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Impact of Female Leadership on Employee engagement in German small and medium-sized Family Companies

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Abstract

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Due to the demographic change, German small and medium-sized family companies lack skilled employees. As a high level of employee engagement (EE) can help retaining skilled employees, engaging leaders are needed. The aim of this thesis was to analyse, if women are able to have a positive impact on employee engagement due to their leadership style.

Qualitative theoretic information was gathered from academic literature. Latest professional journals and studies were used to give an insight in the current situation of employee engagement and leadership in small and medium-sized family companies. For the empirical part, a mixed approach, which is both qualitative and quantitative, was chosen and semi-structured interviews were conducted with female leaders in small and medium-sized family enterprises.

The result of this thesis was that female leaders can have a positive impact on EE as they tend to apply the transformational leadership style, which is similar to the leadership style that is needed to increase employee engagement. However, the author discovered that there are various important driving factors for employee engagement. As a result women that are just transformational leaders cannot keep up a high level of employee engagement.

Keywords: employee engagement, female leadership, SMEs, family companies

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Appendix   Interview questions

Abbreviations

EE: Employee engagement
SME: Small and medium-sized enterprise
SMF: Small and medium-sized family company
WLB: Work-life-balance

1 Introduction

1.1 Background

Due to demographic changes, small and medium-sized family companies (SMFs) lack qualified employees (Commerzbank AG 2011, p. 15). Negative biases even exacerbate the lack of skilled staff as they lead to the fact that SMFs are considered as unappealing employers (Stiftung Familienunternehmen 2011, p. 7). Therefore, SMFs should consider, which actions need to be taken to keep skilled employees in times of war for talents.

To retain skilled employees, a high level of employee engagement (EE) can be the key to success, as it results in emotional commitment (Saks 2006, cited in Lewis et al. 2011, p. 4), loyalty and less employee turnovers. (Harter et al. 2002; both cited in Lewis et al. 2011, p. 4) This leads to the fact that SMFs, which need to retain skilled staff in the war for talents, have to focus on looking for leaders that are able to increase the level of EE.

Especially due to the lack of skilled employees it is necessary for SMFs to take women into consideration, when they look for outstanding leaders (Heiß 2011, p. 10). There are many well-educated women, 51 % of the university graduates, (Commerzbank AG 2011, p. 8), which are described to be motivating, supporting and inspiring (Eagly et al. 2003, p. 578 ff.). Aren't these skills that could be helpful to increase EE?

1.2 Research objectives and research questions

The aim of this thesis is to provide information about female leadership and EE in SMFs. The main objective is to analyse, if female leaders are able to have a positive impact on EE in German SMFs due to their female leadership style, to help these firms to keep well-educated staff to cope with the shortage of skilled employees.

Therefore the main research question can be formulated in the following way:

- Are female leaders able to have a positive impact on EE due to their leadership style?

The two sub research questions can be described as following:

- Is there a special leadership style among female leaders and if yes, which?
- How can EE be increased in SMFs?

To answer those questions, female and engaging leadership, the characteristic of SMFs as well as the attributes of EE are going to be researched in the theoretical part of this thesis.

For the empirical part, the objective is to examine EE in female-led SMFs. The author aims to figure out, what female leaders think about EE and how they would assess the EE level in their firms. Besides, the author intends to analyse the driving factors for EE in the analysed companies and study, which effect those driving factors have on the level of EE. This aims to help the author to figure out, whether female leadership can be seen as an important driving factor for EE. The findings will be compared to the theoretical data in order to draw conclusions.

1.3 Research method

For the theoretical part about leadership and EE, the qualitative approach was chosen and therefore information was gathered from academic books. For the more practical-oriented part about female leadership, SMF and the current EE situation in these firms, up-to-date studies and research papers were used.

For the empirical part, an inductive, mixed-model research approach, which combines qualitative and quantitative elements, was applied. Data was gathered through conducting semi-structured interviews with female leaders of SMFs in Germany. The goal of the interviews was to explore the view and insight of experts by allowing them to talk freely in order for common patterns to emerge so that a theory about EE in female led-SMFs could be established.

Most of the data will be qualitative, but some questions will lead to data that can be analysed quantitatively and shown with diagrams or charts.

1.4 Delimitations

The topic of this thesis will focus on the impact of female leadership on EE in SMFs in Germany. Therefore, the emphasis will be on female leaders; concerning the theoretical part as well as the interviews. This thesis takes only male leadership into account when it comes to the comparison of female and male leadership. In addition, this thesis will only focus on SMFs, as only little research about this topic has been conducted. Large-scale enterprises will only be taken into account when the situation for female leaders in large-scale enterprises and SMFs is compared. Besides, this thesis will only consider the general situation in Germany. The situation of single federal states in Germany will not be taken into account due to the lack of data and furthermore, the European and worldwide situation will not be considered. Besides, this thesis will only deal with EE, not with engagement of any other stakeholder like customers.

1.5 Limitations

One limitation of this thesis is that it takes all levels of leadership such as owners, CEOs, department leaders or team leaders into account. Therefore, this thesis does not specialise in any leadership position. Furthermore, all industries are considered to increase applicability of the findings. Due to the fact that the author only stayed in Germany for a short time frame and therefore did not have much time for the interviews, the sample size of the interviews is quite small. Therefore findings of this empirical research might be less reliable than findings from a research with a larger sample size. Increasing the size of the samples as well as interviewing different kind of interviewees (e.g. employees of female leaders) could be useful to enhance the reliability, the validity and the results of the findings.

1.6 Structure of this thesis

After the introduction, the second chapter firstly deals with the theoretical parts of leadership. It briefly defines leadership, distinguishes management from leadership and gives a short overview about leadership theories, styles and skills. The second part of the second chapter gives information about female leadership in Germany; describing characteristics of female German leaders, examining the impact of female leaders on organizational success, analysing female leadership characteristics and comparing them to male leadership. Besides, this chapter deals with barriers for female leaders and analyses ideas, how to increase the number of female leaders. The third chapter defines SMFs, explains their economic relevance in Germany and analyses typical characteristics and the current leadership situation in these companies. The fourth chapter about EE defines EE, describes the current EE situation in SMFs and explains the importance of EE and its driving factors. Besides, leadership skills of female leaders are compared with skills of engaging leaders to figure out, if female leaders can have a positive impact on EE. Moreover, concrete actions, how EE can be increased, are recommended. The fifth chapter includes the empirical part and deals with the conducted interviews. Finally, the sixth chapter includes the summary and discussion, which compare the findings of the theoretical and empirical part.

2   Female Leadership

2.1 Definition of leadership and delimitation to management

Before practical information about female leaders can be gained, basic knowledge about leadership is needed. As there is no common definition of leadership, it is interesting to start with the meaning of the word "to lead". "To lead" comes from "loedan" which means, "to guide", "to cause to go with one" (McKee 2014, p. 7) while the word "leader" comes from "path" or "road" (Hannagan 2008, p. 40). Therefore leading is about guiding followers on a path. However, employees will not follow a leader blindly on a journey; therefore leaders must look forward, set up goals to provide direction for employees and convince staff to give up individual objectives. The more influencing, inspiring

(McKee 2014, p. 7) and convincing the leader is, the more employees adapt to the leaders' goals and behave in a way that these overall company aims are accomplished (Hannagan 2008, p. 40). According to Zaletznik (1977, p. 74 ff.), leaders are characterised by being visionary, passionate for humans and inspiring. They focus on the future instead of on current problems and are able to perform well in chaos.

Often, the words management and leadership are used as synonyms. But is there a difference and can people be managers and leaders at the same time? Starting again with the meaning of the word management: to "manage" comes from "maneggiare", which means "to handle", "to control" (McKee 2014, p. 7). According to the five elements of management (Fayol 1949, p. 43 ff.), a manager is a person, who plans, organizes, commands, coordinates and controls resources every day in his working life. According to Zaletznik (1977, p. 74 ff.), managers are problemsolvers who seek efficiency, focus on getting things done, are analytical, tactical, rational and avoid showing empathy (Zaletznik 1977, p. 74 ff.).

Managers	Leaders
To handle, to control	To guide, to cause go with one
Planning, organizing, commanding, coordinating, controlling	Guiding, convincing and motivating employees
Problem solvers	Aim to achieve goals with the help of followers
Focus on current problems	Focus on goals in the future
Analytical, efficient, tactical and rational and avoid showing empathy	Visionary, empathetic, inspiring, perform well in chaos

Table 1. Comparison of the characteristics of managers and leaders (Rittinger 2014 based on Hannagan 2008, McKee 2014 and Zaletznik 1977)

According to Kotter (1990, p. 85), leadership and management are two different and complementary systems of actions. However, according to Hannagan (2008, p. 42) the most effective manager is the one that is also a leader. Nevertheless, Kotter stated (1990, p. 86) that it is not always possible to find people that are genius managers and leaders. The solution here is to find employees with management skills and employees that have leadership skills

and to make them work together as a team to make a company successfully (Kotter 1990, p. 86).

2.2 Leadership theories

For a long time already, researchers have been analysing leadership to figure out what the secret for successful leadership is and therefore theories about effective leadership have been set up. One of the researcher's first efforts to understand leadership were **trait theories**. In the early 1900s, researchers tried to figure out whether successful leadership is linked to special traits of leaders. Traits are personal characteristics that can be inherited, learned or developed and include physical, social and psychological characteristics as well as abilities, knowledge and expertise of the leader (McKee 2014, p. 45). Ghiselli and Fiedler (1971, both cited in 2008, p. 43) confirmed that there are diverse desirable traits in leaders, but only having these traits does not mean that leaders will be successful.

As the trait theories did not succeed in figuring out what successful leadership is about, researchers followed the **behavioural approach** and analysed how successful leaders behave compared to unsuccessful leaders - how they communicate, decide or motivate staff (Hannagan 2008, p. 43). According to Stogdill & Coons (1957, cited in Hannagan 2008, p. 43 f.), there are two dimensions of behaviour. Firstly, leaders who have a concern for tasks focus on directing employees in order to fulfil production goals. In comparison, leaders having a concern for people, behave employee oriented; developing trust with employees and focusing on two-way communication. It has been found out that basing leadership on a concern for tasks resulted in high turnover and high grievance rates, while leaders focusing on employees led to low turnover rates and high employee satisfaction. Unfortunately the theory did not prove, whether one of the two leadership behaviours is more effective in general, as it depends on the situation where the leadership approach is used. This emphasizes that leadership should also take different situations into account. (Hannagan 2008, p. 43 f.)

Having the results of the behavioural approach in mind, the **contingency approach** focuses on situational factors that affect leadership (Hannagan 2008, p. 45). Tannenbaum & Schmidt (1973, cited in Hannagan 2008, p. 46) declared that factors like the background and experience of leaders, characteristics of followers and the situation at work are the main aspects, when it comes to choosing a leadership style. Thus leaders need to take a lot of different influences into consideration, before they choose a leadership style, which varies from very democratic to very autocratic leadership. All in all, this approach represents the opinion that leaders can only be successful, if they are able to adapt their leadership style to different practical considerations. (Tannenbaum & Schmidt 1973, cited in Hannagan 2008, p. 46)

2.3 Leadership styles

Three generic leadership styles (Lewin 1938 - 1948)

Lewin (1948, cited in Lumpé 2008, p. 8) tried to prove that personal traits are not responsible for successful leadership, but the leadership style itself. Therefore Lewin and Lippit (1938, cited in Nahavandi 2000, p. 30) defined three leadership styles. **Democratic leaders** involve staff in decision-making (Nahavandi 2000, p. 30), give employees an overview of the goals, which should be reached and give more advise than autocratic leaders; therefore employee satisfaction can be achieved (Lewin 1948, cited in Lumpé 2008, p. 9) and staff becomes more relaxed and cohesive (Nahavandi 2000, p. 30). In contrast, **autocratic leaders** make their decisions alone (Nahavandi 2000, p. 30), manage the group tightly and only command the individual goals and actions of each employee, so that staff does not understand the overall goals (Lumpé 2008, p. 9). Therefore employees can become submissive (Nahavandi 2000, p. 30). **Laissez-faire leaders** in comparison provide information, but no direction for their staff and do not become involved with followers; hence employees become frustrated and disorganized, which results in low work quality (Nahavandi 2000, p. 30).

Unfortunately research failed to show which of those leadership styles is the most effective. If all of them can be effective in different situations, researchers

did not disclose which leadership style should be applied under which situational factors. (Nahavandi 2000, p. 30)

Six leadership styles (Goleman 2000)

Goleman (2000, p. 82 ff.) revealed six different leadership styles. The **coercive leader** makes decisions alone and wants employees to do what the leader tells them to; employees thus lack responsibility and motivation. This leadership style has a bad impact on the working climate and should only be used carefully in crises or with problematic employees. An **authoritative leader** in comparison has a clear vision and increases motivation by explaining staff why they and their job are important for the company. This leadership style is useful for employees who need guidance. Nevertheless, this style is not effective for leading experts. However, the **affiliative type of leader** aims to create a harmonic work atmosphere and thus boosts loyalty, trust and good communication among staff. In comparison, the **democratic leader** listens to employees' ideas and encourages them to take responsibility; therefore participation and innovation increases. The problem is that not all decisions can be made together and employees can feel leaderless, when they participate in the whole decision-making process. **Pacesetting leaders**, in contrast, have high performance standards and therefore do not accept bad performance. The target to increase efficiency continuously works with a team of experts, but other employees might become over-challenged. **Coaching leaders** help staff to detect their strengths and weaknesses to ensure continuous employee development. The focus on development however might be too time-consuming, even if there is a positive effect on work climate and satisfaction. (Goleman 2000, p. 82 ff.)

According to Goleman (2000, p. 78 f.), there is not only one successful leadership style; he states that most effective leaders are able to switch their leadership styles in different situations in order to receive the best results from their influence, which complies with the theory of situational leadership.

Transformational and Transactional leadership

Furthermore, James MacGregor Burns (1978, cited in Bass & Riggio 2006, p. 3) defined two different kinds of leadership styles: transformational and transactional leadership.

Transactional leaders set up requirements as well as conditions and rewards that employees get, when they fulfil the requirements (Bass & Riggio 2006, p. 4). Therefore, staff is rewarded for productivity and rewards are denied, when employees lack productivity in their tasks. In comparison, **transformational leaders** go further than that, as they care about individual needs of staff and motivate and inspire employees to perform excellent (Bass 1985; Bass 1998a; both cited in Bass & Riggio 2006, p. 3 f.). Furthermore, transformational leaders are inspiring; they help their staff with challenging expectations, support, mentoring and coaching to develop employees into leaders. Therefore, employees of a transformational leader have high levels of performance, employee satisfaction and commitment to shared vision and goals (Bass & Riggio 2006, p. 3 f.). In addition, transformational leaders are socially and emotionally intelligent; they are inspiring (McKee 2014, p. 45), charismatic, know how emotions affect them and how they should use their emotions and their vision to increase excitement, optimism and inspiration among employees (McKee 2014, p. 50). Having a transformational leader, staff will follow the vision and the goals of the enterprise enthusiastically and see company's goals and vision as their own vision (Bloomgarden 2007, cited in McKee 2014, p. 50).

Which leadership style fits nowadays?

After looking at different leadership styles, the question emerges, which leadership style fits today's world, where SMFs face a lack of skilled labour. Despite the fact that every company due to its situation and its employees requires an individual leadership style, McKee (2014, p. 50) stated that in general, transformational leadership is essential these days. In today's times of great changes, leaders have to be visionary, take risks and use skills based on social awareness such as empathy and organisational awareness. Only then, leaders are able to stay close to the needs of their employee and the market. Also Bass & Riggio (2006, p. 4) announced that transformational leadership

tends to increase commitment and satisfaction among followers. Therefore transformational leaders might have a positive impact on keeping employees in SMFs. But which skills do successful leaders need nowadays?

2.4 Leadership characteristics

In addition to basic skills (Pardey 2007, p. 61 ff.), Boyd (1987, cited in Hannagan 2008, p. 61) identified that there are new skills, which should be required for today's leaders. Firstly, anticipatory skills are needed, which help to foresee constant changes. Furthermore, leaders need visionary skills to lead employees towards company goals. Besides, value skills help leaders to be close to the needs of staff and support shared values and goals. In addition, leaders should have empowerment skills and self-understanding to cope with their own and employee's needs (Boyd 1987, cited in Hannagan 2008, p. 61).

However, according to several authors (Bray et al. 1974; Boyatzis 1982; Kotter 1982; Luthans et. al. 1988; Howard & Bray 1988; Campbell et al. 1970; Spencer & Spencer 1993; Goleman 1998; Goleman et al. 2002, cited in Boyatzis 2007, p. 7), just having skills is not enough. In their opinion, successful leaders have special competencies, which lead to their excellent performance. Cognitive abilities, such as systematic thinking, pattern recognition and social and emotional intelligence, which are connected to empathy, self-awareness, self-management, social awareness and relationship management, make the difference between successful and unsuccessful leaders.

