explained by the fact that HR Systems consists of both internal (full-time employees at the company), and external (employees working for a consultancy agency, through which they are hired at the company) team members. Due to the different roles of these two types of employees, where HR Systems is perceived as a 'customer' by the externals, variances among respondents' answers in this department may be higher than the variances among Finance respondents' answers.

On the contrary, the extent to which employees are involved in decision – making, satisfied with their job and able to be innovative, did not differ between the two departments. The minimal variances of r_{wg} values (see Table 5) regarding *participation in decision-making*, *job satisfaction* and *innovative work behaviour* between the two departments confirmed this. Team members of both studied cases had a shared view on the extent to which they are involved in decision-making, how satisfied they are and the degree to which they behave in an innovative way. Despite being non-significant, the variances in the Mann-Whitney test between the two departments in terms of *participative decision-making*, *job satisfaction* and *innovative work behaviour* are also minimal. The slight variances between the statistical means (see Table 10) of *job satisfaction* and *innovative work behaviour* (difference < .01), and of *participative decision-making* (>.05) for both departments furthermore supported this finding. The qualitative data analysis, however, revealed higher prevalence of the *participative decision-making* theme among Finance team members than among HR team members. Statements of Finance employees, including '*It depends on the decision. There are some decisions which we can make without the manager approval. There are also some decisions which we will consult with the manager if it is fine with him as well. And there's some decisions that we are not*

involved in at all' were used as a reference. After a more precise analysis of the qualitative input regarding *participative decision-making*, a high density of the non-theoretical code *subject-related decision-making* was reported among Finance interviewees, whereas this was not the case with HR Systems. The fact that Finance employees are involved in the decision-making based on the topic can be explained by the business context, in which this department operates.

The correlation analysis (see Table 10) revealed that the management style of leaders in Finance has a greater impact on the extent to which employees are involved in the decision-making process ($r = .678$) than the management style of leaders in HR Systems ($r = .471$) on the extent to which HR Systems employees are involved in decision-making. The presence of *transformational leadership* among HR Systems leaders, however, has a higher impact on employees' job satisfaction ($r = .687$) than the management style among Finance leaders on their team members' job satisfaction ($r = .509$). Moreover, results show that leaders' management style at HR Systems department encourages more employees to behave in an innovative way. The correlation between *transformational leadership* and *innovative work behaviour* for Finance was, however, insignificant.

5 | DISCUSSION

The research contributes to both the leadership and followership literature streams, as it identifies key patterns of the impact of manager-employee relationship on individual job performance. The study is based on two business cases with distinct characteristics, which helped derive useful insights into how, in different business environments, the transformational leadership affects the extent to which employees are involved in decision-making, and, in turn, employees' behaviour.

Findings show that employees in departments, associated with an organic (*non-traditional*) structure, are happier and behave in an innovative way when an inspirational and

motivating leadership style is displayed. Job satisfaction and innovative work behaviour are, however, less dependent on their involvement in decision-making. This can be explained by the following: lack of hierarchical boundaries and the stimulated collaboration between team members as a result of organically functioning departments make employees feel part of the team and allow them to already contribute by providing input and sharing suggestions. Thus, participation in decision-making, in the form of empowering employees, is part of the way how organic and collaborative types of departments function. The leadership behaviour, however, is seen as a ‘catalyst’ for unleashing and realising employees’ potential. Committed leaders, who show individualised consideration towards employees and intellectually stimulate them to meaningfully contribute to the team strategy, can influence individual job performance. In addition, by providing support for employees, spending time coaching and developing their strengths, as well as encouraging to search new creative solutions, leaders make employees feel valuable. Such empowerment behaviour positively influences individuals’ job satisfaction and fosters employee competences. As a result, employees are stimulated to be impactful and to perform in an innovative way (Rao & Abdul, 2015).

