Sustainability Leadership and Employee Satisfaction in Small and Medium-sized Enterprises

An Exploratory Study in Germany and Sweden

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Abstract

This research explored the relationship between sustainability leadership practices and employee satisfaction in small and medium-sized enterprises (SMEs) in Germany and Sweden. The objective was to investigate how sustainability leadership practices influenced employee satisfaction within the context of SMEs. Ten interviews were conducted with employees from diverse industries across Sweden and Germany. The study aimed to gather employees' perceptions of sustainability leadership practices and determine the impact of these practices on employee satisfaction. Moreover, the study sought to highlight the perceptions and experiences of sustainability leadership practices within their organizations. The findings of this study demonstrated a positive relationship between the adoption of sustainability leadership practices and employee satisfaction. Nevertheless, the findings underscored the role of other factors such as financial compensation in influencing employee satisfaction beyond the sustainability leadership practices. These findings enhanced our understanding of the relationship between sustainability leadership practices and employee satisfaction and offered insights to improve leadership practices with a view to enhancing employee satisfaction in SMEs.

KEYWORDS: Sustainability leadership; Sustainable Leadership; Leadership; Employee satisfaction; Leadership practices; Organizational performance
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1. Introduction

1.1. Background

In today's dynamic business landscape, employee satisfaction stands as a pivotal factor shaping organizational success, efficiency, and sustainability (Selvam et al., 2016). A satisfied and engaged workforce not only contributes to enhanced productivity but also fosters a positive work culture, leading to increased employee retention and overall organizational well-being (Avery & Bergsteiner, 2010). Employee satisfaction, defined as the contentment of employees with their employment responsibilities, work environment, and management, is influenced by numerous factors, including personal characteristics and environmental elements (Almatrooshi et al., 2016).

Central to the context of employee satisfaction is the role of leadership styles, which have been extensively studied for their influence on employee contentment (Alonderiene & Majauskaite, 2016). Within the resource-based and person-centered paradigms, various leadership styles, including authentic, ethical, and transformational leadership, have been found to positively influence employee satisfaction in diverse organizational settings (Bushra et al., 2011; Toor & Ofori, 2009; Wong & Laschinger, 2012). Authentic leaders prioritize self-awareness, relational transparency, internalized moral perspective, and balanced processing, thereby creating work environments conducive to heightened employee satisfaction (Wong & Laschinger, 2012). Ethical leaders, as moral agents, pursue ethical objectives in a legal manner and raise the ethical standards of their followers, contributing to increased employee satisfaction (Toor & Ofori, 2009). Transformational leadership, on the other hand, achieves higher levels of performance and employee satisfaction by inspiring and motivating followers (Bushra et al., 2011).

Amidst the extensive exploration of leadership styles' impact on employee satisfaction, sustainability leadership emerges as a distinct and evolving field that necessitates further investigation (Suriyankietkaew & Avery, 2014). Sustainability leadership is recognized by its holistic approach, which includes balancing people, organizational profitability, and the environment towards organizational goals (Zulkifli & Latiffi, 2016). This unique approach extends beyond environmental and social responsibility, addressing broader organizational challenges (Visser & Courtice, 2011). Sustainability leaders, as envisioned by the Cambridge Sustainability Leadership Model (CSLM), are visionary, collaborative, and values-driven, inspiring others to adopt sustainable practices for a more sustainable future (Visser & Courtice, 2011). Unlike shareholder-first leadership, which focuses on short-term outcomes, sustainability leaders adopt a long-term perspective, considering the impact of decisions on future generations (Kantabutra & Avery, 2013). Through their leadership, sustainability leaders play a crucial role in driving positive change and shaping a more sustainable world.

Despite the growing significance of sustainability leadership, there remains a scarcity of research on its impact on employee satisfaction, particularly within the context of small and medium-sized enterprises (SMEs) (Suriyankietkaew & Avery, 2014). SMEs hold immense global significance, contributing to socioeconomic objectives such as employment growth, output expansion, and entrepreneurship (Keskėn et al., 2010). Their high level of flexibility enables quick responses to customers' demands and the adoption of relevant environmental changes (Stefanović et al., 2009). Additionally, their simplified structure fosters management efficiency and effective coordination among employees (Stefanović et al., 2009). However, SMEs face systemic challenges, including barriers to accessing large and lucrative markets due to limited financial resources (Keskėn et al., 2010). The lack of total participation of low-level workers in decision-making is also an issue (Keskėn et al., 2010). Recognizing the strategic imperative for SMEs to adopt sustainable practices to foster productivity growth and align with economic sustainability, this research aims to explore how sustainability leadership influences employee satisfaction within SMEs in Germany and Sweden (Boeske & Murray, 2022). By investigating this relationship, the study seeks to provide insights to assist managers, especially SME managers, in improving their leadership styles and enhancing overall employee satisfaction. In doing so, this research endeavors to contribute to the advancement of sustainable leadership practices to assist leaders that prioritize employee well-being alongside broader sustainability goals.
1.2. Research Problem

The research problem addressed in this study is the need to gain a better understanding of employee satisfaction within the context of sustainability leadership, with a specific emphasis on small and medium-sized enterprises (SMEs). While SMEs are well-recognized for their significant contributions to social stability, economic development, and employment generation (Al-Mahrouq, 2010), there remains limited research that delves into the specific leadership characteristics required by SME leaders to enhance employee satisfaction (Suriyankietkaew & Avery, 2014). The understanding of leadership styles that foster contentment and engagement among employees in SMEs is essential for creating thriving organizations and ensuring the well-being of the workforce (Alonnderiene & Majauskaite, 2016). Moreover, the relationship between conventional leadership theories and the evolving concept of sustainability leadership has introduced a degree of confusion in the existing literature (Metcalf & Benn, 2012). The literature often fails to provide a clear distinction between traditional leadership styles and the unique attributes of sustainability leadership (Metcalf & Benn, 2012). This confusion not only highlights a gap in the existing theoretical models exploring sustainability leadership but also hinders a comprehensive understanding of its direct influence on employee satisfaction (Suriyankietkaew & Avery, 2014). Therefore, there is a critical need for research that not only clarifies the existing confusion but also bridges the gap by examining the relationship between sustainability leadership and employee satisfaction in SMEs. By exploring how sustainability leadership practices influence employee satisfaction within the unique context of SMEs, this study seeks to contribute to the emerging field of sustainability leadership and provide valuable insights for SME managers and leaders.

1.3. Research Aim and Objective

The theoretical aim of this thesis is to enhance the understanding of sustainability leadership and its impact on employee satisfaction within the context of small and medium-sized enterprises (SMEs). While traditional business management leadership is primarily rooted in an economic model, the integration of sustainability introduces an ethical component that goes beyond profit-driven motives (Kantabutra & Avery, 2013). Sustainability leadership, as a multifaceted approach, involves holistic thinking, a long-term perspective, and a commitment to values that promote sustainability and societal well-being (Avery & Bergsteiner, 2011). As sustainability leadership shares commonalities with other normative leadership theories, such as authentic, ethical, and transformational leadership (Metcalf & Benn, 2012), it becomes essential to establish a framework that acknowledges both the overlaps and the distinctive aspects of sustainability leadership. To fulfill this theoretical research aim, our study endeavors to develop a holistic sustainability leadership framework. This framework will be synthesized by building upon existing research on sustainability leadership theory and incorporating relevant attributes from related conventional leadership theories. By creating a unique holistic framework, which incorporates key characteristics of authentic, ethical, and transformational leadership, alongside one relevant definition of sustainability leadership (the 6C model by Tidemann et al., 2013), we aim to contribute to the advancement of the sustainability leadership theory.

This framework will provide us with a comprehensive perspective to assess employee satisfaction, which leads us to the second objective of this thesis, which is to delve into the relationship between sustainability leadership and employee satisfaction. To gain insights into how sustainability leadership is perceived in practice by employees and its effect on their satisfaction, we have selected a diverse group of participants from various organizations, sectors, and across different organizational levels. It is important to note that in this study, all participants, including managers, are considered as employees, with managerial positions merely serving to indicate their level within the organizational hierarchy. Through empirical investigation, this research aims to deepen our understanding of how sustainability leadership influences employee satisfaction in SMEs. By delving into the experiences and perceptions of employees working in SMEs, we seek to identify relevant factors that contribute to their satisfaction and engagement. Our findings will shed light on the practical implications of sustainability leadership and its potential to foster a satisfied workforce. The practical aim of this thesis is to provide knowledge for employees and leaders on the role of sustainability leadership in
enhancing employee satisfaction. By examining this relationship in real-world settings, this study seeks to offer management practitioners practical recommendations to improve workplace dynamics, facilitating the cultivation of employee satisfaction, which, in turn, can positively impact employee engagement, productivity, and overall organizational success.

1.4. Research Questions

Our main goal is to explore the influence of specific leadership practices within our framework and their impact on perceived employee satisfaction in order to identify factors within the context of sustainability leadership that contribute to employee satisfaction.

1. **How do sustainability leadership practices affect perceived employee satisfaction in SMEs?**

Additionally, we want to investigate how employees perceive these specific leadership practices, which will provide insights into the extent to which these practices are already present among organizational leaders and whether there is room for improvement. Understanding employees’ perspectives is crucial for a comprehensive understanding of this topic. This leads us to the secondary research question:

2. **What are the perceptions and experiences of employees regarding sustainability leadership practices in SMEs?**
2. Theoretical Background

Bendell and Little (2015) contend that the call for more leadership must be critically examined to address persistent social and environmental challenges adequately. Emphasizing the need to challenge conventional management perspectives, they advocate for the integration of sustainability and leadership in a way that goes beyond merely adding sustainability to existing definitions of leadership or vice versa (Bendell & Little 2015). In this theory chapter, our primary aim is to shed light on sustainability leadership and employee satisfaction within SMEs by examining the existing body of literature. This chapter is structured as follows: First, we will provide an overview of the concept of leadership. Subsequently, we will explore relevant leadership theories, namely authentic, ethical, and transformational leadership theory, as well as their impact on employee satisfaction. While these theories have distinct differences, they encompass fundamental aspects, such as leader compassion, integrity, ethical decision-making, and modeling behaviors, which offer guidance for further investigating sustainability leadership and its connection to employee satisfaction. Next, we will delve deeper into sustainability leadership, distinguishing it from conventional leadership theories and highlighting its uniqueness as a distinct leadership theory. Additionally, we will introduce the "6C Sustainable Leadership Model" proposed by Tidemann et al. (2013), which serves as the foundation for our sustainability leadership framework. Afterwards, our investigation will focus on the relationship between sustainability leadership and employee satisfaction, which serves as the central theme of our research. We will then explain the significance of SMEs for the economy since it is the context of our research. All of the theories presented in this chapter, will ultimately allow us to create a suitable Sustainability Leadership framework that will be the basis to analyze employee satisfaction through the lens of sustainability leadership, thus providing a more holistic understanding of its impact in the context of small and medium-sized enterprises (SMEs).

2.1. The Concept of Leadership

Scholars have presented a wide range of perspectives and theories on leadership, highlighting various aspects of the concept. Initially, leadership was frequently seen as a personal quality, portraying leaders as exceptional people, even heroes (Silva, 2016). The importance of leadership in discovering passion, persistence, and imagination to achieve outcomes, adapt to disruptions, and engage in creative thinking is emphasized by Tom Peters, a renowned management expert (Peters & Waterman, 1983). These definitions of leadership were primarily concerned with the qualities of the leader. However, subsequent definitions of leadership expanded to include the process of influencing others to achieve specific goals, with a growing recognition of the role of followers. This shift evolved the interaction from a unidirectional leader-follower interaction to a more interactive and dyadic process (Silva, 2016). For instance, Bass (1990) described leadership as an interaction between two or more group members that frequently involves the structuring or restructuring of the situation as well as the members’ views and expectations. According to Metcalf and Benn (2015), this dyadic connection often centers around formally designated leaders (or managers) and their subordinates, arguing that leaders do not necessarily need to have formal management positions, as we shall examine further in a later section. Leadership is no longer perceived solely as an individual characteristic. According to Silva (2016), it has evolved into a complex phenomenon where various elements, such as the leader, the followers, and the context, all play critical roles. Numerous theories have emerged as a consequence of the advancement of the leadership concept, indicating diverse viewpoints. The subsequent sections will present the most relevant theories for our research.