Basic skills	Skills of today	Competencies
Communication skills	Anticipatory skills	Cognitive ability
Decision-making skills	Visionary skills	Social/emotional intelligence
Planning skills	Value skills	Self-awareness
Organizing skills	Empowerment skills	Self-management
Thinking skills	Self-understanding skills	Social awareness
Learning skills		Relationship management

Table 2. Characteristics of a successful leader (Rittinger 2014, based on Pardey 2007, Hannagan 2008, Boyatzis 2007)

2.5 Female Leadership in Germany

2.5.1 Characteristics of female leaders in Germany

The female quota is currently a hot topic in Germany. Due to demographic changes, an increasing lack of skilled staff led to inadequately occupied skilled employee and leadership positions. Therefore it is important for all firms to take women into account, when it comes to recruiting leaders (Schmergal 2012). But how does the current situation for women in leadership positions look like? To get a better picture of female leadership in Germany, typical characteristics of women in leadership positions will be analysed.

2.5.1.1 Women in large-scale enterprises and family companies

First of all it is interesting to determine, to which kind of companies female leaders tend to go, to large-scale enterprises or in SMFs.

Large-scale enterprises

In German large-scale enterprises the situation for women is difficult, which can be seen in the fact that female leaders currently only occupy 12 out of 191 company board positions. In 2013, the number of women in company board positions even decreased by 1.5 % to 6.3 % (DIW Berlin, cited in Career-Women in Motion e.V. 2013). The figures speak for themselves: the decreasing number of female leaders shows that women in leading positions are no fast-selling item. In large-scale enterprises, there is huge potential for improvement and these figures will boost the discussion about the female quota again.

Small and medium-sized family companies

Having a look at the number of women in leading positions in SMFs, there is a surprise: According to Haunschild & Wolter (2010, p. 16) the number of female leaders in SMFs is more than twice as big (13.7 %, average of the numbers of female leaders in all SMFs) as in large-scale enterprises (6.3 %, DIW Berlin, cited in Career-Women in Motion e.V. 2013). Especially in small family companies with sales revenues up to 1 Million €, there are many female leaders (20.1 %). The larger the family companies, the lower the number of female

leaders. Especially in medium-sized family companies, only 9,4 % of the leadership positions are occupied by women (Haunschild & Wolter 2010, p. 16).

However, does that mean that SMFs have already reacted on the lack of skilled employees due to demographic change and started focusing on employing female leaders? Cravotta & Effenberg (2011, p. 14 f.) found out that 60 % of female leaders in SMFs come from the family of the proprietor. In comparison, only 6 % of the female leaders do not come internally from the family company, but are hired regularly. (Cravotta & Effenberg 2011, p. 14 f.) Therefore, the order of succession, which results in occupying management positions with daughters and granddaughters, seems to play an important role in the management cast of SMFs.

All in all it can be said that the situation for female leaders in Germany is difficult. However, it should be stated, that SMFs are far ahead compared to large-scale enterprises, when it comes to the number of female leaders.

2.5.1.2   Level of management

After learning that female leaders can often be found in SMFs, the question emerges, in which levels of management female leaders are active. According to Schwarze et al. (2013, p. 6 f.) women can be found especially in middle management positions. While in 2013 women occupied 29.9 % of all middle management positions in Germany, female leaders filled only 11.2 % of the top management positions. This trend seems to be ongoing which is observable on the fact that the increase of the number of women in top management positions was much smaller than the increase of female leaders in middle management positions. (Schwarze et al. 2013, p. 6 f.)

2.5.1.3   Industries

According to Schwarze et al. (2013, p. 10 ff.) there are huge differences concerning the number of female leaders in distinct industries. It seems that female leaders prefer to work for companies in the health and social service sector, as every third top management position in this industry is filled by a woman. Besides, female leaders can be found in car industry (20.9 %), service sector (19.3 %) and manufacturing industry (19.8 %). However, according to

Schwarze et al. (2013, p. 14 f.) a reason why there are not more female leaders in car industries is that this industry is still focused on the desires and interests of male clients, which requires male leaders that think the same way as their customers, even if it would be necessary to focus on female clients as well. Besides, less female top leaders can be found in energy supply industry (16.6 %) and bank/finance/insurance sector (14.4 %) (Schwarze et al. 2013, p. 12). Especially the bank/finance/insurance sector needs to justify the low number of female leaders in top or middle management position, as 55 % of all women in Germany that are subject to social insurance contribution are employed in those sectors. Experts therefore wonder, why there is a lack of female leaders in these industries, when so many women are working in those sectors. Schwarze et al. (2013, p. 13) see the reason in the fact that men persistently dominate those industries and therefore make it difficult for women to enter a top management position.

2.5.1.4 Functions

According to Schwarze et al. (2013, p. 16) most of the female top leaders can be found in functions such as accounting (46.4 %) followed by HR (15.4 %), finance (15.5 %) and training and development (14.1 %). This trend is also carried forward to the middle management, where most of the women can be found in accounting, finance, HR and training and development. However, a new function can be added here as many female middle managers also work in marketing departments.

2.5.1.5 Education, age and duration of employment

According to Holst et al. (2012, p. 37 f.), German leaders on average acquired 15 years of education. Besides, 64 % of female leaders and 66 % of male leaders have a university degree – therefore when it comes to education, men and women seem to be almost equal. However, in 2010, women on average have 4 years less professional experience and are with 40 years 3.5 years younger than male managers.

Additionally it is important to state that women are employed in the same firm a much shorter time than men. While men stay in the same company on average for 15 years, female leaders stay with the same company only for maximum 4

years. As candidates for top management level positions are mostly picked out of employees that stay for a long time with the company, this might be a reason, why women have worse chances for a top management position (Holst et al. 2012, p. 6, p. 39).

Focusing on the age of leaders in Germany, almost no differences in the number of female and male leaders in the age between 18 and 34 can be recorded. Nevertheless, between 35 and 54 years, the number of female leaders decreases by 10 %. According to Holst et al. (2012, p. 6) the reason for that is that in these years, couples usually start having their own families. In addition, the female quota of women that are older than 55, has decreased even more, namely by 20%. Summing up we can state that with increasing age, the number of female leaders decreases.

2.5.2 Impact of female leadership on organizational success

As discussed in chapter 2.5.1, there is a lot of potential when it comes to increasing the number of female leaders in Germany. However, there are many voices in the background, which are wondering why women should suddenly get into leading positions.

Many organizations assessed the impact of female leaders on the performance of companies and came up with a striking result. According to several studies, companies are more successful, if they also have female leaders in their supervisory committee. According to a study of the Catalyst (Joy & Carter 2007), companies with more female board directors have 53 % higher Return on Equity, 42 % higher Return on Sales and 66 % higher Return on Invested Capital than companies with a fewer amount of women in their supervisory committee. According to a McKinsey study (Desvaux et al. 2007, p. 14), companies with more than two women in their supervisory committee have 48 % higher EBIT. But not only financial benefits accompany female leadership; women also have a positive impact on the performance of teams due to their social intuition (Ernst &Young cited in Zeit Online 2012).

2.5.3 Comparison of male and female leadership characteristics

As discussed in 2.5.2, there is a link between female leadership and organizational success. Yet the following question remains: in which way are women leading companies to more success and are there differences to male leaders?

According to Glaesner (2007, p. 43), the equity theory states that men and women are equal in all aspects of their existence. Does that mean that men and women basically lead in the same way and that there are no differences in leadership? But if that is true, how is it even possible that the before mentioned organizations discovered that companies with female leaders seem to be more successful? Eagly & Johnson (1990, p. 236) conducted many studies concerning female leadership and summed up that there are differences between male and female leadership, which arise from deeply held sex differences in traits and behaviour, a spill-over of gender roles onto organizational roles and differences in the structural position of women and men. But how does male and female leadership differ from each other?

According to Loden (1985 cited in Eagly & Johnson 1990, p. 233) male leadership is prone to be more about competitiveness, hierarchical authority, high control and unemotional and analytic problem solving. In comparison, female leadership focuses on cooperativeness, collaboration of leaders and employees, enhancing employee's self-worth, low control and problem solving, which is based on intuition and empathy. According to Eagly & Johnson (1990, p. 247), women have a disposition to be more democratic and participative, while men often lead autocratic and top-down. A meta-analysis of Eagly (et al. 2003, p. 578 ff.) revealed that women are prone to be more inspiring, charismatic, and caring about employees and the relationships to them than men. Compared to men, women also tend to help employees to develop themselves. As a result they perform better than expected (Eagly et al. 2003, p. 578 ff.). The meta-analysis also revealed that female leaders tend to motivate employees with positive, incentives, which are based on rewards, while men often use less effective incentives, which are based on threats (Eagly et al.

2003, cited in Eagly 2013, p. 5). Furthermore, female leaders have the disposition to be better in supporting and mentoring employees then man (Eagly et al. 2003, p. 578 ff.).

Male leaders	Female leaders
Competitiveness	Cooperativeness
Hierarchical authority	Collaboration
High control	Low control
Unemotional, analytical problem-solving	Problem-solving based on intuition, empathy and rationality
Leading top-down, focus on commanding and controlling	Democrative, participative, caring about employees
Threat based incentives	Positive, reward-based incentives
	Supporting, mentoring, helping staff to develop themselves
	Enhance employee's self-worth
	Inspiring, charismatic

Table 3. Comparison of male and female leadership (Rittinger 2014 based on Eagly & Johnson 1990 and Eagly et al. 2003)

Leadership style of female leaders

To answer the first sub research question whether female leaders tend to use one specific leadership style, the author compared the detected leadership characteristics of women to the leadership styles in chapter 2.3. In this process, similarities to the transformational leadership style were observed. Typical leadership characteristics of transformational leaders, such as motivating, mentoring and supporting employees, being inspiring and caring about employees and their needs (cf. chapter 2.3) can also be found among the characteristics of female leaders (cf. table 3). Therefore, to answer the first sub research question, it can be concluded that female leaders with the above-mentioned characteristics tend to use the transformational leadership style. This finding is also supported by Eagly et al. (2003, p. 586), who summarized in their report that even when differences between men and women are small, the leadership styles of female leaders tend to be more transformational than those of men. Due to the fact that transformational leadership is able to cope with contemporary changes, increases employee loyalty as well as commitment (cf. chapter 2.3), it can be considered as the most suitable leadership style these

days. Therefore, SMFs should take female leaders into consideration. However, this does not mean that women are in general the better leaders. Generally speaking, SMFs should try to find transformational leaders, but it is totally indifferent if it is a woman or a man. Transformational male leaders are also suitable contemporary leaders.

2.5.4 Reasons for the lack of female leaders

After discussing that female leaders can have a positive impact on organizational success due to their suitable leadership styles, the question remains, why only a small amount of women work in a leading position in Germany? According to the Bavarian Federal Ministry of Labour and Social Affairs, Family and Women (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 10 ff.) there are many reasons for the low number of women in leading positions.

Glass ceiling

Glass ceiling, which in this case describes an invisible but existing ceiling that blocks access to leading positions for women, still exists in many areas. The larger a company, the more complicated for women to prevail over similar qualified male rivals. According to a study of the opinion research centre Forsa (cited in Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 10), 70 % of all interviewed women think that their career chances are lower compared to their male colleagues (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 10).

Stereotypes

According to the European Union (Europäische Kommission 2010, p. 35 f.), there are two different kinds of stereotypes that can influence the attitude towards female leaders. The first and basic cliché is based on the traditional division of labour: men are family nurturers, while women stay at home and care for the family. According to a study of Eurochambres (cited in Europäische Kommission 2010, p. 36), 90 % of the interviewed women think that men are in a better position to move up the ladder in a company due to family forces that withdraw women from business. 80 % of the interviewees see maternity as an

obstacle for their career. The second cliché refers on the one hand to personal gender characteristics and on the other hand on expectations on which skills and abilities have to be brought along to be a good leader. The association of strong leading qualities and business competences with male characteristics makes it hard for female leaders (Europäische Kommission 2010, p. 36).

Lack of female role models

Very important for the career of women are female role models, as 64 % of the interviewed women think that a lack of successful female role models is a burden for professional advancement. Women in leading positions entail more women; therefore successful female leaders can be seen as magnets for further women in leading positions. They show female young leaders that professional advancement possibilities exist. In addition, it is interesting that daughters, who have mothers in leading positions, reach the highest salary class more often than others (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 12).

Choice of career

Essential for the career of women is also the choice of profession. Due to the traditional division of tasks in the household, women often choose jobs in which they are able to arrange family and business such as office clerk or doctor's assistant. However, the problem with these jobs that are commonly chosen by women is that they lack professional advancement possibilities. In comparison, professions that are often chosen by men, such as technical- or scientific-oriented industries, offer much more chances for advancement, but are not chosen by many women. Therefore the Bavarian government aims to take steps supporting women going into MINT-industries (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 14). Another choice of profession, that is not fostering the career of women, is their aim for occupying part-time jobs. Due to the fact that women often do not occupy full-time jobs, probably because of family duties, they interrupt their professional life. This does not support female careers as it results in lower salary, less professional advancement possibilities and less pension claim (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 14).

2.5.5 Solutions for increasing the number of female leaders

According to the Bavarian Federal Ministry of Labour and Social Affairs, Family and Women (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 18 ff.), there are several ideas for increasing the number of female leaders in Germany. Not only the German government, but also companies and women themselves can do a lot to increase the number of female leaders.

2.5.5.1 Government actions

One possibility to ease the way for women into leading positions are political concepts of the German government.

Improve childcare options

One huge problem for women, who want to occupy leading positions, is the compatibility of family and job. To support that women are able to return to their job fast after giving birth, the German government needs to develop and offer more appropriate child care possibilities (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 19). Examples for better childcare options are full-time schools or improved numbers of kindergartens, which have flexible opening hours (Hofmeister & Hünefeld 2010).

Support the change of thinking

One problem that will always be an obstacle for women is the social belief that women should stay at home as soon as they have children while men behave as family nurturers. This problem can only be overcome when every company, employee and citizen understands that due to demographic changes it is important to take women into consideration. This understanding is supported by the German government, which tries to sensitise leaders and HR managers that women need to be appointed appropriately (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 19). Besides, it is necessary to eliminate prejudices that it is not appropriate that men interrupt their careers and make use of parental leave (Hofmeister & Hünefeld 2010). To boost this change, the German government should not only raise the awareness among

companies, employees and inhabitants, but also develop more family friendly solutions for men and women e.g. parental leave.

Female quota

As already discussed in chapter 2.5.1, there is huge potential for increasing the number of women in leading positions as compared to 2013, without a compulsory female quota, the number of female leaders has even decreased. As there is no voluntary improvement concerning the number of female leaders there is the question, if the female quota is an appropriate solution for bringing more women in leading positions.

The concept of the female quota in Germany

According to DIW Berlin (2014) the female quota is defined as a specification, which determines that a certain minimum percentage of employees, chairmen of an enterprise or members of a supervisory committee need to consist of women. The aim of the quota is to increase the number of female leaders.

The German government plans to pass a law that in 2016, 30 % of all members in the supervisory committees of large-scale enterprises need to be women. It is planned that this law will be applied to all newly replaced supervisory committee positions of 110 co-determined and listed enterprises. If companies are not able to fulfil the female quota due to the lack of suitable female workforce, the position has to be left unoccupied. Furthermore, there will be compulsory objectives concerning the promotion of women for another 3500 co-determined companies already in 2015. However, there are currently no plans for a female quota in SMFs (Merkur Online 2014).

Advantages and disadvantages of the female quota

One of the most important pros for the quota is the fact that in the last decade, companies did not voluntarily raise the number of female leaders, even if many firms enlisted themselves to increase the female quota (cf. chapter 2.5.1.1). However, due to the compulsory female quota, the number of female leaders would be increased and women would finally get a chance to occupy leading positions (Merkur Online 2014). Furthermore, as already discussed in chapter 2.5.2, mixed teams including men and women are more successful. Due to the

female quota, there will be more women in leading positions and hence more mixed teams will exist, so that the success of companies can be boosted. Besides, the female quota helps firms to tackle the lack of skilled labour with employing well-educated women. Enterprises are not going to get enough male leaders in the future anymore and therefore women can no longer be ignored, if firms want to remain successful (Halser 2011).

Disadvantages of the female quota

One disadvantage of the female quota is the fact that companies are going to be restricted in their entrepreneurial freedom when it comes to choosing new leaders. Due to the female quota, firms are forced to employ female leaders (Von Borstel 2013). Especially certain industries, such as the metal industry, will face problems, as there has already been a lack of women in related courses of studies; thus the choice of applicants is limited and hence it will be hard for those firms to manage fulfilling the female quota by finding suitable candidates (Von Borstel 2013). Furthermore, the female quota can lead to discrimination of men, as if all DAX 30 companies fulfil the 30 % rule of the female quota, 5500 female leaders are needed. Male applicants will not have a chance anymore, as companies are forced to choose women to fulfil the quota (Schmergal et al. 2012).

