Decision-making in shared leadership: overcoming the conflict between profit and ethical value goals

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Abstract

Companies’ entrepreneurial actions entail all sorts of consequences among these ethical consequences. While the media reports on unethical activities and blames companies for those actions, the global market economy, with few exceptions, does not value ethical behavior. Consequently, businesses continue to prioritize the pursuit of profits over the consideration of ethical issues. Research suggests that this situation together with traditionally vertical leadership structures produces conflicts in decision-making processes between profit and ethical value goals. New styles of leadership and decision-making are needed to overcome this conflict. Thus, the aim of this project is to identify the characteristics of shared leadership that are perceived as positively influencing corporate decision-making processes with regards to the integration of ethical considerations. A case study approach is chosen to study the phenomenon in a real-life context. A German small-size company practicing shared leadership functions as the case study. The report presents a framework to analyze various factors regarding. Empirical data from interviews and on-site observations are analyzed using a framework created based on previous research, highlighting inputs, processes and outputs of the decision-making processes in shared leadership. The findings show that individuals’ personalities, intra-team relations, organizational culture, rules and the use of a decision-making tool aiming at consent are important influencing factors of decision-making in shared leadership.

Keywords: business ethics, corporate ethics, group decision-making, ethical decision-making, shared leadership, sustainable development

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Summary

Sustainability is the overarching challenge of our generation. Accordingly, many companies increasingly see themselves confronted with the need to act more sustainably, especially with respect to addressing ethical consequences of their entrepreneurial actions. While the media reports on unethical activities and tries to hold companies accountable for their actions, the global market economy, with only few exceptions, generally does not value ethical behavior. Traditionally, vertical leadership structures are present in the overwhelming majority of companies. With only the manager or leader having the influence and power over their subordinates, line management seems to facilitates unethical decisions and actions like corruption. These traditional structures lack a system of checks and balances, nor give space for ethical reflection. Consequently, businesses have widely prioritized profit goals over the consideration of ethical issues.

Contrary to vertical leadership structures, more recent research identifies shared leadership as a possibility to rebalance this one-sided prioritization of profit over ethical value goals. Shared leadership refers to the mutual influence among members without having a leader at the top.

This project aims to identify the characteristics of shared leadership perceived to positively influence corporate decision-making processes with regards to the integration of ethical considerations. It further investigates in what way this decision-making style contributes to the mitigation of the above-mentioned conflict between profit and ethical value goals. A German corporation practicing shared leadership informs this paper as a case study, providing, a real-life context to get a detailed understanding of decision-making practices found in such businesses. The methods of data collection include participant observation and semi-structured interviews, in addition to document analysis of corporate materials.

The report presents a framework to analyze important factors with respect to the decision-making processes in shared leadership. These factors are differentiated as inputs, processes and outputs. With the obtained data the project draws a detailed picture of the mechanisms of decision-making processes in the studied company. Key findings show that among other aspects, factors like individuals’ personalities, intra-team relations as well as the organizational culture play a major role in decision-making processes. Moreover, a clear set of rules and the use of a decision-making tool aiming at consent contribute to the well-functioning of the processes and the quality of the outcomes.

Keywords: business ethics, corporate ethics, group decision-making, ethical decision-making, shared leadership, sustainable development
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1. Introduction

This chapter introduces the project, the problem is described further, background on the problem is provided and the research aim and questions posed. The chapter closes with an overview of the report structure.

Sustainable development is the overarching challenge at issue in all parts of our society. There are still many questions society does not yet have the answers to – and others that have not even been asked – when it comes to meeting the conditions for sustainable development. These problems are characterized by complexity and uncertainty.

In the following, sustainable development is understood as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development 1987, p. 41). This concept intends to guide policy actions meeting these conditions. Which actions are adequate, however, strongly depends on the way sustainability is understood. Here, the concept of strong sustainability is referred to. It sees the environment as the foundation of society’s existence and the economy as embedded in society (Giddings et al. 2002). This interpretation underlines the view that society is dependent upon the environment to exist. It integrates the three areas of sustainability, namely environment, society and economy, and thereby promotes a holistic and complex view on sustainable development (Giddings et al. 2002).

Research shows that the current economic system, placing profits in the center of attention and as the most important measure of success presents itself unable to cope with the problems societies are facing now and in the future (Visser 2010). It drives businesses to disregard the consequences of their activities, creating a contemporary, global problem: the financial crisis in 2008 increased the mistrust in general, and news broadcasting increasingly feature large ethical scandals in businesses (Ruiz-Palomino & Martínez-Cañas 2011). Different approaches to business ethics are trying to raise the awareness for ethical issues and provide solutions on how companies can integrate these issues into their practices. To achieve change, businesses have to be included into the processes working on solutions for a more sustainable world. However, many organizations are struggling to change unsustainable and unethical behaviors and practices because of being stuck in current economic and traditional leadership structures.

Although ethical reflection on business activities has long been part of discourses, it has never been clearly prioritized over the pursuit of entrepreneurial success (Argandoña 2008; Ulrich 2008). On the contrary, unethical behaviors are often common practice in daily business and companies have turned a blind eye to benefit their profits (Johnson & Ronald Buckley 2015). Within the business world, this has led to an attitude of acting first and dealing with the consequences later, rather than establishing businesses on a normative foundation (Ulrich 2008; Meyer-Galow 2018). Not only do we need to rethink business ethics and its application, but there is a strong need to change traditional leadership structures (Pearce et al. 2013). This is because leadership and the way it is enacted strongly influences the where and how of future paths (Pearce & Manz 2011). The traditional view on leadership sees one individual at the core fulfilling all leadership functions and deciding upon strategic pathways. However, some argue that the era of one heroic figure leading their followers is long gone and new leadership forms including two or more people are beginning to gain importance (Fletcher & Käufer 2003; Zhu et al. 2018). Not only because of the increasing complexity of tasks and challenges that one individual alone is not able to fulfill and solve (Burke et al. 2003; O’Toole et al. 2003; Day et al. 2004; Wang et al. 2014), but also because new leadership forms seem to promote more sustainable behavior by providing a possibility to integrate ethics into business practices (Smith 2013).

1.1 Problem and research gap

Corporate ethics or business ethics are nothing new in the business world. On the contrary, every company is confronted with ethical issues and most also take action to address them (Carroll 1999). However, corporate social responsibility programs often do not touch upon the core of the business itself, but use charitable or corrective measures to compensate for consequences of entrepreneurial activities (Visser 2010). Ethical practices are seen as an investment rather than a precondition to entrepreneurial action (Ulrich 2008). Accordingly, in most cases, ethical action is calculated in a business case and seen as an investment that has
to pay off (Ulrich 2008; Argandoña 2008). This is likely to result in a conflict between profits and ethical considerations in decision-making.

One reason for such behavior is that many companies see themselves confronted with high pressure through tough competition and shortening product life-cycles in our current system of market economy (Ulrich 2010). Global markets generally do not value ethical behavior, holding companies back from taking action to change conditions (Pearce et al. 2008). Furthermore, the dominant thought that the invisible hand of the market (Smith 1776) has the responsibility and takes care of the ethicality of business activities is deeply rooted in entrepreneurial understanding of business.

These external pressures in combination with the traditionally hierarchical structures in business limit the space for reform. The centralized view on leadership sees the individual at the top as the directive leader and in the center of action. Over centuries the ideal picture of a strong leader, ruling by command and control and relying on fear and intimidation to gather the followers, has been formed (Pearce et al. 2013). Contrary to the majority of social systems, corporations with vertical leadership structures are lacking a system of checks and balances (Pearce et al. 2013). Having no clear line between the managing board and the supervisory board permits and in some cases even encourages misbehaviors of top executives working for personal enrichment at the cost of organizational stakeholders (2013).

Such leadership structures do not encourage and/or in most cases do not allow for open dialogue about ethical considerations within a company (Fichter 2018). Market pressure and individual pressure to perform are transferred to all organizational levels from top management to the lowest parts of the hierarchy (Meyer-Galow 2018), not giving space or time for reflection on the business as usual. In decision-making processes, these given conditions often lead to the exclusion of most members of the organization and the disregarding of ethical values (Carsten & Uhl-Bien 2012). Mechanisms of moral disengagement contribute to unquestioned loyalty and acting out of decisions facilitated by vertical leadership structures (Moore 2008). Here, moral disengagement refers to the process of convincing oneself that in specific contexts ethical standards do not apply to one’s own actions (Bandura 1999).

Being stuck in these structures, different perspectives on corporate ethics and leadership are needed to achieve change towards more ethical business (Fletcher & Käufer 2003; Visser 2010). To be able to face and overcome issues of high complexity and uncertainty for a new approach to leadership is needed. Shared leadership presents a different approach to structure organizations internally. In that regard, this approach to leading might help to overcome some of the problems of a vertical leadership structure such as the lack of space for ethical reflection and the questioning of authority (Pearce et al. 2013; Smith 2013). As sharing leadership also calls for different legal forms including more than a small group of individuals in the entrepreneurial task, shared leadership might be able to underline the importance of aspects other than profits. New ways of making decisions, including all organizational members, can affect the ethical quality of decisions by offering a way of mutual horizontal influence between team members, opposed to top-down decision-making in traditional leadership structures (Abdolmohammadi & Reeves 2003). These possible benefits of shared leadership have not been researched in detail in the context of business ethics. Thus far, most of the academic literature on shared leadership has investigated team performance and effectiveness (Cox et al. 2003; Carson et al. 2007; Wang et al. 2014), whereas there has been little research looking into its connection to business ethics. Scholars call for more research in the field of shared leadership and sustainability (Pearce et al. 2013), shared leadership and corporate social responsibility (Zhu et al. 2018) and shared leadership and corruption (Pearce et al. 2008). Therefore, this study investigates the influence of shared leadership on decision-making processes with regards to overcoming the conflict between profit and ethical value goals.
1.2 Research aim and questions

The aim of this project is to identify the characteristics of shared leadership that are perceived as positively influencing corporate decision-making processes with regards to the integration of ethical considerations. Focus is placed on the process of decision-making to explain the role of shared leadership in this process and to investigate whether group decision-making can contribute to an improvement of the ethical quality of the resulting decisions.

More specifically,

- How is shared leadership practiced in decision-making processes?
- In what way does shared leadership help to mitigate potential conflicts between profit and ethical value goals?

1.3 Structure of the report

This report is structured in the following way: Chapter 2 summarizes the theories and concepts core to this project: shared leadership (chapter 2.2) and ethical and team decision-making (chapter 2.3). Chapter 2.4 synthesizes the concepts of shared leadership as well as ethical and team decision-making discussed prior and presents a conceptual framework of decision-making in shared leadership identifying important influencing factors. In chapter 3 the methodological strategies that have guided the field research are presented. Chapter 4 gives an overview of results of previous studies on shared leadership and decision-making. In chapter 5 empirical results are presented which are then analyzed in chapter 6 and discussed in chapter 7. Chapter 8 concludes the report’s findings and formulates its contributions to research as well as proposes topics for further research.
2. Theory

This chapter gives an overview of the concepts leadership (see section 2.1), shared leadership (see section 2.2) and ethical and team decision-making (see section 2.3). Definitions are provided and influencing factors, challenges and benefits of the concepts are discussed. The chapter ends with the presentation of a conceptual framework merging previously introduced concepts (section 2.4). It is important to grasp both of these concepts and how they relate to each other in order to be able to understand how decisions are made in shared leadership. Shared leadership presents an approach converse to the dominant vertical leadership. Team decision-making could take place in basically any form of leadership, it is therefore key to understand the specific conditions in shared leadership.

2.1 Leadership theory

Leadership as well as famous leaders are mostly associated with historic figures that had the ability to gather a great number of followers behind them. Traditionally, the primary role of a leader has been and still is to command and control. This image still dominates current views on leadership. The first formal recognition of leadership as an important factor of production dates back to the beginning of the 1800s by Jean Bapiste Say (Pearce & Conger 2003).

However, until today there is no clear definition on leadership (Yukl 2006). Scholars attempting to define leadership focus on traits, behaviors, influence, interaction patterns, role relationships and occupation of an administrative position. The only similarity among most definitions is that leadership is a process of intentional influence by one individual over other people “to guide, structure, and facilitate activities and relationships in a group or organization” (Yukl 2006, p. 3). Northouse (2016, p. 6) defines leadership in a very similar way: “Leadership is the process whereby an individual influences a group of individuals to achieve a common goal.” Another definition sees leadership as the influence of an individual on the thinking, the values and the emotions of their followers (Alvesson & Spicer 2012). The differences between definitions of leadership include aspects like who is leading, why and how someone is leading as well as the outcome of the process of influencing.

It is equally important to distinguish between the concepts of leadership and management. An individual can be a leader without being a manager and vice versa. Kotter (1990) differentiates between leadership and management by arguing that management is producing order and consistency. These include activities like planning and budgeting, organizing staff and controlling and problem solving, whereas leadership produces change and movement with activities like establishing direction, aligning people, motivating and inspiring. Central leadership functions are thus establishing and maintaining organizational culture, shared values and identity as well as making and executing decisions.

The majority of leadership research has focused on the leader as one individual with top-down influence on their followers, also referred to as vertical leadership (Pearce & Conger 2003). Leadership can be seen as the essential function of an organization that is important for the survival of the group. Opposed to the traditional view that this function is exerted by a single individual, other definitions of leadership involve two individuals (co-leadership), several group members or the entire team (shared leadership) (Shamir & Lapidot 2003). Leadership forms like co-leadership and shared leadership and other forms different from the dominant vertical form of leadership started to appear in the 20th century (Pearce & Conger 2003). In the following section shared leadership will be given a closer look.

2.2 Shared leadership

Shared leadership can be situated within the broader concept of team leadership which includes vertical, horizontal and centralized forms of leadership (Zhu et al. 2018). The most commonly used definition of shared leadership is: “a dynamic, interactive influence process among individual in groups for which the objective is to lead one another to the achievement of group or organizational goals or both.” (Pearce & Conger 2003, p. 1). This definition emphasizes the reciprocal influence among team members.
As the result for a comprehensive review of existing literature on shared leadership, Zhu et al. (2018) define the three key characteristics of shared leadership: the source of leadership influence, the unit of analysis and the distribution of leadership influence. The source is described as “horizontal, lateral leadership influence among peers where team members take on the functions of leadership traditionally handled by a designated or elected leader” (Zhu et al. 2018, p. 838), emphasizing the distribution of leadership functions across group members. The unit of analysis is the leadership at the group level as it is defined as an “emergent group-level phenomenon” (Zhu et al. 2018, p. 838). Lastly, the leadership influence is widely distributed among team members. This means different leadership functions or roles can be divided amongst and performed by different persons. Not every team member must perform all leadership functions or roles, but rather team members independently seize different leadership functions according to their skills and preferences (Contractor et al. 2012; Zhu et al. 2018).