2.2. Conventional Leadership Theories

As already mentioned, leadership is a dynamic and constantly evolving field that has given rise to a wide array of concepts and theories. It is not limited to the traits of leaders and the dyadic relationship between leaders and followers; the context in which leadership occurs also plays a crucial role in the leadership process (Silva, 2016). However, the existence of multiple leadership styles related to sustainability has caused confusion. The complexity of this issue stems from the intricate layers of
sustainability itself and the multifaceted nature of leadership (Metcalf & Benn, 2012). In our study, we primarily concentrate on presenting the most relevant leadership theories that have been discussed in the context of sustainability and sustainability leadership. Our goal is to delve into their overlaps with sustainability leadership, underscoring their unique characteristics from each other and, most significantly, from sustainability leadership itself. To identify theories closely related to sustainability leadership, we turn to the work of Waldman and Siegel (2008), as proposed by Metcalf and Benn (2012). They underscored the impact of a leader's values, ethics, and style on sustainability. Hence, our comprehension of sustainability leadership can be heightened by examining the literature on normative leadership styles like authentic, ethical, and transformational, which are specifically relevant for our study. Transformational leaders, while not necessarily characterized as ethical or socially responsible, adopt a follower-centric approach, inspiring and motivating their followers (Bass & Avolio, 1999). This particular style of leadership has often been associated with organizational performance as well as employee satisfaction, especially through individual studies, and is strongly correlated with innovation (Shin & Zhou, 2003). This people-oriented focus and innovative mindset align with sustainability leadership, which is why we have incorporated this leadership style into our study. For instance, Avery and Bergsteiner (2011) suggested that the capability of infusing a shared vision is essential for sustainability leadership, which is also one of the core characteristics of transformational leadership (Bass & Avolio, 1999). Furthermore, these three theories (authentic, ethical, and transformational) have been directly or indirectly linked with sustainability and CSR implementation (Metcalf & Benn, 2012), thereby further justifying their relevance to our research. They are described as follows:

**Authentic Leadership Theory**
The theory of authentic leadership centers on the belief that effective leaders are those who remain genuine, self-aware, and adhere to their personal values (Avolio & Gardner, 2005). It underscores the importance of a leader's authenticity and transparency when interacting with their team members (Avolio & Gardner, 2005). By maintaining a consistent display of sincerity, honesty, and integrity, authentic leaders can foster trust and confidence among their followers. As outlined by Avolio and Gardner (2005), there are four primary components of authentic leadership: First, self-awareness is vital, as leaders must have a profound comprehension of their personal values, strengths, and weaknesses. Second, an internalized moral perspective pertains to a leader's ethical standards and how they align with the organization's mission and values. Third, relational transparency calls for leaders to be open, genuine, and authentic in their relationships with others. Finally, balanced processing necessitates that leaders make decisions objectively, taking into account varied viewpoints to ensure fair and well-informed choices. Authentic leaders cultivate a positive work atmosphere by encouraging open dialogue, accepting feedback, and fostering a sense of psychological safety (Avolio & Gardner, 2005). They further build trustful relationships with their team members, promoting an environment of mutual respect and open discussion. This leadership style nurtures a sense of purpose and significance among team members, contributing to their overall motivation and well-being (Avolio & Gardner, 2005). The theory of authentic leadership also highlights the importance of leaders acting as role models. By living their values and showcasing authenticity in their actions, leaders inspire their team members to adopt similar behaviors. Authentic leadership and sustainability leadership both revolve around core values such as shared values, positive change, collaboration, teamwork, and self-awareness (Metcalf & Benn, 2012).

**Ethical Leadership Theory**
Ethical Leadership Theory underscores the importance of leaders exemplifying ethical behaviors and adhering to moral principles (Brown et al., 2005). This theory accentuates the pivotal role a leader's ethical conduct plays in inspiring others to make ethical decisions and take ethical actions (Brown et al., 2005). Ethical leaders act as role models, showcasing their integrity, honesty, fairness, and accountability (Treviño et al., 2003). Research by De Hoogh and Den Hartog (2008) revealed that leaders who exhibit a sense of right and wrong, a sense of duty, empathy, awareness of consequences, and self-assessment are generally regarded as ethical leaders. Ethical leadership theory posits that these leaders are pivotal in cultivating trust and promoting ethical behavior among their team members (Brown et al., 2005). By consistently exhibiting ethical behavior and establishing ethical standards, leaders foster a culture characterized by trust, integrity, and moral responsibility (Brown et al., 2005).
Ethical behavior is central to the concept of sustainability (Waldman & Siegel, 2008). Sustainability leadership takes a long-term view and understands the bigger picture, including the impacts of their organization on wider society, aspects that align closely with ethical leadership theory (Avery & Bergsteiner, 2010).

**Transformational Leadership Theory**

Transformational Leadership Theory delves into the strong bonds that form between leaders and their followers (Bass & Avolio, 1999). It views leadership as an engagement that fosters connections and improves motivation and morality for all parties involved (Amanchukwu et al., 2015). Transformational leaders prioritize the needs and growth of their followers, inspiring them to understand the importance and broader implications of their duties (Bass & Avolio, 1999). These leaders are often marked by charisma, confidence, extroversion, and well-articulated values, traits that effectively evoke motivation in followers (Lamb, 2013). Bass (1999) identified four crucial components of transformational leadership. Firstly, leaders demonstrate idealized influence, exuding charisma to inspire identification and emulation. Secondly, they exhibit inspirational motivation, inspiring followers through challenging tasks and meaningful objectives. Thirdly, leaders foster intellectual stimulation, encouraging skill development and broader thinking. Lastly, they provide individualized consideration, supporting and mentoring followers. This leadership style positively impacts self-engagement, self-regulation, and self-assessment, boosting follower motivation and self-esteem (Bass, 1999). There is a strong overlap between transformational leadership and sustainability leadership, as both steer individuals and organizations toward positive change and long-term success through a people-oriented and innovative mindset (Avery & Bergsteiner, 2011). Yet they differ in their core objectives and range. Transformational leadership primarily aims for exceptional results and inspires individuals to achieve their utmost potential (Bass, 1999). In contrast, sustainability leadership emphasizes the integration of sustainable practices into decision-making, thus guaranteeing long-term viability while taking into account the well-being of the environment and society (Ferdig, 2007).

**2.3. Conventional Leadership Theories and Employee Satisfaction**

Authentic leadership, ethical leadership, and transformational leadership are some of the relevant theories of leadership that have an impact on employee satisfaction (Metcalfe & Benn, 2012). Each of these theories contributes to employee satisfaction in its own distinctive way while also demonstrating overlapping characteristics and interconnectedness (Metcalfe & Benn, 2012). Authentic leadership emphasizes the importance of leaders cultivating genuine relationships with their employees (Avolio & Gardner, 2005). Leaders who are perceived as authentic by their followers have been found to foster higher job satisfaction among their teams (Cerne et al., 2013). By prioritizing self-awareness, relational transparency internalized moral perspective, and balanced processing, authentic leaders create work environments that contribute to heightened employee satisfaction (Wong & Laschinger, 2012). Ethical leadership, on the other hand, focuses on leaders exemplifying ethical behaviors and moral standards (Brown et al., 2005). Ethical leaders, seen as trustworthy and fair, significantly influence employee outcomes, including satisfaction (Walumbwa et al., 2007; Toor & Ofori, 2009). By acting as moral agents and pursuing ethical objectives in a legal manner, ethical leaders raise the ethical standards of their followers and contribute to their satisfaction (Toor & Ofori, 2009). Transformational leadership, characterized by inspiring and motivating followers to achieve higher levels of performance, also is shown to positively influence job satisfaction (Mujkić et al., 2014; Bushra et al., 2011). Bushra et al. (2011, p. 265) found that transformational leadership has a significant positive effect on job satisfaction, increasing it by 42% overall.

While each leadership theory has its own unique approach to enhancing employee satisfaction, they demonstrate evident overlap and interconnectedness. For instance, authentic leadership dimensions such as self-awareness, relational transparency, internalized moral perspective, and balanced processing are positively linked to ethical leadership (Wong & Laschinger, 2012). Moreover, ethical leadership shows a direct positive association with transformational leadership, as ethical leaders often exemplify behaviors and values associated with transformational leadership (Toor & Ofori, 2009).
Toor and Ofori (2009) describe the interconnectedness between authentic, ethical, and transformational leadership styles as "authentic transformational leaders," further emphasizing the interconnectedness of these leadership theories. This concept of authentic transformational leadership highlights the combined impact of these leadership styles on employee satisfaction. Furthermore, while the concept of authentic transformational leadership already broadens the scope of leadership, sustainability leadership takes it a step further (Tidemann et al., 2013). In the upcoming sections, we will explore the concept of sustainability leadership and examine how it not necessarily replaces but rather extends and complements the principles of authentic ethical and transformational leadership, expanding our understanding of effective leadership practices and their effects on employee satisfaction.

2.4. Sustainability Leadership

With the concept of sustainability gaining prominence, the need for leadership that extends beyond individual and organizational performance has become evident (Suriyankietkaew & Avery, 2014). This has given rise to the concept of 'Sustainability Leadership', which is a distinctive approach that centers on holism and sustainable leadership practices (Avery & Bergsteiner, 2011). Sustainability Leadership, sometimes also referred to as ‘Sustainable Leadership’, arises from a leader's aspirations for a more sustainable future and their willingness to address the pressing sustainability challenges facing the world today (Bendell & Little (2015). According to the Sustainability Leadership Institute (2023), sustainability leaders are individuals who possess a strong drive to effect positive change by cultivating deep self-awareness in relation to their surroundings. This heightened self-awareness prompts them to embrace new perspectives, thinking patterns, and approaches to interactions, ultimately leading to the creation of innovative and sustainable solutions.

Avery & Bergsteiner (2011) state that "sustainable leadership requires taking a long-term perspective in making decisions, fostering systemic innovation aimed at increasing customer value, developing a skilled, loyal, and highly engaged workforce, and offering quality products, services, and solutions." In research encompassing over 50 firms worldwide, including numerous listed corporations, Avery and Bergsteiner (2011) highlight the essential elements of sustainability leadership. These elements include taking a long-term view when making decisions, promoting systemic innovation to enhance customer value, cultivating a highly skilled, dedicated, and engaged workforce, and offering high-quality products, services, and solutions. Furthermore, sustainable leadership aligns with the principles of humanistic management by emphasizing the value of individuals and recognizing the firm's role as a contributor to social well-being. These practices work synergistically to create a self-reinforcing leadership system that not only enhances business performance but also improves its prospects for long-term survival (Avery & Bergsteiner, 2011).

Davies (2009) and Hargreaves and Fink (2006) underscore the significance of not only enhancing employees' capacity but also engaging them in constructive dialogues to foster a prosperous future while promoting social inclusion and cohesion (Lambert, 2011). This goes in line with employee development, promotions, and enhancing work-life balance. According to Nance (2008), collegiality, dependence, and barrier-less communication are pivotal elements in ensuring successful teamwork can be achieved. Additionally, the relationship between leaders and employees can be viewed as crucial for enhanced leadership (Barr and Dowding, 2012) and employee satisfaction. Bendell and Little (2015) view sustainability leadership as one that encompasses intention, action, and outcome that border on the social and environmental ideals of sustainable development. They thus define it as "any ethical behavior that has the intention and effect of helping groups of people achieve environmental or social outcomes that we assess as significant and that they would not have otherwise achieved."