Resume of the female quota

The female quota has a few advantages, but also plenty of disadvantages. As it is very likely that this law will be passed sooner or later, the number of women in leading positions in German large-scale enterprises will increase. However, the question is if a compulsory quota is the right way or if more flexible and individual solutions might be better for women and companies. The German government should carefully consider the consequences of the female quota and contemplate whether there are other beneficial possibilities to increase the number of female leaders. However, in SMFs, the female quota will have no influence on the number of female leaders right now, as these companies are excluded from the compulsory female quota. The government should therefore think about development programmes to increase the number of women in leading positions in SMFs.

2.5.5.2 Company actions

4 waves of intervention

According to the Lehman Brothers Centre for Women in Business (2007) actions of companies that can boost the number of women in leading positions can be classified in 4 parts ("waves").

1. Wave: Measurement and Reporting

Firstly, companies that aim to increase the number of female leaders should focus on providing gender equality in recruitment, initial training, salaries and occupation of senior positions. Progress should be measured, controlled and reported. Subsequently, companies should use the results and set up targets. (The Lehman Brothers Centre for Women in Business 2007, p. 3 f.)

2. Wave: Enabling women to be wives, mothers and carers

The second wave is about designing options that support women to reconcile being a wife, mother, carer and employee. To do so, companies can offer flexible work options, emergency childcare, maternity coaching, job sharing and part-time options. These measures help women to reconcile job and family. However, it is important that firms do not only offer these options, but also promote them actively to ensure that they are used (The Lehman Brothers Centre for Women in Business 2007, p. 4).

3. Wave: Creating supportive networks

The third wave focuses on creating networks and mentoring opportunities for women. Those networks should enable women to exchange opinions and offer an additional support besides coaching. According to The Lehman Brothers Centre for Women in Business (2007, p. 5), there is huge potential for such networks, as women actively seek access to them, even though not many companies offer such networks. In addition to networks, mentoring is a very important support for women that want to occupy a leading position. Mentoring programs support especially younger women that are in the beginning of their career. Experienced professionals in a leading position consult and support those young women and help them with their professional advancement (The Lehman Brothers Centre for Women in Business 2007, p. 5).

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4. Wave: Preparing women to be leaders

In the last part, companies need to focus their actions on preparing women to be leaders, as being a top leader of a company requires a lot of experience. This experience can be gained by being in a subsidiary abroad, working on international projects or participating in senior leadership programs (The Lehman Brothers Centre for Women in Business 2007, p. 5 f.).

2.5.5.3 Actions conducted by women themselves

Besides actions of the government and companies, women should not only rely on others when it comes to increasing the chance of getting into leading positions. First of all, women should stop hiding their light under a bushel but start to trust themselves to be able to deal with a leading position. Moreover, women should dare to aim for top-leading positions and ignore traditional gender role thinking. Furthermore, they should be aware of the fact that despite having children, they do have the right to acquire a leadership position. In addition, women should start making their presence felt like men do, even if it feels unnatural to women (Staatsministerium für Arbeit und Sozialordnung, Familie und Frauen 2010, p. 21 ff.).

3 Small and medium-sized family companies in Germany

3.1 Definition of small and medium-sized family companies

As there is no official definition of SMFs, the author combines the definition of family companies and SMEs. However, according to the Institut für Mittelstandsforschung Bonn (2014a), it is not that easy to define family enterprises, as there are only qualitative but no quantitative delimitations from non-family companies. The Institut für Mittelstandforschung Bonn (2014a) defined family companies as firms, where up to two family members or their relatives hold minimum 50 % of the shares and at the same time belong to the management of the firm.

Referring to the Institut für Mittelstandsforschung Bonn (2014a) there is a huge overlap between family companies and SMEs. Therefore we should have a look at the definitions of SMEs. There are diverse definitions of SMEs, but as this

thesis is about German SMEs, the author chose the German definition. According to the Institut für Mittelstandforschung Bonn (2014b), SMEs are small and medium-sized enterprises, which are divided into 2 categories: small and medium-sized companies. The factors, which categorize a company, are the number of employees and the annual turnover of a company. Differentiation between small and medium-sized companies can be found in table 4.

Company size	Number of employees	Annual turnover
Small	< 9	< 1 million Euro
Medium-sized	< 499	< 50 million Euro

Table 4. Definition of SMEs (Rittinger 2014 based on Institut für Mittelstandforschung Bonn 2014b)

3.2 Economic relevance of family companies in Germany

SMEs are said to be the motor of the German economy. According to Destatis (2014a), 99.3 % of all German companies in 2011 were SMEs, which were responsible for 1/3rd of German sales in 2011, for 47 % of the German gross value added and for 46 % of gross investment in tangible goods in 2010. Besides, Destatis (2014b) added, that 60 % of all German employees work in SMEs. Furthermore SMEs can be described as innovative: Especially SMEs with less than 250 employees invest more than twice as much in R&D than larger SMEs up to 500 employees. Besides, 70 % of all smaller SMEs up to 20 employees do research with more than one research partner (Bundesministerium für Wirtschaft und Energie 2013, p. 2). All in all it is clear that SMEs play an important role in the German economy. As there is a big overlap between SMEs and family companies (Institut für Mittelstandsforschung 2014a), it can be concluded that SMFs contribute essentially to the German economy.

3.3 Characteristics of small and medium-sized family companies

According to Lüke (2012) a few years ago, German SMFs had the reputation of being boring, somehow unfashionable and patriarchal. But are these biases true? In order to figure that out, we need to have a look at the characteristics of German SMFs.

Strengths of family companies

According to Berthold (2010, p. 32 ff.), the biggest difference between family companies and other companies is the influence of the family. According to PWC, values from the owner family such as respect, trust, loyalty and honesty, particularly shape the core business values of the company, which influence staff behaviour and the organisational culture. Honesty, integrity, transparency, customer focus, creativity and social responsibility are typical core values, which are often found in family companies (PWC 2012, p. 18 f.). The smaller the family company, the bigger is the influence of the core values of the leader on the company. Especially in owner-lead companies, the personality of the owner has a big impact on the family company. The owners are aware of the fact that securing their livelihood is linked to the company's success and therefore these leaders are more motivated, energized and engaged in a company. They set up plans for the long run, do not make as risky decisions as public corporations do, plan cross-generational and thus manage their company sustainably (Berthold 2010, p. 32 ff.; Lüke 2012). Even if owners of SMFs are make long term plans, they are still able to decide and communicate fast and flexibly due to flat hierarchies. Furthermore family company entrepreneurs have an informal relationship to their employees, know them personally, care about their feelings and have an open door policy (Lüke 2012). With the help of their values and their informal relationship between leader and staff, family enterprises are able to build a positive corporate culture that enables them to create an emotional bond with their staff (PWC 2012, p. 17).

Weaknesses of family companies

But family companies also have weaknesses. According to a report of the European Commission (2009, p. 16 f.), the link between family ownership and business is not always well balanced as many different interests and influences from the family can cause conflicts and in worst case jeopardize the existence of the company. This risk is even higher as soon as the company is transferred to the next generation. Therefore family companies need family governance in addition to normal management skills, which tries to decrease the tension between family and business. Unfortunately family firms today still lack the

awareness that family governance is needed and therefore it is hardly applied (European Commission 2009, p. 16 f.).

Another weakness of family companies is their negative image on the labour market. Biases exist that SMFs are nepotistic and paternalistic firms, where non-family members will never have the same chances as family members. In addition, general problems of very small family companies, such as less payment and limited career opportunities, make family companies overall less attractive (European Commission 2009, p. 17). According to a study of Commerzbank AG (2011, p. 43), the problem is that many SMEs (and therefore a lot of family companies) are media-shy and humble; they see themselves as doers and not as communicators. Actually, SMEs should be more interested in showing themselves positively in public, as they are often located on the countryside and without a popular brand name, it will be hard to get suitable employees.

3.4 Leadership situation in small and medium-sized family companies

Leadership in SMFs is said to be nepotistic and paternalistic (cf. chapter 3.3). To clarify if that is true, current leadership situation in SMFs need to be analysed. Leadership in SMEs was researched in a study of Commerzbank AG in 2011 and due to the huge overlap between SMEs and family companies (Institut für Mittelstandforschung 2014a), the results of the study are applied to SMFs.

Composition of the management team

First of all, it can be stated that most of the smaller family companies are led by the owner, which shows that these companies are strongly influenced by their possessor. However, 33 % of all SMEs, mostly medium-sized companies, are lead by the owner and another external manager. Besides, almost half of those externally hired managers are younger than 45; therefore it can be stated that especially larger family companies give young, external potentials the chance to work in a leadership position (Commerzbank AG 2011, p. 19 ff.).

Leadership roles in SMEs

Moreover, leaders in SMEs have been asked, which roles they consider to be essential for a leader: 79 % of the leaders agreed that being a motivator is very important, followed by being an organizer (73 %), strategist (72 %), initiator (68 %), supporter (65 %), expert (57 %), controller (50 %) and canvasser (39 %). However, the study detected a conflict between the needed role of being a motivator and the fact that leaders of SMEs see themselves as functional and pragmatic team players, but not as motivating, charismatic or visionary leaders. In comparison, leaders from economically successful SMEs definitely see themselves as motivating, visionary and charismatic managers. Hence having charismatic and visionary leaders that are able to motivate staff could be a success factor for SMEs family companies (Commerzbank AG 2011, p. 36 ff.).

Leadership problems in SMEs

According to the study of the Commerzbank AG (2011, p. 45 ff.) most leaders of SMEs think that their biggest leadership problem besides concentrating too much on operative business (48 %) is misjudging employees (74 %). This problem is based on too little knowledge about employees referring to how much guidance or autonomy they need. Furthermore, 46 % of leaders in SMEs are not clear enough in their instructions, get stuck in discussions (33 %) and still do not communicate not enough with their employees (26 %). When it comes to feedback in SMEs, 88 % of leaders undertake regular feedback meetings while 69 % use performance-based payment, 67 % target agreements, but only 47 % are executing an official employee evaluation and even less SMEs (40 %) think about leadership evaluation. This shows us that almost half of all employee meetings lack consequence in SMEs. To be attractive employers, most SMEs try to set up work-life-balance possibilities, while 29 % of SMEs have trainee programs but only 14 % use mentoring and less, only 10 % offer programs to foster women. SMEs, which are economically successful and have satisfied employees have in 40 % of the cases programs for high potentials and 20 % offer mentor programs. However, the study shows that medium-sized companies, which have an increased annual sale, do not offer more programs than small companies. In addition, most managers think

that qualification and EE as well as the lack of skilled employees are the biggest challenges in leadership today (Commerzbank AG 2011, p. 45 ff.).

Leadership development

Leadership, however, is no topic where leaders of SMEs develop themselves with the help of coaching's or mentoring, as 98 % of SMEs leaders think that work experience, 93 % personality and 90 % life experience supports being a good leader while trainings, literature, coaching or mentoring are hardly seen as useful to develop leadership skills. Only leaders in economically successful companies with satisfied employees care more about trainings and coaching (7-8 % more). This shows us that caring about developing leadership capabilities can be a factor of success for SMEs (Commerzbank AG 2011, p. 54).

4   Employee engagement

4.1 Definition of employee engagement

To understand the effect of employee engagement (EE), it is important to have a look at the meaning of EE. As there is no official definition, it is useful to compare different approaches. The Towers Watson (cited in Lewis et al. 2011, p. 3) defines EE with 3 dimensions: employees are engaged if they have a connection to their company among a rational, emotional and motivational level. The rational dimension includes that employees understand their roles and responsibility in the company (thinking), while the emotional dimension is about the level of passion that employees use in their job in their company (feeling). The motivational dimension includes that employees are willing to work extraordinarily much to perform as good as possible in their job (acting).

According to Macey & Schneider (2008, p. 24), EE is about being vital, energised, dedicated, proud and enthusiastic. Erickson (2005, cited in Macey & Schneider 2008, p. 7) states that being engaged is more than being just satisfied and loyal: employees with a high level of EE are passionate, committed and put extraordinary effort into work. Therefore EE can also be

seen as the opposite of burnout (Schaufeli & Bakker 2003, cited in Lewis et al. 2011, p. 3).

4.2 Benefits of employee engagement

After understanding the term EE, the question emerges, why SMFs need engaged employees? According to the Global Workforce Study from The Towers Watson (2007–2008, cited in Lewis et al. 2011, p. 4), there is a link between EE and organizational performance. It shows that firms with a high level of EE increased their operating income by 19 %, while companies with hardly engaged employees decreased their operating income by 32 %. Furthermore, companies with highly engaged employees were able to raise their earnings per share by 28 % (The Towers Watson 2007–2008, cited in Lewis et al. 2011, p. 4). Nevertheless, there are not only financial benefits of a high level of EE: According to Saks (2006, cited in Lewis et al. 2011, p. 4) EE has a positive impact on organizational commitment, which results in a lower turnover rate. Besides, a high level of EE is also influencing loyalty and productivity as well as customer satisfaction positively (Harter et al. 2002, cited in Lewis et al. 2011, p. 4). According to Schaufeli et al. (2008, cited in Lewis et al. 2011, p. 4), highly engaged employees are more satisfied concerning their job and experience a greater wellbeing. All in all, this amounts to that a high level of EE has a positive impact organizational success. Therefore companies should ensure that their employees are all highly engaged.

4.3 Current EE situation for small and medium-sized family companies

After realizing how companies can benefit from a high level of EE, we should have a look at the current EE figures in German companies. Unfortunately, according to the Gallup Employee Engagement Index 2012 (Gallup 2013, p. 1) only 15 % of the German employees are highly engaged, while 24 % of the employees have already thought about quitting their contracts and 61 % of the employees only engage in a rulebook slowdown. As most of the companies in Germany are SMFs (Institut für Mittelstandsforschung Bonn 2014a, cf. chapter 3), it seems like the level of EE in SMFs is low even if the theory conveys that SMF leaders establish positive corporate cultures, care about close

relationships to staff and tend to create an emotional bond with employees (PWC 2012, p. 17; cf. chapter 3.3).

But what are the consequences of the lack of EE for German SMFs? According to the press release of the Gallup Employee Engagement Index 2012 (Gallup 2013, p. 1), employees without EE work 3.1 days less than their colleagues, therefore the German economy suffers annual costs of € 18.3 billion. Furthermore, due to the lack of productivity of hardly engaged employees, Germany suffers costs between the amount of € 112-138 billion. SMFs, which are a big part of the German economy, therefore also suffer high costs. Besides, poorly engaged staff is less innovative and tends to change their employer faster. Therefore, low EE results in high costs and effort due to a continuous recruiting process, loss of know-how and customers. Focusing on the negative consequences of the lack of EE, companies should ensure a high EE level.

4.4 Reasons for lack of EE in small and medium-sized family companies

As already discussed in chapter 3.4, leaders of SMEs agree that they see EE as a challenge. According to the Gallup Employee Engagement Index 2012 (Gallup 2013, p. 2), low EE in Germany stems from a deficit in leadership. According to Commerzbank AG (2011, p. 45 f.; cf. chapter 3.4), the problems among SME leaders are that they are not charismatic and visionary enough, even if they think being a motivator for their employees is very important. Therefore, they are probably not inspiring enough to motivate their staff. Also they often concentrate too much on the operative business instead of communicating with staff and therefore it happens that leaders of SMFs misjudge employees due to a lack of knowledge about them. Misjudging employees can result in overexerting or demanding too little from staff. Furthermore, leaders of SMFs are often unclear in instructions and do not execute official employee evaluation. Moreover leaders in SMEs lack special leadership knowledge, as they rather concentrate on using personal work and life experience to lead their employees instead of developing their leadership skills in trainings and with the help of professional literature. Additionally, there

often is a lack of special programs for trainees and women in SMEs (Commerzbank AG 2011, p. 45 f.). According to Lewis et al. (2011, p. 10 ff.), the mentioned issues such as limited communication, being unclear with instructions and lacking feedback or career developing programs, can increase the chance of having a low level of EE.

Bearing the current negative situation and the results of a high level of EE in mind, family companies should focus on increasing their level of EE in their firms with finding outstanding leaders. A higher level of EE can help family companies to cope with the lack of skilled labour, as employees have a longer duration of employment and less turnover (cf. chapter 4.2).

4.5 Driving factors of employee engagement

Female leaders of family companies should be aware of the driving factors of EE in order to figure out, how they are able to influence and enhance EE among staff. Best Companies LLP (2011, cited in Sparrow 2012, p. 17 f.) revealed that there are eight factors that are proven to have the biggest impact on EE. Managers and leaders have the highest influences on EE, followed by the company, the team, personal growth, fair deal, giving something back and wellbeing. Especially in nowadays unstable world, the need of excellent managers and leaders is very high and the better employees feel regarding their manager and leader, the way of communicating and the values and principles, the higher is the level of EE. The second driving factor, My Company, is characterized by the degree of emotional connection of staff to their company. The third driving factor, My Team, will increase EE, if the employees feel good when it comes to working with their colleagues. The fourth driving factor, personal growth, is based on how employees feel about their job concerning challenge, development options and the possibility of using and enhancing their skills. Besides, receiving a fair payment, having a good work-life balance and an appropriate amount of pressure enhances EE. Last but not least, if a company gives something back to society, employees are proud to work for their firm and therefore increase their EE (Best Companies LLP 2001, cited in Sparrow 2012, p. 17 f.).