Shared leadership refers to the management of the group itself including decision-making and problem-solving activities, it is therefore to be distinguished from the concepts task rotation, task sharing, empowerment and participative management which focus on the assignment of specific group tasks or scheduling and organizing work (Seibert et al. 2003).

Many argue that the concept of shared leadership has emerged due to an increase in complexity and ambiguity of tasks in parallel with the increasing pressure to respond more promptly to market conditions (Burke et al. 2003; Gronn 2003; Wang et al. 2014). Further, work is more and more organized around teams as knowledge is more broadly distributed among employees and hierarchies. This results in new expectations concerning the leadership styles (Contractor et al. 2012). New leadership styles are often associated with young and agile companies (Wissmann 2013; Klovert 2019). Shared leadership is presented as a possible solution to deal with these conditions. It is also seen as one possible tool to move toward an integration of ethics into business activities as it provides more individuals with the possibility to engage and voice concerns (Smith 2013).

Shared leadership can be both emergent and informal as well as planned and implemented (Klein et al. 2006). Sometimes it is not seen as an alternative to vertical leadership, but rather that both leadership styles mutually work together (Zhu et al. 2018). This report focusses on shared leadership in its planned and implemented form.

2.2.1 Dissociation of other leadership theories

According to Burke et al. (2003) there are two main factors that distinguish shared leadership from other forms of leadership. The first factor relates to the dynamic transference of the leadership function, implying that leadership roles are fluid. The second factor is that team members themselves seize leadership functions according to their skills and abilities.

The main distinction between traditional and shared leadership is the source of influence. Traditional leadership is shaped by a top-down or vertical relationship between leader and led; appointed or elected leader and subordinate (Pearce & Conger 2003). In contrast to a centralized leadership structure with one individual fulfilling all functions and roles, in a shared leadership structure the leadership influence is distributed and shared among team members (Zhu et al. 2018). Opposed to traditional structures, shared leadership aims to include the otherwise missing system of checks and balances (Pearce et al. 2013).

While traditional leadership can be seen as quite the opposite of shared leadership, there exist a number of similar concepts to shared leadership. The term collective leadership is often used interchangeably (Day et al. 2004; Nicolaides et al. 2014). Collective leadership is similar to shared leadership in the sense that several members engage in leadership functions in the team. Contractor et al. (2012) define the term as incorporating shared leadership, distributed and rotated leadership.

Another concept that is closely related to shared leadership is self-leadership. Self-leadership is defined as “a process through which people influence themselves to achieve the self-direction and self-motivation needed to perform” (Houghton et al. 2003, p. 126). It is similar to shared leadership in the way that the source of influence are the team members, but it stays limited to the individual level. Sometimes it is also defined as the heart of shared leadership because it contributes to the acceptance of shared leadership behavior among team members by forming shared leadership self-efficacy beliefs (Houghton et al. 2003).
The theories of empowering and participative leadership refer to the scale of participation in decision-making processes granted by the leader to their employees (Zhu et al. 2018). Similarities to shared leadership are the broad distribution of leadership authority, influence and responsibility. However, both concepts are based on vertical leadership influence. With respect to empowering leadership this means that one might have the control over their own tasks, but not necessarily leadership influence. In participative leadership team members can influence decision-making while the power of the final decision-making is located in the leader (Zhu et al. 2018).

2.2.2 Determining factors of shared leadership

The literature identifies a multitude of factors that influence the expression of shared leadership in organizations which in turn can be divided into different levels. The table (Table 1) below provides an overview over the different factors, below the table a detailed explanation for each level is given. The factors on the individual level represent individual knowledge, attitudes and skills, as well as values and opinions. The team level refers to conditions within the team, characteristics and capabilities of the team as well as the relations between team members. The contextual internal level regards internal conditions on organizational level whereas the contextual external level looks at conditions influencing from the outside of the organization.

<table>
<thead>
<tr>
<th>Level</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>• Task-related knowledge, skills and abilities</td>
</tr>
<tr>
<td></td>
<td>• Leadership-related knowledge, skills and abilities</td>
</tr>
<tr>
<td></td>
<td>• Attitudes towards leadership</td>
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<tr>
<td></td>
<td>• Social skills</td>
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<tr>
<td></td>
<td>• Personality</td>
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<td></td>
<td>• Personal values</td>
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<tr>
<td>Team</td>
<td>• Shared knowledge</td>
</tr>
<tr>
<td></td>
<td>• Shared vision and values</td>
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<tr>
<td></td>
<td>• Collective identity</td>
</tr>
<tr>
<td></td>
<td>• Relationships among team members</td>
</tr>
<tr>
<td></td>
<td>• Dispersion of power and influence</td>
</tr>
<tr>
<td></td>
<td>• Informational and functional diversity</td>
</tr>
<tr>
<td></td>
<td>• Member turnover</td>
</tr>
<tr>
<td></td>
<td>• Group size</td>
</tr>
<tr>
<td></td>
<td>• Demographics of the team</td>
</tr>
<tr>
<td>Contextual internal</td>
<td>• Complexity of the task</td>
</tr>
<tr>
<td></td>
<td>• Organizational culture</td>
</tr>
<tr>
<td></td>
<td>• Transparency</td>
</tr>
<tr>
<td></td>
<td>• Time for development</td>
</tr>
<tr>
<td>Contextual external</td>
<td>• Legal conditions</td>
</tr>
</tbody>
</table>

**Individual-level factors**

On the individual level, literature identifies task-related (Seers et al. 2003) and leadership-related knowledge, skills and abilities as influencing factors (Conger & Pearce 2003; Houghton et al. 2003; Chiu et al. 2016). High task-related knowledge can enable individuals to take on additional leadership tasks, whereas a low level might make it more difficult. Another factor is the individuals’ attitude towards shared leadership as it has a significant influence on their receptiveness and acceptance (Conger & Pearce 2003; Seers et al. 2003). Other factors are social skills (Seers et al. 2003; Hoch & Dulebohn 2017) and engagement in self-leadership (Houghton et al. 2003) as well as personal competences like flexibility and adaptability (Burke et al. 2003).

Fletcher & Käufer (2003) formulate three paradoxes around shared leadership on the individual level: (1) Hierarchical leaders are asked to implement less hierarchical organizations. Hence, leaders are asked to act as leaders above the group while at the same time acting as an integral part of the group. (2) Traditional images of a heroic leader are stuck in our heads and stories of shared leadership disappear, not leaving space for new ideas and solutions. (3) The skills needed to get a job are not the ones one needs to fulfil the job.
tasks. In other words, organizational training emphasizes individual accomplishments, the level of commitment and the ability to distinguish oneself from others, while the power of collaboration is acknowledged but not lived in practice.

**Team-level factors**

There are different team characteristics that play a significant role to the functioning of shared leadership. Among these are shared social support, functional diversity, shared values, shared team member characteristics, high level of core self-evaluations, integrity, warmth across team members, intra-team trust and endorsing collective views within the team (Zhu et al. 2018).

Shared knowledge, vision and values among the group members build the basis for shared leadership as they for example assure that the group is working towards the same direction (Burke et al. 2003; Carson et al. 2007). This is also ensured by having a collective identity (Seibert et al. 2003; Friedrich et al. 2016). The dispersion of power and influence enhances the likelihood of shared leadership (Seers et al. 2003).

Further, social and informational diversity have noteworthy influences on shared leadership, as social diversity favors vertical leadership structures whereas informational diversity promotes shared leadership (Mayo et al. 2003). The demographic composition of the group can be an obstacle because being differentiated from others in terms of age, education, sex and race can influence one’s behaviors and attitudes towards other members. This can lead to stereotyping resulting in uneven involvement in leadership functions (Seers et al. 2003).

Group size plays an important role as personal relationships among group members affect information sharing (Friedrich et al. 2016), cooperation, conflict resolution, group decision-making style and member satisfaction (Seibert et al. 2003; Hoch & Dulebohn 2017). However, relationships are harder to build and maintain in larger groups (Cox et al. 2003; Nicolaides et al. 2014). Insufficient or bad relationships between team members can negatively affect shared leadership processes such as information sharing, social support and decision-making (Hoch & Dulebohn 2017).

**Contextual internal factors**

As one of the central functions of leadership is to develop and maintain an organizational culture, shared values and a shared identity build a critical foundation. Organizational culture helps to share leadership through shared perception, assumptions, values, norms and practices (Shamir & Lapidot 2003). However, as much as organizational culture can have positive impacts on shared leadership it can have negative ones. If the organization’s culture does not welcome team members’ inputs or appreciate the questioning of dominant beliefs, team members might not be motivated to get involved in leadership functions (Erkutlu 2012).

A high level of task complexity facilitates shared leadership, simply because not only one person has the full set of skills needed to fulfill the task (Seers et al. 2003; Day et al. 2004; Friedrich et al. 2016). Transparency of internal processes is an essential condition to facilitate shared leadership (Barnes et al. 2013). The lack of time to develop shared leadership is a limiting factor, as introducing this form of leadership requires significant time to adapt and adjust practices (Conger & Pearce 2003).

**Contextual external factors**

Legal constraints can be an noteworthy aspect, as most legal forms for companies demand to have a managing board as well as a supervisory board (Gronn 2002). Members of such boards are legally liable, resulting in a reluctance to share leadership if legal risks are not shared.

**2.2.3 Critique of shared leadership**

The debate around shared leadership is one of the most controversial and fundamental ones in the field of leadership studies as it questions the role of one leader with a specialized role as opposed to a shared process (Yukl 2006; Fitzsimons et al. 2011).

Shared leadership and other new forms of leadership create the assertion that these are the responses to increasing demands including rising complexity and uncertainty. This belief could easily be misused as “the” solution for all problems, disregarding any possible alternatives (Locke 2003). This could entail disregarding the fact that the transition from traditional leadership forms significantly challenges existing leadership role
models and authority relations (Fitzsimons et al. 2011). Locke (2003) points to the fact, that the issue of what will happen to the leader in case of restructuring is not addressed.

The emphasis on the fact that any and all members of an organization or team can potentially be a source of leadership could confound essential features instead of bringing the promised benefits (Fitzsimons et al. 2011). The tasks of a leader are among others to create a vision and core values, structure work, motivate employees, team building and promoting change. If these tasks are not properly defined, shared leadership will fail (Locke 2003). Locke (2003) poses the question of what exactly should be or should not be shared, questioning the possibility to delegate certain leadership functions like creating a vision or core values. He further argues that the claim that teams rule by consensus is naïve as groups do not always come to an agreement which consequently would lead to a state of no movement in any direction unless one person takes over the role of a leader. Moreover, consensus could lead to a watering down of the organization’s vision because not all people are visionary and the ones that are might be undermined by others being more actively involved.

Equal influence on one another might not be preferable in each case, for example when individuals engaging most do not have the most appropriate ideas or opinions. There are several restrictions, some mentioned above, to the realization of the promised benefits. Regarding team performance for example some tasks might be more effectively carried out by an individual as opposed to a group (Conger & Pearce 2003). Locke (2003) supports this view and argues that shared leadership should be an addition to vertical leadership structures rather than completely replacing these traditional structures.

2.3 Team and ethical decision-making

This chapter highlights team and ethical decision-making, combining them in order to understand critical aspects that contribute to the functioning of either. One of the most important functions of leadership is making decisions and executing these. In shared leadership, the different functions of leadership are distributed or shared among team members, implying that decisions are not taken by one individual at the top, but rather by the team or organization as a whole (Shamir & Lapidot 2003). Researchers that conceptualize leadership as a shared process argue that decisions on what should be done and how it should be done are made in an interactive process in which different people influence one another and not by a single person (Yukl 2006).

Team or collective decision-making is defined as the process of collecting, processing, integrating and communicating information to come to a decision acted out by a team (Reader 2017). On the contrary, in vertical leadership structures even if leaders consult other members of the organization the decision is acted out by the leaders themselves (Yukl 2006).

In order to understand when a decision is an ethical decision, it is key to clarify what the understanding of this concept is. An ethical decision or moral decision is where actions voluntarily performed or chosen by a person have positive or negative consequences for others. Drawing from this definition many decisions are considered to be moral decision. A person who makes a moral decision is defined to be a moral agent. Even if the decision was not consciously a moral decision the person is still considered a moral agent (Jones 1991).

To be able to assess outcomes of decision-making processes, one important criterium is the decision quality. The quality of collective decisions is measured according to two dimensions: accuracy and speed. Accuracy regards whether an answer is correct. One of the problems with this criterion is that in many cases there is no correct answer. Therefore, it can also be defined as the degree to which an answer fulfils all facets (McHugh et al. 2016). Speed refers to the duration of the decision-making process from beginning until a decision is made.

2.3.1 Decision-making processes

In shared leadership, several individuals will show leadership behavior during decision-making processes, most probably those that are familiar with the topic or have strong opinions towards it (Bergman et al. 2012; Kurvers et al. 2015). Even in vertical leadership structures the consultation of one or several individuals below the leader is common practice (Yukl 2006). The difference to a decision-making process in shared
leadership is that the leader has the final say. As there is no leader having the final say in shared leadership, this can also result in stagnation when the aim is to reach consensus, but it cannot be reached (Cabrerizo et al. 2015).

Jones’ (1991) model of ethical decision-making in organizations consists of four steps which are all influenced by the issue’s moral intensity. The first is the recognition of the moral issue, after that a moral judgement is made, then a moral intent established and finally, a moral behavior engaged. The last two steps are, besides being influenced by moral intensity, also swayed by organizational factors like group dynamics, authority factors and socialization processes.

If group decisions aim to achieve consensus specific procedural problems arise. Consensus is traditionally defined as the unanimous agreement of all involved in the decision-making. Reaching a unanimous agreement between individuals with conflicting values and opinions might pose a challenge (Zhang et al. 2017). Group decision-making can also be defined as the process where individuals adjust their own opinions to reach a consensus or aim to reach a consent. Consent is not defined as agreement, but rather achieving a decision that will benefit the group, which does not necessarily have to be each individual’s first choice (Herrera-Viedma et al. 2014).