One major aspect differentiating sustainability leadership from other related theories is its inclusive nature (Raelin, 2003). Unlike traditional leadership, sustainability leadership is not confined to leaders in formal organizational positions. It transcends hierarchical boundaries, allowing individuals in both formal and informal roles, within and outside organizations, to embrace sustainability leadership. Raelin (2003) observed that leaders should perceive themselves within a broader human dynamic of collaborative experience, irrespective of formal positions of power. This concept fosters the synergy and momentum needed to collectively create practical responses to complex challenges (Ferdig, 2007).
Moreover, sustainability leaders recognize that the decisions and actions of leaders have far-reaching consequences, not only for their organizations but also for the larger ecosystem they operate in. Sustainability leaders understand that their role extends beyond short-term gains and profit maximization, and instead, they actively seek to balance the needs of various stakeholders, both present and future, inside and outside the organization (Kantabutra & Avery, 2013). Sustainability leadership focuses less on individual leaders’ special traits and skills and more on the sustainable transformation that occurs within and outside the organization. It is distinct in that it starts with recognizing the disruptive and transformational changes that occur in the context of economies and society today, while many other leadership approaches start from the viewpoint of the leaders and/or the current status quo of their organization. It views the leader and their role within the organization as more important than the actual skills, qualities, or characteristics of individuals within leadership positions (Hargreaves & Fink, 2006; Davies, 2007).

In their study, Tideman et al. (2013) examined sustainable leadership attributes and identified six key categories: consciousness, continuity, connectedness, creativity, and collectiveness, which are the following components of the 6C Sustainable Leadership Model. These attributes offer valuable insights into the mindset and skill sets associated with effective sustainability leadership (Tidemann et al., 2013). The 6C Sustainable Leadership Model encompasses the following attributes, according to Tidemann et al. (2013):

1. **Context:**
   - Recognizing interdependence, complexity, and ambiguity in challenges.
   - Understanding the interconnectedness of actions and stakeholders.
   - Adapting to resource constraints and regulatory influences.
   - Considering global mega-trends such as the shift towards sustainability.

2. **Consciousness:**
   - Developing adaptable mindsets and positive worldviews
   - Examining and adjusting beliefs

3. **Continuity:**
   - Developing attitudes of open-mindedness and long-term thinking
   - Demonstrating moral courage and strength in driving change
   - Unifying stakeholders around a common purpose for sustainability

4. **Connectedness:**
   - Addressing the needs of all stakeholders and fostering trust
   - Balancing short- and long-term influences in decision-making
   - Collaborating with diverse stakeholders to tackle sustainability challenges

5. **Creativity:**
   - Innovating for sustainable shared value creation
   - Developing sustainable business models
   - Using new value measurement models to assess sustainability impacts

6. **Collectiveness:**
   - Scaling up initiatives for collective impact
   - Embedding sustainability principles into business structures
   - Promoting sustainable consumption patterns

Within the 6Cs, three attributes—context, consciousness, and continuity—are identified as essential and pivotal drivers of sustainable leadership. These mindsets are crucial in guiding leaders toward effective and responsible sustainability practices. The 6C Sustainable Leadership Model provides a comprehensive framework for leaders to navigate the complexities of sustainability and contribute to positive outcomes for society and the environment (Tidemann et al., 2013). It will therefore serve as the basis for the development of our own Sustainability Leadership framework which includes attributes from other relevant leadership theories, therefore creating a more holistic approach, later on.
2.5. Sustainability Leadership and Employee Satisfaction

Research on the influence of leadership abilities on employee satisfaction is extensive, as stated previously. Effective leadership and employee satisfaction are strongly correlated (Siddique, 2004), as it is found that effective leadership can improve employee satisfaction and employee performance, contributing to overall organizational success (Seeakubo et al., 2014; Soebbing et al., 2015). Valuing employees and providing them with opportunities for growth and development, as well as promoting productive work-life balance (attributes that are central to SL), is a practice that increases employee motivation and satisfaction. A study by Elickson and Logsdon (2001) on job satisfaction among municipal government employees found that perceived opportunities for promotion and training were the most salient determinants of their satisfaction. For individual employees, the availability of opportunities for self-development and self-actualization is one of the most important factors in their satisfaction and intention to remain in their current organizations (Lee et al., 2017). Empirical studies have found that work-life balance programs have effectively reduced turnover rates (Hughes & Bozionelos, 2007), enhanced the quality of life of employees (Greenhaus et al., 2003), and eventually increased job performance (Karatepe & Tekinkus, 2006). Oldham and Cummings (1996) report that supportive supervision, such as that given by sustainable leadership, is an important determinant of intrinsic motivation. In addition, such policies keep employees from being distracted by the responsibility of dealing with other life issues. In such an atmosphere, employees will feel more secure, be able to focus more and do better on their tasks. Therefore, leadership support for work-life balance will eventually enhance employees' intrinsic motivation (Lee et al., 2017) and lead to employee satisfaction.

Sustainability leadership characteristics such as establishing a shared vision and open communication have positively influenced employee satisfaction (Madlock, 2008; Pavitt, 1999). Open, effective communication, for instance, is one of the many factors that positively influence employee satisfaction. According to Pavitt (1999), leaders who successfully convey their vision earn the trust and confidence of their followers, leading to enhanced communication satisfaction between the leader and follower. Moreover, effective communication by leaders results in increased levels of satisfaction among their followers (Madlock 2008). Moreover, there is a correlation between a leader's social, cognitive, and emotional intelligence competencies, organizational performance, and leadership competencies (Ryan et al. 2012, as cited in Almatrooshi et al. 2016). According to Miyake and Friedman (2012), these components are crucial for an organization's performance and long-term sustainability, as well as for creating strong interactions among its members, including employees. This description aligns with attributes of sustainability leadership as defined by multiple researchers who view sustainability leadership as one that espouses long-term vision, innovation, drive, knowledge, competence, and people-centricity (Visser & Courtice, 2011; Avery & Bergsteiner, 2010; Tideman et al., 2013). Adopting sustainable leadership techniques and employee satisfaction are positively correlated. Suriyankietkaew and Avery (2014) found that the more sustainable leadership practices an organization implemented, the higher the reported employee satisfaction.

By giving priority to employee satisfaction, embracing strategic and thoughtful internal change, developing a clear and shared vision, fostering a supportive culture, encouraging staff participation, and raising the quality of goods and services, organizations can increase employee satisfaction and foster sustainability (Suriyankietkaew & Avery, 2014). SL practices are predicted to enhance overall employee satisfaction in the quest for sustainability (Avery & Bergsteiner, 2010), with a particular focus on the interconnectedness of organizational systems and processes in creating and maintaining satisfied employees. Many of the SL practices affect employees directly, and since employees have long been touted as the most valuable asset of an organization, their satisfaction with the enterprise can be a crucial indicator of organizational performance and success (Al-Swidi et al., 2012). In addition to leadership actions that enhance staff engagement and commitment, leaders need to manage employees as part of a diverse group of important stakeholders (Berthon et al., 2008). Leadership behaviors are also associated with employee satisfaction, just as they are with job satisfaction (McNeeese-Smith, 1997; Loke, 2001; Avery, 2004). The relationship between sustainability leadership and employee satisfaction assumes significance due to its impact on organizational performance. Avery and Bergsteiner (2010) emphasize the importance of employee satisfaction for organizational performance and the long-term viability of an organization. Therefore, our emphasis on employee satisfaction aims
to achieve a better understanding of its influences, facilitate informed decision-making, and assist organizations in accomplishing their objectives.

2.6. The Role of Small and Medium-sized Enterprises (SMEs)

Small and Medium-sized Enterprises (SMEs) hold a crucial position within the global economic landscape (Al-Mahrouq, 2010) which is why they set the context for our investigation on employee satisfaction through the lens of sustainability leadership. These independent, non-subsidy companies employ a specific number of workers, a threshold that varies across different nations. For instance, the European Union designates SMEs as companies with fewer than 250 employees, while the United States criterion is set at 500 employees (OECD, 2006, p. 17). These enterprises are further characterized by an annual turnover below EUR 50 million or an annual balance sheet not exceeding EUR 43 million (European Commission, 2020). This study adopts the categorization guidelines established by the European Commission. SMEs significantly impact economic growth, encompassing objectives beyond mere output. They contribute to social goals, attract foreign reserves, and play a pivotal role in employment generation, making them a cornerstone of the global private sector (Al-Mahrouq, 2010). Notably, the European Commission's data reveals that SMEs provided a staggering 88.8 million jobs across the EU in 2013 (European Commission, 2020). These enterprises constituted 90% of all businesses and contributed to two-thirds of total employment, underscoring their critical role in fostering competitiveness and driving innovation (European Commission, 2020). Despite their significance, SMEs face distinct challenges. Financial constraints often hinder investments in research, innovation, and environmental compliance (European Commission, 2020). Structural barriers, such as deficient management skills, labor market rigidities, and limited international expansion knowledge, further impede their growth (European Commission, 2020). Mitigating these challenges requires cultivating an organizational culture rooted in sustainable leadership practices, offering the potential to significantly enhance SMEs' productivity. Elevating sustainable productivity in SMEs necessitates holistic integration across all facets of their operations, including planning, management, operations, and governance (Suriyankietkaew & Avery, 2014). Scholars argue that focusing on sustainable productivity yields a competitive edge through optimized energy consumption, efficient material usage, and the creation of innovative products and services (Szczepańska-Woszczyna & Kurowska-Pysz, 2016). This integration also involves alignment with ongoing corporate sustainability goals (Meuer et al., 2020). Given SMEs' substantial global impact, the imperative to reduce waste, energy, and water consumption, introduce novel products and services, enhance efficiency, and drive innovation becomes evident. These objectives mandate the cultivation of leadership capital, necessitating the development of innovative leadership models (Boeske & Murray, 2022).

2.7. The AETS Sustainability Leadership Framework

In order to best answer the questions of the study, we will develop a framework that we will use in the study and analysis. This comprehensive framework integrates the attributes of authentic, ethical and transformational leadership as well as the 6C model of sustainability leadership described earlier in the theory chapter. These four components of leadership have been carefully selected based on their capacity to combine all the attributes related to sustainability leadership. The four components of sustainability leadership which will form the basis of our study and analysis are described below:

**Authentic Leadership Attributes**

We will start by incorporating the relevant dimensions of Avolio and Gardner's (2005) authentic leadership model into the sustainability leadership framework, since the critical importance of authentic leadership principles and their strong correlation with sustainability leadership has been acknowledged (Metcalf & Benn, 2012). This integration emphasizes the importance of self-awareness, openness, transparent relationships, and ethical decision-making in the pursuit of sustainability. The following authentic leadership traits have been incorporated into the AETS framework through integration:
● **Self-Awareness:** Leaders have a deep understanding of their values, emotions, strengths, and weaknesses, leading to genuine behavior.

● **Balanced Processing:** Leaders are open to diverse perspectives, consider different viewpoints, and avoid biases when making decisions.

● **Relational Transparency:** Leaders build honest and trustworthy relationships with their followers, they communicate openly, share information and foster an environment of mutual respect and trust.

These critical dimensions not only enable leaders to navigate complexities but also foster collaboration and cultivate trust among stakeholders, forming the foundation of sustainable success within the AETS Sustainability Leadership Framework. It is important to note that the dimension of *Internalized Moral Perspective*, a main attribute of authentic leadership which describes the leader's ethical behavior, is not explicitly mentioned in the model. This exclusion is because ethical leadership already places significant emphasis on ethical and moral considerations.

**Ethical Leadership Attributes**

By integrating these attributes of ethical leadership into the AETS Sustainability Leadership Framework, we reinforce the importance of fostering an ethical environment and promoting integrity throughout sustainable decision-making processes. According to Brown et al. (2005), ethical leaders uphold moral principles and model ethical behavior, thus leading to the incorporation of the following attributes:

- **Moral Principles:** Leaders uphold strong ethical standards and principles in their decision-making and actions, promoting fairness, honesty, and integrity.

- **Ethical Behavior:** Ethical leaders actively support and encourage ethical behavior among their team members. They provide guidance and resources to help employees make ethical choices.