These driving factors of EE highlight the need for outstanding leaders and managers once more. But the question remains for family companies: what kind of qualities are required from a leader in order to enhance EE?

4.6 Skills of an engaging leader compared to female leadership skills

In chapter 2.4, it is already mentioned that there are necessary leadership skills like communication skills, social and emotional intelligence and empowerment skills, if a leader wants to be effective these days. But as we focus on EE, the question remains, which leadership skills and behaviours are necessary to increase EE among employees?

According to a study of the IES (Robinson & Hayday 2009), there are certain characteristics that leaders should have to be an engaging leader. First of all, it is important to communicate clearly what is expected from staff. Leaders should listen, value, involve and support employees. They should be focused on the target, have a clear vision and need to be excellent in communicating. Furthermore, leaders should not only show empathy, but also respect and interest in their followers. To be engaging, leaders should moreover be interested in the development of each employee and motivate and encourage their staff to develop themselves. Besides, leaders should be honest, open, inspiring and enthusiastic to engage their employees. Nevertheless, leaders are not only engaging their staff by supporting them to develop with trainings, but they also assist their employees in helping out in the frontline, for example when there is a lack of staff. Furthermore, engaging leaders should always prevent being self-centred, avoid aggressiveness, the lack of awareness, not showing empathy or interest for their employees. Besides, in the study of IES (Robinson & Hayday 2009), employees were asked to draw a picture, how they see their leaders, which were able to engage them: most of the employees drew a smiling sun.

To figure out, if female leaders can be classified as engaging leaders and therefore have a positive impact on EE, the author compared the characteristics of transformational leadership style, which female leaders tend to use, to the

characteristics of engaging leaders. As a result, many similarities can be observed: As already discussed in chapter 2.5.3, female leadership is characterised by focusing on cooperativeness, openness, involvement and collaboration with employees; these characteristics can also be found in the leadership style that is needed to increase EE. Female leaders are also concerned about relationships with their staff and base decision-making not only on rationality, but also on empathy; this matches the needed behaviour of showing interest and empathy for employees to increase EE. As discussed before, leaders should also support the development of their employees for example with trainings to enhance EE - as women try to increase the self-worth of employees and support and mentor them to develop themselves, so that staff performs better than expected, they have good requirements to increase EE. All in all, the comparison of the leadership behaviour of women using the transformational leadership style and the behaviour of engaging leaders shows clear similarities. Therefore, it can be summarized that female leaders, who are applying transformational leadership, can be classified as engaging leaders and therefore have a positive impact on EE.

4.7 The 10 C's to enhance employee engagement

After knowing that women can have a positive impact on EE, the question remains, which measures can be taken to increase EE. Seijts & Crim (2006) summarized several actions, which can be taken into account from leaders to increase EE and called them the "10 C's".

1. Connect

The first of the 10 C's is Connect. As foundation for a high level of EE, leaders must show that they value and care about employees and have a good relationship with their staff (Seijts & Crim 2006). According to a report of Business Link (2011, p. 3), it is easier to motivate employees if a leader understands and knows each employee individually. Therefore, it is important to take an interest in the private life and interests of employees. The better the relationship between staff and leader, the better employees will feel and the better they are willing to perform (Seijts & Crim 2006). Especially in smaller

family companies with flat hierarchy, where all employees know each other, good relationships are absolutely necessary. As discussed in chapter 3.4, leaders in SMFs often misjudge employees due to a lack of knowledge about them. To get more knowledge about staff and to build up a relationship, female leaders could for example introduce a Monday morning breakfast for all employees to create some time for private chat.

2. Career

To boost EE, female leaders should also provide challenging tasks, enough duties, responsibilities, career development opportunities (Seijts & Crim 2006) as well as trainings for every individual employee (Lewis et al. 2011, p. 10). As discussed in chapter 3.4, leaders of SMFs often misjudge their employees due to a lack of knowledge, which results in tasks being too demanding or to little challenging, which can result in a lack of EE. To avoid that, female leaders should be careful with allocating tasks and goals and involve employees in discussing their job design, tasks and responsibilities (Business Link 2011, p. 4). Furthermore, Commerzbank AG (2011, p. 56; cf. chapter 3.4) showed that SMFs lack programs for trainees or mentoring programs for women. Therefore, female leaders should focus on creating career development possibilities, as especially for young university graduates the lack of career possibilities in SMFs is a reason to join large-scale enterprises.

3. Clarity

Moreover, it is very important that leaders communicate their vision clearly so that employees are able to understand the vision, purpose, direction and goals of the firm – only then organisational success can occur (Seijts & Crim 2006). Business Link (2011, p. 4) states that leaders additionally need to communicate the objectives of each individual clearly to show them how their job fits to the strategy and goals of the firm. Furthermore, it is very important to inform employees about changes in their tasks and tell them if they are not on track anymore (Lewis et al. 2011, p. 12). To help employees in SMFs to understand the direction and goals of the company, regular business update meetings should be organized to explain new developments to employees.

4. Conveying

Leaders that aim to improve the skills of their employees should support them by offering work processes to help staff to cope with tasks. Furthermore, it is important for leaders to provide regular, open and honest feedback for every employee to show them how they performed, where they increased their performance and motivate them to continue progressing (Business Link 2011, p. 4). According to Lewis et al. (2011, p. 10), leaders should additionally keep in mind to balance positive and negative feedback, give the feedback timely, show understanding, if something went wrong and explain reasons behind the feedback. As discussed in chapter 3.4, most of the leaders in SMFs do use regular feedback meetings with their employees, but do not evaluate the performance of their employees properly; as a result, there are no consequences after the meeting. Therefore, one possibility for female leaders is to use employee evaluation sheets, which show the exact performance of the individual in each task.

5. Congratulating

According to Wooden's approach, Seijts & Crim (2006) highlight that employees often have the feeling that they get negative feedback immediately after poor performance, yet positive feedback only rarely, when performing well. Therefore, female leaders should recognize great performance, thank employees for excellent work and share special success moments with the whole company. For example female leaders in small family companies could have a short meeting on Fridays, summarising what happened during the week and highlighting the performance of the best employee of the week. According to Business Link (2011, p. 6) female leaders could in addition offer rewards for employees, who exceeded all expectations with their performance. These rewards have a visible effect, if they meet the personnel interest of these employees. Another option is to have a social event like a nice dinner with all employees when reaching a milestone.

6. Contributing

According to Seijts & Crim (2006) employees want to know that their role matters and that they contribute to the company's success. Therefore, female

leaders should help their employees to see and feel how they contribute to the success and the future of the SMFs. According to Sparrow (2012, p. 29 ff.), to be engaged, it is necessary for staff to understand where the firm is heading, why the enterprise is heading there, what actions are required and how they can participate in that process. To understand how they can contribute to the company, it is important for employees to get the idea of the bigger picture, which includes sectors such as the direction, vision or goals of the firm. Hence, female leaders can take the opportunity to paint a visual picture of the company, which shows all elements like the strategy, the future vision and key enablers in a very memorable way. On this visual picture female leaders should explain every employee their little part in the picture, which shows them how every individual contributes to the big picture. (Sparrow 2012, p. 29 ff.)

7. Controlling

Instead of being over-critical, micro-managing employees, telling staff what to do while lacking trust in employee's capabilities (Lewis et al. 2011, p. 10) female leaders should rather involve employees in decision-making and setting up goals as well as give them a voice concerning ideas and value their contribution (Seijts & Crim 2006). Systematically involving employees in decision-making processes of family companies creates a culture where all employees are willing to take ownership of problems and their solutions. Otherwise disengaged employees in owner-lead SMFs might just try to shift decision-making to the owner. One idea for female leaders could be to focus on management by objectives; they could give their employees clear objectives, but let them choose the way to carry out work to achieve these goals. When doing so, female leaders should still be available and acting as a coach when needed to provide direction for staff (Lewis et al. 2011, p. 10) and especially in owner-led SMFs, employees might not be used to make decisions independently.

8. Collaborating

According to Seijts & Crim (2006) employees, who work in teams and trust and cooperate with their team members, outperform individuals or teams, which lack good relationships. Therefore, female leaders should try to support working in teams and create an environment that supports trust and collaboration.

9. Credibility

Female leaders should try to maintain a good company reputation and demonstrate high ethical standards as no employee wants to work for a company, which is famous for ethical scandals. Employees want to be proud of their jobs, performance and company (Seijts & Crim 2006).

10. Confidence

Good leaders not only maintain a good company reputation due to high ethical standards, but also help to create confidence in the company by being a good example of high ethical and performance standards. Female leaders in SMFs should therefore hold on to the ethical standards (Seijts & Crim 2006). Especially in small firms, employees will recognize scandals fast, the improper behaviour will be revealed quickly and within short time, employees will be ashamed to work for the company, oppose the leader and lack EE and trust. Furthermore, according to Lewis et al. (2011, p. 9) female leaders should treat every employee fair.

These "10 C's" show that there are various opportunities to increase EE in SMFs. What should be added here is that every company has different driving factors for EE, which are dependent on their employees. Therefore, it is important to figure out which driving factors fit to the needs of employees and react on them with the matching behaviour and actions to increase EE. However, these 10 points offer a good starting point for female leaders that aim to increase the level of EE in SMFs. Of course, these measures are gender neutral and can also be applied by male leaders.

5 Empirical part

5.1 Methodology

Inductive or deductive approach

One of the first choices to be made regarding the empirical part is the selection of the deductive or the inductive approach. According to Saunders et al. (2012, p. 144 ff.), applying the **deductive approach**, the researcher builds a theory

based on literature, followed by setting up hypothesises, which are compared to the existing theories. If the results of the analysis are not consistent with the hypothesis, the theory is false; otherwise the analysis is correct and theory is affirmed. In comparison, the **inductive approach** starts by collecting data to explore the phenomenon and to increase the understanding of the situation. Afterwards, patterns can be detected among data and a theory can be set up, which can be compared to the theory of literature (Saunders et al. 2012, p. 144 ff.). The author chose the inductive approach, as the aim of the interviews was to find common patterns among the behaviour of the interviewees to set up a theory based on the findings of the collected data, which was finally compared to the findings of the theoretical part. In addition, the data, which derives from the interviews, is mostly about feelings, behaviours or subjective views of experts. Hence this data can hardly be measured in numbers and rigid hypothesis cannot be formulated (Saunders et al. 2012, p. 144 ff.).

Qualitative or quantitative approach

Another choice that has to be made is about selecting the qualitative or quantitative approach. According to Saunders et al. (2012, p. 161 ff.), one way to distinguish both approaches is to differentiate between numeric and non-numeric data. While the **quantitative approach** is mostly linked to numeric data, which stems from a highly structured data collection technique like questionnaires, the **qualitative approach** is usually associated with interpretative philosophy and explaining phenomena with words. Furthermore, qualitative research is mostly linked to the inductive approach while quantitative research is associated with the deductive approach. The author chose the mixed-model approach, which is a mix between the qualitative and the quantitative approach (Saunders et al. 2012, p. 165 f.). The major part of the interviews focus on the qualitative part of the mixed-model approach, as it was aimed to approach the topic as open and flexible as possible to discover new phenomena without giving interviewees too many restrictions with predetermined answers. Therefore, the author did not use a questionnaire. With the qualitative approach the author aimed to let the experts talk freely to explore and understand their subjective view of the topic. Besides, some of the answers

of the interview questions can be analysed quantitatively and will be displayed in graphs or statistics (Saunders et al. 2012, p. 161 ff.).

**Standardisation of the interviews**

According to Saunders et al. (2012, p. 374 ff.), there are 3 different ways to standardise interviews: in-depth interviews, semi-structured interviews and structured interviews. While **structured interviews** use questionnaires on the basis of predetermined responses, **semi-structured interviews** are linked to the qualitative approach (King 2004, cited in Saunders et al. 2012, p. 374) and allow variation in questions to promote further discussion, while keeping some key questions ensures comparability (Saunders et al. 2012, p. 374). **In-depth interviews** in comparison are unstructured, informal interviews where the interviewer aims to talk freely about the topic and do not prepare any questions in advance (Saunders et al. 2012, p. 374 ff.). The author chose to conduct semi-structured interviews. Therefore, key questions that delimit the areas of this thesis and give the interview more structure have been developed. However, the author aimed to remain flexible in the interviews and therefore the semi-structured approach was chosen. This approach enables the author to ask additional questions, change the wording of the question or ask in another way if something is not clear. Besides, it allows interviewees to pursue an additional point if it is reasonable for this thesis (Saunders et al. 2012, p. 374 ff.).

5.2 Participants and execution of interviews

As this thesis focuses on female leadership, all interviews have been conducted with women, either being owners or leaders in family companies with up to 499 employees. To increase applicability, reliability and validity, the age, experience, industry of the business and level of management differs with every interviewee. There will be only single interviews with experts, no group interviews. The interviews will be conducted face-to-face, via Skype, telephone and email.
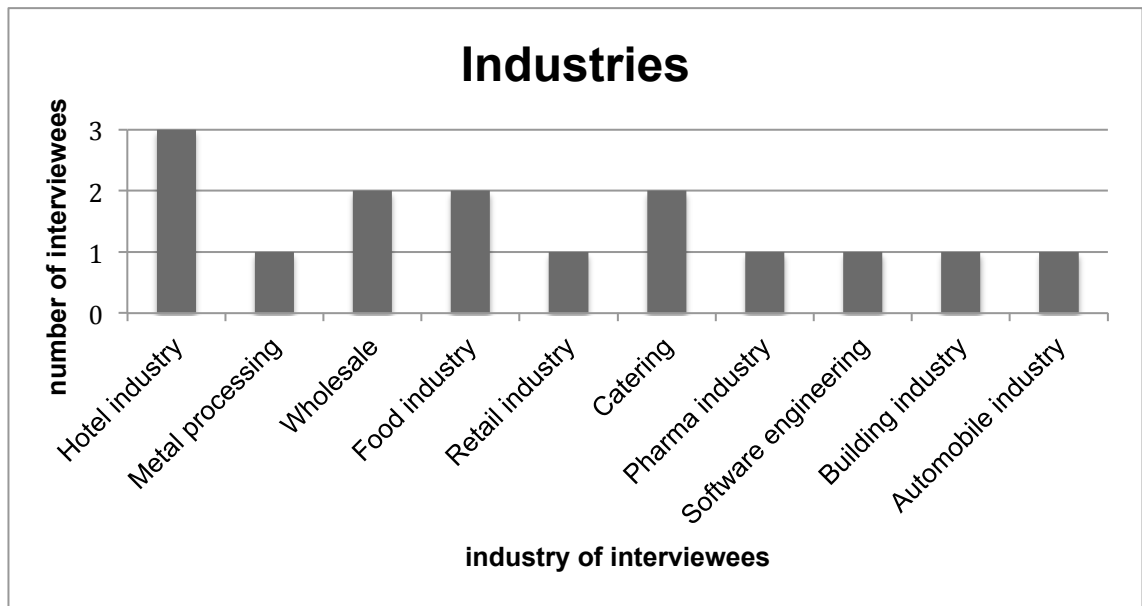
Interviewee	Age	Staff	Firm size	Industry	Position
1	71	20	Small	Hotel	Owner
2	65	20	Small	Hotel	CEO
3	28	80	Medium	Metal	Finance manager
4	33	20	Small	Wholesale	Owner
5	29	250	Medium	Wholesale	Owner
6	56	150	Medium	Food	Owner
7	50	4	Small	Retail	Owner
8	53	50	Medium	Food	CEO
9	29	250	Medium	Catering	Product manager
10	47	15	Small	Pharmacy	Owner
11	35	80	Medium	Hotel	Chairman
12	34	250	Medium	Catering	Purchasing manager
13	33	220	Medium	Software engineering	Chairman
14	36	280	Medium	Building	Sales manager

**Table 5. Structure of interviewees (Rittinger 2014)**
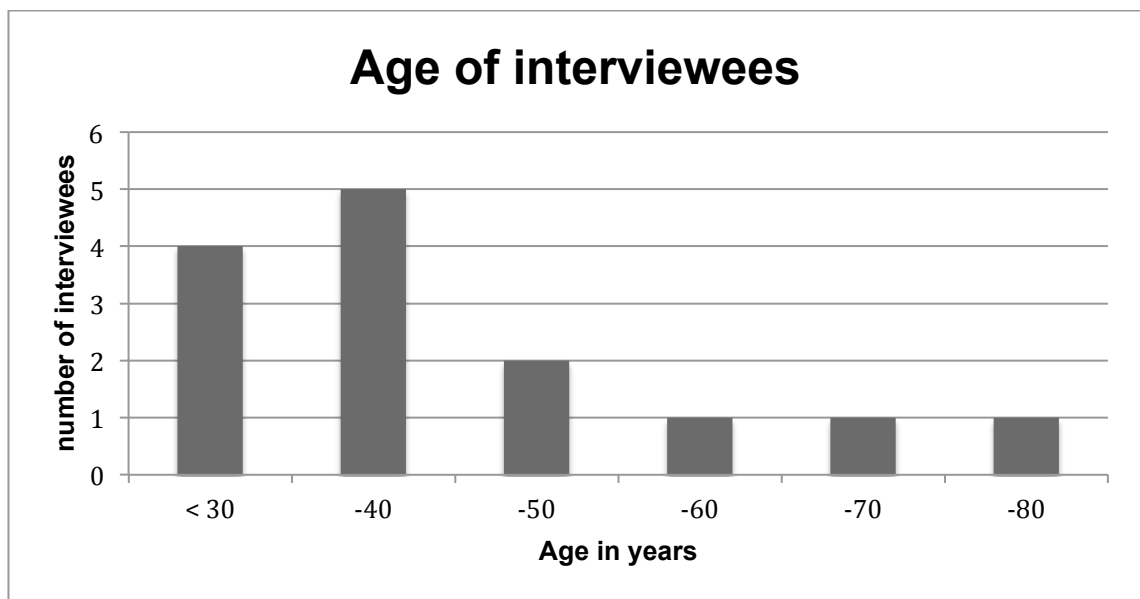
Graph 1. Age of interviewees (Rittinger 2014)

As it can be seen in graph 1, the age of the interviewees varies a lot. The author aimed to interview female leaders from different age groups to ensure reliability and applicability and to figure out whether the findings can be affiliated to the age of the interviewees.