Interestingly, findings furthermore report that leaders part of an organic and rather *non-traditional* department demonstrate a behaviour which is partly associated with servant leadership style. As Hunter et. al (2013) argue, servant leaders form relationships with followers through spending quality time with them and forging interpersonal bonds. Servant leaders *empower* followers and incorporate their input on important managerial decision. Moreover, servant leaders help followers grow and succeed by providing them opportunities to enhance their skills (van Dierendonck, 2011). During the qualitative data collection in this study, several non-theory based codes were identified that refer to three key characteristics of servant leadership: *empowering and developing people*, *interpersonal acceptance* and *providing direction* (van Dierendonck, 2011). Example statements were ‘*What I try to do is*

choose these sports nights. On Tuesday we go with all the people for boxing, doing sports. On Wednesday we go for dinner. So there's much more. When you ask me about the relationship with people, the approach is much more interpersonal and intimate than in the past. A second thing is that I really try to achieve is that the people who work with me do a good job, that they receive, as the environment is competitive, that they get the support they need to get to their next level or promotion.' These three characteristics overlap to a great extent with the key dimensions of transformational leadership, but are rather more personally oriented. Thus, it can be concluded that employees in an organic and dynamic environment need a leader who leads in a transformational way, but also incorporates some servant leadership behaviours.

On the contrary, in a department with a rather rigid (*traditional*) ways of working, the involvement of employees in decision-making contributes more than the management style to individuals' job satisfaction and innovative work behaviour. As the nature of work has changed (Gittel, 2012), high levels of task interdependence and coordination between managers and employees, the latter seen as a process of reciprocal relating or '*mutual adjustment*' (Gittel, 2012) are characterised as pre-requisites of higher job performance. In business environments, where processes are repetitive and the way of working is pre-defined by guidelines, the reciprocal task-interdependency is beneficial for ideas generation and new information creation. This task-interdependency between managers and employees is associated with mutually exchanging ideas, suggestions and providing input to various topics. According to the relational coordination theory, this reinforcing process of interaction is seen as a basis for achieving high outcomes as a result of coordinated collective actions (Gittel, 2012). Moreover, this relational approach of coordination is not dependent on the personal, but rather on task-based relationships. The contingency argument is that this relational approach is built on information processing, enabling participants in this process to adjust their activities with each other. This collaborative approach as ways of working is closely related to the definition of

participation in decision-making: employees offering input and suggestions and having the opportunity to interact with others during the course of their jobs (Scott et al., 2003). Thus, in business environments, where task-related relationships and mutual adjustments in a form of coordination are highly valued, individual job performance is stimulated by employees' participation in decision-making. Leadership has lower impact on employees' behaviour as the management style usually aims at '*persuading others to adopt new values, attitudes and goals*' (Uhl-Bien, 2006, p. 667) and not on '*reinforcing and strengthening functional processes*' (Gittel, 2012, p. 6).

By suggesting relationship-based approaches, which are either reinforced by the management style displayed or the degree to which managers and employees collaborate in the decision-making process, this study adds value to the literature focused on how 'reversing the lens' impacts individual job performance. The conclusion is that in today's constantly changing demanding business world, where companies seek new strategies to outperform their rivals, employee empowerment is key. Employee empowerment strategies, however, may differ depending on the business context and the associated departmental characteristics. Results show that organic *non-traditional* business environments can benefit more from a transformational leadership style, augmented with behaviours displayed by servant leaders. In *traditional* rather rigid business environments, on the other hand, involvement of employees in decision-making, i.e. reinforcing task-oriented relational processes between managers and employees, contributes to individual job performance.

6 | LIMITATIONS AND FUTURE RESEARCH

Key limitations of the research concern mainly the small sample size. As only two departments were studied, the findings might not be representative enough to make concrete conclusions about how individual job performance can be influenced in both an *organic* and

rigid business environments. A more precise investigation of the research question with a greater sample is necessary to confirm the findings of this study. Also, these two departments represented a small part of the company. In order to fully explore how leadership and followership ‘interplay’ in different business environments and find even more patterns among them, it is best to target the research towards the whole company. As Chun et al. (2009) state, ‘*leadership is by nature a multiple-level phenomenon*’ p. 689). It occurs not only between individual leaders and their followers, but also between leaders and teams, and even between multiple teams in an organization.’ (Braun et al., 2013). An advantage would be also to perform a more extensive preliminary research on the various departmental characteristics in order to fully understand their ways of working. This will help map different types of departments to the respective behaviors displayed at each of them.

Furthermore, in order to avoid generalisation of the results, companies of similar kind, i.e. operating in the same industry, should be considered too. This is due to the different cultures and ways of working adopted by the respective company. Some of the participants in this study mentioned that there is a very open and collaborative culture in the company, aiming to break silos and enhance manager-employee relationships. Thus, considering company culture as an influencing factor is crucial to arrive at substantial findings.