**Transformational Leadership Attributes:**

Transformational leadership centers on inspiring and motivating followers to reach heightened levels of performance and personal growth. We will incorporate three sustainability leadership attributes that originate from the four main attributes of transformational leadership, as identified by Bass (1999), into our Sustainability Leadership Framework:

- **Vision:** Leaders have a clear vision, motivating and energizing followers to achieve common goals. Bass (1999) refers to this as *Inspirational Motivation*.

- **Continuous Learning:** Leaders foster continuous learning, curiosity, and innovation, promoting a culture of growth and exploration. Bass (1999) refers to this as *Intellectual Stimulation*.

- **Empowerment:** Leaders recognize and support unique needs and strengths, empowering their followers by granting autonomy, decision-making authority, and personalized support. Bass (1999) refers to this as *Individualized Consideration*.

Metcalf and Benn (2012) assert that transformational leaders are often perceived as "heroic" due to their profound impact on followers and an organization's endeavors. However, it is important to emphasize that this heroic perception, commonly associated with conventional leadership theories, represents a fundamental difference in sustainability leadership (Metcalf & Benn, 2012). One of the four transformational leadership attributes defined by Bass (1999) is *Idealized Influence*, which refers to a leader's role model position and their ability to earn the trust, admiration, and respect of followers through their exemplary behavior and strong moral values. While *Idealized Influence* is an important aspect of transformational leadership, it was intentionally excluded from our sustainability leadership framework. The reason for this exclusion is that *Idealized Influence* tends to promote a "heroic" mindset, which contradicts the inclusive and collaborative nature of sustainability leadership (Raelin, 2003). Incorporating the other three transformative leadership attributes, the AETS Sustainability...
Leadership Framework further emphasizes empowering followers, fostering continuous learning, and inspiring collective efforts toward sustainable outcomes.

**Sustainable Leadership Attributes:**
The 6C model is particularly relevant because it recognizes both the shared elements with other leadership styles and the distinctive features specific to sustainability leadership (Tidemann et al., 2013). These distinctive features, referred to as ‘sustainable leadership attributes’, will be embedded within our framework. The 6C Sustainable Leadership Model shares common principles with authentic, ethical, and transformational leadership styles, yet each style maintains its distinctive focus and approach. Within the 6C Sustainable Leadership Model, three attributes stand out exclusively for sustainable leadership. According to Tidemann et al. (2013), these attributes further distinguish sustainable leadership, underscoring the crucial mindset and approach necessary to address sustainability challenges effectively. Specifically, the unique main drivers of sustainable leadership encompass the attributes of context, consciousness, and continuity.

- **Context:** Leaders understand the interdependence, complexity, and ambiguity of sustainability challenges and consider global megatrends.
- **Consciousness:** Leaders prioritize sustainability, aligning beliefs with long-term sustainable values and decision-making.
- **Continuity:** Leaders emphasize a resolute long-term horizon, driving transformative change and uniting stakeholders for lasting sustainability.

By synthesizing attributes of authentic, ethical, transformational leadership and unique characteristics of sustainable leadership (according to the 6C model), the AETS Sustainability Leadership Framework offers a holistic and unified approach to sustainability leadership. This comprehensive framework will serve as the foundation and guiding lens for our investigation of employee satisfaction, led by the identified sustainability leadership attributes. An illustration of the framework is displayed in Figure 1.

![AETS Sustainability Leadership Framework](image)

*Figure 1: AETS Sustainability Leadership Framework, authors' own creation*
3. Methodology and Methods

To explore employee satisfaction within the context of sustainability leadership, qualitative research was chosen as the most suitable approach for this study due to its ability to examine complex phenomena in depth and from multiple perspectives (Miles & Huberman, 1994). In the context of leadership research, a qualitative approach is uncommon (Conger, 1998) and is frequently regarded as unconventional and even challenging, as it requires a significant investment of time and resources and can face methodological challenges (Miles & Huberman, 1994). However, qualitative research can also produce some of the most insightful findings, particularly when examining complex topics like leadership theory (Bryman, 2004). The exploratory nature of a qualitative approach is one of the primary benefits of utilizing it in this study. As the purpose of the study is to investigate the relationship between perceived employee satisfaction and perceived sustainability leadership practices in SMEs, it is essential to gain a comprehensive understanding of the participants' experiences and perspectives. The complexity and nuance of these phenomena may not be adequately captured by quantitative methods (Bryman, 2004). Using open-ended questions and allowing participants to describe their experiences and perspectives in their own words, the study could generate rich and useful data. In addition, qualitative research emphasizes the participant's perspective (Bryman, 2003). This is especially important in the context of leadership research, as it enables us to comprehend how employees perceive and experience leadership in organizations. We can uncover significant issues and topics that quantitative research methods may have overlooked by emphasizing the participant's perspective. This may help ensure that the research is of interest to the participants and provides insights that can be used to inform leadership practice.

3.1. Methods for Data Collection

For data collection, we used semi-structured interviews with open-ended questions. Semi-structured interviews were selected because they allow for flexibility and adaptability in the interviewing process (Silverman, 2013), which is particularly important when investigating complex and sensitive subjects such as leadership and employee satisfaction. Participants were encouraged to share their experiences and perceptions in their own words through the use of open-ended questions as opposed to predetermined response options. Each interview lasted approximately 30 minutes and was designed to allow participants to freely express their opinions. This method was chosen to acquire a deeper understanding of the subjective perspectives, perceptions, and experiences of employees in the SME sector, specifically the role of sustainability leadership practices in employee satisfaction. Before each interview, the participants were notified of the need to record the interview for analysis, and their consent was effectively sought. Four interviews were conducted in person, while six were conducted online. In order to best answer the research question, several interviews with a diverse pool of respondents from different industries were conducted. Data was collected from employees of SMEs and managers working in first-line and middle management positions in SMEs across diverse industries in Sweden and Germany. The objective was to obtain employees’ perceptions about organizational leadership and management behaviors, practices, and outcomes within their organisation and determine whether these practices influence employee satisfaction.

At first, literature in the fields of sustainability leadership and employee satisfaction with a focus on SMEs was reviewed and analyzed to gather necessary secondary data in support of the research problem and gap. This was primarily done through Google Scholar. In order to solidify the arguments from the secondary sources and further reduce the research gap, primary data was collected through a series of semi-structured interviews. The interview questions were organized into two sections. The first section consisted of five structured questions that sought to identify the existence of specific sustainability leadership practices in the interviewee’s organization based on the criteria determined by the developed framework. The second section consisted of four questions that were intentionally formulated to effectively gauge the interviewee’s satisfaction. The interview allowed room for several other additional follow-up questions based on the interviewee's responses and the need to bring out more information to answer the research question. Each question may have two to four sub-questions.
or prompts, which are used by the interviewer if they are necessary to ensure that the interviewee explores the main question sufficiently (Rowley, 2012). Interviewees were addressed through emails and in-person engagements. The emails contained a brief description of the research topic and the approximate interview duration. The interviewees were selected based on the hierarchical level of their organizations. They consisted of top-level managers, mid-level managers, and low-level managers. This was intended to find out whether the management level at which the employee worked had an effect on their satisfaction. It was also necessary to have a mix of interviewees from the sustainability field and those who are not directly linked to the field. Three of the interviewees had an academic background in sustainability, and their job responsibilities were directly related to sustainability. Seven others had general knowledge of sustainability, but they had no specific connection to it. It is also important to interview a sufficient number of people so that people with different roles, experiences, backgrounds, and any other source of variability that might influence answers are included in the study (Rowley, 2012). Organizations from which the interviewees were selected needed to satisfy the requirements of an SME as defined by the European Commission: enterprises that employ fewer than 250 persons and either have an annual turnover that does not exceed EUR 50 million or an annual balance sheet not exceeding EUR 43 million (European Commission, 2020). Since the scope of this research was primarily about sustainability leadership practices and employee satisfaction in SMEs, the nature of the organization and the industry were immaterial.

3.2. Reliability and Validity

Assessing research quality requires an examination of both reliability and validity (Golafshani, 2003). The consistency with which events are grouped into specific categories by different observers or by one observer over time is referred to as reliability. While reliability is frequently associated with quantitative studies, it is relevant to all types of research approaches (Golafshani, 2003). Trustworthiness is essential to ensuring reliability when conducting qualitative research Golafshani, 2003). To increase data precision, we conducted open-ended, semi-structured interviews with ten participants using a standardized interview guide administered during each interview session. Our approach to developing interview questions was founded on a thorough review of the literature and additional consultation with our supervisor. We were able to design effective and trustworthy interview questions based on our careful consideration of these factors, which allowed us to reliably capture essential information from participants about their experiences and perceptions of their organization, management, and job satisfaction.

Ensuring validity is a crucial aspect of any research study. Golafshani (2003) highlights the diverse concepts used in qualitative approaches to defining validity. To achieve this, research questions need to be directly addressed through appropriate methods, and valid conclusions should be drawn from the collected data. Merriam and Tisdell (2015) define internal validity as the alignment of the study with reality. We were able to address the research question with a strong emphasis on internal validity by employing a qualitative research approach that explored the diverse perspectives of employees in SMEs. Inherent in qualitative interviews is the capacity to identify industry- or company-specific characteristics that may influence participant perspectives. This level of detail lets us go beyond broad generalizations and focus on each person’s unique experiences. Rather than relying on superficial observations, we obtained rich and contextual information through in-depth interviews that provided a better understanding of the employee’s perceptions by emphasizing the unique aspects of participant experiences.

3.3. Methods for Data Analysis

In order to gain a better understanding of employees' satisfaction and their perceptions of sustainability leadership, we employed interpretative phenomenological analysis (IPA) as our chosen methodological approach. IPA is a qualitative research methodology that delves into how individuals interpret their major life experiences, aiming to examine each participant's unique perspective on the research issue (Smith et al., 1999). Given the complexity of studying employee satisfaction through the lens of
sustainability leadership, where individual perspectives can vary significantly, IPA provides a suitable approach for capturing the depth of employees’ perceptions and experiences. By focusing on recording and comprehending the lived experiences of individuals and uncovering the meanings they attribute to these situations, IPA enabled us to explore the complexities of their personal perspectives (Smith et al., 2009). To conduct the analysis, we transcribed all the interviews and immersed ourselves in the data to gain a holistic understanding of the participants' narratives. Through an iterative process, we identified relevant text units and derived themes linked to employee satisfaction across the interviews. These themes were then analyzed within the AETS sustainability leadership framework, establishing connections and examining the relationships between occurring themes and attributes of sustainability leadership and employee satisfaction. Throughout the analysis, we paid close attention to aligning our findings with the existing body of literature and our theoretical framework. By doing so, we aimed to contribute to the field by either validating existing theories or uncovering new insights that extend beyond current knowledge.

3.4. Limitations and Strengths

This study faced certain limitations, primarily related to time constraints and the sampling process. Due to the predetermined timelines, the number of interviews and the selection of participants were slightly restricted, affecting the comprehensiveness of the study in addressing the research questions. Conducting interviews with participants from multiple companies implies that they lacked a shared contextual experience, making it more challenging to generalize the results. Thus, gathering perspectives from multiple employees within each organization would have provided a more diverse range of insights. It would also have been advantageous to include a larger pool of interviewees from various organizations to gain a broader understanding of the subject matter. Furthermore, time limitations constrained our ability to include employees with varying durations of employment, which could have enriched the study. Additionally, the virtual nature of most interviews limited the level of interaction and rapport-building that typically occurs in face-to-face settings. Virtual interviews may result in a loss of rapport and richness, as Rowley (2012) highlighted. However, it is worth noting that virtual interviews offer certain advantages supported by research. They save time and reduce travel-related logistical challenges (Bryman, 2001). Moreover, virtual interviews can limit contextual contamination and potential response influence, as the absence of the researcher's physical presence allows participants to provide more unbiased responses (Schwartz, 2007).