Industries

number of interviewees

(bar chart: Hotel industry = 3; Metal processing = 1; Wholesale = 2; Food industry = 2; Retail industry = 1; Catering = 2; Pharma industry = 1; Software engineering = 1; Building industry = 1; Automobile industry = 1)

industry of interviewees

Graph 2. Industries of interviewees (Rittinger 2014)

As it can be seen in graph 2, also the industries of the interviewees are varying. This enables the author to compare findings of different industries in order to find common patterns or differences. When there is more than one interviewee per industry, findings can also be compared within that industry.

Company size

number of interivewee companeis

(bar chart: Small = 6; Medium = 9)
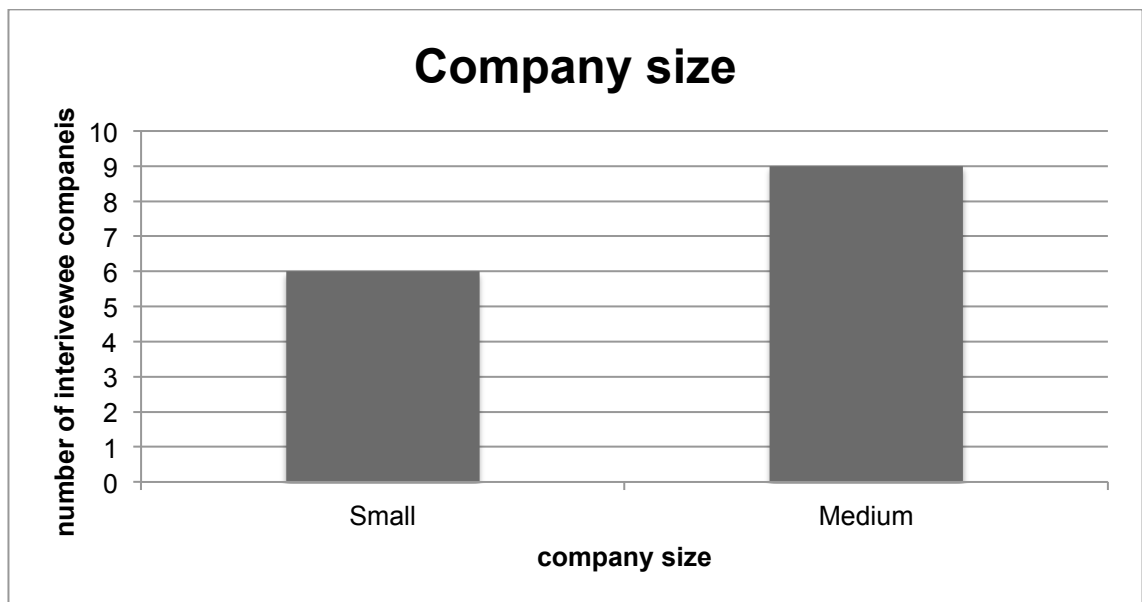
company size

**Graph 3. Company size (Rittinger 2014)**
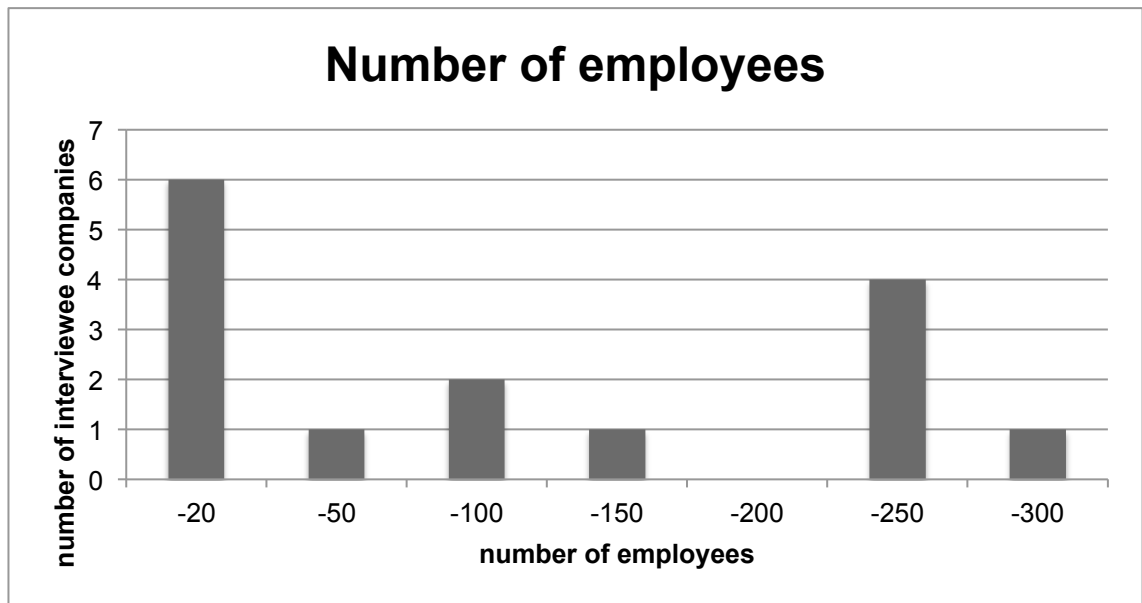
Graph 4. Number of employees (Rittinger 2014)

Graph 3 and graph 4 show the size of the companies and the number of employees, which is related to the firm size. It enables the author to analyse whether the findings are linked to the size of the analysed companies or not.
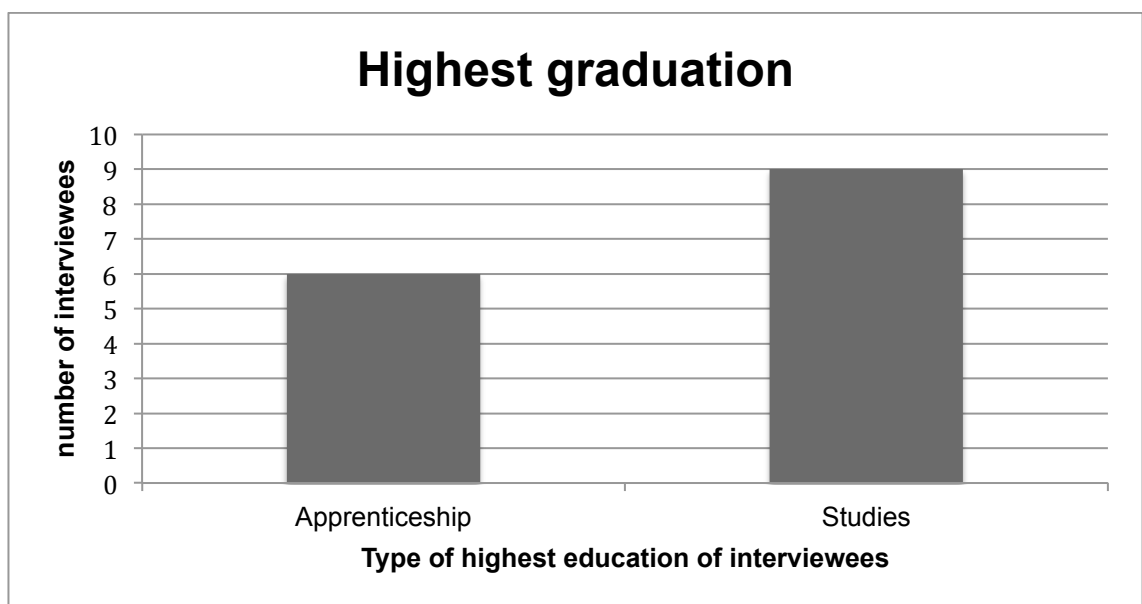
Graph 5. Highest graduation of interviewees (Rittinger 2014)

Management education of interviewees
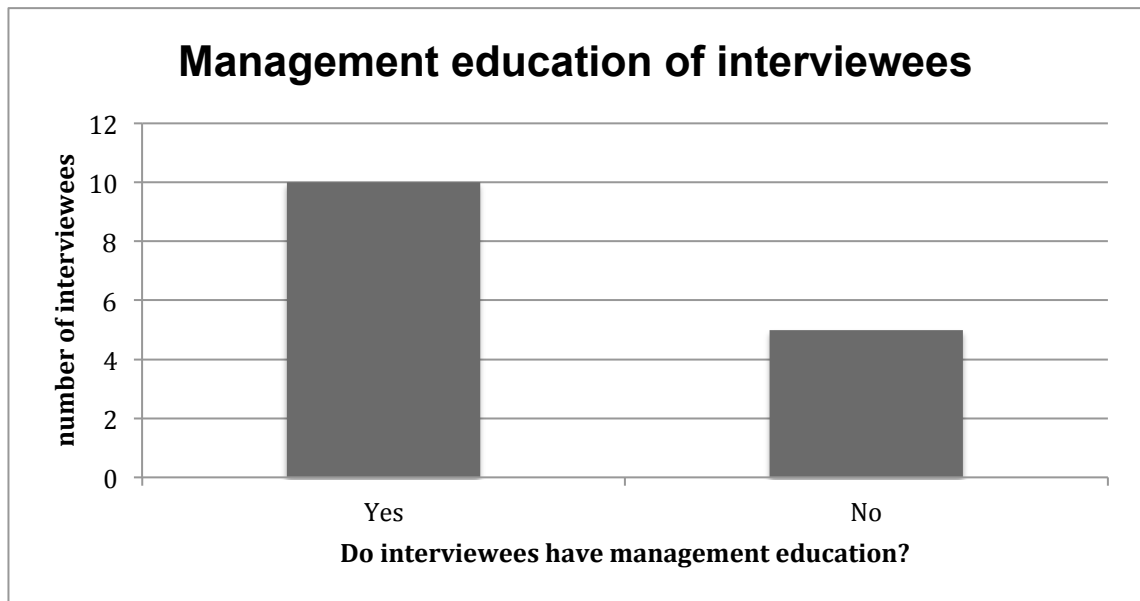
Graph 6. Management education of interviewees (Rittinger 2014)

Graph 5 and graph 6 give information about the education of the interviewees as the author aims to figure out if findings are related to the level of education.

5.3 Data collection and analysis

All data from face-to-face, Skype or telephone interviews is going to be recorded by using an audio-software on the author's computer. Then, data will be transcribed by listening to the audio recording and typing the information into documents. Answers from e-Mail interviews will not be changed. Afterwards, the author will clean data from all interviews by correcting transcription errors. Subsequently, the transcribed interviews will be read over and over again to find meaningful parts such as repeated terms. Afterwards, categories will be developed based on those meaningful parts as well as on research objectives and questions. After every new interview, relevant data will be attached to the categories. The author aims to reduce and rearrange data into a more manageable and comprehensible form, in order to detect links between the categories and phenomena. After going through all interviews and matching data to categories, statements within the interviews are compared to draw conclusions. Results will be reported according to the author's research objectives and questions. Explanations about the findings will be conducted in

written form. Additionally, qualitative data that can be expressed quantitatively will be displayed in graphs or tables (Saunders et al. 2012, p. 550 ff.).

5.4 Reliability, generalizability and validity

The nature of semi-structure interviews can lead to concerns about **reliability**, which regards whether other researchers would detect equal information (Easterby-Smith et al. 2008; Silverman 2007; both cited in Saunders et al. 2012, p. 381). As those interviews are not fully standardized, biases can come up. Interviewer biases can come from different tone or behaviour during the interview, which influences the interviewee's responses. Interviewee biases in comparison can be caused by perceptions about the interviewer, by the fact that semi-structured interviews are very time-consuming so that the willingness to reveal information is reduced during the interview or by the fact that sensitive information is not shared. To limit those problems, the author tried not to change her tone and behaviour in the interviews and keep the interviews in reasonable time frames (Saunders et al. 2012, p. 381 f.). However, findings from semi-structured interviews are not inevitably designated for being repeatable since they mirror the situation at the time, when the data is collected. As circumstances might change over time, findings might alter (Marshall & Rossman 2006, cited in Saunders et al. 2012, p. 382). When it comes to **generalizability**, which discusses whether findings can be applied to other settings, the small sample size might cause problems; conducting more interviews would thus increase generalizability (Saunders et al. 2012, p. 382). However, it should not be forgotten that due to the nature of qualitative, semi-structured interviews, they cannot be used to make statistical overarching generalisations (Saunders et al. 2012, p. 384). Besides, **validity** is linked to the extent to which the author managed to gain access to the knowledge of the interviewee and was able to infer meanings of the statements made by the interviewees (Saunders et al. 2012, p. 382). To ensure validity, questions have been conducted carefully by exploring the knowledge of the interviewee with the help of open, probing and clarifying questions (Saunders et al. 2012, p. 384).

5.5 Findings of the interviews

Looking back at the research objectives for the empirical part, the goal was to examine EE in female-led SMFs. The author aimed to figure out, what female leaders think about EE and how they would assess the EE level in their firms. Besides, the author intended to analyse driving factors for EE in the analysed companies and study, which effect those drives have on the level of EE. This aimed to help the author to solve whether female leadership can be seen as important driving factor for EE.

5.5.1 Definition and importance of EE

First of all, the author asked the interviewees to define EE in their own words. While 10 women were able to formulate a statement, four women did not know how to describe EE. 60 % of the women that were able to make a statement declared that EE means that employees put an extraordinary effort in work, which includes working hard and performing beyond normal at work, doing things out of band, thinking out of the box and being flexible concerning the time when they leave work. Furthermore, 20 % of the interviewees mentioned that EE also includes employees showing self-initiative, which means doing additional tasks voluntarily and coming up with ideas and improvement suggestions. 30 % of the female leaders stated that for them, EE also means that employees know, identify themselves and work towards the companies' goals. Another 30 % of the interviewees claimed that EE also means being emotionally committed to the company, feeling connected, being passionate and therefore staying with the company in good and bad times.

Subsequently, the author aimed to explain whether EE is considered to be important by the interviewees and why. All of the interviewees agreed that EE is important or even very important, as it is a significant factor for organisational success. Additionally, there are several sub-reasons why EE is important: While female leaders in the service sector emphasized that EE is vital to achieve their biggest goal, namely satisfied customers, leaders of sales departments outlined the link between EE, increased orders and higher turnover. However, the reason that was mentioned most was that only with being engaged, employees

think and act in favour of the company which means working effectively, coming up with new ideas and improvement suggestions and working towards goals. When we compare the findings to the research objectives of the empirical part, it can be said that female leaders in the analysed companies see EE as an important topic, as it has a significant impact on the success of their companies.