Thirdly, including variables that capture the psychological effects of leadership on employees is also advisable. Employee empowerment, both as a result of transformational leadership and involvement in decision-making, can influence employees’ self-efficacy, intrinsic motivation and self-determination (Rao & Abdul, 2015). Empowerment is multifaceted and a more extensive research is required to fully understand its impact on individual job performance.

7 | THEORETICAL AND PRACTICAL IMPLICATIONS

Given the small number of literature reviews with regard to employee empowerment and followership and by building upon Uhl-Bien et al. (2014), this research adds knowledge to the already existing leadership and followership literature. By investigating the way how decisions can be made in a bottom-up fashion (by including employees in decision-making) and combining it with a non-traditional leadership approach, this study supports new leadership streams elicited in the literature. This research sheds light on the question how 'reversing the lens' can help the company gear its business activities towards a competitive edge, and contributes to already existing leadership practices. Also, due to the comparative nature of the study, this paper yielded useful insights how managers can reinforce and enhance individual job performance depending on the different business environments. The findings of this research are beneficial for managers who seek new ways for enhancing individual job performance.

As the business world changes constantly and at a high pace, the demands how to meet organisational performance targets change too. Top-down approaches are nowadays less preferred by companies and employees tend to cultivate rather horizontal relationships (Bednall et al., 2018). They seek peer feedback rather than hierarchical assessment. The absence of effective leadership may stimulate employees to look for task-related feedback and emotional support from their colleagues, and thus move away from building a good manager-employee relationship. The latter is, however, key to high performance outcomes. Improving alignment between managers and employees, as well as generating sustainable competitive advantages is associated with high levels of empowerment, in the form of delegation and sharing new and creative ideas (Rao & Abdul, 2015). This paper argues that leaders, transforming employees into power-wielding actors who affect performance outcomes, are of a great value for companies (Uhl-Bien et al., 2014; Jie Aw et al., 2017). Fostering an innovative

workforce and stimulating every single individual employee to continuously engage is crucial for organizations to maximize and master the increasingly important organizational challenge of successfully outperform their competitors (Janssen, 2000). Thus, empowering employees is vital nowadays for stimulating high individual performance.

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Participation in decision-making

	Not at all	To a very small extent	To a small extent	To a moderate extent	To a fairly great extent	To a great extent	To a very great extent
In general, how much say or influence do you have on how you perform your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To what extent are you able to decide how to do your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In general, how much say or influence do you have on what goes on in your team?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In general, how much say or influence do you have on departmental-level decisions which affect your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My direct supervisor is receptive and listens to my ideas and suggestions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My departmental-level leaders are receptive and listen to my ideas and suggestions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How satisfied are you with:

	Extremely dissatisfied	Mostly dissatisfied	Somewhat dissatisfied	Neither dissatisfied or satisfied	Somewhat satisfied	Mostly satisfied	Extremely satisfied
Your job in general?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your working conditions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The opportunity you have to use your skills and abilities?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The importance placed on your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The sense of accomplishment you get from your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The amount of variety you experience on your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The kind of work you do?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The challenge you receive from your job?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Innovative work behaviour

	Never	Almost never	Ocassionally	Frequently	Usually	Almost always	Always
I generate new ideas for improvement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I mobilise support for innovative ideas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I search out new working methods, techniques or instruments.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I acquire approval for innovative ideas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I transform innovative ideas into applications.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I generate original solutions to problems.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I introduce innovative ideas in a systematic way.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I make important organisational members enthusiastic for innovative ideas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I evaluate thoroughly the application of innovative ideas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your age?

What is your gender?

What is your highest level of education?

- Doctoral
- Master's
- Bachelor's
- High school

What is your tenure at the company?

What is your tenure in your current position?

9.2 | INTERVIEW GUIDE

Leadership, employee involvement and job performance

Goal: to grasp participants' viewpoints in order to gain greater understanding of the research question and to practically contribute to the topic

Before the interview:

- Ensure participants' anonymity: the data provided, the opinions and experiences shared will be handled anonymously and used only for the purposes of the master thesis project
- Ask for permission to record the interview in order to transcribe it correctly and deliver a comprehensive analysis of it
- Provide information about the data analysis process: the data will be coded and analysed in order to find patterns and answer the research question
- Ask for interviewees' consent to report the data within the context of the thesis; ensure them that they will receive a copy of the paper and in case of desired collaboration, can deliver feedback to it

Interview questions for leaders/managers:

Open up question:

- Can you please tell me more about your current position and what your daily responsibilities are?