Although this study had a relatively small sample size, interpretative phenomenological analysis (IPA) was employed to conduct a comprehensive examination of the interview data. While smaller sample sizes in IPA studies are often seen as a limitation, they offer the advantage of facilitating a more thorough and in-depth analysis compared to larger samples (Pringle et al., 2011). The emphasis on individual experiences ensures that the findings are firmly grounded in the participants' own words (Pringle et al., 2011). Additionally, the use of IPA facilitated the identification of sector-specific or country-specific characteristics, enhancing the possibility of generalizing the findings. This method allowed for a comprehensive comparison across different sectors and countries, thereby increasing the potential applicability and broader implications of the results. The interpretation of data in IPA studies is inherently subjective, reflecting the perspective of the researcher or research team. As a result, the significance of the findings may be subject to questioning. However, Smith et al. (2009) argue that the goal of IPA is to establish the credibility of the narrative rather than insisting on its exclusivity as the sole valid interpretation. This perspective may be unfamiliar to researchers more accustomed to quantitative methodologies, as qualitative approaches like IPA do not seek to discover a single definitive answer or truth. Instead, they aim to provide a coherent and valid account that respects the participants' viewpoints (Pringle et al., 2011). Additionally, Smith et al. (2009) conclude that the effectiveness of an IPA study should be evaluated based on the insights it offers within a broader context.
4. Analysis

4.1. Presentation of the Object of Study

Our research is aimed at examining employee satisfaction through the lenses of a conceptual sustainability leadership framework that incorporates relevant leadership attributes from three foundational leadership theories (ethical, authentic, and transformational) and sustainable leadership attributes as viewed through the 6C model. Based on this summarized framework, we analyzed the data from employee interviews to determine their perception of their leaders and how these perceptions influence their satisfaction. According to Suriyankietkaw and Avery (2014), adopting sustainability leadership techniques and employee satisfaction are positively correlated. Specifically, the more sustainability leadership practices an organization implements, the higher the reported employee satisfaction. Our research, therefore, sought to establish the alignment between these sustainability practices and employee satisfaction based on the developed theoretical framework. We interviewed a diverse group of ten individuals who work in various roles and management positions within SMEs in order to achieve this. Our sample included managers at various levels of the organization’s hierarchy as well as non-managerial employees who have specific roles and responsibilities within their departments and concentrate on carrying out assigned tasks without official supervisory responsibilities. This allowed us to gain insights from multiple perspectives. We interviewed low-level managers, who are responsible for overseeing the day-to-day operations of a particular department or team, as well as middle-level managers, who hold positions between lower-level managers and higher-level executives or top management.

Interviewee 1 works as a sustainability specialist at the lower management level in the sanitary ware industry. Interviewee 2 has a comparable position in the middle management of a hospitality company. Both Interviewees 3 and 4 are middle managers at the same construction company, with Interviewee 3 holding the position of group manager and Interviewee 4 that of senior consultant. On the other hand, interviewee 5 does not have any managerial responsibilities while working as a teacher in an educational institution. Interviewee 6 works in the construction industry as a senior consultant in middle management. Interviewee 7 works as an IT consultant in the IT sector without holding a managerial position. Interviewee 8 also has no managerial responsibilities while working as a junior consultant at a consulting firm. Furthermore, Interviewee 9 works for a manufacturing company as a sustainability manager at the lower management level. Finally, Interviewee 10 works as a branch manager at a temp agency, serving at the middle management level and overseeing branch operations. By including a diverse range of participants from different work professions and management positions, the interviews and analysis of this diverse sample have yielded several results. We will analyze and present the findings under the four aspects of the AETS sustainability framework developed above (see Figure 1).

4.2. Findings

As stated above, the findings from this study will be presented under four themes that incorporate the four components of the AETS sustainability leadership framework, i.e., authentic leadership component, ethical leadership component, transformational leadership component, and sustainable leadership component.

Authentic Leadership Attributes within Sustainability Leadership

The authentic leadership aspect of the AETS sustainability leadership framework is centered around people's welfare and includes attributes of self-awareness, balanced processing, and relational transparency. These leadership attributes were consistently identified by many interviewees, who attributed them to their satisfaction. Particularly, relational transparency was considered an important factor. Interviewees considered leaders who showed respect and appreciation as a major influence on their satisfaction. Interviewee 1 acknowledged that his employers value and treat their employees well. "They have shown me and expressed that to me. They appreciate that I have taken this time to work
for them. I think they appreciate it, and they are quite vocal about that." This aspect is also shared by Interviewee 3, who compares his previous employment to the current one and appreciates how he and other employees are treated. "I think they have a really good view of how to treat the employees. It's not like other bosses that I've met in my line of work, where it's just like, Oh, if you can't work, they try to fire you as quickly as possible." He goes ahead to explain how authentic and supportive his boss is. "I feel that he's very supportive, and he's really just telling me if there is something wrong, please tell me so that we can do something about it. And from what I've heard and seen, he will do something about it if one of those situations comes up. So I am happy to be working here." He illustrated how his boss shows much concern for his employees' welfare by prioritizing it alongside their jobs, something he finds important to him. "And they want our personal lives as well to be good. My boss, at least, has said a lot of times that it's really important that we make your personal life fit with your work life. So, if you have some personal things you need to prioritize, then we will prioritize them and work on them another time. So I think it's; I think that that is a good way for the boss to see it." Even though interviewee 7 attributes salary as his main factor, he acknowledges his supervisor's role in his satisfaction. "I am satisfied. That's why I've been there for almost four years now. The first factor for me was the salary, which is definitely good. Additionally, I have flexible working hours, which I find extremely good. I just learned on the job how extremely important it is to have a supervisor who advocates for you, represents your interests, and all that. That's also a big factor in why I'm currently so happy."

Several interviewees also mentioned openness and transparent communication as attributes they considered important among their leaders. This attribute is closely associated with the relational transparency characteristic of authentic leadership as depicted by the sustainability leadership framework. All of the interviewees noted the presence of open and transparent communication between leaders and their followers, which was supported by flat organizational structures that allowed enough opportunity for interaction with the upper management. Interviewee 1 appreciated the conducive working environment with open communication that is made possible by the leadership. This open communication aligns with relational transparency since open feedback is valued by the company's employees and management. "It (communication) is really open. It is super flat. I mean, you can get a message quickly. There is no waiting." He explains how his organization's leadership has made it possible for employees and customers to freely communicate and get feedback. "Customers can vote and rate our facilities and give feedback instantly, and this makes it a lot easier for us." Interviewee 7 considers his supervisor as 'competent and a good communicator' and attributes this to his satisfaction. "He is a significant factor in my job satisfaction." Interviewee 3 considers communication to be the most important factor in any organization. When responding to a question about what values he considers important to him, he mentioned communication and went on to note that his company fulfills this need. "I think the most important thing for me is good communication. I would like to work with you, either as a coworker or as a leader, as a boss, or whatever, if you communicate well. Communication, for me, I think, is most important." He noted that there is open communication in his company among individuals and between teams, which is made possible by his boss. He further acknowledged that the open communication that exists between him and his boss is the most important reason that makes him feel satisfied. "I think if I just have an open dialogue with him, it will all work out. So that's, I think, the biggest reason why I don't want to switch jobs." Interviewee 6 provided a detailed description of how his management communicates and how decisions are made and communicated throughout the company. "They make decisions about overarching issues at the upper management level, and these decisions are usually explained transparently to different locations through video conferencing at specific times. So, once a decision is made, they try to communicate it relatively quickly so that it doesn't become known through various channels beforehand." He ends by saying, "I think this is a good way to do it." On another note, interviewee 5 attributes her lack of satisfaction to many reasons, the top of which is poor communication. This further emphasizes the significance of relational transparency in fostering employee satisfaction through the implementation of effective and open communication. Another crucial factor influencing employee satisfaction within the organization is balanced processing, an authentic leadership attribute defined in our AETS Sustainability Leadership Framework (Avolio & Gardner, 2005). Several interviewees who expressed satisfaction emphasized the significance of being engaged and heard by their leaders in decision-making processes. For
instance, interviewee 3 describes his company’s leadership approach to staff engagement in the company's decision-making by stating that the leaders have initiated several programs where employees can express their ideas and thoughts. "We have different weeks where everyone is included. Like diversity weekends, environmental weeks, and incubation weeks where different kinds of employees are involved in activities that matter to them and the company. This showcases the leader’s commitment to fostering an inclusive and innovative environment for its workforce. Similarly, Interviewee 6 pointed out that at his workplace, his leaders have created an open working environment where they have several events that bring them together to discuss ideas and have fun. "There are often events organized by the leaders where employees can get to know each other and have fun without necessarily discussing work-related topics or strategies. This leads to a friendlier atmosphere outside of work." He goes on to attribute this to his leaders. "This is initiated by the leadership team, and they provide funds for these events." He paints a clear picture of an organization whose leaders engage their employees and listen to their ideas. "For things that affect the local site or team, team leaders or site managers are usually the ones to communicate, and employees are more involved, or when it comes to how to align the company or the site, employees are very involved and comprehensively informed." He gives an example where junior members of the company are given the freedom to develop ideas and even advise the company leadership. "For example, we have a small group called the Junior Board for young professionals, which advises the company leadership, and that was quickly implemented. That means they looked at what the young people or those who are more concerned with sustainability wanted, and it was implemented."

**Ethical Leadership Attributes within Sustainability Leadership**

Central among the many attributes of sustainability leaders is the demonstration of ethical behavior, moral conduct, and the respect they hold for others equally around the team (Avery & Bergsteiner, 2010). These leaders are equipped to listen attentively, be compassionate, consider opposing viewpoints fairly, and value their contributions equally. They uphold strong ethical standards and principles in their decision-making and actions, promoting teamwork, fairness, honesty, and integrity in decision-making. Even though these attributes were not explicitly identified during the study, a few interviewees indirectly alluded to them and considered them important to their satisfaction. Interviewee 3 highlighted his organization's leadership commitment to establishing an inclusive environment where divergent teams are created to foster and accommodate different viewpoints. He further describes his company's leadership approach to staff engagement in the company's decision-making by stating that the leaders have initiated several programs where employees can express their ideas and thoughts, which are then factored into making decisions. This point is also highlighted by interviewee 6, who sees his leaders as open to suggestions from everyone before making decisions. "Many of the leaders are open to suggestions. This does not mean that all suggestions will be implemented, but one can always voice their ideas. Sometimes they are well received, sometimes not. However, one never feels like their input is being ignored." He goes on to describe how his leaders respect divergent opinions from employees and how they make their decisions in the midst of these differences without appearing to demean anyone. He quoted his leader as saying, "I understand that you have a different view. You also have your arguments, but we have now decided to do it this way, so please implement it." He perceives this attribute of leadership to be one of the reasons for his satisfaction. This study also identified similar views from interviewee 2, who pointed out the elaborate involvement of employees by their leaders in important decision-making. She describes that the leaders have created a workshop-style arrangement where employees are encouraged to voice their views about the organization’s operations and suggest and brainstorm ideas regarding the organization's future. They are given the opportunity to vote on the brainstormed ideas, which then form the basis upon which the decisions are made. She quickly points out that even though the management has the final say, the input of the employees plays a significant part in it. "So that's something I really appreciate."