2.3.2 Determining factors of decision-making

Effective decision-making in teams is dependent on several different factors. Among those are social factors like hierarchies, behavioral factors including the communication between individuals, cognitive factors such as shared mental models, and contextual factors comprising risk, uncertainty, necessary expertise and interdependencies (Yukl 2006; Reader 2017).

Kohlberg (1975) (see Fichter 2018) describes different cognitive stages of qualitative moral reasoning in adults, the pre-conventional, conventional and post-conventional level. Adults in the pre-conventional level believe that doing what is right entails to shift to authority or act in an egocentric way in order to sidestep punishment. The conventional level is characterized by the need to be approved and accepted by others, leading to conformity and undisputed loyalty. Individuals in the post-conventional level possess their own moral values which are free from influences from relationships and societal laws. The majority of adults founds their decisions on conformity and acceptance of others, reluctant to question dominant opinions and contributing their own different viewpoints.

Another aspect influencing decision-making is collective intelligence: when a collective has greater intelligence than if members would act as individuals. Intelligence stands for the ability to solve problems and depends on individual intelligence and knowledge. Individual intelligence refers to the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience. Knowledge refers to organized facts in the mind, it entails the accumulation, interpretation and organization of information. Greater individual knowledge leads to more diverse knowledge structures and a higher skill to solve problems (McHugh et al. 2016).

Independence versus interdependence of individuals in a group can play a key role in decision-making processes. Low mutual reliance, independence, can be beneficial as individuals use their own knowledge without being influenced by others. In case of the level of mutual reliance being high, the mutual influence among members can have the consequence that a correlation between mistakes is created and errors in judgement of individuals damage the collective judgement (McHugh et al. 2016). The co-production of leadership can also positively influence the process of ethical decision-making in organizations (Carsten & Uhl-Bien 2012). Co-production of leadership is the joint process of leaders and followers working together to achieve organizational goals.

The way in which teams collaborate to reach a decision can be of decisive importance. Depending on the size of a group, face-to-face collaboration can be very challenging and slow (Yukl 2006). Face-to-face collaboration must be synchronized in time and space and will therefore not offer such beneficial reflective participation as virtual methods might. Virtual methods make it possible for a greater number of people to collaborate without time or space restrictions (McHugh et al. 2016). The group size might also play an important role with regards to time, as a larger group of individuals voicing their opinions might slow down the process (Petit & Bon 2010).
Belief systems or mental models are another common element in ethical decision-making. These can be reformed through reflection processes and reflective dialogue among members (Fichter 2018). If team members pursue a decision with the same motivation, the emergence of conflicts of interest can decrease and the speed of decision-making can increase (Petit & Bon 2010).

Formal ethics training in line with the organization’s ethical view can contribute positively to the individuals’ moral stance leading to be less prone to pressures of conformity. It could further provide information and thus reduce ambiguity (Schminke et al. 2002).

Depending on the intensity of the moral issues, people might act and react differently. The moral intensity changes from issue to issue. Judgements on moral intensity are often wrong or biased by contextual factors, but accurate enough for individuals to make important differentiations (Jones 1991). The concept of moral intensity has six components: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity and concentration of effect. The magnitude of consequences refers to the total amount of damage or benefits for others, but due to the fact that people do not permanently dispute over moral issues, many decisions do not reach the threshold of magnitude. If the social consensus on a moral issue is higher, implying that there is a high degree of social agreement that an action is good or evil, there is a lower likelihood for ambiguity. The probability of effect is formed by the function of probability of realization of an act and that the predicted consequences will come true. Temporal immediacy refers to the time interval between the present and the consequences taking effect – a shorter interval meaning a greater immediacy. Proximity refers to the feeling of nearness of the moral agent to those being affected by the consequences. This feeling of closeness can be social, cultural, psychological or physical. Lastly, the concentration of effect is an inverse function of the number of people affected (Jones 1991). Jones’ model is viewed as one of the most comprehensive ones including all key factors (Pater & van Gils 2003).

2.3.3 Challenges to decision-making

Many of the common models of ethical decision-making disregard the fact that people do not act in a rational way and that ethical questions are often loaded with emotions and full of conflicting opinions (Fichter 2018). Further, they are seen as individual and psychologically driven where it is clear that environmental factors have huge influence (Fichter 2018). Thus, it cannot be regarded in an isolated way.

Ethical guidelines and an individual’s strong moral character might not be sufficient conditions to secure ethical action. Instead, it gets more complex by including different personal, situational and environmental constraints. Some of the strategies to overcome those constraints are emotional regulation, self-reflection, forecasting and information integration (Fichter 2018).

Groups often fail to share and integrate available information into the decision-making processes. This can be seen for example when group members disregard the significance of information elaboration because they are preoccupied with reaching an agreement (van Ginkel & van Knippenberg 2012). Moreover, groups are not immune to fall into the trap of collective stupidity but having a higher number of individuals involved will make it less probable, because the likelihood of adopting the best option is higher in collective decision-making than in individual (Petit & Bon 2010; McHugh et al. 2016). On the other hand, group ethical decision-making can result in a less ethical decision compared to what the most ethical group member would have decided (Abdolmohammadi & Reeves 2003; Yang et al. 2017).
2.4 Conceptual framework of decision-making in shared leadership

This section conceptualizes the concepts presented before and presents a framework for ethical decision-making in shared leadership. Figure 1 shows inputs, processes and outputs for this process. The input factors are differentiated between individual-level factors, team-level factors, contextual internal and external factors. The processes take a closer look at the team interaction and the outputs look at performance outcomes and team outcomes.

Figure 1: Ethical decision-making in shared leadership (own illustration based on Reader 2017, p. 281).

Among the individual factors are task-related and leadership-related knowledge, skills and attitudes, social skills, an individual’s personality, values and level of moral reasoning. Team-level factors that influence the process are among others the intra-team relations, referring to the in- and/or interdependency of individuals, the team knowledge, the collective identity, shared mental models, the distribution of power and influence among team members and other team characteristics like size, member turnover and demographics. Lastly, the contextual internal factors relate to organizational factors like organizational culture and transparency and task-related factors like complexity and moral intensity.

The team interaction in decision-making is the focus of this study and influenced by various factors among those, the collaboration method, referring to whether a team collaborates in an online or offline setting, the rules for decision-making, the way of performing leadership, the individuals’ involvement in the process and the options for bringing up considerations of moral consequences to the decision.

The outputs of the team interaction regarding performance are, whether a decision was reached or not, the quality of the decision in terms of accuracy and speed, the ethical quality of the decision, whether the decision made was the best option and how a decision was reached, if it was achieved by majority rule or consensus. Team outcomes consider the level of satisfaction with the decision and the decision-making process as well as the acceptance of that decision.

The next chapter introduces the method used to address the research questions and aim of this project.
3. Method

This chapter gives insight into the methodological approach taken in this study. A case study approach was chosen to get a detailed understanding of the practice of shared leadership. The methods of data collection included participant observation, semi-structured interviews as well as other corporate materials.

3.1 Literature review

The theoretical background of this project is based on a broad literature review on the topics of shared leadership, decision-making and ethical decision-making. A literature search was conducted with help of Google scholar and the catalogues of the libraries of Uppsala University and the Swedish University of Agricultural Sciences that give access to a wide range of scientific databases. The search was conducted during the months of November 2018 until May 2019.

Key words used for literature search were: shared leadership, team leadership, collective leadership, strategic shared leadership, corporate ethics, business ethics, ethical decision making, decision making, collective decision making, team decision making, decision making process*, decision process*. The main research regarding these key terms is in the fields of psychology, sociology and management literature. Journals from all these fields were considered. The obtained literature was organized according to the different subjects discussed. The main categories were individual-level aspects, team-level aspects and organizational aspects.

One important observation was the dominance of laboratory experiments as research environments over real-life environments. This finding contributed to the researcher’s choice of conducting a case study researching decision-making in an authentic working environment.

3.2 Case study

A case study approach was chosen as it is referred to as the preferred method when research questions start with ‘how’ and ‘why”; the researcher has little control over events; and the researched phenomenon is situated in a real-life context (Yin 2008). The issue in focus of this project is a complex social phenomenon expressed in groups. A case study approach contributes to the knowledge of this phenomenon by providing in-depth data from an authentic context (Yin 2008). As the use of shared leadership mechanisms in business is not yet very common, the chosen case represents a typical case, displaying circumstances and conditions of the phenomenon. The aim of case study research is to provide more detail, richness and completeness for the studied unit and its relation to the environment. Some of the strengths of case study research are that it provides depth of the studied phenomenon, helps to understand contexts, processes and causes of phenomena, it allows to link causes to outcomes and fosters new research by possibly revealing new aspects.

There are several weaknesses of using a case study approach. One weakness can be the overstatement or understatement of the phenomenon due to the bias of selection of the case. Further, the occurrence of phenomena as well as the statistical significance are unknown (Flyvbjerg 2011). Since the existing research in the here studied field is limited, a case study approach provides a richer understanding of real-life application of shared leadership and will help to provide new insights and issues for future research.

Shared leadership has extensively been studied in laboratory settings (Seers et al. 2003). However, if the aim of research is to not only contribute to the scientific research, but also to influence management practices, shared leadership should be studied in the field including contextual and natural aspects that are overlooked in laboratory settings (Day et al. 2006).

3.2.1 Unit of analysis

Traditional leadership research tends to analyze the individual because the leader in vertical leadership structures is one person. Opposed to this view, shared leadership looks at the leadership influence among team members. Thus, the unit of analysis is the team or organizational level (Avolio et al. 2003). Shared leadership, opposed to vertical leadership, does not occur in one individual, but rather in the inter- and joint action among team members. Yin (2008) emphasizes that in the case of a small group or an organization representing the unit of analysis, this group must be distinguished from those outside the scope. In the studied
case, the unit of analysis is the organizational level as the leadership in the organizations is shared among all employees evenly. The boundary of the unit of analysis is represented by the boundaries of the company constituted in the employment relations.

### 3.2.2 Choice of organization

The choice of organization was based on the following criteria:

- Use of shared leadership mechanisms
- Active on the free market by either selling a product or service
- Geographical frame: German speaking

The decisive criterion was the use of shared leadership mechanisms in the organization in order to be able to address the research questions. In addition to that the organization should be competing on the free market. This criterion is important due to the fact that the focus of the research is on organizations active in the market economy. Thus, non-governmental, public and other organizations were not considered as the study specifically focuses at the structural problems in the market economy. And lastly, the focus was set on German speaking areas in Europe to reduce the risk of misunderstanding due to language barriers.

No further criteria regarding for example the size or the industry or the organization were looked at. The identification of potential cases was conducted via online search, newspaper articles and former studies. The organizations fitting the profile were contacted via email and/or telephone, explaining the focus of the project and the planned method. In total, thirteen organizations were identified as potential subjects and contacted.

The organization subject to this study is a training and consulting company based in Hamburg, Germany, but active all over Germany and other German speaking countries. In sum, thirty employees work for the company, ten employees work in administrative tasks like organization, accounting and marketing and twenty work as trainer and consultants.

### 3.3 Methods for primary data collection

This study explores decision-making within shared leadership structures with an ethnographic approach. The ethnography consists of participant observation, qualitative interviews as well as other materials (Bryman 2012). This mix of different methods for data collection was chosen because it helps to provide several viewpoints and enriches the database.

For a focused observation, it is important to supplement the observations with interviews to not only rely on one’s own perception (Neyland 2008; Angrosino & Rosenberg 2011). The focus is usually on a well-defined type of group activity, in the case of this project – decision-making. Combining participant observation with interviews permits to overcome some of the drawbacks of either method.

Observation opposed to interviews allows detecting hidden and unconscious activities and behaviors, understand the context people act within and encounter individuals in their natural environment. On the other hand, interviews present some advantages over participant observation. The conduction of interviews allows to reconstruct past events to understand what led to the current state. Further, it allows for coverage of more aspects as the observations are limited to a certain time and place. In the interview the researcher is able to navigate the questions and thus, retrieve the information of interest (Bryman 2012).

For this project, group meetings and daily conduct in the organization were observed and recorded. The researcher was on-site for a whole work week (calendar week 12: 18.-22.03.2019) and came back after two weeks to observe another group meeting (05.04.2019). During the week on-site the researcher joined the employees for lunch and coffee breaks. Table 2 provides a more detailed overview of field activities.
Table 2: Schedule of field activities

<table>
<thead>
<tr>
<th>Date</th>
<th>18.03.2019</th>
<th>19.03.2019</th>
<th>20.03.2019</th>
<th>21.03.2019</th>
<th>22.03.2019</th>
<th>05.04.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities</td>
<td>Getting to know the company</td>
<td>Interviews B, C, D, E</td>
<td>Interviews F, G, H, I, J, K</td>
<td>Interview L</td>
<td>Meeting of members of managing and supervisory board</td>
<td>Discussion-market</td>
</tr>
<tr>
<td></td>
<td>Interview A</td>
<td>Seminar</td>
<td></td>
<td></td>
<td>Circle meeting PM</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Circle meeting SK</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussion-market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 shows the researcher’s on-site activities. On the first day, the researcher introduced herself to the company’s employees, the internal organization was explained, and the first interview conducted. On the 19th and 20th of March, several interviews were conducted at the company’s offices. On the 21st of March, the last interview was conducted and after that the researcher joined one of the company’s seminars to get a better understanding of their work. On Friday, 22nd of March, the researcher joined several group meetings among those the meeting of the managing and supervisory board, the meetings of two thematic circles, as well as the plenary meeting, also called discussion-market. The researcher returned to the company’s office after two weeks on the 5th of April to observe another plenary meeting.

3.3.1 Participant observation

Observation is one of the most used research methods in social and behavioral sciences (Angrosino & Rosenberg 2011). Observations in leadership research allow for a detailed understanding of group dynamics and interaction patterns among team members (Conger & Pearce 2003). The role of the participant observer is determined by the degree of involvement in the organizational activities.

For this project, the role of a “non-participating observer with interaction” was chosen following Bryman (2012, p. 444). In detail, this means that the observer does not participate in the group activities. The interaction with group members occurs in the form of interviews (Bryman 2012). A drawback of participant observation, especially if the observer is in the field only for a short amount of time, is that the participants being observed might not act ‘normal’ as they know that they are being observed. However, by choosing to primarily observe instead of participate such behavioral alterations can be minimized (Gillespie & Michelson 2011).