5.5.2 Level of EE

The next step in the research was to examine the EE situation in the analysed firms. Firstly, the author asked the interviewees to describe the level of EE in their firms and name reasons for it before the author determined the level of EE based on approaches elaborated in the theoretical part. When it comes to the self-assessment of the interviewees, eight out of 14 women described the EE level to be very high, three leaders characterized it to be high and two leaders think that the level of EE is medium. One leader did not make a statement. Therefore, we can conclude that the majority of the female leaders in this research would assess the level of EE to be high or very high.
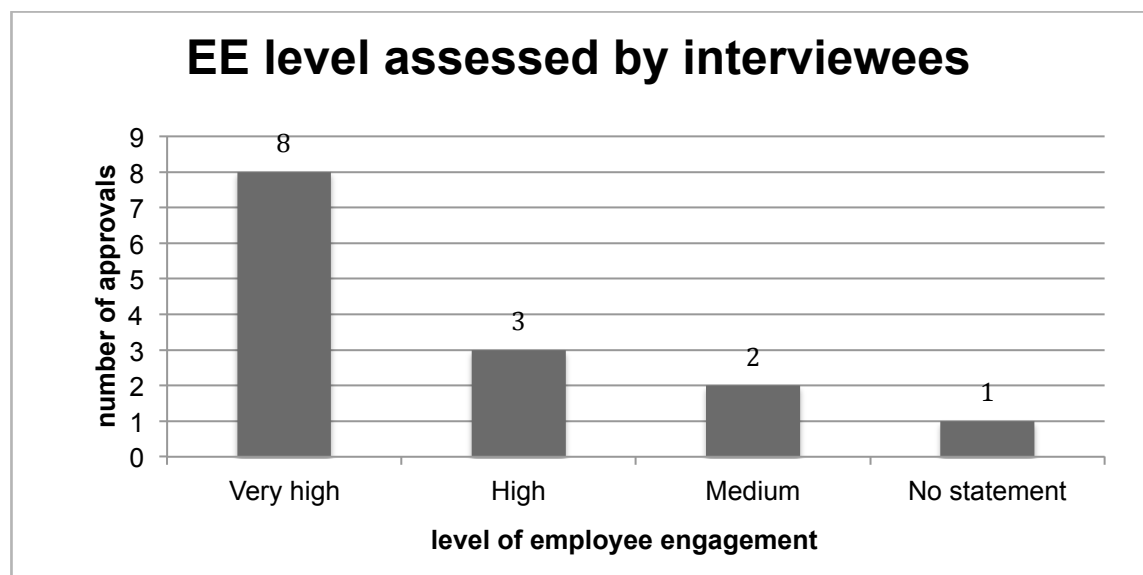
Graph 7. Level of EE assessed by the interviewees (Rittinger 2014)

According to the interviewees, there were different signs, which enabled them to think that their employees are very engaged. 45 % of the interviewed leaders think that they have a high level of EE in their firm due to the fact that there is almost no fluctuation among their staff, long durations of employment, which not

uncommonly exceeded 20, 30 or even 40 years and a high job satisfaction that is also communicated to the leaders. Furthermore, 36 % of the interviewees see high employee performance and commitment or high self-initiative as signals for a high level of EE. Moreover, 27 % of the interviewees consider the facts that employees accept lower salaries just to work for their company, that staff is passionate and also works voluntarily overtime as proof for a high level of EE.

However, to increase the reliability of the finding regarding the EE level in the analysed firms, the author aimed to assess the level of EE herself in a more scientific way. Gallup (2010, p. 2) worked out 12 elements of EE, which are statements that can be used to determine the level of EE. Usually the 12 statements should be assessed by employees themselves, but as female leaders were interviewed, the 12 elements where rephrased by the author to statements that can be assessed by female leaders. As Gallup (2010, p. 3) also recommends adding questions that address specific issues or the unique corporate culture of the companies, the author added six statements that in her opinion can also be useful to determine the level of EE.

18 elements of EE
My employees have a long duration of employment
My employees work overtime voluntarily
There is almost no fluctuation among my employees
The performance of my employees is very high
My employees like doing their work, they are enthusiastic and passionate
My employees know what is expected from them
My employees have needed materials and equipment
My employees can do what they do best
My employees get appreciation
I care about my employees as a person
My employees get support as well as encouragement to develop
My employees know that their opinion counts at work
My employees know that their job is important for achieving the goals/for the purpose of the company
My employees see that their colleagues also engage in doing a good job
My employees have a good friend in the company
I talk with my employees about their progress (give feedback regularly)
My employees have the opportunity to learn and grow

Table 6. 18 elements of EE (Rittinger 2014 based on Gallup 2010)

After presenting those 18 questions to the interviewees, the author came to the conclusion that also from a scientific point of view, the average level of EE in the analysed companies can be described as high or very high. In nine out of 14 companies (64 %), the EE can be described as very high (more than 90 % of the 18 questions were answered with a yes), in three firms the level of EE is high (80 ≤ 90 % of the 18 questions were answered with yes) and in two out of 14 firms the level of EE can be described as medium (50 ≤ 75 % of the answers were answered with yes). None of the companies had a low level of EE among their employees (< 50 % of the questions answered with yes). This overall assessment of the author is therefore almost in accordance with the overall assessment of the interviewees. However, the author assessed the EE level of two companies slightly different; the EE level of one firm was assessed slightly higher (very high), the EE level of the other firm a bit lower (high). As both cases are close to the limits, these differences in assessment can be disregarded. All in all, when we compare the findings with the research objectives, the average level of EE in the analysed companies is high up to very high.
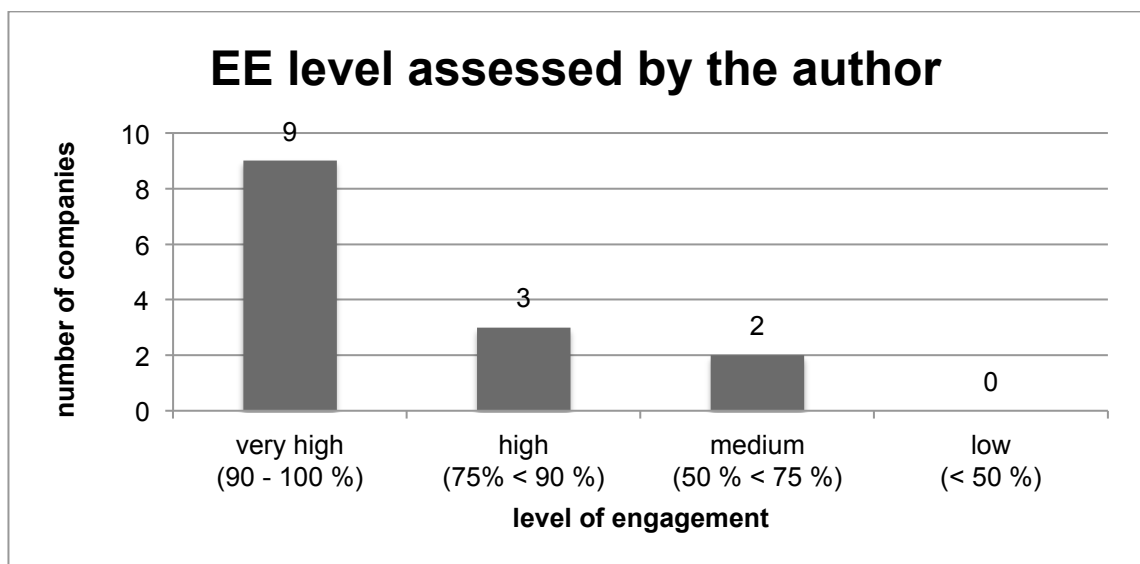
Graph 8. Level of engagement assessed by the author (Rittinger 2014)

To understand the indicators for the level of EE, the author analysed the answers of the 18 questions. Some of the indicators were more often accepted as true by the interviewees than other indicators; the indicators that were chosen by 96 up to 100 % of the interviewees can be found in table 7.

Frequent mentioned indicators
My employees are satisfied (96 %)
My employees have a long duration of employment (100 %)
My employees work overtime voluntarily (96 %)
My employees know what is expected from them (100 %)
My employees have needed material and equipment (96 %)
I care about my employees as a person (100 %)
My employees get support as well as encouragement to develop (96 %)
My employees know that their opinion counts at work (100 %)

Table 7. Frequent indicators for EE (Rittinger 2014 based on Gallup 2010)

In 100 % of the analysed companies, the duration of employment can be assessed as very long, employees know what is expected from them, leaders care about their employees personally and employees know that their opinion counts. In 96 % of the analysed firms, employees are satisfied, work overtime voluntarily, have enough material and get support and encouragement to develop. These can be seen as the most popular indicators for EE.

Often mentioned indicators
There is almost no fluctuation among my employees
My employees know that their job is important for achieving the goals
My employees see that their colleagues also engage for doing a good job
My employees get appreciation
The performance of my employees is very high
My employees like doing their work, they are enthusiastic and passionate

Table 8. Often mentioned indicators for EE (Rittinger 2014 based on Gallup 2010)

Furthermore in 93 % of the companies there is almost no fluctuation, the employees get appreciation and know that their job matters and is important for the purpose of the company. In addition, employees also see that their colleagues engage in order to do a good job. Moreover, in 90 % of the firms, employees perform very well and really like their work (are enthusiastic and passionate).

Less often mentioned indicators
My employees can do what they do best
My employees have a good friend in the company
I talk with my employees about their progress (give feedback regularly)
My employees have the opportunity to learn and grow

Table 9. Less mentioned indicators for EE (Rittinger 2014 based on Gallup 2010)

Compared to the other often-mentioned indicators, much less women stated that they ensure that employees can do what they do best. Furthermore 64 % of the interviewees think that employees have good friends in the company. Besides, 64 % of the interviewees said that they neither give feedback nor offer trainings or chances of advancement.

5.5.3 Influencing factors on EE

After determining the average level of EE to be quite high, the author aimed to study the reasons for the level of EE in the analysed firms. In chapter 4.5 the author disclosed that leadership problems, leadership style, basic working conditions and specific actions can be seen as influencing factors of EE. By analysing those influencing factors, the author aims to figure out if female leadership has the biggest impact on EE or if another driving factor is more important to increase EE.

5.5.3.1 Leadership problems

According to the Gallup Institute (2013, p. 2), low EE stems from a deficit in leadership. Therefore the author analysed in chapter 3.4, which leadership problems are currently faced by leaders in SMFs and figured out that these problems indeed can have a negative impact on EE. To determine the leadership problems among the interviewees, the author pointedly asked the interviewed leaders whether they face those typical SME leadership problems mentioned in theoretical part or if they face other issues.

Leadership problems	Approvals
I offer not enough trainings / chances of advancement	6
I focus too much on daily business instead of on employees	6
lack of communication	4
I do not have a management education	3
I discuss too much with staff	3
I give not enough feedback / I lack consequence after giving feedback	3
I see myself as pragmatic, functional team player but not as motivating, inspiring and charismatic	1
I misjudge staff	1

Table 10. Leadership problems in SMFs (Rittinger 2014 based on Commerzbank 2011)

Lack of training & chances of advancement

One major problem of the interviewees seems to be the small number of offered trainings and the lack of chances of advancement. However, the author figured out that especially small family companies face those problems. One reason for the lack of trainings named by the leaders in small firms was that positions were only occupied by one person and therefore staff could not leave the position unoccupied for a full-day training. However, those small companies tried to compensate the lack of external trainings with internal trainings that were executed by the owners. Furthermore, the problem concerning the lack of chances of advancement also hits mostly small companies. Those owner-led companies, which due to their small company size lack management levels, can hardly offer many chances of advancement. However, also two of the larger family companies lack trainings as in both companies, the owner family does not see trainings for employees as necessary. Nevertheless, the lack of trainings and chances of advancement do not depend on specific industries, education levels, the age of leaders or on the difference of whether the interviewees are self-employed or owners.

Focus on business instead on employees

Focusing too much on business instead of staff occurs more often in larger family companies. The reason might be that the more employees a company has, the more complicated it is to focus on them, instead of focusing on business. Besides, the author found out that mostly owners face this problem. The reason for that might be that the concerned owners are all still working mainly in operative business and also have to take care of decision-making, strategic planning and additional administrative tasks. Therefore, owners might be just too busy with many things so that they are not able to focus closely on their employees. However, no links can be seen between this problem and the age, the industry or the level of education among the interviewees.

Lack of communication

One common problem was that female leaders do not communicate enough with their employees. However, most of the concerned interviewees mentioned that there can never be enough communication and as a result, leaders could

never answer the question whether there is enough communication, with yes. Reasons for the lack of communication can be seen in the fact that the interviewees are sometimes not aware of the fact that some for the leaders self-evident topics are not self-evident for some employees and further communication would be needed. Other reasons are that the premises of the interviewees have a layout that does not support communication or that shifts are not overlapping so that communication of the team members and the leader is hampered. Looking for special patterns, the author found out that especially younger women up to 35 years lack communication skills. Therefore, a lack of leadership experience might cause the lack of communication. Nevertheless, no links were found between this problem and the sizes of family companies, industries and the difference between being owners and self-employed leaders.

Lack of management education

In this thesis, women that lack management education are defined as leaders, who did not have any leadership or management classes within their studies or who did not attend any management seminars. Even when it might be expected that especially older leaders lack management education, the findings show that the three concerned interviewees are from different age levels, from young to old. Therefore the age of the leader does not seem to have an impact on the management education of the interviewees. Also the industries of the three concerned companies vary completely. However, it can be observed that women, who lack management education, lead mostly small companies. In addition, the findings show that two out of three concerned female leaders are classified as owners of their companies. It might be stated here, that leaders, who are also owners of their companies, do not need to focus so much on management education, while employed leaders might need to have management education to get hired into a leadership position.

Too much discussion with staff

When it comes to leaders who discuss too much with their staff, it can be seen that they are all of young age up to 35. Besides, it is striking, that two out of those three young leaders are also owners of the companies, which have been led from their relatives before. One reason for too much discussion with staff

could therefore be that staff lacks respect for the young successor of the previous leaders. This would explain why this problem does not emerge with older leaders. However, size, industry and level of education vary when it comes to this problem.

<u>Problems concerning feedback</u>

The author found out that the problem concerning feedback seems to be a classical problem. The author came to that conclusion as this problem emerges in all kind of industries, among all age levels and also in all different company sizes. However, the author found out that two out of three leaders that face the feedback problem are owners of the companies.

<u>Other problems</u>

Only one of the leaders saw herself not as inspiring, motivating and charismatic but more as a pragmatic, functional team player. In addition, only one of the interviewees agreed that she misjudges staff.

<u>Leadership problems mentioned by the leaders themselves</u>

In addition to the typical leadership problems of the leaders of SMEs, the author asked female leaders to identify some leadership problems. Two of the young leaders, who took over their father's company, mentioned that they had to work hard on asserting themselves to gain respect of their employees. Furthermore, two interviewees mentioned that they are sometimes too hierarchical, using an unfriendly conversational tone. One of the leaders would describe herself as impatient, while another leader added that she is not very good in motivating people. Furthermore, the overextension of employees in busy times as well as problems between leaders and owners, which lead to issues with the employees, are mentioned as problems of the interviewed leaders in SMFs.

5.5.3.2 The leadership style of the interviewees

As already discussed in chapter 4.5, Best Companies LLP (2011, cited in Sparrow 2012, p. 17 f.) revealed that the behaviour of leaders and managers is the most important influencing factor on engagement; therefore the leadership style of female leaders in SMFs can have an important impact on the level of

EE. To analyse the leadership style of the interviewees, the author first asked female leaders to describe their style before the author assessed the leadership style with pointed questions herself. Besides, the author compared the spotted leadership characteristics with the characteristics of transformational leaders to figure out whether the interviewees can also be classified as transformational leaders.

<u>Leadership characteristics of the interviewees</u>

Analysing the statements of the interviewees concerning their leadership style, the author came up with following results: 100 % of the leaders can be described as **appreciative**, which means that they highly value and respect their employees and the work they are doing. In addition, 93 % of the interviewees **collaborate with staff**, which includes delegating tasks and responsibility as well as giving employees freedom of decisions. Besides, 93 % also try to **increase the self-esteem** of employees by encouraging them, giving compliments and financial incentives for good performance. Furthermore, 93 % can be described as **supportive and helpful** as most of the interviewees mentioned that they always have an open door and support staff in private and professional problems. Moreover, 86 % of the female leaders are **caring about the feelings of their employees** as well as about **having a good relationship** with them, which can be seen in the fact that they have a lot of knowledge about their employees, their feelings and families. Besides, 79 % seem to be **demanding and ambitious**, aiming for high performance and good work. Furthermore, 79 % support and believe in **teamwork** a lot. In addition, 79 % of the interviewees try very hard to **take into considerations the wishes** by spontaneously granting an extra day off, improving WLB possibilities or paying for trainings. 71 % of the interviewees can be described as **sensitive**, as they care a lot about the feelings of their employees, ask, if they have the intention that something is wrong and have a sympathetic ear for their staff. Moreover, 71 % of the interviewed women can be described as **charismatic** and **motivating, focusing on compliments** when giving feedback and avoiding punishment. Additionally, 71 % of the interviewed female leaders stated that next to rationality, they focus especially on their **gut feeling, empathy and intuition**, when it comes to solving problems. Furthermore, 64 % of the interviewees

would describe themselves as **democratic**, including employees in decision making, choosing applicants and setting up goals as well communicating new business directions to staff. Besides, 64 % see themselves as **inspiring** leaders. While 50 % of the female leaders are convinced that it is important to **support that employees work in jobs that match their skills** and strengths, 43 % would describe themselves as **communicative**. Besides, 14 % of the interviewees see themselves as **consequent** and **fair**. Additionally, 14 % of the interviewed leaders describe their leadership style with the following sentence: **hard on the topic, soft on the people.** Furthermore, 14 % of the interviewed women state that they focus their leadership style on **management by objectives**, which means that the leaders set up goals but the employees can decide themselves how they work towards and reach the goal. However, 14 % of the leaders would describe their leadership style as **authoritative** or **hierarchical**.