**Transformational Leadership Attributes within Sustainability Leadership**

The transformational leadership aspect of the AETS sustainability leadership framework describes leaders who are visionary and who foster employee development and empowerment. Having a strong, shared vision is one of the most important leadership attributes that leadership scholars have identified
(Bass, 1999). A competent leader must have a distinct mission, a balanced personality, and the ability to carry out their vision (Almatrooshi et al. 2016). This aspect of sustainability leadership was highlighted by some interviewees, who linked it to their satisfaction. Interviewee 1 attributes his satisfaction to the fact that he is appreciated by the company’s leaders and the vision and innovative capacity that they exhibit. "I think they are visionaries. The management has a great vision. I will say why I will not work for another company in the same business as my company because we are the pioneers of many things that we're doing at the moment. So in that way, I know I am in the right company for the business that we do." Interviewee 7 also considers his supervisor competent and visionary. "And my supervisor is super competent and visionary." Even though Interviewee 6 does not explicitly mention the word visionary, his overall thoughts about his organization and leadership point to the fact that they are working towards a definite goal. He uses the term "clear direction" to describe this. "Looking back, I think that the leadership has a clear direction". These words preceded his explanation of how his company maneuvered through the disruptions during the COVID-19 pandemic, its innovative strategy to convince employees to resume work in the office, and the company’s decision to embrace sustainability within its strategic vision. On the other hand, Interviewee 5 attributed her dissatisfaction to a lack of visionary leadership. She noted that her organization went through financial difficulties before, though with a leader who demonstrated good crisis management. On the contrary, the current leadership is 'not competent' enough, and she has lost faith in it. "I have already been telling myself that the main reason I would leave as soon as I could is because I don't have faith in the leadership. Even though the past four years were so difficult for us, the leadership was strong enough to ground us, keep us going, or support and encourage us. But this year, I feel that the leadership is not competent enough, and there is no vision."

Sustainability leaders also empower employees and encourage them to grow which are transformational leadership characteristics (Avery & Bergsteiner 2010; Bass, 1999). Empowering employees through the provision of professional growth opportunities and helping them through difficulties was also identified by interviewees as a factor in their satisfaction. Interviewee 6 emphasized the organization's leadership commitment to continuous development, stating, "The supervisors also ensure that employees continuously develop themselves. The company culture emphasizes open collaboration and sharing of knowledge, and this is emphasized through training programs like this." This aspect was also observed by interviewee 7, who expressed satisfaction with his manager’s focus on professional development and training programs, stating, "I think it's generally very good, and it should always be there because, of course, I learn things through work itself, but getting a bit of external input aside from work and customer stuff is great. And my manager insists on this. It could be a bit more, especially in terms of soft skills, but overall, it's very good for personal development." The lack of transformational leadership attributes related to employee development and empowerment was identified by some interviewees as the reason for their dissatisfaction. Interviewee 2 noted that even though the work conditions were good and her bosses were empathetic, visionary, and inspiring, she felt that she had done enough and had nothing more left to do, and therefore it was time to move on to other, more challenging opportunities elsewhere. This was because she felt that her leaders were not providing opportunities for growth. Interviewee 3 also acknowledged this aspect as a factor in his dissatisfaction with his previous job. "I want to learn more and become better at what I do; I have to change work. So that's why I left my first job. The previous employer was not concerned about developing us as employees." Interviewee 7 also points out the fact that leaders play a significant role in employee satisfaction by empowering them and helping them in situations that seem difficult. "I find some aspects of our company, such as accounting and procurement, to be rather negative, but the supervisor is actively working to address these issues, provide training, and work with me to solve these issues. He also appreciates my thoughts, and we work together, which is a huge plus and a significant factor in my job satisfaction.

Transformational leadership attributes within sustainability leadership emphasize creating a positive work environment by encouraging and fostering teamwork, unity, and support (Bass, 1999). As Interviewee 3 highlights, the organization's leadership commitment to building teamwork is a contributing factor to his satisfaction. "I think I have fun here because I'm now sitting with like 10 other people that do the same, so I can discuss my problems with them and they will understand, and so on, so we can help each other in these discussions. I didn't have that at my last company. So that's one thing I really feel satisfied with." Interviewee 6 further emphasizes the management's dedication
to establishing a collaborative culture from the outset, acknowledging that "the leaders set the tone by considering not only the technical competence of candidates during the hiring process but also their fit within the team dynamic and their ability to be team players." He further described how his supervisor and other leaders organize events where employees get to know each other and have fun without necessarily discussing work-related topics or strategies. "This leads to a friendlier atmosphere outside of work, which allows people to get to know each other better and build a spirit of teamwork. This is initiated by the leadership team, and they provide funds for these events." Interviewee 7 also appreciates the importance of teamwork at work since it makes it easier to address multiple issues affecting the employees as well as other stakeholders like customers. He commends his supervisor for initiating this aspect, where they hold regular departmental meetings every two weeks to discuss various topics and identify ways of working collaboratively to meet their individual and corporate goals.

**Sustainable Leadership Attributes within Sustainability Leadership**

Sustainable leadership attributes as depicted in the AETS sustainability leadership framework consist of context, consciousness, and continuity, where leaders understand the interconnectedness of environmental, social, and economic systems within which they operate and focus on sustainability practices. Sustainability leaders prioritize sustainability in decision-making and take into account the long-term impact of their decisions on people, the planet, and profit. In this study, various employees identified these aspects of leadership as important to them, with some of the employees acknowledging their role in determining their satisfaction or lack of it depending on whether or not their leaders practiced them.

Interviewee 6 described the organizational leadership’s focus on sustainability by encouraging new ideas from everyone and implementing ideas relating to sustainability. He explains how his leaders support sustainable practices within the organization by reducing bureaucracies that interfere with the implementation of sustainable practices. "One of the questions that came up was how we can improve in terms of sustainability, and they presented various measures, such as acquiring pool bicycles for the locations and paying more attention to sustainability in the office, such as switching to fair trade and organic coffee, and so on. And that was quickly implemented, so there was a list of measures that were developed and practically implemented 1:1." He further noted that the leadership strengthened the travel policy around sustainability by abolishing domestic flights except for unavoidable cases, something he was happy about. "They simply made a decision to improve the company's ecological balance, which to me is commendable." He added.

The importance of these sustainable leadership practices was also highlighted by some participants who felt dissatisfied by their leaders’ inability to practice them. Interviewee 2, who, at the time of the interview, had just secured new employment, is quoted as saying, "I am not satisfied. I think it's more because of my own interests and ambitions. So it had nothing to do with the working conditions. They were great, but I wasn't satisfied. At my immediate workplace, there were just limits to how much they could work with sustainability and how much resources they could dedicate to it. And that means that I wasn't able to continue to grow and develop in the way that I needed to." Interviewee 9 also considers sustainability as an important influence on her satisfaction and identifies a lack of sustainable leadership in the organization she works for. "I would love to work with a company that has sustainability as a focus or something socially sustainable as a focus, where I feel like they are really changing something. Since some of these personal aspects are not covered by the company I'm working with now, that obviously decreases my work satisfaction and may affect my future plans with the company." Despite the presence of CSR practices within their organizations, these individuals expressed a need for more concrete actions and measurable outcomes related to sustainability. They felt that the current initiatives designed by their leaders fell short and lacked intrinsic motivation, as they were primarily driven by strategic purposes.
5. Discussion

In this part, we directly revisit the research questions that delve into the relationship between sustainability leadership practices and employee satisfaction in SMEs and discuss them in the context of the results obtained from the study. Our two research questions were:

1. How do sustainability leadership practices affect perceived employee satisfaction in SMEs?
2. What are the perceptions and experiences of employees regarding sustainability leadership practices in SMEs?

By focusing on the AETS framework and employees' perceptions, we aimed to offer practical recommendations to foster a positive and sustainable work culture within SMEs to enhance employee satisfaction. Throughout this discussion, we will also compare our results against previous research on the topic and determine any additions that the results have to the theoretical perspective and to the leadership and sustainability field in general.

According to Suriyankietkaew and Avery (2014), there is a positive relationship between the implementation of sustainability leadership strategies and employee satisfaction. More specifically, organizations that implement more of these practices tend to have higher levels of reported employee satisfaction. Using our theoretical framework as a foundation, we sought to determine the relationship between these sustainability leadership qualities and employee satisfaction. Our findings show that sustainability leadership positively affects the level of employee satisfaction. A number of employees who expressed dissatisfaction linked it to their leaders' lack of sustainability leadership competencies. Moreover, employees who reported job satisfaction often attributed their contentment to specific leadership qualities. These sustainability leadership attributes, such as relational transparency, balanced processing, continuous learning, empowerment, and a shared vision, which were identified by the employees as having influenced their satisfaction, are key attributes of sustainability leadership within the theoretical framework of this study. Additionally, the sustainability leadership attributes most frequently mentioned and positively linked to employee satisfaction are authentic and transformational leadership attributes. Notably, employees highly valued relational transparency, where leaders demonstrated genuine support, care, and empathy. It was perceived as an important factor for employee satisfaction, and the leader needs to build strong relationships with the employees and show mutual respect, trust, and care for them. Open communication also emerged as a significant aspect of authentic leadership, as highlighted by the interviewees. This attribute fostered a culture of balanced processing, enabling employees to feel engaged and heard during decision-making processes. Many employees emphasized the importance of being engaged, heard, and respected. Open communication was an important factor in employee satisfaction since it further showed respect and trust toward the employees by valuing their opinions and enabling better decision-making. Employees did not directly mention the attribute of self-awareness, which primarily pertains to leaders' internal reflections and self-assessment. Thus, its absence in the interview responses does not come as a surprise. To determine this attribute in the future, it would be beneficial to interview the leaders to gain their impressions.

The research findings indicate that many employees positively perceive sustainability leadership practices in their leaders that derive from transformational leadership. Many organizations provided learning opportunities, and leaders appreciated employees who took advantage of them. Additionally, employees expressed a sense of involvement in decision-making processes, suggesting that their opinions were considered and valued. It was noteworthy that while visionary leaders were not commonly reported, instances of visionary leadership were highly regarded by employees who experienced it. The presence of sustainability leadership attributes that originate from transformational leadership showed a positive correlation with employee satisfaction. Interviewees generally expressed contentment with the learning opportunities provided but occasionally desired even more, highlighting the importance of continuous learning. They acknowledged their involvement in decision-making and perceived it as a form of appreciation. Interestingly, when leaders made significant decisions without seeking employees' feedback, it was not universally perceived as negative. In some cases, it was viewed as necessary and understandable, especially when communicated openly, underscoring the
significance of authentic leadership through transparent communication. However, when employees were rarely involved in decision-making, it could lead to feelings of frustration. Surprisingly, the opposite scenario could also occur. One employee mentioned that being included in every decision-making process could be overwhelming, as it created a constant need to stay informed and be heard, which could be exhausting. Within sustainability leadership, authentic and transformational leadership characteristics emphasize the importance of the leader's responsibility to create a culture of trust, open communication, and mutual respect, thereby enabling employees to feel engaged, inspired, and empowered to contribute to the organization's objectives.

The study revealed a potential gap in ethical leadership attributes within our framework. During the research interviews, it was noted that employees did not explicitly mention ethical leadership behavior among their leaders, which involves exhibiting moral behavior and adhering to ethical values as defined in our framework. The lack of direct mentions might be attributed to various factors, such as interviewees' focus on other aspects of sustainability leadership or their perception that ethical leadership is implicitly understood and expected within the organization's culture. The absence of explicitly mentioned ethical leadership characteristics bordering on moral behavior may suggest that employees did not encounter unethical behavior from their leaders, which might be why they did not mention these practices explicitly. If we had used a broader definition of ethical leadership, such as the one suggested by De Hoogh and Den Hartog (2008) "ethical leaders exhibit a sense of right and wrong, demonstrate a sense of duty, display empathy, have an awareness of consequences, and engage in self-assessment", we could assume that more instances of direct sustainability leadership behavior that can be described as ethical leadership behavior would have been identified since many interviewees acknowledged empathy, support, and care from their leaders. However, this would have resulted in a strong overlap between some ethical leadership attributes and those of authentic leadership within the AETS leadership framework. To avoid this, we contributed these broader ethical leadership attributes to authentic leadership in our AETS leadership framework since they are more prevalent in authentic leadership and offer a more specific characterization of ethical leadership. That being said, the absence of explicit mention of ethical leadership may also be due to the study's data collection and evaluation methods, as ethical leadership might be more implicitly reflected. However, it is important to keep in mind that if employees encountered unethical behavior, it could have had a negative impact on their satisfaction, as evidenced by existing research (Peters et al., 2014).