Observations were conducted based on the idea that everything should be observed and nothing should be taken for granted or supposed to be not important as suggested by Neyland (2008). This way of observing might uncover aspects that others have not noticed (Neyland 2008). However, some aspects were given more focus to ensure that essential factors are not neglected. These aspects were the number of members that showed leadership behaviors and the amount of leadership behavior that was expressed by the team (Bergman et al. 2012). The observation guide can be found in Appendix C. Notes were taken as mental notes when there was no possibility to immediately write observations down and written down at a later point. In other occasions, scratch notes were taken that were written up into full field notes as soon as possible after the observation. The full field notes included initial ideas about interpretation as well as impressions and feelings. The researcher tried to always choose a placement in the room that gave her the chance to blend in among the employees and by this way get out of the direct sight. To prepare for the observations on-site the author practiced observing and taking notes for a time frame of two hours in the public library in Uppsala, Sweden.

3.3.2 Semi-structured interviews

For this project, qualitative interviews were used to supplement the findings from the participant observation. This allows for the researcher to not only rely on their own perceptions (Angrosino & Rosenberg 2011), but also capture viewpoints and feelings of the individuals in the group that is being observed (Neyland 2008; Bryman 2012). Semi-structured interviews permit for the research to have a clear topical focus while still being flexible to adapt depending on the interviewees’ answers (Bryman 2012). This is especially important as the interviewees chosen, have different experiences and thus, different perspectives on the studied phenomenon. The interview guideline (see Appendix B) aimed at interviews with a length between 30 minutes and one hour. An overview of the conducted interviews is presented in Table 3.
Table 3: Participants’ gender, task and job tenure, interview dates and validation dates

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Gender</th>
<th>Task</th>
<th>Job tenure</th>
<th>Date of the interview</th>
<th>Date sent for approval</th>
<th>Approval received</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>female</td>
<td>Training</td>
<td>8</td>
<td>18.03.2019</td>
<td>02.04.2019</td>
<td>15.04.2019</td>
</tr>
<tr>
<td>D</td>
<td>female</td>
<td>Administration</td>
<td>7</td>
<td>19.03.2019</td>
<td>12.04.2019</td>
<td>%</td>
</tr>
<tr>
<td>E</td>
<td>male</td>
<td>Training</td>
<td>5.5</td>
<td>19.03.2019</td>
<td>12.04.2019</td>
<td>17.04.2018</td>
</tr>
<tr>
<td>F</td>
<td>male</td>
<td>Training</td>
<td>4.5</td>
<td>20.03.2019</td>
<td>12.04.2019</td>
<td>%</td>
</tr>
<tr>
<td>G</td>
<td>female</td>
<td>Administration</td>
<td>6</td>
<td>20.03.2019</td>
<td>12.04.2019</td>
<td>15.04.2019</td>
</tr>
<tr>
<td>H</td>
<td>female</td>
<td>Administration</td>
<td>2</td>
<td>20.03.2019</td>
<td>12.04.2019</td>
<td>15.04.2019</td>
</tr>
<tr>
<td>I</td>
<td>female</td>
<td>Administration</td>
<td>0,25</td>
<td>20.03.2019</td>
<td>12.04.2019</td>
<td>%</td>
</tr>
<tr>
<td>K</td>
<td>male</td>
<td>Training</td>
<td>1,5</td>
<td>20.03.2019</td>
<td>12.04.2019</td>
<td>14.04.2019</td>
</tr>
<tr>
<td>Sum: 12</td>
<td>Female: 8</td>
<td>Training: 5</td>
<td>Administration: 7</td>
<td>% in years 6,6</td>
<td>%</td>
<td></td>
</tr>
</tbody>
</table>

In total, interviews with twelve employees were conducted with a duration between 20 minutes and 1:45 hour. Table 3 gives an overview of the interviewees’ gender, task and job tenure as well as the interview date and the date of data validation.

Interviewee A can be seen as an expert interview. She coordinated the researcher’s on-site visits and introduced her to all employees. Further, interviewee A gave an introduction to the company’s organizational structure and the historical developments.

Five interviews were conducted with employees in the position of trainer and consultant and seven interviews were conducted with employees working in the administration of the company. Four interviewees were male and eight females. All interviews were conducted in the offices of the company, an environment known to the interviewees. The interviews were conducted in German, the mother tongue of all interviewees and the researcher. Every interview was recorded digitally and transcribed at a later point. For affirmation on the content interviewees were sent their interview transcripts via email.

3.4 Data analysis

For the analysis of the data the researcher used content as well as thematic analysis. The data analyzed included evidence from different sources, namely from the interviews, observations, internal documents and other publicly available materials about the studied company. The starting point for the data analysis were the theoretical propositions formulated in the conceptual framework (see chapter 2.4) in which the researcher identified input factors, factors that influence the team interaction and outputs of decision-making in shared leadership. These themes were also used for the structuring in the data collection process and to build the categories for the analysis of the data. Within those themes different factors were given specific codes. In the first coding cycle, data was coded according to the defined codes. During the second cycle coding, the researcher looked out for aspects that had not been identified in the conceptual framework yet to further expand the list of influencing factors.

3.5 Quality assurance

Yin (2008) defines the three criteria for judging the quality of research designs: (1) construct validity, (2) external validity and (3) reliability. Construct validity refers to the correct operational choice for data
collection for the concepts under study. Data triangulation was used in this case study to address possible problems using evidence from several sources. The researcher used semi-structured interviews to get a better understanding of processes that were observed. In addition, internal documents as well as publicly available materials were used to assure construct validity.

External validity refers to the definition of the field to which the findings of the case study can be generalized. Since this project uses a single case study approach there is no aspiration to generalize findings, but rather provide empirical data, new ideas and fields of interests for future research.

Reliability of the study means that the operations conducted during the project can be repeated. Documents that were used for data collection and data analysis can be found in the appendices of this report. Further, the researcher created a case study database, collecting all data in one place, this includes the interview transcripts, the company documents, the field notes, the observation notes and the documents resulting from the analysis. Accordingly, materials collected are accessible on request to reproduce the results.

3.6 Ethical considerations

Yin (2008) emphasizes the special sensitivity required when conducting a case study to protect the individuals under study. Four main areas of ethical issues in social research are: (1) whether there is harm to participants; (2) whether there is a lack of informed consent; (3) whether there is an invasion of privacy and (4) whether deception is involved (Bryman 2012). To ensure the agreement and integrity of all participants involved, an informed consent form (see Appendix A) was distributed communicating the nature of the project as well as the role of the individuals’ involvement in the interviews and observations and assuring the voluntariness of their participation. In addition, all interviewees were provided with the transcript of their interview and asked for their agreement on using that data. In one case, an interviewee asked for one of his answers not be used publicly. Using an overt approach, ensuring anonymity and confidentially ethical malfeasance was ruled out (Bryman 2012).

3.7 Delimitations

Regarding the methodological delimitations, the choice of unit of analysis and the design as a single case study are the most significant delimitations. The unit of analysis being the team or organizational level disregards key aspects of the influencing factors on the individual. Even though, some aspects were highlighted this was not the focus of the project, but it was found that those factors are of great importance to the course of action in a decision-making process, for example personality traits. The use of a single case study limits the possibility to generalize the findings of the project. However, the researcher accepted this trade-off and focused on providing a rich collection of data on the studied case.

Empirical delimitations are clearly the time constraints of the field work that resulted from the limited time frame available to conduct the research. Even though, the company was visited twice, and two plenary meetings were observed, spending more time on-site could have brought up more insights on particular aspects that maybe to not catch the researcher’s eye at first sight.

The conceptual framework includes many of the factors that influence decision-making processes in a shared leadership structure. However, the data collection was focused on the processes, thus factors on the individual level were not given a closer look. From the obtained data it is also difficult to make clear conclusions on the outcomes of the process, since there is no way of knowing what a different outcome could have been.

This chapter presented the method used to address the research questions posed in the beginning of this paper. The next chapter will present empirical findings of previous research on shared leadership and decision-making.
4. Background empirics

This chapter provides an overview of empirical results from previous studies on shared leadership and decision-making. The chapter is organized in the logic of the conceptual framework presented in chapter 2.3, looking at inputs (chapter 4.1), processes (chapter 4.2) and outputs (chapter 4.3) of decision-making processes in shared leadership.

4.1 Inputs to decision-making processes

In chapter 2, some facilitating factors, challenges of shared leadership as well as determining factors of ethical and team decision-making were mentioned.

Table 4: Overview of empirically identified input factors

<table>
<thead>
<tr>
<th>Level</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual level</td>
<td>• Task-related knowledge, skills and abilities</td>
</tr>
<tr>
<td></td>
<td>• Leadership-related knowledge, skills and abilities</td>
</tr>
<tr>
<td></td>
<td>• Attitudes towards leadership</td>
</tr>
<tr>
<td></td>
<td>• Personality</td>
</tr>
<tr>
<td></td>
<td>• Personal competencies</td>
</tr>
<tr>
<td>Team level</td>
<td>• Shared knowledge and mental models</td>
</tr>
<tr>
<td></td>
<td>• Collective identity</td>
</tr>
<tr>
<td></td>
<td>• Intra-team relationships</td>
</tr>
<tr>
<td></td>
<td>• Dispersion of power and influence</td>
</tr>
<tr>
<td></td>
<td>• Informational and functional diversity</td>
</tr>
<tr>
<td></td>
<td>• Team characteristics (diversity, size, etc.)</td>
</tr>
<tr>
<td>Contextual internal</td>
<td>• Complexity of the task</td>
</tr>
<tr>
<td></td>
<td>• Organizational culture</td>
</tr>
<tr>
<td></td>
<td>• Transparency</td>
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<td>• Time for development</td>
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Table 4 provides an overview of the different factors that were identified by previous empirical studies. The sub-chapters provide explanations for the factors on the individual level (chapter 4.1.1), the team level (chapter 4.1.2) and the contextual internal level (chapter 4.1.3).

4.1.1 Individual-level factors

Seers et al. (2003) found that a high level of task competence leads to the individual being more actively engaged in shared leadership. On the other hand, lacking task competence makes it difficult to take on additional leadership functions. In other words if a team member easily fulfils work tasks, they are more likely to engage in additional leadership roles (Seers et al. 2003).

Besides having the necessary knowledge, skills and abilities in relation to the task, studies also showed that individuals also need to have knowledge, skills and abilities to perform leadership (Conger & Pearce 2003; Houghton et al. 2003; Chiu et al. 2016). Lack of these skills and abilities can results in individuals to abstain from engaging in leadership tasks.

Further, an individual’s attitude, perception and constitution of leadership are important factors in determining the acceptance and engagement in shared leadership (Conger & Pearce 2003). Receptiveness might also be a challenge when individuals needing power and wanting to dominate the group are unwilling to welcome influence attempts from others. Such behaviors can lead to imbalances in leadership and thus decision-making processes. Consequently, for prosperous shared leadership to work, all individuals in the team have to be receptive towards getting involved in leadership and being led by others (Conger & Pearce 2003; Houghton et al. 2003).

Additionally, in cases where shared leadership implies the absence hierarchies, it can produce a conflict with the role of status in society and individual values regarding career achievements. Individuals seeking status
are more likely to influence others and those that do not seek status might shift leadership to others, resulting in leadership imbalances (Seers et al. 2003).

Personal competencies like behavioral flexibility and adaptability are substantial for team members to feel comfortable with ambiguity. These are also needed to be able to perform in an adaptive and dynamic environment where leadership roles are fluid (Burke et al. 2003). As intra-team relationships contribute significantly to the functioning of shared leadership, social skills are a valuable characteristic (Hoch & Dulebohn 2017). Further, personal engagement in self-leadership can facilitate shared leadership (Zhu et al. 2018). Self-leadership is also seen as the heart of shared leadership as it helps among other to provide acceptance on the individual level (Houghton et al. 2003) and increase team trust, potency and commitment (Bligh et al. 2006).

4.1.2 Team-level factors

Zhu et al. (2018) identify different team characteristics in their review on the state of shared leadership research. Some of those are shared social support, functional diversity, shared values, shared team member characteristics, high level of core self-evaluations, integrity, warmth across team members, intra-team trust and endorsing collective views within the team.

Burke et al. (2003) found that that shared knowledge and mental models as well as a shared vision build the basis for shared leadership in an organizational context. This involves not only shared understanding, but also recognition that leadership functions are fluid. Further, a shared vision and values emphasizing a unifying direction make it more likely that members take actions to support leadership functions (Carson et al. 2007).

On the other hand, if the goal alignment across the team is lacking, meaning that there is a discrepancy in the vision of the end one is working for, it is unlikely that leadership tasks will effectively be shared (Carson et al. 2007). This is especially important for the relation between the team and the organization. Even if teams successfully work towards achieving their own goals, they do not necessarily work towards the overall organizational goals.

Looking at top management teams, this can be seen in managers working towards their own success and gain disregarding the organization’s goals. Thus, striving towards the same ends is a critical factor for shared leadership on team and organizational level (Conger & Pearce 2003). With regards to decision-making processes, Petit & Bon (2010) came to the conclusion that the pursuit of a decision with the same motivation decreases conflicts of interest and increases the speed of decision-making.

Another aspect facilitating members to perform leadership is the dispersion of power and influence (Seers et al. 2003) which then leads to a higher interpersonal attraction. Personal attraction and familiarity constitute factors of significance as likability is linked to openness for influence by one another (Seers et al. 2003).

The composition of the group with respect to social background, knowledge and demographics can have important implications for shared leadership and decision-making. Mayo et al. (2003) found that social diversity favors vertical leadership whereas informational diversity favors shared leadership. Demographical differences can also be a challenge to shared leadership. Seers et al. (2003) discovered that it can lead to stereotyping and thus, to uneven involvement in leadership functions (Seers et al. 2003). In view of ethical decision-making processes, gender diversity can positively influence the output as some studies show that there are different characteristics linked to different genders (Abdolmohammadi & Reeves 2003; Yang et al. 2017).

A high member turnover might affect the formation of a collective identity and thus, the acceptance of shared leadership (Friedrich et al. 2016). Geographical dispersion of a group can influence shared leadership positively as well as negatively. Spatial proximity might enable shared leadership as reactions can be performed faster than in a central leadership structure. On the other hand, coordination and distribution of information would probably be easier in a central leadership structure (Cox et al. 2003).