Your own leadership style:

- How would you describe your own leadership style?
- To what extent do you think your leadership behaviour shapes employees' actions and affects their job satisfaction?

Your employees

- How strong is your relationship to the employees reporting to you?
- Are all team members involved in decision-making on a daily basis? What leadership behaviours do you adopt to maintain or, if necessary, improve the extent of employee involvement?
- What approaches do you implement in order to translate the formulated team strategy into concrete actions?

Performance of your department:

- How does your department perform in terms of employee satisfaction and employee innovativeness? Can you provide me with some objective facts and figures?
- To what extent do you see that the performance of your department is influenced by the level of employee participation in the decision-making process?

Interview questions for employees:

Open up question:

- Can you please tell me more about your current position and what your daily responsibilities are?

You as an employee

- How strong is your relationship to your colleagues? And to your leader/manager?
- Are you and your colleagues involved in decision-making on a daily basis?
- How does your leader's behaviour, in your opinion, determine the degree of employee involvement in your team/department-level decision-making?

Leadership in your company:

- Which leadership behaviour is displayed by your leader? Do you feel empowered by him/her?
- How does your leader's behaviour shape your own and your colleagues' actions, as well as affect your job satisfaction?
- How does your leader translate the formulated team strategy into concrete actions?

Performance of your department:

- How would you assess your own performance and of your colleagues in terms of job satisfaction and innovativeness?
- To what extent do you see that the performance of your department is influenced by the level of employee participation in the decision-making?

Thank you for taking the time to share your opinions and provide me with valuable insights into the topic!

Next steps in the research:

- Analysing the data and identifying patterns, based on which conclusions can be drawn.
- Providing all participants with a copy of the paper, where a comprehensive analysis of the research question can be found.

- Scheduling a meeting with top management to discuss the anonymous results and give reciprocal feedback on the question how the strategic alignment process can be improved and employee performance increased in order to avoid misalignment costs.
- Designing and organising an interactive workshop with all participants in the study in order to visualise the results, discuss improvement suggestions and come up together with ways how to implement them.

9.3 | ADDITIONAL STATISTICAL TESTS

Independent Samples Test - Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error
					Mean
TFL	HR Systems	30	5.4754	1.23714	.22587
	Finance	22	4.9282	.97854	.20863
PDM	HR Systems	30	5.0917	.90612	.16543
	Finance	22	4.9545	.88854	.18944
JS	HR Systems	30	5.4667	1.17799	.21507
	Finance	22	5.5519	.89843	.19155
IWB	HR Systems	30	4.5148	1.01562	.18543
	Finance	22	4.5152	1.05940	.22587

N=52

**LEADERSHIP AND EMPLOYEE
ENGAGEMENT**

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
TFL	Equal variances assumed	.162	.689	1.717	50	.54721	.54721	.31879
	Equal variances not assumed			1.780	49.668	.54721	.54721	.30748
PDM	Equal variances assumed	.558	.458	.544	50	.13712	.13712	.25228
	Equal variances not assumed			.545	45.909	.13712	.13712	.25150
JS	Equal variances assumed	2.394	.128	-.284	50	-.08528	-.08528	.30020
	Equal variances not assumed			-.296	49.898	-.08528	-.08528	.28800
IWB	Equal variances assumed	.496	.485	-.001	50	-.00034	-.00034	.29030
	Equal variances not assumed			-.001	44.281	-.00034	-.00034	.29223

N=52

**LEADERSHIP AND EMPLOYEE
ENGAGEMENT**

Mann-Whitney test

Ranks				
	Group	N	Mean Rank	Sum of Ranks
TFL	HR Systems	30	30.78	923.50
	Finance	22	20.66	454.50
	Total	52		
PDM	HR Systems	30	27.97	839.00
	Finance	22	24.50	539.00
	Total	52		
JS	HR Systems	30	26.87	806.00
	Finance	22	26.00	572.00
	Total	52		
IWB	HR Systems	30	26.48	794.50
	Finance	22	26.52	583.50
	Total	52		

Test Statistics

	TFL	PDM	JobSatis	Innov
Mann-Whitney U	201.500	286.000	319.000	329.500
Wilcoxon W	454.500	539.000	572.000	794.500
Z	-2.381	-.819	-.206	-.009
Asymp. Sig. (2-tailed)	.017	.413	.836	.993