Comparison of the leadership characteristics of the interviewees to the characteristics of transformational leaders

As discussed in chapter 2.5.3, female leaders tend to be transformational leaders. To figure out whether the interviewed female leaders also tend to be transformational leaders, the author presented characteristics of transformational leaders, which where researched in chapter 2.5.3, (cf. table 11) to the interviewees and asked if those characteristics apply to them.
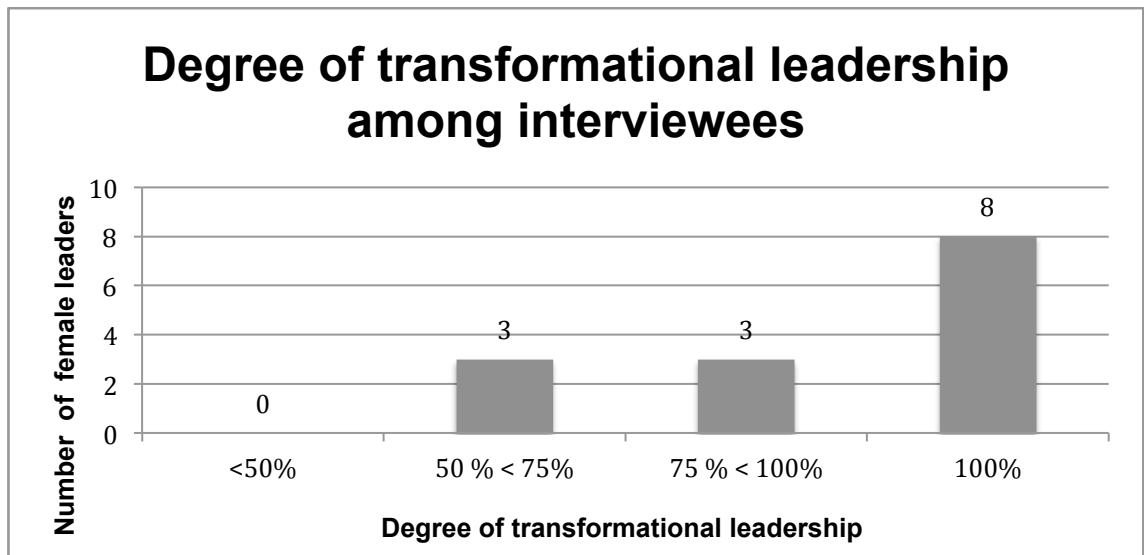
Characteristics of transformational leaders
I include employees in decision making etc.
I do not micro-manage employees, they have freedoms of decision
My problem-solving is based on intuition and empathy
My leadership style is democratic
Incentives are based on compliments, not punishment
I try to increase self-esteem of my employees
I am inspiring
I care about relationships with staff

Table 11. Characteristics of transformational leaders (Rittinger 2014 based on Eagly et al. 2003 and Eagly & Johnson 1990)

The author decided to classify female leaders as transformational leaders, if they match at least 75 % of the characteristics of transformational leaders.

When we have a look at the findings in graph 9 there seems to be a clear picture of the leadership style among the interviewees. While none of the leaders show less than 50 % of the transformational characteristics, only three female leaders boast less than 75 % and further three interviewees agree with more than 75 % of the characteristics. However, most of the interviewees (eight; 57 %), match the characteristics of transformational leaders 100 %.
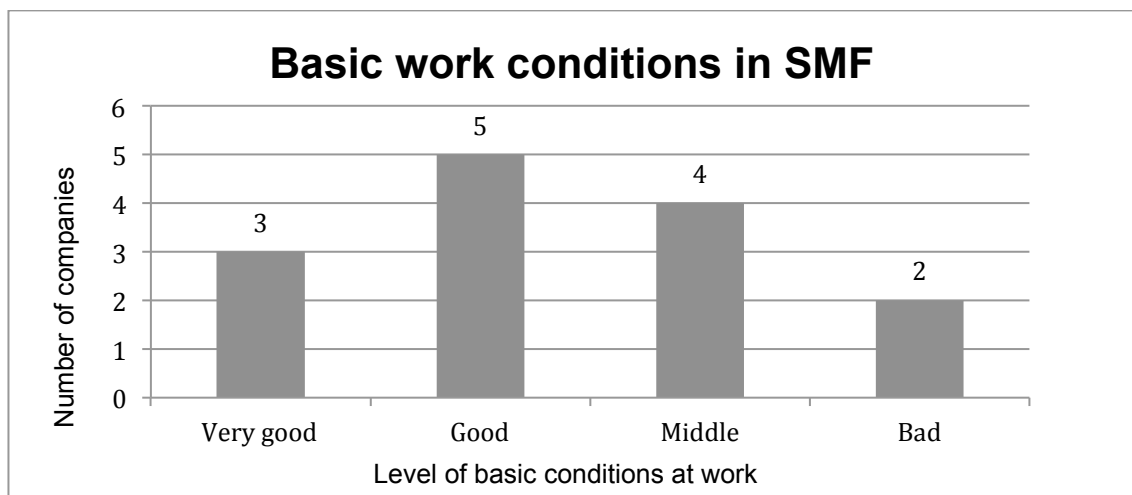
When we analyse the degree of transformational leadership a bit more, no patterns among the findings were detected as no significant links were found between the degree of transformational leadership and age categories, level of education and whether the interviewees are employed or owners. Therefore, the level of transformational leadership seems to depend mostly on the personality of the female leaders, but not on the age, the education or the level of employment. However, one important finding was that all three leaders that were classified as non-transformational leaders are strongly influenced by the former leader (father) or the leader in a higher management level (owner). Two of the leaders that took over the company after their fathers, mentioned that the leadership style of their fathers was authoritative and hierarchical and that the interviewees took over some of those leadership characteristics. The other interviewee that has a low degree of transformational leadership style is the CEO of a company, which is owned by two families. She stated that she struggles to collaborate with employees and to give enough compliments, as her boss from the owner family also neither collaborates with her nor compliments her on her work. Therefore it can be concluded, that former leaders and leaders from higher management levels have an important impact on the leadership style and the degree of transformational leadership of the interviewees. Nevertheless, it can be summarized that most of the interviewed female leaders tend to be transformational leaders, as 79 % of the interviewees match at least 75 % of the characteristics of transformational leaders.

Degree of transformational leadership among interviewees

Number of female leaders

10
8
6
4
2
0

0 (<50%) 3 (50 % < 75%) 3 (75 % < 100%) 8 (100%)

Degree of transformational leadership

Graph 9. Degree of transformational leadership of the interviewees (Rittinger 2014)

5.5.3.3 Basic working conditions of the company

Besides leadership, also basic working conditions like a fair salary, wellbeing and personal growth possibilities influence the level of EE (Best Companies LLP 2011, cited in Sparrow 2012, p. 17 f.). Thus the author assessed the basic working conditions like salary, work-life-balance, offered trainings, chances of advancement and possibilities of combining family and job in the analysed SMF.

Basic work conditions in SMF

Number of companies

6
5
4
3
2
1
0

3 (Very good) 5 (Good) 4 (Middle) 2 (Bad)

Level of basic conditions at work

Graph 10. Basic conditions in SMFs (Rittinger 2014)

Having a look at the findings in graph 10, the author found out that on average there are good basic working conditions concerning salary, WLB, trainings, chances of advancement and possibilities of combining family and job among

the analysed SMFs. However, 43 % of the analysed companies only have middle or bad basic working conditions.

When it comes to the **salaries,** it can be summarized that six out of 13 interviewees stated that they pay a very good salary. Small family companies and larger family companies seem to be equal, as in both categories, three companies offered a very good salary. However, the larger companies are strictly distinguishing their salaries - these are either very low or very high but they do not pay medium salaries like smaller companies do. In addition, the analysed SMFs with more than 50 employees tend to pay salaries of medium height. No further links between the height of salaries and the age or management level of the interviewees was found.

Comparing the **work-life-balance** (WLB) possibilities among the analysed firms it can be stated that the status quo can be described as good. Six of 14 interviewees would declare their WLB opportunities as good, four described them to be very good, two leaders assessed them as medium and one of the female leaders admitted to have low WLB opportunities. Most of the interviewees mentioned that they focus on reducing extra hours as well as offering flexible working hours and different working models. One surprising fact was that the best work-life-balance among the analysed companies can be found in smaller SMFs as four out of five female leaders of small SMFs would describe their WLB possibilities as good or even very good.

Having a look at the overall level of the **opportunities to combine family and profession** it should be emphasized that eight out of 14 interviewees highlighted their good options of combining family and business. Most of the interviewed female leaders mentioned opportunities such as part-time jobs, flexible working hours, home office possibilities or having an own day care centre. Especially medium family companies with more than 50 but less than 150 employees do best, as three out of three interviewees described their possibilities for families as very good, while three out of five leaders of smaller firms declared their family options to be very good. However, even if larger family companies (around 150-250 employees) seem to have more money, it is

surprising that only one out of four female leaders offer very good possibilities to combine family and business. The good opportunities for combining family and business might stem from the fact that family companies focus strongly on values. As soon as firms become too large, the focus on family values seems to fade a little and fewer options are offered. However, a lack of money and replacement staff might be the problems of smaller firms which results in less offered trainings.

When it comes to offered **trainings,** it has to be said that especially small companies with less than 10 employees seem to struggle. In those firms, the age of the leader plays an important role. While the older leaders (> 60 years) do not offer any external training and focus on training their people at work during the day, younger interviewees consider trainings to be necessary and offer plenty of trainings. The medium family companies with more than 50 but less than 150 employees however do well when it comes to trainings; three out of four leaders described their training offer to be very good, one of them even has a special training centre. Against typical assumptions, the family companies with more than 150 people however lack training possibilities, as two out of four interviewees think that their training options are bad, only one leader of those firms considers the offered trainings as very good. The level of management as well as the industry, the level of employment and education of the interviewees seemed to not have an influence on the offered training possibilities.

Finally, when it comes to **chances of advancement**, it seems that all companies face some problems. However, very small family companies do worst, as they are devoid of management layers and therefore lack possibilities for staff to climb the career ladder before reaching the highest management position, which is mostly occupied by the owner of the firm. While family companies up to 150 employees offer better chances of advancement, larger family companies up to 250 employees surprisingly only offer medium chances of advancement, even if much more management layers are available.

Summarizing the basic working conditions of SMFs, it should be stated that they can be described as good. While most of the analysed SMFs offer good salaries

and employee incentives, good WLB possibilities as well as very good possibilities to combine family and profession, it seems that SMFs have to work on increasing their offer for trainings and chances of advancement.

5.5.3.4 Actions to increase EE

To increase EE, several actions are recommended in academic literature and leadership handbooks. The author summarized some of them in chapter 4.7 and pointedly asked the interviewees, if they apply those actions or not.

Action	Approval
I offer demanding tasks	100%
I delegate work	100%
I am interested in the ideas of employees	100%
Staff is appreciated and respected	100%
I show employees, that they are important for the company and its success	96%
I know my employees personally and show interest in their life (focus on relationship)	93%
Roles are defined clearly	93%
There are arranged processes and working information	93%
I collaborate with my employees concerning decision making	93%
There are regular meetings	86%
I foster team work	86%
There are ethical standards	86%
I give regular, honest feedback	79%
Goals and direction of the company are communicated	75%
I offer trainings	61%
I offer chances of advancement	61%
There are incentives for good performance	57%
There is an employee of the month or a bonus system	46%
I offer special programs for women and trainees	14%

Table 12. 19 actions of how to increase EE (Rittinger 2014)

Determining the level of actions that female leaders take to increase EE, it can be said that on average, female leaders use 86 % of the suggested actions, which is a very high figure. However, differences can be observed, as some of the actions are used much more than others.

Firstly, all interviewees declared to offer their employees demanding tasks, delegate work and that they are interested in the ideas of employees as well as

that they respect and appreciate their employees. Furthermore, 96 % show their employees how important they are for the firm's success, while 93 % of the interviewees know their employees personally e.g. knowing their families, being interested in their life and focusing on good relationships with staff. Besides, 93 % defined roles clearly in order to prevent insecurities concerning responsibilities and offer their staff arranged work processes, checklists and workbooks to support employees doing their work easier. Furthermore, 93 % collaborate with employees, which means including staff in decision-making processes such as furnishing hotel rooms or employing new team members. Moreover, 86 % have regular meetings, promote teamwork and have ethical standards. However, most of the interviewees said that those ethical standards and values are not written down, but due to the fact that they are family companies, having ethical standards and working value-based is self-evident for them. 79 % stated that they give regular and honest feedback. However, there also seem to be some problems concerning a few suggested actions. 75 % of the interviewees stated that they communicate goals and directions of the company, nevertheless at least 25 % of the female leaders lack communicating organisational goals and have doubts that their staff knows and identifies with those aims. In addition, a lack of trainings and chances of advancement appear in 39 % of the analysed companies. Besides, firms have potential to improve their offer of incentives for good performance as only 57 % offer incentives next to complimenting for high performance, while 46 % have a bonus system or an award system. The biggest problem for the analysed firms seems to be their lack of programs for women and trainees, which are offered by only 14 % of the interviewees.

Looking closer at the differences of the level of actions among the analysed firms, it can be seen that smaller family companies are a bit behind concerning the average amount of actions that are conducted to increase EE. While small family companies conduct 76 % of the suggested actions, companies between 50 and 150 employees apply 83 % of the measures while larger family firms up to 499 employees on average conduct 84 % of the actions. One reason why smaller family companies might be behind is that they have less money available for external trainings or financial incentives. Moreover due to the lack

of management layers, chances of advancement are rather small. In comparison, larger companies are behind in offering trainings as well as in communicating goals and defining roles, which might be linked to a larger number of employees in those companies. However, no patterns were found between the number of actions conducted and the age of the interviewees nor the level of employment. Also the findings based on the different industries vary a lot; while the analysed firms in hotel industry apply between 58 and 85 % of the actions, food industry applies 65 – 93 % of the measures. Only in metal industry, similarities can be seen: both interviewed leaders conduct 90 % of the suggested actions. However, due to the strongly varying figures, it seems that no patterns among industries can be determined.

5.5.3.5 Link between the EE situation and the influencing factors

After analysing the performance of the interviewed leaders referring to the different influencing factors of EE, the question remains, which effect different driving factors have on the EE level in the analysed female-led SMFs. To answer the research question, if female leadership can influence EE positively, the author aimed to discover whether there is a link between the level of EE and the leadership style of the interviewees or if other driving factors are more important. As already stated in chapter 4.5, Best Companies LLP (2011, cited in Sparrow 2012, p. 17 f.) figured out that leaders and managers are the most important driving factor of EE - but can this also be applied to the analysed SMFs? To answer the research question, the author compared the level of EE of each firm with the level of performance of the female leaders concerning their leadership style, the basic working conditions, leadership problems and actions of how to increase EE.

Influence of leadership problems on the level of EE

First of all, to discover, if there is a link between the number of faced leadership problems and the level of EE, the author compared the level of EE of the analysed firms with the number of faced leadership problems of the female leaders of those companies. All in all, it can be said that a clear result can be seen in table 13.

Number of problems	Level of EE
0 problems	very high
1 problem	very high
2 problems	high/very high
3 or more problems	medium high

Table 13. Impact of leadership problems on EE (Rittinger 2014)

The fewer problems the interviewees faced, the higher was the level of EE. In all cases, where zero or just one problem was faced, the EE level was very high. When two problems were faced, most of the level of EE of the analysed companies was high, but sometimes still very high. As soon as three or more problems were faced, the level of EE could be described as medium. Therefore one proposal for female leaders of SMFs could be to work on their problems, such as offering more trainings, giving more regular feedback or increasing the communication with their employees, in order to increase the level of EE.

Influence of female leadership on the level of EE

The major objective of this thesis was to figure out, whether female leaders are able to influence the level of EE positively due to their leadership style. As already researched in chapter 2.5.3, female leaders tend to apply the transformational leadership style, which is similar to the leadership style that is needed to increase EE. This theoretical assumption was confirmed empirically in chapter 5.5.3.2, as most of the interviewed female leaders could be categorized as transformational leaders, as they showed typical characteristics transformational leadership. To find out whether female leaders can have an impact on EE due to their leadership style, the author compared the level of EE with the degree of transformational leadership of the interviewees. The degree of transformational leadership was determined in chapter 5.5.3.2 by asking the interviewees, if typical transformational leadership characteristics could be applied to their leadership style or not. The more characteristics were applicable, the higher the degree of transformational leadership. When 75 % of the transformational leadership characteristics could be applied to the interviewees, they were categorized as transformational leaders.