The size of a group has a large influence on interpersonal relationships and information exchange (Friedrich et al. 2016). A smaller group has a higher ability to perform shared leadership as personal relationships play a decisive role (Cox et al. 2003; Nicolaides et al. 2014). Group size is also a key moderator for the choice of
collaboration method (McHugh et al. 2016) and the speed of decision-making processes (Petit & Bon 2010). Whereas face-to-face interaction might be suitable for smaller groups, it can be very time consuming for bigger groups (McHugh et al. 2016). The speed is also influenced simply by the fact that the more individuals that are involved, the more opinions must be heard and integrated in the process (Petit & Bon 2010).

The relationships among group members play a decisive role with regards to the well-functioning as they affect important aspects like information sharing (Friedrich et al. 2016), cooperation, conflict resolution, group decision-making style and member satisfaction (Seibert et al. 2003; Hoch & Dulebohn 2017). Insufficient or bad relationship between team members can negatively affect shared leadership processes among others information sharing, social support, decision-making (Hoch & Dulebohn 2017).

Seibert et al. (2003) describe a unified group as one with high information sharing, good coordination, high mutual trust, cooperation, effective conflict resolution and strong tendency towards consensus. In this case, the potential for disagreement is generally low and conflicts are solved in an accommodating or compromising way. All members are equally central, and a team members satisfaction is linked to the level of participation and influence in the group. The use of soft influence strategies and an internalized commitment to the group’s norms build the basis. However, having a unified group can also have negative consequences as high influence on one another supports homogeneity in attitudes and opinions. This homogeneity can negatively affect group creativity and problem-solving performance. A high level of conformity can also lead to polarization, in the sense of making extreme decisions (Seibert et al. 2003).

Of decisive power is the existence of social support, meaning members supporting each other in creating an appreciating and open environment (Carson et al. 2007). Similar to the findings of Seibert et al. (2003), McHugh et al. (2016) found that high independence of individuals impacts decision-making positively as various opinions are voiced. On the contrary, if mutual reliance is high, interdependence of members, personal malfeasance can damage the collective judgment.

Collective intelligence means that a group has a higher intelligence than the individuals in it, acting on their own. A study showed that if the individuals in the group have high individual knowledge, the knowledge structures in the group are more diverse and the ability to solve problems increases (McHugh et al. 2016). This is one of the benefits of group decision-making, but groups often fall through with sharing and integrating all the knowledge available (van Ginkel & van Knippenberg 2012).

4.1.3 Contextual internal factors

Developing and maintaining an organizational culture is a central leadership function. A strong organizational culture sets the frame for shared values, norms and practices and thereby supports shared leadership (Shamir & Lapidot 2003). A culture where questioning authority and participating in collective activities is encouraged positively affects team members’ engagement in leadership (Erkutlu 2012). Transparency is another important aspect of organizational culture. The level of trust among employees will be higher if all have the same access to information (Barnes et al. 2013). This will also positively influence decision-making processes.

Many researchers argue that the development of shared leadership is a response to the growing complexity and increasing demands on organizations (Burke et al. 2003; Gronn 2003; Houghton et al. 2003; Seers et al. 2003). They support the argument that no one individual can encompass all capabilities to fulfil all leadership functions. The distribution of leadership functions can help a team to increase its adaptability towards internal as well as external demands (Burke et al. 2003). Especially, in cases where the task requires complementary skills and abilities shared leadership will help (Seers et al. 2003).

The lack of time to develop shared leadership is another limiting factor. Early stages of shared leadership might not be as beneficial and less effective. Therefore, it is of great importance that the development is given enough time and the employees have time to adjust (Conger & Pearce 2003).
4.2 Decision-making processes

Processes are concerned with the team interaction. Friedrich et al. (2009) emphasize that collective leadership creates the possibility to access the team members’ expertise that in other leadership styles might not get heard. It increases the effectiveness of leadership, as functions are distributed across the team and in that way individuals, that suit the function best, assume it.

A higher involvement of team members in decision-making processes gives access to the broad and diverse range of information that is distributed across the team (Vroom & Yetton 1973; Pearce & Conger 2003). The active exchange of knowledge and information between members and the integration of different viewpoints from all members can lead to a higher decision-making quality (van Ginkel & van Knippenberg 2012). In this sense, groups can outperform individuals in decision-making. The degree of involvement of individual team members in the process was studied by Kurvers et al. (2015). They found that individuals with high-quality information would take a lead in group decision-making, whereas individuals with low-quality information would decide later reacting on group behaviors. This underlines that social influence can be beneficial as it can increase the information accuracy (Kurvers et al. 2015).

4.3 Outputs of decision-making processes

The outputs of decision-making processes in shared leadership looked at are performance outcomes and team outcomes.

Table 5: Overview of empirically observable outcomes

<table>
<thead>
<tr>
<th>Category</th>
<th>Outcomes</th>
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<tr>
<td>Performance outcomes</td>
<td>• Higher problem solving capacity</td>
</tr>
<tr>
<td></td>
<td>• More innovative solutions</td>
</tr>
<tr>
<td></td>
<td>• Higher decision quality</td>
</tr>
<tr>
<td></td>
<td>• Higher ethical quality</td>
</tr>
<tr>
<td>Team outcomes</td>
<td>• Better Collaboration</td>
</tr>
<tr>
<td></td>
<td>• Increased team trust and cohesion</td>
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<tr>
<td></td>
<td>• Reduction of conflicts</td>
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<td>• Providing meaning</td>
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<td>• Acceptance of decisions</td>
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Table 5 gives an overview of the performance and team outcomes found in previous research. These findings are presented in chapter 4.3.1 regarding performance outcomes and in chapter 4.3.2 regarding the team outcomes.

4.3.1 Performance outcomes

Different studies have looked into the relation between shared leadership and team performance. The results from the meta-analysis of shared leadership and team performance by D’Innocenzo et al. (2016) showed that the use of shared leadership mechanisms has beneficial consequences on a team’s performance. Other research confirmed the pandering relationship between both concepts (Nicolaides et al. 2014; Wang et al. 2014; Chiu et al. 2016).

This positive connection of shared leadership and more innovative ideas as solutions to problems has been supported by several researchers (Avolio et al. 2003; Cox et al. 2003; Hoch 2013). Mihalache et al. (2014) found that shared leadership improved organizational ambidexterity, referring to engagement in exploratory and exploitative innovation, through cooperative conflict management style and comprehensive decision-making.

One of the main advantages of group decision-making over individual decision-making is the possibility to access the broad range of knowledge and information that the organization offers (Pearce & Conger 2003). If employees engage in exchanging this information and integrating different viewpoints in decisions, groups
can reach a higher-quality decision (van Ginkel & van Knippenberg 2012). Even though, the trap of collective stupidity exists, the probability of making the best choice is higher in collective decision-making than in individual (Petit & Bon 2010; McHugh et al. 2016).

However, different studies showed that group ethical decision-making might lead to a less ethical decision than what the most ethical group member would have decided upon (Abdolmohammadi & Reeves 2003; Yang et al. 2017). Albeit, the quality of the decision might be higher if made by consensus. Consensus comes at the expense of time, as individuals need to share their opinions and convince others members (McHugh et al. 2016).

Groups with a high mutual influence among all group members tend to attain a higher level of moral reasoning compared to members acting alone (Abdolmohammadi & Reeves 2003). Emphasizing that not only information accuracy can be enhanced by social influence (Kurvers et al. 2015), but also the level of moral reasoning.

### 4.3.2 Team outcomes

Shared leadership can enhance team performance through fortifying team confidence, trust and cohesion. Greater collaboration and better coordination further contribute to not only a better team performance, but also higher team member satisfaction (Cox et al. 2003; Hooker & Csikszentmihalyi 2003).

Shared leadership is also associated with greater organizational success through the promotion of flow; by offering a way to increased intrinsic motivation, interest and social meaning (Cox et al. 2003; Hooker & Csikszentmihalyi 2003). Flow is created by rising the interest in the task itself as an opportunity to contribute, reducing the fear of failing by eliminating the critical supervision and giving space for trial and error as well as team members taking ownership for their work (Hooker & Csikszentmihalyi 2003).

Bergman et al. (2012) found that shared leadership is connected to less conflict, a greater consensus among team members and increased team trust and cohesion. Teams, employing several types of leadership and having multiple varying leaders, showed a better experience with intermediate team processes and states where leadership can be taken over. Further, they found that the acceptance of team decisions increased even in the case when a team member was not satisfied with the decision, implying that shared leadership increases the cognitive acceptance while having a lower impact on the affective acceptance of decisions.

Decisions made as a team or group elevated the individual’s acceptance and understanding of the issue at stake. Even in cases where the satisfaction with the decision was low because of an increase in the cognitive acceptance of decisions (Bergman et al. 2012).

This chapter presented key findings of previous empirical data. The following chapter will present the results of this project.
5. Empirical findings

This chapter presents the results of the data collection, including empirical data derived from the interviews, the observation, internal company documents and other publicly available documents. The chapter starts by introducing the organization, its organizational and leadership structure; as well as the functioning of decision-making processes. Then the results regarding important factors in the decision-making processes are presented.

5.1 The organization

The case study was conducted at a training and consulting company in the field of software development based in Hamburg, Germany. The company has thirty employees. Around 60 percent of their seminars are open seminars, meaning that they are held at their facilities and open to everyone. On average each seminar has between 12 and 14 participants from different companies. The remaining balance of the seminars are hosted seminars at customers’ offices (Interviewee A; internal documents).

The company was founded in 1998 as a company with limited liability (German: Gesellschaft mit beschränkter Haftung, abbreviation GmbH). In 2014, the legal form of the company was changed into a cooperative (German: eingetragene Genossenschaft, abbreviation eG). The legal difference between a company with limited liability and a cooperative is the ownership structure. A company with limited liability is usually privately owned by an individual or a group of people. A cooperative is an economic democratic type of company, meaning it is centered around its members. To become a member of a cooperative, the individual has to invest in a cooperative share. The individual’s liability is limited to the amount which was invested. Every member of the cooperative has one voice regardless of the number of cooperative shares.

The purpose of the studied cooperative in focus is “to facilitate the practice and development of the job-related and economic activities of its members and the necessary personal and task-related education and satisfaction” (Company statute 2.1). The company statute is the most important document to start a cooperative. It describes the purpose, sets the framework and defines the application of legal liability within the cooperative. The German law requires a cooperative to have a managing board with minimum two members and supervisory board with minimum three members. The decision-making body in a cooperative is the general assembly that consists of all members. In contrary to that, in a limited liability company the general assembly consists only of an individual or a group of people holding shares. A cooperative thus gives employees a greater level of influence on company decisions (Genossenschaftsverband 2016).

In the studied company, all employees of the company can become a member of the cooperative, but do not have to. One share in the cooperative costs 500 euros and each person can hold up to four shares. Currently, the members of the cooperative consist of all thirty employees and two external persons that have cooperation contracts with the company. The former owner and his wife are honorary members of the cooperative. The cooperative’s profits are divided among members as well as the employees in the form of one-time payments or raises in salary (Interviewee A).

The one managing director (Interviewee A), that was interviewed, told the company’s history as follows. The former founder and owner of the company had led the first steps into self-organization. He first changed the company’s organizational structure by appointing three managers in 2011. During that time a lot of conflicts came up and the owner was not satisfied with the way the company was organized. At one of their regular strategy meetings in 2013, the owner confronted the employees with the choice of either buying the company from him or closing it completely. After a first shock, a group of five employees took on the task to transform the company into a cooperative and initiated the foundation of the cooperative in 2014. As conflicts about the strategic development of the company arose between the former owner and the ‘new’ owners, shortly after the transformation, the former owner and his wife left the company.

The company has a set of twelve values and a core passion, which is ‘work better together’. These values were developed by the team as a whole and are divided into the four categories: togetherness, company, environment and society as well as customer and partners. The first category is togetherness including the values: appreciation, professional togetherness, community and shaping. The values in the category company are profitability, reputation and entrepreneurial spirit. The category environment and society includes social
responsibility and sustainability. The last category customers and partners consist of professionalism and collaboration, high quality and partnership (internal documents).

5.1.1 Organizational structure

The cooperative is self-organized, in the case of this company means the organization in circles, similar to the organizational theories of holocracy (Robertson 2014) and sociocracy (Endenburg 1988). Figure 2 presents this non-hierarchical structure. The circle is divided into direct (purple) and indirect value creation (light green), the meta level (dark green) and colleague groups (blue). In the middle of the circle the legally required bodies are located. The idea is the further one is located to the middle, the further one is from the market and in reverse (Interviewee A).

The bodies that the cooperative is legally required to have are the general assembly that consists of all members of the cooperative, the managing board that consists of two elected members and the supervisory board with three elected members. Every two years the members of the managing board are either reelected or elected newly. The managing board is responsible for leading the cooperative by enabling self-organization and representing it legally. The supervisory board is responsible to oversee the activities of the managing board. Every year the member that has been on the supervisory board the longest is replaced by a new elected member or reelected (company statute).

![Organizational structure](image)

**Figure 2:** Organizational structure (own illustration based on picture of organizational chart taken on-site).

The meta level consists of Q3 and Q4 which take over important leadership functions. These two circles are open for every employee to join voluntarily. Q3 is responsible for internal issues like the processes of self-organizing, feedback processes, conflict solving and internal development in general. Q4 takes over the development of the strategic focus of the company.
The colleague groups take over leadership activities in the field of human resources. Every employee is part of one of these groups. The colleague groups meet at least once a year and talk about the general well-being in the company, the salaries and the further training.

The indirect value creation is divided up into thematic circles consisting of marketing, event management, team assistants and internal information technology infrastructure. The direct value creation contains thematic circles arranged according to the contents of the seminars. Every trainer has one home circle and can additionally be a satellite in other circles. In the home circle, one can decide upon strategic issues, whereas when acting as a satellite one gets informed, but does not get active in strategic decisions.

In addition to these rather permanent structures, temporary circles exist. These can be formed by anyone in the team and are decided upon by all. They exist only for the time the topic is relevant, after that they are voided. An example for such a circle would be a one-time event (Interviewee A; internal documents).