While sustainability leadership shares common characteristics with other leadership styles, such as authenticity, ethics, and transformation, which positively impact employee satisfaction, we found that the distinctive traits of sustainable leadership have a pronounced effect on employee satisfaction and retention. Notably, long-term thinking, a holistic perspective, and the incorporation of sustainable values and beliefs play a crucial role in this regard. Employees highly value leaders who prioritize sustainability and demonstrate a commitment to addressing broader environmental and societal challenges. However, there were instances where employees perceived a lack of sustainable leadership characteristics. The absence of these essential attributes led to dissatisfaction among certain employees, despite other sustainability leadership attributes being fulfilled. In some cases, employees observed efforts toward sustainability, but they felt these actions were primarily driven by strategic motives rather than genuine ethical considerations. This lack of "consciousness," which represents intrinsic motivation and ethically sustainable values, emerged as a critical factor influencing employee satisfaction. To ensure a positive work environment and employee satisfaction, it is essential for leaders to embrace sustainable practices and demonstrate genuine dedication to sustainability. While the traits shared with other traditional leadership theories are valued by employees and contribute to their satisfaction, neglecting the unique practices of sustainability leadership can lead to discontent. Therefore, the critical role of sustainable leadership in enhancing employee satisfaction should not be overlooked. As a holistic leadership style, sustainability leadership incorporates valuable attributes from other related leadership styles while integrating unique sustainable characteristics. This comprehensive approach results in increased employee satisfaction and fosters a positive and productive work environment. By prioritizing sustainability in their leadership approach, leaders can effectively inspire and motivate their employees, ultimately leading to increased employee satisfaction in a sustainable manner.
Further Discussion
The study further revealed observations about the perception of leadership behavior among employees. Some employees described contradictions between their perceptions of leadership behavior and the actual behaviors displayed by their leaders. For instance, one interviewee praised a leader for conducting regular one-on-one meetings with team members and being approachable. However, due to the leader's heavy workload, the same leader was perceived as too busy to be approached, causing hesitation among employees before seeking their attention. The interviewee reflected on this by saying, "You get the feeling that you can always talk to him, but there is also a sense of respect towards him because he has a lot on his plate, and you have to think twice before bothering him."

Interestingly, within the same organization, another manager was also described as approachable but exhibited introverted behavior. The interviewee commented, "My disciplinary supervisor is also very approachable, but he's a bit of a shut-in. He always sits in a dark office and doesn't say hello," further highlighting the contrast between perceived and demonstrated leader behavior. These instances indicate that, despite the managers' accessibility, their behavior or work habits created a perception of being less open or communicative. The discrepancy between perceived and demonstrated approachability is exemplified by Interviewee 5, who emphasized the importance of feeling the presence of a leader, stating, "It's not just about standing on a walkway and saying good morning to everybody who walks by, but you need to be present." In this case, although the leader may have shown openness to communication, employees did not perceive it in the same way. These examples illustrate the complexity of communication dynamics within the investigated organizations. While employees generally held a positive view of open communication, the behaviors and traits of individual managers, even within the same organization, had a notable impact on their actual experiences and perceptions. This underscores the importance of cultivating a culture of open communication and ensuring that managers align their behaviors with employee expectations. By doing so, leaders can foster a more positive and effective communication environment.
6. Conclusion

This research aimed to investigate the impact of sustainability leadership practices on perceived employee satisfaction in SMES. It was based on the available research that found a positive relationship between sustainability leadership practices and employee satisfaction. According to Avery and Bergsteiner (2014), the more an organization adopts these particular sustainability leadership practices, the higher employee satisfaction is likely to be. These sustainability leadership practices are consistent with the sustainability leadership practices developed for this research, which were categorized into four distinct leadership attributes including authentic leadership attributes, ethical leadership attributes, transformational leadership attributes, and sustainable leadership attributes. This holistic leadership style that aligns with other relevant leadership theories and incorporates unique sustainable attributes positively influences employee satisfaction. Focusing on authentic and transformational leadership, promoting ethical practices, and integrating sustainable leadership principles enable leaders to create a thriving work environment that nurtures employee satisfaction. The results indicate that while these practices were valued by all employees, they contributed less to the overall satisfaction of the majority of employees. Among the ten employees interviewed, four expressed satisfaction while six were dissatisfied. Even the majority of those who were dissatisfied still acknowledged that their leaders exhibited attributes that were consistent with sustainability leadership.

This points to the conclusion that even though sustainability leadership practices play a significant role in employee satisfaction, they do not, on their own, lead to satisfaction overall. Employees still consider other factors, beyond sustainability leadership to be more important for them beyond sustainability leadership attributes. Aspects unrelated to sustainability leadership, such as salary, working hours, job security, and career advancement opportunities, also play critical roles in shaping employee satisfaction. For some employees, feeling financially under-compensated, despite having positive perceptions of their leaders and workplace, resulted in dissatisfaction and contemplation of job changes. This highlights the multi-dimensionality of employee satisfaction. Enhancing employee satisfaction extends beyond the qualities of sustainability leaders who display authentic, ethical, transformational, and sustainable leadership attributes. To achieve overall employee satisfaction, a holistic approach is essential, encompassing sustainability leadership practices alongside other relevant workplace factors.

Recommendations and Future Research
Based on the research findings, there are important implications and opportunities for practitioners and researchers to further explore the relationship between employee satisfaction and sustainability leadership. Sustainability leaders can enhance employee satisfaction by continuing to display authentic and transformational leadership attributes, showing ethical behavior, and additionally incorporating sustainable leadership practices. Expanding the scope of sustainability leadership to include additional attributes, such as providing favorable financial compensation, considering personal ambitions and values, and fostering personal and professional growth, can contribute to the development of holistic leadership and practices that further foster positive work environments and promote overall employee satisfaction. Furthermore, to better understand the distinction between employee satisfaction with management, employee satisfaction with the organization, and employee satisfaction with the job, managers and practitioners should delve into the various factors of employee satisfaction. By investigating these specific aspects, leaders can develop tailored strategies and interventions that address the unique needs of employees, ultimately enhancing overall satisfaction levels.

Further research should focus on assessing the sustainability and durability of the relationship over time to obtain more knowledge of the long-term implications of sustainability leadership on employee satisfaction. Conducting longitudinal studies could provide valuable insights into the effectiveness and long-term impact of different leadership strategies, enabling organizations to make informed decisions about their implementation. Additionally, comparative studies across industries, sectors, or organizational sizes might offer valuable insights into the influence of sustainability leadership practices on employee satisfaction in diverse contexts as well. By examining variations and industry-specific or contextual factors, researchers could acquire a deeper comprehension of the topic and identify best practices that can be employed in various organizational settings. Moreover, it would
be valuable to consider additional participant characteristics, such as gender or age, as they may provide further insights. Notably, an observation was made that all female participants expressed dissatisfaction, whereas only 3 out of 7 of the male participants exhibited a certain level of dissatisfaction.

Lastly, employing a mixed-methods approach that combines qualitative and quantitative research techniques can provide a comprehensive understanding of the relationship between sustainability leadership and employee satisfaction. This approach would allow, in addition to exploring the unique experiences of selected participants, to measure the impact of Sustainability Leadership practices on employee satisfaction on a larger sample and to gain more generalized findings. By addressing these recommendations and conducting further research in these areas, practitioners and researchers can advance their understanding of sustainability leadership practices and their impact on employee satisfaction. This knowledge can be translated into practical strategies and interventions to promote positive work environments, enhance employee satisfaction, and contribute to the overall success of organizations.

**Contribution to Theory and Practice**

This thesis contributes to research in the field of sustainability leadership and its impact on employee satisfaction. By conducting empirical research in SMEs in Germany and Sweden, it provides insights and challenges existing assumptions. Firstly, the thesis presents contradictory findings compared to existing literature. While previous studies have shown a positive correlation between sustainability leadership practices and employee satisfaction, this research reveals that some employees who expressed dissatisfaction still acknowledged the presence of leadership practices aligned with the theoretical framework of sustainability leadership. This highlights the complexity of the relationship and challenges the underlying assumptions around this topic thus calling for further research as recommended above. Secondly, this research fills a gap in the literature by focusing specifically on employees and their managers in SMEs. While larger organizations often receive more attention in research, SMEs play a crucial role in driving economies but have been understudied. Thus, this thesis contributes to a contextual understanding of sustainability leadership and employee satisfaction in the SME context with a bias on middle and lower managers as leaders.
7. References


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Appendix

Appendix 1: Sample of Transcript

Speaker 1: Thank you for participating in this interview. In general, it's about employee satisfaction and things like that, so I'll just ask you a few questions and then you can tell me a bit about yourself. It's pretty relaxed, and you can say whatever you want, there are no right or wrong answers.

Speaker 2: If it remains anonymous, then it's fine.

Speaker 1: Yes, exactly. So, I'm conducting five interviews in total, and my colleague, with whom I'm writing the master's thesis, is also conducting five interviews. Afterwards, we'll just look at what people have said, where the similarities and peculiarities are, and so on. Let me read the general instruction first: You have the opportunity to freely describe, in your own words, how you experience your job and the organization. Positive and negative aspects are equally important! There are no "right" or "wrong" answers, as long as you tell me about you experience in your job and in the organization. So let me start with the first question: Tell me what is important to you as a person, both at work and in your personal life outside of work.

Speaker 2: So, generally speaking, the goal is to be happy. And I think there are a few basic topics that need to be fulfilled, such as being financially secure, so you don't have to worry about that too much. That means having a steady income and a fixed place to live, for example, as a base. And then there are aspects such as having time for things you enjoy. For me, it's a lot of social contacts that I enjoy in my free time, and personally, I also like to get out and experience something new, like hiking, for example. These are things that are fun for me and, regarding social contacts, also contribute a bit to society. I wouldn't say I'm the biggest volunteer, but I think it's important to contribute to society to a certain extent. And at work, it's practical if you take these overall goals. Work is a way to create security, so it's nice to have a practical, secure income. For example, people who work in sales and rely completely on commission wouldn't be great for me personally because I would probably have some existential worries or uncertainties, even if it would probably be good financially. That would be something that doesn't quite fulfill this basic need, and in terms of being able to meet social contacts, I find it very helpful if work has typical working hours, like just Monday to Friday during the day. Of course, this is different in shift work. And a certain flexibility, like being able to work in different locations and influence my working hours to some extent, is also helpful, because it makes it easier for social contacts.

Speaker 1: And to what extent do you feel that your current job or company allows you to achieve what you want and what is important to you?

Speaker 2: Overall, it's relatively good because I don't have a salary that is based on commissions or anything like that, but is mostly constant and relatively secure for the future as a job, which means that this basic need for security is practically given. It's not about making a lot of money, but rather not having to worry about rent etc. every month, so it's quite comfortable and constant, which allows for adequate time for personal needs. In terms of flexibility, I can work from different locations and can also leave work earlier or later, but the downside is that there can be project stress, especially in the construction industry, where there can be high time pressure. So, while I have flexibility, there is also a lot of work to be done, which means that it's not always possible to take an afternoon off, for example, as two evenings may be lost. Sometimes a job with a clearly defined scope of work may be more helpful, but then there may be fixed working hours or be geographically bound. Being geographically bound can mean having to go to the office every day or only being able to work from home and not being able to work remotely. So, my job fulfills these needs. An important aspect of work for me is social contacts and a positive environment, and my job fulfills that 100%, as it has a relatively young and motivated team, including older members, who are generally open and motivated people. I would find it terrible to work in a company or organization where people don't seem to have any motivation
for their job, where they just complain about work during lunch break or work only for themselves, or where everyone just sits in their office. At our workplace, we have an open working environment, where we have lunch together and sometimes do things together after work, so it's easy to come to the office because you get to meet people you like, even if they are not exactly friends, but more than just work colleagues.

Speaker 1: Ah, okay. And to what extent does leadership play a role in enabling this positive work environment?