5.1.2 Who, where and how decisions are made

The different levels where decisions are made are the general assembly, the plenary, the thematic circles and individually. The plenary consists of all employees of the company regardless of whether they are members of the cooperative or not. The general rule is that members can take decisions themselves if they are the only ones affected. Accordingly, thematic circles can take decisions regarding their own circle, this concerns also strategic and personnel decisions. The plenary has to be involved in cases of decisions that affect all or that have consequences important for all, or where the expenses are above 15,000 euros.

The general assembly is basically a legal requirement and decides on formal issues. The difference between plenary and general assembly is that the plenary includes all employees of the company, whereas the general assembly consists of all members of the cooperative which can be employees and other individuals. On these different levels, different decision mechanisms and formats are used. In the general assembly votes are made by simple majority, unless the law requires differently.

The plenary, that consists of all employees, meets every two weeks on Fridays for two hours in the format of a discussion-market (Interviewee A; internal documents). This is where internal projects are discussed, and decisions are made. Two of those meetings were observed for this project. The meetings are structured as follows. Every employee has the possibility to present topics that they feel are important to share. One employee takes over the lead of the meeting. In the two observed meetings, it was the employee that put up the last topic up on the board. Proposed topics are shortly presented and then every employee gets two votes to prioritize the topics. The topic with the most votes starts and the others are put in line accordingly. Every topic gets a time limit of eight minutes, after that there is a vote on whether the topic gets more time or not. After maximum of two hours the meeting is closed, topics left on the board are to be brought up at the next meeting (observations; interviews; internal documents).

The company uses different decision tools among those, fist to five, consultative individual decision and a simple thumb vote. The tools are described in the following paragraphs based on the information gathered from the interviews and internal company documents.

Fist of five is a consent tool and the one mainly used. The difference between a consent and a consensus is that consensus aims at maximizing the agreement with little consideration of needs of minorities. Opposed to this, consent aims to minimize objections by integrating needs of minorities (Oestereich & Schröder 2017). The process functions as follows: individuals show their level of agreement with a show of fingers. Five fingers mean full agreement; four fingers signal that a person agrees, but not fully; three fingers show that the person is ok in general but has some issues with the content of the decision. Two or one finger mean that the person has light or strong concerns. Every member can also veto a decision by holding up a fist. There is no possibility to abstain from voting. Individuals showing less than three fingers have to be heard by the plenary before the final decision goes through. This way concerns can be integrated, the decision adjusted, and the concerns reduced. In the case of a veto, no decision is made and the member giving the veto is obliged to work on an alternative solution (internal documents, interviews).

The consultative individual decision is another decision tool. After the identification of the need to make a decision about a specific topic, an individual gets appointed to either develop a decision paper or make a decision themselves. Before the decision is made all members that are possibly affected by the decision are
consulted. The proposal is then announced and presented in the plenary. The individual taking over this task should feel informed well enough and able to stand up for short- and long-term consequences of the decision (interviews; internal documents).

The thumb vote is used to get an overview of opinions or for quick simple decision. Members show thumb up for agreement, thumb to the side for no opinion or thumb down for objection. This tool is used for example during decision-markets when a topic exceeds its time limit to decide whether the discussion should be continued or not (interviews; internal documents).

Thematic circles can decide upon their decision rules themselves, thus rules differ between them. The circles can develop the company rules further or change them. The interviews showed that some circles stick to the same mechanisms as the plenary and other circles have their own rules, this difference was mainly depending on the number of members of the circle. In general, there did not seem to be very big differences (observations).

5.2 Factors important for decision-making processes

The empirical data collected on the input factors to the decision-making process is divided in this presentation in being an employee referring to the individuals’ characteristics, knowledge, abilities and attitudes, the team level referring for example to intra-team relations, the organizational level including cultural aspects and external factors like the legal constitution of the company.

5.2.1 Being an employee

The manager described that all trainers in the company must have at least ten years of work experience in their field before becoming a trainer. The average work experience is 15 years among all employees. This is required because the company wants their employees to understand the needs and perspectives of their customers. Most trainers have studied software development, some exceptions are trainers working with seminars on project development and soft skills. There the backgrounds are more divers. The team assistants have all learned to be office administrators and the marketing staff has studied marketing (Interviewee A).

All employees have the possibility to take up to five days a year for further training, due to German labor law. But they also have the chance to extent the amount, in case a bigger educational program is planned. Some of the trainings are given by other members of their organization, but it is also encouraged to participate in trainings outside the company. Every member receives knowledge and training on communication and conflict management as well as on other important topics to be able to take on leadership functions. Last year, the company offered a short business administration training for all employees, so that they get an understanding of corporate financial processes (Interviewee A).

Some interviewees mentioned that it was very hard to adapt from a traditional hierarchical leadership form to self-organization. Specific challenges that were mentioned are being overwhelmed with the higher level of responsibility, planning of their own work and fear to make a wrong decision. Also not having a manager deciding what and when do it was brought up as a challenge (Interviewees A, C, D, F & L). One interviewee mentioned that she has another part-time job in which she acts as a manager and thus, has experience with taking over leadership functions (Interviewee H). Others mentioned that they specifically joined the company because of its self-organization (Interviewees E & K). The lack of a task-related sparring partner can further foster these challenges (Interviewees A & G). One person has left the company because of that (Interviewee A).

Two interviewees emphasized that trainers usually have strong personalities and are very comfortable speaking in front of a group of people (Interviewees A & B). It was further mentioned that individuals taking over leadership roles usually have a certain personality that pushes them to take action and that they strive for power. Extroverts and members that are good at arguing for or against something have an advantage over rather introverted people (Interviewees B, C & E).

Several interviewees said that it can be very exhausting to work in this structure and that the ability to cope with critique and avouch for oneself is needed. Other character traits mentioned to be important are
willingness to take responsibility, to be seen, to get engaged and strive for change, the ability to say stop if personal limits are reached, to enjoy engaging with other in discussions and to work autonomously. Some of the character traits that were mentioned as difficult working in this structure were having introvert character, being shy, not wanting to get involved, not being able to dispute with others and getting critiqued.

One issue that was raised by several interviewees was the problem of distinction between the person and their several roles (Interviewees A, B, E, F & K). Every employee has at least the role of employee and entrepreneur as member of the cooperative. It was described as difficult to take one or the other role in the same situation if those roles supposedly strive towards different goals. Further, it was seen as a risk if very active employees with strong characters take over roles in the managing board since this could potentially lead to certain traits being connected to the role (Interviewees E, F, G & K).

5.2.2 Teamwork

During the past five years, since the cooperative existed, two people have left and four or five have joined the company. Many of the employees have been with the company for a long period. The average job tenure of the interviewees is around six and a half years. During the period of change to the cooperative, five employees left at the same time and one employee that had just started, said that it was difficult to adjust in such an unstable environment. The group consists of thirty employees. It was mentioned that at an earlier point when the company had around forty employees the processes of self-organization were harder to coordinate. The size of thirty was mentioned to be a good number of people to still be able to know everyone and dispute with one another (Interviewee A). Regarding the demographic characteristics of the group, it can be mentioned that the average age of the employees is 39 years. The company has fourteen female and sixteen male employees (internal documents).

All interviewees pointed to the fact that was important for the functioning of their internal organization to know all members of the company. Among other aspects, there needs to be trust that everyone is doing their tasks right, the possibility to get support and being aware of how people feel towards certain topics. One interviewee mentioned that the relations were “the putty that holds the company together” (Interviewee B).

The cooperative does not have a code of conduct but has worked out a set of values and a core passion for their work. These were developed and decided upon by the whole group. Two interviewees mentioned that it was a really interesting and valuable process to work out the values the company stands for and discuss upon what holds them together as a team (Interviewees E & L).

All employees said that not everyone gets engaged to the same level. Some said that it was bad, while others thought it was fine. Managers were seen by some to slightly show direction, others said that members are not seen differently because of their role, but rather their character (Interviews C, D, E & K). Several employees brought up that there is a divide between trainers and administrative staff with regards to appreciation and hierarchy. Trainers are seen to be higher up the ‘hierarchy’ than administrative staff (Interviewees A, B, C, G, H & J).

Many interviewees said that the company has gotten better at deciding because they have developed a better feeling for which tool to use and who to involve in a decision (Interviewees A, B, D, E, F & K). Sometimes the process fails due to the use of a misfit tool (Interviewees D & F). One example of when a tool failed was the use of fist of five for a decision between two alternatives.

5.2.3 Organizational factors

It was mentioned that some decisions can get very difficult if values are involved. Before they had the company values, this led to a conflict between the personal values of the team members. Now, the company values serve to moderate these conflicts (Interviewee E).

Among the values that were given as response to asking about personal values connected to the company were: togetherness, transparency, collaboration at eye level, freedom, appreciation, sense of belonging, professionalism, world improvement. The ones that were mentioned the most, also in other parts of the interview, were collaboration at eye level, togetherness or community and freedom. However, many interviewees did not know immediately what to answer and referred to the company values as ‘the paper in the hallway’. They further mentioned that this is what the company strives to be like, but that these values
were not integrated very well into daily work life (Interviewees B & E). During the field work the researcher noted that the exchange between employees is very casual and relaxed. Several employees offered their support and all that were asked for an interview arranged a time for it.

Several interviewees mentioned that the company has a culture of concerns (Interviewees A, F, J & K). They explained that during the discussion-markets a lot of concerns are mentioned, and a lot of times feedback is rather restricting instead of encouraging. Opposed to that, other interviewees said that the company is open for change and new ideas, that the culture is very supportive and that it is very easy to start a new initiative (Interviewees B, C, D, E, F, H, I & K). In connection to this, it also was mentioned that it felt like proposed ideas of some individuals were agreed upon more easily than of others (Interviews C, D, E & K).

All interviewees said that there is a great amount of freedom regarding taking decisions, but that this also comes with a great level of responsibility. Transparency was seen as a very important aspect to the functioning of the company. All interviewees said that they felt well informed about what is going on in the company. One example is that corporate numbers are published monthly so that every employee has access to this information. In the last year, they changed the responsibility for the finances, since then the thematic circles are choosing their key performance indicators themselves and thus, having more responsibility over their own work (Interviewee A).

All interviewees that had already been with the company during the transformation, said that the process was very exhausting and that for almost two years they mostly focused on their internal development to establish a base to work on. In theory, every employee should spend around 75 percent of their work time on task-related topics and around 25 percent on internal development, including extra roles in Q3 or Q4, in the supervisory board or with the development of new seminars or processes. Some interviewees pointed out that in certain situations time pressure can be a challenge to really fulfil the leadership functions. Especially regarding the meetings with the colleague groups, several interviewees said that they meet only once a year and that they are not using the group as well as it could be used (Interviewees D, E, H, I & K).

5.2.4 Legal conditions

As mentioned above, the organization chose the form of a cooperative as legal form. Three of the interviewees were part of the group of employees that assisted with the transformation. They said that it was not easy to find a legal form that allows for all employees to be entrepreneurs while at the same time not holding the whole entrepreneurial risk. A cooperative offers benefits regarding those aspects compared to other legal forms. The law requires for a cooperative to have a managing board as well as a supervisory board and in theory those entities, especially the managing board has specific requirements that have to be met. There is always tension in the question of authority of the managing board as they could be sent to prison in some cases of malfeasance (Interviewees A & E).

5.3 Working together

Discussions and decisions take place in different physical and non-physical environments. They can be online in the company’s blog, via e-mail and in informal personal interaction as well as in a set frame which can be a meeting or the bi-weekly occurring discussion-market. The rules differ from setting to setting, as described above decisions are usually made with the use of the fist of five tool (Interviewee A). All interviewees mentioned that having rules for collaboration is important to moderate the discussions and give everyone the chance to speak. It was also brought up that in the case of where decisions are made and who gets involved the rules are not clear and that a feeling for that needs to be developed (Interviewees A, C & E).

Leadership in the decision-making processes was described as situative, meaning that the individual with knowledge and expertise around a topic usually takes over the lead on a topic (Interviewees A, E & K). Not all employees get involved to the same level in discussions and make use of their opportunities. Many interviewees said that it is usually a certain group of people that engages and voices their opinions. Some interviewees said that they want to engage because it motivates them to be able to change the result. Similarly, impressions obtained observing the discussion-market meetings as well as other group meetings
showed that different individuals took over leadership tasks in different situations, but it was still a certain group of people. Several individuals were identified as engaging more in tasks like moderation of the discussion, compliance with rules and conflict management. Other individuals were noted as voicing their opinion and concerns on many topics.

The interviewees seemed to agree that there is a wide range of possibilities for individuals to engage in topics outside their task and that these possibilities are equal for all. It gives them possibilities to earn experience in different aspects of corporate organization outside their normal task (Interviewee D). Some interviewees said that one could do whatever they want to if they can argue in favor of it well (Interviewees B, C, D, E, F, H, I & K). One interviewee mentioned this as a fail of the system because it provides an advantage for those with good argumentation skills (Interviewee A).

Ethical concerns are always brought up in discussions, but mostly by the same people. If those people are not there, they would not be mentioned. One interviewee said that he had never experienced a company before where value discussions are central to every decision (Interviewee K). An eye-opening moment was also described, where a person had not thought about the other perspective on an issue and changed her opinion because of the discussion (Interviewee A).

In general, there is a high level of involvement of all members (observations). Many interviewees said that when in doubt, they would involve all members into a decision, even though in some cases it could be easier to involve only a smaller group (Interviewees A, C & H). On the other hand, all interviewees mentioned that it contributed to the decision quality to hear all opinions. They further said that it also gives them the feeling of being able to affect the result. One interviewee also mentioned that this can be a problem and it would be useful to implement a delegation board where people decide on which kinds of decisions they want to be included in and in which they do not. However, introducing a tool like this at this point, could lead to proofing a shortcoming of their organizational structure and that might be hard to admit to for the group (Interviewee A).

5.4 Procedural outcomes

The interviewees’ view on results of the decision-making process are presented below. The procedural outcomes referring to performance outcomes such as the quality of the decision as well as group outcomes referring to the satisfaction with a decision.

Example of an observed decision-making process

Discussion about the rise in salary have been at dispute since the transformation to the cooperative. In the beginning the executives proposed to make all salaries in the company transparent, but five individuals immediately vetoed that proposal. Since then there have been several attempts to find a solution for how to handle rises, so far, no long-lasting solution was found. Some interviewees mentioned that regarding the salary and the raise in salary people get very emotionally involved as personal values are touched. Many said that in those situations, discussions got personal and members have been hurt.