Speaker 2: Generally, they set the tone, as they not only focus on the technical competence of a candidate during the hiring process, but also strongly consider the social component, such as whether they fit into the team dynamic or whether they are introverted individuals. We were always told that we have to be team players, so they strongly emphasize that people should not only think about themselves, and those who do are unlikely to make it into the company. So, the leadership team tries to ensure that there is a good fit within the team. Another thing they do is to organize team events, whether it's within the team or a larger group within the location, where employees can interact with each other. There are often events organized where employees can get to know each other and have fun, without necessarily discussing work-related topics or strategies. This leads to a friendlier atmosphere outside of work, which allows people to get to know each other better. This is initiated by the leadership team, and they provide funds for these events.

Speaker 1: How does it work with company decisions or to what extent are employees involved in the decision-making process, or how are things communicated?

Speaker 2: Well, it depends on the company. Where I work, there is a corporate headquarters with a board of directors. They make decisions about overarching issues on the upper management level, and these decisions are usually explained transparently to different locations through video conferencing at specific times. I think this is a good way to do it. The topics are openly discussed, and employees can even ask questions through a chat, which is displayed anonymously or personalized, and the questions are usually answered. Even critical questions are addressed, which is good. However, this only applies to relatively few topics, such as reporting on company figures or introducing topics that affect employees, especially in the context of the pandemic. Things like whether or not to work in the office or from home are typically communicated through this method. For things that affect the local site or team, team leaders or site managers are usually the ones to communicate, and employees are more involved. For example, when it comes to redesigning an office, employees can be heavily involved, or when it comes to how to align the company or the site, employees are very involved and comprehensively informed. We have also had overarching decisions and surveys on employee satisfaction or workload recently, so that's good. Of course, there are more decisions where I think employees were less involved, but that's somewhat normal.

It's also rare that information is withheld for a long time and then communicated through gossip and left hanging. Actually, things are usually clarified quite quickly once a decision is made. So, once a decision is made, they try to communicate it relatively quickly so that it doesn't become known through various channels beforehand.

Speaker 1: "I have a few more specific questions about the organization. How would you describe it strategically, particularly in terms of innovation and sustainability?"

Speaker 2: "Sure. There is a certain corporate structure that is given, but it is also complemented to some extent by promoting exchange on the flat hierarchy level between people who are particularly concerned with these areas. For example, we have a small group called the Junior Board for young professionals, which advises the company leadership. One of the questions that came up was how can we improve in terms of sustainability, and they presented various measures, such as acquiring pool bicycles for the locations and paying more attention to sustainability in the office, such as switching to fair trade and organic coffee, and so on. And that was quickly implemented, so there was a list of
measures that was developed and practically implemented 1:1. That means they looked at what the young people or those who are more concerned with sustainability want, and it was implemented. Regarding what goes outwardly, the company strongly welcomes you to directly exchange as a project manager with an expert in the field of sustainability, without having to go through any leadership structures, but simply exchange on an operational level and implement it."

Speaker 1: So one question would be if the organization has experienced any challenges in its work here and how it dealt with them from its experience.

Speaker 2: Well, that's a bit difficult for me to answer. I think. So there have been various challenges that I have noticed as an employee, such as after Corona, being able to get people excited to come back to the office. Especially in cities with long commutes, such as Berlin or Munich, where people live mostly outside the city and have long commutes to work, and have enjoyed, in quotes, being able to save their commuting time during Corona. So we have a hybrid model, which means you can work partly from home and partly from the office, it's not fixed, but you should have a certain regularity in showing up at the office to enter into this exchange. Attempts were made to set incentives to get people into the office, by making the workspace more attractive, for example. This was a certain challenge and a bit of a drag. The management did not want to go in with a sledgehammer. In contrast, at the university in Aachen, they suddenly said that everyone had to come back to the office four days a week, which our organization definitely did not want to dictate to anyone. Instead, a certain flexibility was maintained and attempts were made to motivate people to come back to the office on their own initiative. That was a challenge, and it was responded to well by adjusting and upgrading the office spaces and bringing some snacks into the office, setting small incentives.

Speaker 1: Yeah, okay, great, that's a good example.

Speaker 2: Another example was sustainability. The travel policy was strengthened in terms of pure sustainability. That means that domestic flights were more or less abolished, except in certain cases. They simply made a decision to improve the company's ecological balance.

Speaker 1: Now, about you as an employee, how are employees encouraged to learn within the organization?

Speaker 2: "So, we have an academy program which is available on our intranet. There, you can choose from various training courses, including soft and hard skills. For example, there are Excel and PowerPoint courses, as well as soft skill training on negotiation, internal communication, and promoting the company on social media. There are many other courses available, such as ones on self-awareness and perception, how to structure your workday if you feel like you're a bit chaotic, and so on. You can easily sign up for these courses, and your supervisor may need to approve your attendance depending on the extent of the course. But, there is a large catalog of courses available that are offered based on employee satisfaction, meaning if they have been well received in the past, you can sign up voluntarily. The supervisors also ensure that employees continuously develop themselves. Additionally, there is a basic and extended training package available. The basic training is mandatory for all employees who wish to participate and it provides a general overview of the different teams and company priorities. The extended training is for managers or project leaders. It is designed to provide a deeper understanding of the company and its operations. Both the basic and extended training programs are conducted in mixed groups of employees from different locations.

This allows participants to network with colleagues they may not have previously known. As a group, you are required to work on a project over several days to get to know the company and all its facets and to network with colleagues. The company culture emphasizes open collaboration and sharing of knowledge, and this is emphasized through training programs like this. Finally, I also attended a training on IP networks, which was not part of the program but was very relevant, so we included it."
Speaker 1: Okay, great. Now, a few more questions about the leadership itself. How would you describe the leadership style and how the leadership interacts with employees?

Speaker 2: Overall, I would say it is very appreciative. I have rarely experienced situations where there was no appreciation. The leadership has become a bit more personal and informal over the last few years with the introduction of first-name basis, making them more approachable. There are clear guidelines and decisions, but overall, I would describe it as appreciative and very open. Many of the leaders are open to suggestions. This does not mean that all suggestions will be implemented, but one can always voice their ideas. Sometimes they are well-received, sometimes not. However, one never feels like their input is being ignored. Looking back, I think that the leadership has a clear direction, but they are also very appreciative and open.

Speaker 1: Ok and if you have a different opinion than the leader, how is that handled?

Speaker 2: Well, I would say that the leaders generally respect other opinions in principle. Yes, but when a clear decision has been made, the leader expects the decision to be accepted and implemented, even if there is a different opinion. So, they would say, "I understand that you have a different view. You also have your arguments, but we have now decided to do it this way, so please implement it. You can keep your opinion, but once a clear decision has been made and the issue has been discussed, it must be followed."

Speaker 1: So, based on what we have talked about, how would you generally describe your satisfaction with the organization? What are some positive factors that come to mind, and what are some negative factors that might hold back your satisfaction?

Speaker 2: There are actually a lot of positive things at the moment. I would rate myself as very satisfied, maybe an eight or nine out of ten, with ten being the maximum level of satisfaction. First of all, the work environment is really pleasant, especially because all of my colleagues are super nice, and it's really fun to go to the office and meet people. The working conditions are also great, and my salary is okay. We also have some good amenities, like good equipment. There's nothing that annoys me. Everything is pretty good. It's also cool that I have the opportunity to work remotely, even in different cities, and be with my girlfriend. We can work in different locations, like Cologne or Düsseldorf, which gives a certain flexibility. The projects are also cool. The content I work on is what I enjoy. There are not many activities that I don't want to do. Of course, there are some administrative tasks that I don't like, such as invoicing, but the company offers good support through assistants in that area. For example, we have an assistant for controlling and an assistant for project organization. That's pretty cool. Everything is positive. Maybe what's missing until it's a ten is that sometimes, due to construction projects, there are phases where there's less or more work, so the workload is a bit wave-like. However, this is not necessarily due to the organization, but rather to the construction industry. This leads to some months having a good work-life balance and others being quite difficult. The company is trying to counteract this by trying to plan projects better. Those are the arguments.

Speaker 1: And in terms of leadership, how important is how the leadership treats you to your satisfaction, or how much does it influence it?

Speaker 2: "Of course, what's important is to have a certain level of appreciation, which is practically given, and also to have the opportunity to participate to some extent, which is also given. Opinions are asked for, which is why there's something like the Junior Board consisting of young people. And what's important to me is simply open feedback, so that if my performance is not satisfactory, besides the appreciation, it's made clear without it becoming personal or anything like that, "this is what we would expect differently from you." This is particularly important for younger people to be able to work with certainty.

Speaker 1: "Perfect, that's all. Thank you for that, those were good insights into the company and what you've told me sounds really good."
Speaker 2: "Yes, I think it suits many people, but maybe it’s not for everyone. So, if you're the kind of person who wants to work very consistently, I mean, with us, sometimes a lot of unforeseen things come up during the day. But if you're someone who wants to know what to expect during the day, or you want to always finish work at a certain time, or have a very clear structure in your day, then it's harder. So, I think it really suits me, but I don't think it necessarily suits every character. But personally, I'm really satisfied at the moment."

Speaker 1: "Alright, thanks again."

Note: All transcripts are available upon request.
Appendix 2: Interview Guide

General instructions:

“You have the opportunity to freely describe, in your own words, how you experience your job and the organization. Positive and negative aspects are equally important! There are no "right" or "wrong" answers, as long as you tell me about you experience in your job and in the organization”.

Four questions:
I. Tell me what is important to you as a person, both at work and in your life outside of work.
II. How would you describe your job and your responsibilities in your company?
III. How would you describe the management? (Sustainability Leadership practices)
IV. How would you describe your overall satisfaction? What contributes to that positively and negatively (Employee Satisfaction)

Sustainability leadership practices follow up questions
1. Caring:
   How does the organization demonstrate care for its employees?
2. Holistic thinking: How does your organization consider environmental impacts?
   How does your organization consider social impacts?
   How does your organization consider economic impacts?
3. Open-mindedness:
   How does your organization encourage and value diverse perspectives and ideas?
4. Empathy:
   How does the organization's management demonstrate empathy towards employees?
   How does the organization's management deal with situations where employees have made mistakes?
5. Guided by strong leadership ethics, moral norms, and values:
   Can you describe a situation in which your organization had to make an ethical decision related to sustainability?
6. Visionary:
   How does your organization envision and plan for a sustainable future?
7. Providing strategic direction:
   How does your organization provide direction for sustainability initiatives and goals?
8. Crafting management incentives:
   How does your organization incentivize and reward sustainability leadership among its management team?
9. Ensuring performance accountability:
   How does your organization hold itself accountable for its sustainability performance?
10. Empowering people:
    How does your organization empower its employees to contribute to sustainability efforts?
    How does your organization empower its stakeholders to contribute to sustainability efforts?
11. Embedding learning and innovation:
    How does your organization foster a culture of continuous learning?
    How does your organization foster a culture of continuous innovation (in sustainability)?
12. Resilience:
    From your experience working here, has the organization faced any challenging moments?
    How did it go? (“sub-question”)
13. Communication, collaboration, employee engagement, stakeholder engagement:
    Has the organization introduced any changes within its operations?
    How were employees and other stakeholders involved in these changes?
    How does your organization share knowledge with stakeholders in general?
    How does your organization collaborate with stakeholders in general?
14. Encouraging teamwork and recognizing interdependence and interconnectedness of all stakeholders:
Is there collaboration and teamwork in your organization and who encourages it?  
15. Creating a friendly work environment:  
Does your organization create a supportive work environment?  
17. Innovation as part of the organization's strategy:  
How does your organization incorporate innovation into its (sustainability) strategy and practices?  

Employee satisfaction follow up questions  
18. Has your organization lost employees in the recent past? If yes, do you have an idea why that happened?  
19. Do you feel satisfied with your current working conditions? Why so?  
20. How satisfied are you with your job responsibilities?  
21. Do you feel as committed to your job as you would like to? Why?  
22. What is your relationship with other employees?  
23. Do you feel appreciated by your colleagues?  
24. Do you feel appreciated by your management?