During one of the observed discussion-markets, the salary rise topic was discussed. A group of members had worked out proposals to complete a model that had already been decided upon in the fall of the year before. The decision paper had been published on the blog two weeks in advance and produced some discussion on the blog before the meeting. When the proposals were presented during the discussion-market two employees vetoed the first two decisions. Upon request of the group member presenting, they said that it was a strategic veto to block the proposal from going through. Because they felt like there was a better idea mentioned on the blog. After realizing that there is no point in presenting further proposals as they would be vetoed, the group decided to take a break to prepare the decision proposal mentioned on the blog.

The person that suggested the solution on the blog was not present, but the two who vetoed prepared it with the help of another colleague. After the break, they presented their proposal and it was discussed shortly before it was decided upon by the group. This vote did not get any vetoes, but one employee showed only one finger and one other two fingers. Both of them were able to voice their concerns. Even though the decision paper did not get changed according to the mentioned concerns, the decision was finalized.

Figure 3: Example of a decision-making process.
5.4.1 Work performance

Many of the interviewees mentioned that this way of deciding, by involving all, takes more time. Still, they also acknowledged that the quality of the decision is higher. The increase in quality was reasoned with the inclusion of all perspectives. Whereas, all interviewees seemed to agree that decisions on the level of the thematic circle are very fast and higher in quality. Here the increase in quality was reasoned by the closeness to the issue at stake because those that work there know their work best and thus, make the most adequate decisions.

The chance for individuals to give a veto also means that sometimes no decisions are made. On the other hand, some interviewees also mentioned that some decisions end up being lazy compromises including all concerns, but not changing anything (Interviewees B, F, H & K).

5.4.2 Team and personal outcomes

The satisfaction and the acceptance with the decisions was described as being usually higher. The reason for that was that individuals had the chance to impact the result and decisions were not made above one’s head. Since there is no possibility to abstain from voting, every member agrees to a certain level with the decision made. It was further mentioned that the conflict potential regarding decisions is lower than in traditional leadership structures (Interviewees A, B, C, D, E & F). In some cases, members were unsatisfied with the decision because it was reduced to the smallest level of agreement and thereby not contributing to a change process (Interviewees B, F, H & K).

The satisfaction with the process of decision-making is in general high. All interviewees said that they like to be involved and be able to decide about the future of their company. On the other hand, interviewees mentioned that the proportionality was off regarding some aspects, where thirty people discuss for an hour about something that costs very little compared to their hourly fee (Interviewees A, J, K & L). Some also said that it could be very frustrating if discussions are not brought to an end or vetoes without a well-argued foundation are given (Interviewees C, F & K). Other aspects that decreased satisfaction were long discussions that felt pointless to an individual; if discussions were not moderated well; if arguments got personal instead of staying professional and if one put a lot of work into preparing a decision and then it is simply vetoed. Frustration and demotivation were especially mentioned in the context of the salary discussions (Interviewees F, H & K). This was also felt during the observation on-site. During the meeting some members seemed to not be involved at all and their faces showed annoyance and disinterest, some also took their phones out and look only at their phones.

All interviewees except one said that in the case of having to find a new job, they would choose a job in an organization that is self-organized as they in general felt happier with their work.

This chapter presented the empirical results of the case study. The following chapter will analyze these findings and put them into context of the conceptual framework and previous empirical findings.
6. Analysis

In this chapter the results presented in chapter 5 are discussed in relation to the conceptual framework presented in section 2.4 and previous empirical results (chapter 4). It is structured along the lines of the conceptual framework, looking at input factors on the different levels presented before, the processes and the outcomes of decision-making processes in shared leadership.

6.1 Inputs

The following text analyzes the results with respect to the theoretical framework and other empirical studies that were presented above. Individual-level, team-level as well as contextual internal and external factors are presented.

6.1.1 Individual-level factors

The individual-level factors that were identified as important to shared leadership and team ethical decision-making were the task- and leadership-related knowledge, skills and attitudes, social skills, personality, personal values and moral reasoning. Empirical results are presented accordingly.

As presented in the results the trainers working for the company have at least ten years of work experience plus educational degrees in their field of work. This suggests a high-level of task-related knowledge and skills. The other employees have also received degrees in their field of work, but not all of them have many years of work experience. However, most of them have been with the company for a long period. Thus, also here a high level of task-related knowledge and skills can be expected. As Seers et al. (2003) found a high level of task competence enables an individual to engage more actively in shared leadership. Consequently, in the studied company one of the enabling conditions is given. Nevertheless, the results show that it is also important to have a task-related sparring partner to support individual decision and provide assurance. This factor was not identified as important before.

Chiu et al. (2016) found that individuals need to have the necessary knowledge to perform leadership tasks. The results do not show a clear image of that. While some interviewees mentioned being comfortable with taking over leadership roles because they have acted as a manager or similar before, others seemed more restrictive. It was not clear though that the ones being restrictive acted in that way because of lacking knowledge. However, the company clearly thinks that it is important to provide their employees with knowledge and skills as all members receive training in communication and conflict management to enhance intra-team communication. Offering a business administration training for all employees, enables them further to take over leadership functions as it contributes to their knowledge on how the company is run. Therefore, although not specifically mentioned during interviews, there seems to be a general understanding within the company that building up leadership-related knowledge and skills play an important role. These findings are in line with Conger & Pearce (2003) and Houghton et al. (2003).

Leadership-related attitudes differed across the team. While some specifically joined the company because of their practice of self-organization, clearly showing attraction to this kind of leadership. Others had a hard time adapting and some employees even left the company during the process of re-organization. Implying that it is important that individuals are generally open to this kind of leadership style. This observation was also made by Conger & Pearce (2003) and Houghton et al. (2003).

The empirical findings show similarities to Burke et al. (2003) who emphasized the importance of individuals to be flexible, adaptable and comfortable with ambiguity and a dynamic environment. Adaptation from traditional leadership form to self-organization was a big challenge for some employees. This suggests that these individuals were not flexible and open in adapting and comfortable in the new structures. Self-leadership seems to be an essential component to self-organized companies as employees have a high level of freedom to organize and make decisions regarding their own work. This finding is supported by earlier findings from Bligh et al. (2006) and Zhu et al. (2018).

In this project, one aspect that had not been identified as important for the individual level prior, was the distinction between the different roles that one individual possesses. This was only emphasized in connection to task-related knowledge and taking on extra leadership functions (Seers et al. 2003), but not with regards
to potential conflicts of interest. Being able to distinguish between different goals and needs that several roles have, can be a challenge for individuals.

Similar to the findings of Conger & Pearce (2003) the results show that individuals with strong personalities and being very active in the internal tasks can exert more influence over members than others. This can also lead to an unwanted connection between these character traits and the formal role in the managing board. It was formulated as a disadvantage to be rather introvert or lack the skills for arguing. The interviewees put emphasis on the importance of relationships among the members, thus social skills like being able to communicate well, manage conflicts and build relations are important factors. This is supported by the findings of Hoch & Dulebohn (2017).

6.1.2 Team-level factors

Several studies emphasized the importance of having a shared vision among the team (Burke et al. 2003; Carson et al. 2007). The studied company developed their values and core passion together as a team and it was emphasized that this process was very interesting and seminal for the individuals’ identification with the company. Carson et al. (2007) underlined that it can be a potential problem for the relationship between the team and the organization if the goals are not aligned. In the studied case it did not become very clear how the goal alignment functions. As circles have a high level of autonomy to do what they want, and the company’s values and vision did not seem to be lived out as wished.

Regarding the aspect of distribution of power and influence the empirical results show that in theory there is an equal distribution of power and influence, but that in practice different aspects create imbalances. Personality traits were mentioned as one critical aspect, supported by Seers et al. (2003) who found that individuals seeking status have a greater potential of influencing others. Although formal roles in the company exist mainly because of legal and administrative reasons, results from the field research showed that several interviewees felt that individuals in those roles had more influence and power than other employees. This suggests that traditional role models of leadership are still stuck in their minds. The case results show that there is a perceived divide between trainers and administrative staff which is founded on former hierarchical structures and culture. This connotes that it can be difficult to change intra-team perceptions together with the legal form of the company.

Among the different group characteristics, the low employee turnover was identified as important for the formation of a collective identity and the acceptance of shared leadership (Friedrich et al. 2016). The results show that the turnover in the cooperative has been relatively low compared to other companies in their industry. The interviewees had been with the company on average between six and seven years. These results suggest that environmental conditions for forming a collective identity are given. This was further confirmed by the interviewees mentioning of existence of a high identification with the company.

Another group characteristic of importance is the group size. Interviewees mentioned that thirty members was a good size to be able to know everyone and to make decisions in formats such as the discussion-market. A bigger group would make it more difficult to build relations and exchange information among the employees which was also suggested by Friedrich et al. (2016) and Nicolaides et al. (2014). McHugh et al. (2016) found that group size is a decisive factor for the choice of collaboration method which confirms the case results.

As mentioned before intra-team relations are a critical facilitating factor for ethical decision-making in shared leadership (Cox et al. 2003; Nicolaides et al. 2014). The empirical results endorse this finding as interviewees mentioned personal relations were what held the company together. Further, the findings around the relationships’ positive influence on information sharing (Friedrich et al. 2016), conflict resolution, cooperation (Seibert et al. 2003; Hoch & Dulebohn 2017) and social support (Carson et al. 2007) are confirmed by the empirical results.
6.1.3 Contextual internal factors

Shamir & Lapidot (2003) found that a strong organizational culture setting the frame for shared values, norms and practices can support shared leadership. The results show that the company does not have a strong explicit organizational culture as they just recently developed their value charter and most employees said that they do not live these values in their everyday work yet. However, one employee also mentioned that the collectively developed values help to solve value conflicts. When conflicts before had been between two individuals with different personal values, now the company’s values can moderate that value conflict. In this way, shared values can support decision-making processes and reduce conflict (Seibert et al. 2003). Another aspect of organizational culture that was identified as important was transparency, similar to the findings of Barnes et al. (2013). Members felt well informed which can increase the level of trust among employees and thus, positively influence decision-making processes (Barnes et al. 2013).

Erkutlu’s (2012) findings suggest that encouragement of questioning of authority and participating in collective activities can positively influence engagement in shared leadership. The results draw a picture of such a culture, looking at values like collaboration at eye level, togetherness, transparency, appreciation and freedom. This is supported by some interviewees referring to the culture as very supportive and welcoming towards new ideas. On the other hand, some interviewees said that they tried to keep decisions out of the plenary in fear that they would get too negative feedback about an idea. This does not speak for a very encouraging culture, but rather emphasizes the before mentioned culture of concerns.

Conger & Pearce (2003) found that especially in the early stages of shared leadership a big amount of time needs to be spent on it development. The results show similar patterns. Change of internal organizational structure entails a change of culture as well as a change in daily work, thus needs time to evolve.

6.1.4 Contextual external factors

Contextual external factors like legal conditions in which a company is active can be challenging the internal organizational structure. As the results show, even though the company does not want to have any hierarchies, the legal context forces them to have at least on paper formal leaders. The tension between the do’s, must’s and don’ts for an individual in elected positions can be challenging as the results show.

6.2 Processes

Processes refer to the team interaction in leadership and decision-making processes. Friedrich et al. (2009) underline that shared leadership can be more effective as different individuals take over leadership functions according to their knowledge and expertise. This is supported by the interviewees who described leadership as situative. However, interviewees also reported that not every individual in the group takes over leadership functions nor gets involved to the same degree. These results show that it is usually a certain group of people showing high level of engagement in leadership tasks, while another group member would be more active in voicing opinions and a last group would rather be less actively engaged. This uneven engagement of individuals can lead to imbalances in power, but also a smaller range of information and knowledge integrated in the decision-making process (Conger & Pearce 2003). Interviewees also mentioned that mostly a certain group of people would call attention on ethical concerns regarding a decision. One possible explanation of the different levels of involvement can be the quality of the information that individuals have (Kurvers et al. 2015). Kurvers et al. (2015) showed that individuals with low-quality information would react later and thereby being influenced by individuals with high-quality information. In relation to the empirical findings, this interpretation would also have a positive influence on the procedural outcomes.

Looking at the question of who gets involved in which decisions, several interviewees mentioned that when in doubt, they would rather involve the plenary instead of making a decision in a smaller group. This way of acting contributes to the level of transparency in the organization as everyone is informed about internal decisions. Then again, it can also slow down decision-making processes as the size of a group influences the decision-making speed shown by Petit & Bon (2010) and also confirmed by one interviewee.
Regarding rules moderating the discussions and other internal processes, interviewees seemed to agree about their importance. Especially in cases where imbalances in power were felt, rules helped to create balance and give all members a chance to speak and be listened to. Rules thus, set the frame for an equal and fair collaboration.

Another interesting finding regarding the rules was that the interviewees said that the team learned from mistakenly choosing an unfit tool. This process of collective learning helped the group to get better at solving problems. For the team to have this capacity of collective learning seems to be a significant influencing factor to team processes. The ability to learn from experience is one important aspect of collective intelligence (McHugh et al. 2016). It can therefore be concluded that the level of collective intelligence is rather high.

6.3 Outputs

Outputs of decision-making processes in shared leadership are divided into performance outcomes that refer to the decision quality and to team outcomes that can be described through the level of satisfaction.

6.3.1 Performance outcomes

The empirical results suggest that the perceived quality of decisions is higher on the plenary level as well as in the thematic circles. The higher level of decision quality on the plenary level was reasoned by the integration of more perspectives and the wider range of individuals’ knowledge. This assessment supports the findings of van Ginkel & van Knippenberg (2012). On the other hand, results also showed that the delegation of decisions to the thematic circles enhanced decision quality which was reasoned by the fact that those with the most accurate knowledge decide. As mentioned before, results showed that there is a certain group of people that mostly gets actively engaged. If those are the individuals with high-quality knowledge, it can enhance decision accuracy (van Ginkel & van Knippenberg 2012). As the individuals’ levels of knowledge were out of reach for the researcher, there can be no statement made regarding this aspect. McHugh et al. (2016) found that consensus decisions were able to reach a higher quality. This is at least partly not supported as the case study results show that sometimes decisions do not come to an end or end in lazy compromises that integrate all concerns, but do not create a change.

Further, results also showed that collective decision-making processes take more time as any member has the chance to voice their concerns, this finding is in line with the findings of Petit & Bon (2010) who showed the negative correlation between group size and decision-making speed. McHugh et al. (2016) showed that decisions aiming at consensus also took more time. This finding can be supported by the empirical results of this study.

Regarding the ethical quality of decisions only assumptions can be made. Abdolmohammadi & Reeves (2003) showed that high mutual influence among members can lead to a higher level of moral reasoning than individuals acting alone. This is partly supported by the description of one interviewee that talked about an eye-opening moment with regards to ethical consequences when a decision was brought in front of the plenary. Yet, no clear observations were made.

6.3.2 Team outcomes

Results show that employees felt more motivated to engage in leadership functions as they have the possibility to impact corporate decisions and take ownership of their work. As Hooker & Csikszentmihalyi (2003) showed increased motivation, interest and social meaning can be created by giving space to try out, taking the fear of punishment and letting employees take ownership of their work. All these elements can be identified in the empirical results. Individuals’ engagement in the process can also positively impact the satisfaction and acceptance of decisions as shown by the results and Bergman et al. (2012). The tool mainly used for decision-making, i.e. fist of five, further contributes to the acceptance of the decision. It offers different levels of acceptance and also a veto. Consequently, if an individual cannot accept a decision at all, there is always the choice to veto. The results show that this way of deciding also reduces the conflict potential. Satisfaction with collective decisions was only described as low when individuals felt like the decision did not change anything for the group, because of the integration of all concerns.
Looking at the satisfaction with the process of decision-making, all interviewees showed a general high level of satisfaction. This was mostly reasoned by their possibility to get involved, take responsibility and the good collaboration among the members. Putting this into context of the findings of Cox et al. (2003), they found that shared leadership enhances team trust, cohesion and greater collaboration. The results stated above can be seen as supporting those findings. Low satisfaction was identified in cases where decisions were vetoed or ended in lazy compromises as well as when discussions took very long or were not moderated well.

This chapter analyzed the study’s results, the next chapter will discuss those findings and address the research questions.
7. Discussion

The introduction highlighted ethical problems with current dominant leadership structures in the corporate world. Shared leadership was presented as a possible solution to overcome some of the flaws of given structures. The following chapter discusses findings in relation the identified problems.

7.1 Companies’ focus on profits

The first problem that was presented in the introduction is the focus of businesses on making profits. The current economic system places the entrepreneurial success measured by corporate profits at the heart of the business (Ulrich 2008). The aim of company activities is to increase its profits to satisfy the company’s shareholders. These internal conditions are reactions to pressures from outside the company. The market economy produces high pressures by favoring competition; additionally product life-cycles get shorter and companies have to react fast (Ulrich 2010).

One way to approach this problem was presented in the case study and is connected to the company’s legal form. The studied organization is formed as a cooperative. The statute of the cooperative says that its purpose is “to facilitate the practice and development of the job-related and economic activities of its members and the necessary personal and task-related education and satisfaction” (Company statute 2.1). This clearly shows that the aim of the organization is not only to be profitable, but also to enable the professional development of its members. Furthermore, important strategic decisions about the company’s future are not influenced by outsiders striving to get their returns, as they would be in other legal forms. Instead, all members of the cooperative – the people the company consists of – decide about future paths. Of course, this should not be seen as the one and only solution and there might be cases where this legal model does not fit the company’s activities. In the case of this company, the choice of being a cooperative seems like a sound decision to clarify its purpose and enable employee participation while still acting in the market economy and being competitive.

7.2 Lacking importance of ethical behavior

Another problem that was identified is the lacking value of ethical behavior on global markets which keeps companies from taking action. Today, unethical behavior has become part of daily business (Johnson & Ronald Buckley 2015) as these structures do not give space for ethical reflection, nor to go one step further and place ethics above the pursuit of profits (Argandoña 2008). Even though most companies take some sort of action to address ethical issues (Carroll 1999), these actions are mostly of a corrective nature, instead of preventing misbehaviors from happening in the first place (Visser 2010). In the case of companies taking preventive action, these have to pay off and are calculated as business cases (Ulrich 2008).

The findings show that a cooperative with shared leadership does not only help to reduce outside pressures, but also takes the responsibility away from one individual and distributes it among all. This approach seems to present itself as a good way to increase the possibility of putting ethics above profits as the individuals involved in the process have many more interests in the company going beyond profits. Despite the fact that the results could not clearly support that the ethical quality of the decision was higher, as shown by Abdolmohammadi & Reeves (2003), many interviewees mentioned that there was a lot of room for discussion about ethical issues and that these were not disregarded. This implicate a positive correlation between the number of individuals involved and the level of integration of ethical considerations. This might not always be the case as individuals possess different knowledge and have different interest. In the case of members with high moral reasoning working together, increasing the number of individuals involved might not lead to a higher level in ethical quality.

7.3 Vertical leadership structures

The third problem, identified in the introduction, is the dominant leadership structure among businesses. This view on leadership, exerted by one individual over their followers, has proven itself as unfit, producing ethical scandals again and again. Corruption by top executives is not uncommon. One of the reasons corruption can still happen is that a system of checks and balances is missing (Pearce et al. 2013). Further,
vertical leadership structures do not encourage the questioning of authority nor open dialogue about ethical issues (Fichter 2018) and can facilitate the mechanisms of moral disengagement (Moore 2008).

The studied case shows that while still having elected managers, the company does not have hierarchical structures related to those positions. Shared leadership can also offer the otherwise lacking system of checks and balances (Pearce et al. 2008). In the studied organization the risk of individual corruptive behavior is dramatically reduced as the company’s entire finances are transparent to every employee. This creates a peer controlling mechanism. Even though expenses below 15.000 euro do not have to be decided upon by all, misbehaviors would be detected early on. The involvement of all employees in critical company decisions decreases the possibility of moral disengagement as everyone is responsible for their action and there is no possibility to abstain from voting or shift the responsibility away from oneself. Carsten & Uhl-Bien (2012) showed that the co-production of leadership reduces the risk of members obeying unethical decisions instead of questioning them. In the studied case, co-production of leadership is essential to the organizational functioning and highly encouraged. This implies that individuals are also more willing to question authority. Authority in this case can for example be the will of the group. The results show that the organizational culture of the studied organization stands for community, collaboration at eye level as well as appreciation. All these factors encourage ethical corporate behavior. The company divides up profits equally among all employees further reducing the incentives to misappropriate funds.

7.4 How companies make decisions

The last problem mentioned in the introduction is the way decisions are made. In vertical leadership structures most employees are excluded from the decision-making process. This leads to a one-sided view on issues and consequently a biased decision by the leader (Carsten & Uhl-Bien 2012). Even if more than one person participate in decision-making processes, which is common practice also in vertical leadership, the leader always has the final say (Yukl 2006). All major influence and power are centralized in one person and no room for actual participation is given.

Decision processes in shared leadership provide an advantage in the sense that individuals influence one another and thereby increase the ethical quality of decisions (Abdolmohammadi & Reeves 2003). Power and influence is shared among members and is characterized by a process of mutual exchange (Pearce & Conger 2003). The case results show that issues of interest are discussed in many different environments and constellations. Besides the bi-weekly discussion markets, decisions are talked about on the company-internal blog, via e-mail and in personal conversations in the office. The constellations in which decisions are made depend on the effect the decision has. All employees affected by a decision are included in the decision-making process. The lead in the process was described as situative, either one individual with knowledge on the issue took over the lead or it was chosen by chance.

The decision tool used most frequently, fist of five, contributes to the incorporation of all concerns that are voiced, by aiming for consent, instead of consensus. Consent has the goal to minimize objections to a decision by integrating needs of minorities. It further provides each employee with a very big influence on the entire process by giving the possibility to veto a decision completely. The results show that the veto might be misused. This was the case in the situation where an individual wanted an alternative solution and by using the veto blocked the process from moving on. The results further show that not all individuals make use of their possibilities to get involved and raise their concerns as they could do. In some situations, this led to an imbalance in influence and power between the members. An imbalance with regards to the raising of ethical concerns was also mentioned by the interviewees. Mostly, one specific group of people would bring up ethical considerations in the discussions, which also implies that if these people were not there, probably no one else would take over this role. The company does not have a clear mechanism or responsibility given to one or more individuals to screen for unethical consequences. The joint development of the company’s values is a first step into the direction of establishing such a mechanism. Despite this, one employee talked about eye-opening moments that made them aware of aspects they had not thought about before. These eye-opening moments contributed to a change of mind on a specific issue. The results show that the quality of decisions is perceived to be higher because of the integration of all perspectives and the involvement of all members. It was further mentioned that the thematic delegation of decisions further increased the quality of decisions. However, in other situations discussions ended without a decision because of the use of a veto, or the process ended in a lazy compromise.
8. Conclusions

This chapter gives an answer to the research questions of this project as well as highlights its contributions to research and poses fields for future research.

8.1 Decision-making processes in shared leadership

The aim of this project was to identify the characteristics of shared leadership that are perceived as positively influencing corporate decision-making processes with regards to the integration of ethical considerations. The researcher tried to find answers to the questions of how shared leadership is applied in decision-making processes and in what way shared leadership can help to mitigate potential conflicts between profit and ethical value goals.

The author was able to draw a detailed picture of the mechanisms of decision-making processes in the studied organization to provide a deeper understanding of the functioning of the processes. Some influencing factors were identified as important to facilitate engagement of all members and the possibility to reach a better decision, among those the intra-team relationships, the corporate culture and a clear set of tools and rules. Some challenges were identified also, specifically regarding individual differences in personality and character which affected the participants’ engagement and the failure of the system to respect these differences. Another challenge was the adequate integration of all concerns into the final decision which in some cases led to a watering down of the decision’s content.

The second research question can not be answered clearly. Conclusions drawn from the project’s findings and previous research suggest that group decisions reach a higher level of ethical quality. The reasons for this conclusion are mainly based on the fact that the use of a decision-making tool aiming at consent adds to the informational diversity of discussions and thereby a higher possibility for ethical concerns to be mentioned. However, the results also show that not every individual has the same sense of ethical considerations, suggesting that this might not be true in all cases.

8.2 Contribution to research

This report has contributed to the research in the field of shared leadership and decision-making by providing a detailed description of decision-making processes in a real-life context. It shows that shared leadership in decision-making processes can have several positive effects on the process and its outcomes. The use of a consent tool for decision-making ensures that every member gets the possibility to voice their concerns and thereby influence the final decision. However, for the members to feel encouraged and motivated to get involved, the organizational culture has to reflect these features. The individuals’ personalities also play a key role in their urge to get engaged, but also their level of comfort regarding public speaking, engaging in discussions and defending one’s position. The case showed that the tools currently used do not moderate this issue very well. Time was identified as one of the most important aspects with regards to the implementation and maintenance of such leadership structures. If an organization does not spend enough time on developing the leadership mechanisms and teaching their employees, a successful outcome is very unlikely. Looking at the demographic composition of the team, the analyzed case is a rather exceptional one with regards to the average age. New leadership concepts are often associated with young and striving start-ups (Wissmann 2013; Klovert 2019), whereas the case study shows that more mature companies with a higher average age can also implement such leadership forms.

8.3 Suggestions for continued research

Further research regarding the individual’s characters would be interesting to show whether there really is a need for members to be rather extroverted or if there are other ways in which differences in personality can be moderated. This includes not only research on personalities, but also on the different tools that are used in self-organized contexts. As the results of this study showed that only a certain group of people gets involved with ethical issues, it could be of interest to specifically study those individuals and how they differ from others in the group. Another interesting aspect for future research is the effect of group demographics and characteristics on such decision-making contexts. It would be interesting to understand if and in which way these factors influence processes and their outcomes. Other organizational factors like the company’s
size and maturity might bring up interesting results. More research on the aspects of corporate culture and corporate values could contribute to the understanding of its influence on the process and the ethical quality of the outcoming decision. It could also be of interest to do a comparative case study looking at and identifying the different mechanisms in decision-making connected to vertical and shared leadership. This report further brought up the contextual external factors which include the organization’s legal form. Further research could focus on the role of legal factors for the internal organizational structure to get a better understanding of how companies choose a legal form that fit their internal organization. Maybe new, different legal forms for self-organized companies could be needed.
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References


Appendix A - Informed Consent Form

Processing of personal data in independent projects

When you take part in the independent project, SLU will process your personal data. Consenting to this is voluntary, but if you do not consent to the processing of your personal data, the research cannot be conducted. The purpose of this form is to give you the information you need to decide whether or not to consent.

You can withdraw your consent at any time, and you do not have to justify this. SLU is responsible for the processing of your personal data. The SLU data protection officer can be contacted at dataskydd@slu.se or by phone, +46 (0)18 67 20 90. Your contact for this project is: Valerie Schaum, valerie.schaum@posteo.de, +49 (0) 176 61046123.

We will collect the following data about you: your role in the company, the company itself, specifically data on the leadership style and decision-making processes. The project will use primary data collected in interviews and observations as well as secondary data publicly available and documents provided by you.

The purpose of processing of your personal data is for the SLU student to carry out their independent project using a scientifically correct method, thereby contributing to research within the field of shared leadership.

You will find more information on how SLU processes personal data and about your rights as a data subject at www.slu.se/personal-data.

☐ I consent to SLU processing my personal data in the way described in this document. This includes any sensitive personal data, if such data is provided.

_______________________________________________
Signature

_______________________________________________
Place and date

_______________________________________________
Name in block letters
Appendix B - Interview guide

- Can you shortly present yourself?

Shared leadership:
- Can you describe how leadership works?
- How are you experiencing shared leadership?
  - Potential follow-up: Is everybody listened to equally? Do you feel like you can speak freely?
- What is working good/bad?
- Depending on how long in company: Direct comparison to other leadership styles
- Do you think the two members of the managing board have more authority than others?
- Other topics: colleague group, role of managing board, specific topics related to the interviewee’s task

Decision-making:
- Where are decisions made?
- Can you describe how decisions are made?
- What kind of decisions are shared (collective)/which are not?
- Do you think that this way of deciding has effects on decisions taken? How?

Appendix C - Observation guide

- Room set up
- how/where are people seated? Who is present?
- Time, duration
- Who speaks? How much?
- Who leads the meeting?
- Number of members expressing leadership behavior
- Leadership behavior expressed by the team
- Who decided on topics on agenda?
- How are issues discussed? Were there pre-discussions? Are different perspectives highlighted?
- How many people bring up their opinions or concerns?
- Are consequences of the decision reflected/discussed/thought about?
- Other aspects