Looking at the results in table 14, it can be stated clearly that there is a link between the transformational leadership style of the interviewed female leaders and the level of EE in their companies. The author found out that the higher the degree of transformational leadership, the higher the level of EE. Also both of the analysed companies with a medium level of EE are led by women, who cannot be characterised as transformational leaders, as they do not fulfil at least ¾ of the presented transformational leadership characteristics.

Degree of transformational leadership	Level of EE
100 % transformational leader	very high
75 % < 100 % transformational leader	high/very high
< 75 % transformational leader	medium/high

Table 14. Impact of transformational leadership style on EE (Rittinger 2014)

Therefore the answer for the main research question is that according to the findings of the analysed companies, female leaders due to their transformational leadership style can have a positive impact on EE.

Influence of basic working conditions on the level of EE

As discussed in chapter 4.5, Best Companies LLP (2011, Sparrow 2012, p. 17 f.) states that a fair deal, wellbeing and personal growth possibilities are important driving factors for EE. Thus, in chapter 5.5.3.3, salaries, opportunities for combining family and profession as well as offered trainings and chances for advancement were assessed in the analysed firms. Afterwards, the performances of the leaders were compared to the level of EE.

Basic working conditions	Level of EE
Very good	medium, very high
Good	very high
Middle	medium, high, very high
Bad	high

Table 15. Impact of basic working conditions on EE (Rittinger 2014)

For the first time, the author was not able to establish a direct connection between the basic working conditions and the level of EE. Even when the before mentioned basic working conditions were classified as very good, the EE

level could not necessarily be described as very good. In addition, having bad working conditions did not result in a bad EE level in the analysed firms. However, all the analysed companies that described their basic working conditions as good, also had a good level of EE. Nevertheless, as the results vary a lot here, it can be summarized that in most of the analysed cases, the level of EE did not reflect the level of basic working conditions.

Influence of actions to increase employee engagement on EE

As already analysed in chapter 4.7, different researchers suggested various actions that can help leaders to increase the level of EE. The author summarized diverse actions and presented them to the interviewees, asking them in chapter 5.5.3.4 to assess whether they conduct these actions or not.

% of actions conducted	Level of EE
90 - 100 %	very high
75 % < 90 %	very high/high
< 75 %	medium/high

Table 16. Impact of actions to increase EE on EE (Rittinger 2014)

Looking at the results in table 16, the results are quite clear. The author discovered that the more actions the interviewees conducted, the higher the level of EE. All interviewees that conducted between 90 % and 100 % of the suggested actions have highly-engaged employees while the EE level of the analysed SMFs, where the leaders conduct between 75 % and 90 % of the measures, were high or very high. However, lacking actions results in lower EE, as three out of four leaders, that offered 70 % or only 65 % of the measures, suffered a medium level of EE. However, it is surprising that the firm of the leader with the lowest percentage of conducted actions still has a high level of EE. The reason for that might be that she had a pretty good degree in transformational leadership and also did not face many leadership problems.

However, before the author evaluated the findings and drew conclusions concerning the driving factors of EE, interviewees were asked what the biggest impact on EE was in their opinion and whether female leaders influence EE positively. 75 % of the leaders would agree that especially female leaders affect

EE positively; reasons that were named by the interviewees are that women are more sensitive and empathetic, which promotes EE. However, many of the interviewees stated that the generational change has an even bigger impact on the leadership style of nowadays leaders than the difference in gender. The interviewees stated that the leaders of today, men as well as women, lead much more openly and democratic compared to the last, hierarchical generation, so that EE can generally be increased due to the generational change.

5.6 Summary of the empirical part

Looking back at the research objectives for the empirical part, the goal was to examine EE in female-led SMFs. The author aimed to figure out, what female leaders think about EE and how they would assess the EE level in their firms. Besides, the author intended to analyse driving factors for EE in the analysed companies and study, which effect those drives have on the level of EE. This aimed to help the author to discover whether female leadership can be seen as an important driving factor for EE.

Employee engagement situation

The first research objective of the empirical part was to figure out what female leaders think about EE. The interviewees unanimously see EE as an important topic due to the reason that in their opinion EE has a significant impact on the success of their companies. Subsequently, to achieve the next research objective, the author aimed to determine the level of EE in the analysed SMFs. Therefore, female leaders were asked to assess the level of EE in their companies before the author evaluated the level herself scientifically. The finding was that the majority of the interviewed female leaders would assess the level of EE to be high or very high. This assessment of the interviewed leaders also matches the scientific findings from the author, who assessed the level of EE with the help of the "12 aspects of EE" (Gallup 2010, p. 2) and found out that nine out of 14 analysed companies seem to have a high level of EE. Therefore the research objective of finding out how the EE situation in SMFs appears to have been answered positively, as most (85.7 %) of the analysed SMFs have a very high (nine out of 14) or high (three out of 14) level of EE.

Influencing factors

The next step of the author was to figure out what the reasons for the level of EE in the analysed companies are. In chapter 4.5, the author has already disclosed several influencing factors of EE. To determine the driving factors of EE, the author set up key questions based on different theoretical approaches of the influencing factors of EE.

Leadership problems

As already stated in chapter 4.4, according to Gallup (2013, p. 2) reasons for the lack of a lack of EE are problems in leadership. Therefore the author determined the most common problems of leaders in SMFs and presented them to the interviewees, asking them to check whether those problems could also be applied to them. The author discovered, that there were some problems that appeared in many of the analysed companies. The biggest problem among the interviewed leaders was that there is a lack of trainings and chances of advancement, that they focus too much on daily business instead of on employees as well as lacking communication with staff.

Leadership characteristics

In chapter 4.5 the author has already disclosed that according to Best Companies LLP (2011, cited in Sparrow 2012, p. 17 f.) leadership is one of the most important influencing factors of EE. To answer one of the sub research questions, whether there is a special leadership style among female leaders, the author analysed the leadership style of the interviewees. As already found out in chapter 2.5.3 of the theoretical part, women tend to apply transformational leadership, which is similar to the leadership style that is needed to increase EE. But can this also be applied to the leaders of the analysed SMFs?

These are the most important leadership characteristics (apply to more than 50 % of the interviewees) that the author found out: all of the leaders can be described as appreciative, 93 % of the interviewees are cooperative, increase the self-esteem of their staff and are supportive/helpful. 86 % care about the relationship with their staff, 79 % of the interviewees are demanding, team-

oriented and try to cater employee's wishes. 71 % can be described as charismatic, motivating, encouraging, sensitive, not using punishments, but compliments as well as basing problem solving not only on rationality, but also on empathy and intuition. 64 % of the interviewees can be described as democratic and inspiring, while 50 % try to match the tasks of employees to their characteristics.

To figure out, whether the interviewees can be described as transformational leaders, the author presented several characteristics of transformational leaders to the interviewed female leaders and checked, if they can be applied to them or not (cf. 5.5.3.2). The result was that eight out of 14 interviewees match 100 % of the characteristics, while three interviewees match between 75 % and 100 % and other three interviewees match less than 75 % of the characteristics. The author decided that women with more than 75 % of the transformational leadership characteristics can be described as transformational leaders. Therefore, 11 out of 14 leaders can be categorised as transformational leaders.

Basic working conditions

As already discussed in chapter 4.5, Best Companies LLP 2011 (2011, Sparrow 2012, p. 17 f.) figured out that next to leadership, a fair deal, wellbeing and personal growth possibilities are important driving factors for EE. Thus the author asked the interviewees to assess the height of the offered salaries, the opportunities for WLB and combining family and profession as well as the offered trainings and chances for advancement. When we summarize the basic working conditions of the analysed SMFs, it should be stated that they can be described as good. While most of the analysed SMFs offer good salaries, employee incentives and WLB possibilities as well as very good possibilities to combine family and profession, it seems that SMFs have to improve their offers for trainings and chances of advancement, as there is an overall lack in both categories in the analysed SMFs.

Actions

As already analysed in chapter 4.7, different researchers suggested various actions that can help leaders to increase the level of EE. To answer the

research question, how EE can be increased, the author summarized diverse actions and presented them to the interviewees, asking them in chapter 5.5.3.4 to assess whether they conduct these actions or not. Determining the level of actions that female leaders take to increase EE, it can be said that on average, female leaders use 86 % of the suggested actions.

Link between influencing factors and EE

After analysing the performance of the interviewed leaders referring to the different influencing factors of EE, there is the question which driving factor affect the EE level the most in the analysed female-led SMFs. To answer the research question, whether female leadership can have a positive impact on EE, the author aimed to figure out if the level of EE depends especially on the leadership style of the female leaders or whether other driving factors are more important. As already stated in the theoretical part (cf. chapter 4.5), Best Companies LLP (2011, Sparrow 2012, p. 17 f.) figured out that the behaviour of leaders and managers is the most important driving factor of EE - but can this also be applied to SMFs or is there a special influencing factor that has a bigger impact on EE?

Comparing the number of **leadership problems** that were faced by the interviewees and the level of EE in their companies, a clear link can be observed. The fewer problems the interviewees faced, the higher the level of EE. Therefore, the number of faced leadership problems has a direct impact on EE. When it comes to the **leadership style** of the interviewees, another clear link can be seen. The higher the degree of transformational leadership of the interviewees was assessed, the higher was the level of EE in the analysed companies. Therefore, the main research question, "Are female leaders able to have a positive impact on EE due to their leadership style?" can be answered with yes, as according to the findings of the analysed companies, female leaders influenced the level of EE positively due to their transformational leadership style. However, no direct link can be seen between **basic working conditions** and the level of EE. The author found out that the level of EE was not inevitably high in the analysed companies just because the female leaders offered very good conditions, such as many trainings, very high salaries, good

chances of advancement and very good opportunities for combining family and business. In contrary, there were also companies with a high level of EE, even if their female leaders offered bad working conditions due to a lack of money. Therefore, it can be summarized that in most of the cases the level of EE in the analysed companies did not reflect the level of basic working conditions offered by the female leaders. Nevertheless, a direct link can be found regarding **actions** that female leaders conduct to increase EE. The author discovered that the more measures the interviewees took, the higher the level of EE. Therefore, it can be said that a high number of conducted actions seem to have a positive impact on the EE level in the analysed companies.

All in all, it can be said that the female leadership style plays an important role when it comes to increasing EE in the analysed companies, as the degree of transformational leadership style of the interviewees had a direct link to level of EE. However, also specific actions and a low number of faced leadership problems seemed to influence EE positively, which can lead to the conclusion that only applying the transformational leadership style is not enough to increase EE.

6 Summary and discussion

The present thesis has dealt with the aim to figure out, whether female leaders are able to have a positive impact on EE in SMFs in Germany due to their female leadership style to support SMFs keeping skilled employees in nowadays war for talents. To answer that main research question, the attributes of female and engaging leadership, the characteristic of SMFs as well as the attributes of EE have been researched in the theoretical part of this thesis.

In the theoretical part, the author found out that high levels of EE, which result in emotional commitment, increased loyalty and less turnover rates, can be the key to success for SMFs when it comes to retaining skilled labour. However, the author detected that the current EE situation in Germany seems to be quite bad due to deficits in leadership. Leaders of SMFs face problems such as lacking compliments, communication and training opportunities, which lead to low levels

of EE. This highlights the need for engaging leaders for SMFs. To figure out if especially women are suitable leaders for having a positive impact on EE, this thesis studied female leadership styles and skills in the theoretical part. The author discovered that women, in comparison to men, tend to show more transformational leadership characteristics. Therefore, the first research question concerning the leadership style of women can be answered with that female leaders tend to use the transformational leadership style.

To answer the main research question, whether female leaders can have a positive impact on EE due to their leadership style, the author compared the transformational leadership style, which is usually applied by female leaders, to the leadership style that is needed to increase EE. The author found out, that there are many similarities between engaging and transformational leaders. This determines that female leaders, who tend to apply the transformational leadership style, seem to be able to have a positive impact on EE. However, to answer the second sub research question concerning how to increase EE, it should be said that according to theories, there are more driving factors, which can have a positive impact on EE, such as chances of advancement, the team, personal growth possibilities, fair payment and wellbeing in the company. Therefore, it should be stated that female leaders, who apply the transformational leadership style, seem to have a significant and positive impact on EE. Nevertheless, to be only an outstanding leader is not enough to keep EE on a high level. To do so, various driving factors need to be taken into account.

In order to gain a better picture of the practical situation, the author focused on interviews with female leaders in SMFs in the empirical part. The objectives of the interviews were to gain practical information about if female leaders in SMFs are familiar with the term EE, how the EE level in these companies is, what the driving factors for EE are and which effect they have on EE. This aimed to help the author to discover whether female leadership can be seen as an important driving factor for EE.

First of all, the author can confirm the theoretical finding, that EE is an important topic, as 100 % of the interviewees stated that a high EE level is necessary for

organisational success. However, the author was able to confute the theoretical assumption that the EE level in all German companies seems to be low. With the help of the assessment of female leaders as well as with scientific analyses of the EE level, the author detected that nine out of 14 studied companies seem to have a very high level of EE, while three companies seem to have a high level of engagement and only two companies have a medium high level of EE. Indicators for a high level of EE are for example employee satisfaction, a long duration of employment and that employees voluntarily work overtime.

To answer the second sub research question, how EE can be increased, the author analysed different driving factors that can have an impact on EE: leadership problems, leadership style and characteristics, basic working conditions as well as conducted actions that can increase EE. When it comes to **leadership problems**, the author presented typical leadership problems of leaders of SMFs, that were discussed in chapter 3.4, to the interviewees, asking them to investigate if those problems could are faced by them. The author was able to confirm that most of the analysed problems of the theoretical part also match the interviewed female leaders of the empirical part. The biggest problem among the interviewed leaders was that they do not offer enough training opportunities and chances of advancement, focus too much on daily business instead of on the employees as well as a lack of communication with staff.

To answer the sub research questions, whether there is as special leadership style among female leaders, the author analysed the **leadership style** of the interviewees. The author aimed to figure out, whether the theoretical assumption, that female leaders can be classified as transformational leaders, can be confirmed empirically. Therefore, the author assessed the leadership characteristics of the interviewed female leaders and compared them to the characteristics of transformational leaders. The result was that 11 out of 14 leaders can be categorised as transformational leaders. Thus, the theoretical assumption that female leaders tend to use the transformational leadership style can be confirmed in the empirical part.

As already discovered in the theoretical part, next to leadership, **basic working conditions** like a fair deal, wellbeing and personal growth possibilities are important driving factors for EE. Therefore, the author assessed the height of the salaries, WLB possibilities, the opportunities for combining family and profession as well as the offered trainings and chances for advancement in the analysed firms. All in all, the basic working conditions of the analysed SMFs can be described as good. While most of the firms offer good salaries, employee incentives, WLB possibilities as well as very good possibilities to combine family and profession, it seems that SMFs need to work on increasing the number of trainings and chances of advancement, as both categories showed an overall lack in the analysed SMFs.

As already discussed in the theoretical part, different researchers suggested various **actions** that can help leaders to increase the level of EE. The author summarized some actions and presented them to the interviewees, asking them in chapter 5.5.3.4 to assess whether they conduct these actions or not. Determining the level of actions that female leaders take to increase EE, it can be summarised that on average, female leaders use 86 % of the suggested actions.

Finally, to answer the main research question, if female leaders due to their leadership style can have a positive impact on EE, the author tried to detect links between the different driving factors and the level of EE. In the theoretical part, the author found out that the behaviour of leaders and managers is the most important driving factor of EE - but can this also be applied to SMFs? In the empirical part, the author found that there is a clear link between either the number of faced leadership problems, the degree of transformational leadership or the number of conducted actions and the level of EE. This means that facing a low number of leadership problems, being a transformational leader as well as conducting many actions influences the level of EE positively. No direct link was detected between the level of basic working conditions and the level of EE. Therefore, the main research question concerning whether female leaders are able to have a positive impact on EE due to their leadership style can be also

answered positively in the empirical part – the higher the degree of transformational leadership among the interviewees, the higher the level of EE.

All in all, it can be summarised that female leadership style plays an important role when it comes to increasing EE in the analysed companies, as the degree of the transformational leadership style of the interviewees had a direct link to the level of EE. However, also specific actions and a low number of faced leadership problems seem to influence EE positively. Nevertheless, even if this finding is based on female leaders, male leaders could probably also conduct these actions, face a low amount of leadership problems or be transformational leaders and thus influence EE positively. Therefore, it cannot be said that only female leaders are able to have a positive impact on EE. Besides, the author found out that the generational change seems to have a huge impact on the leadership style of contemporary leaders; maybe an even bigger impact than the difference in gender. According to the interviewees, leaders of today, men as well as women, lead much more openly and democratically, so that EE can be generally enhanced. However, being a transformational leader seems to be important to influence EE as this leadership style is similar to the leadership style that is needed to increase EE. As female leaders naturally tend to be transformational leaders (Eagly et al. 2003, p. 586), this might give women a very good basic prerequisite for influencing EE positively. Therefore it can be stated, that female leaders have an enhanced potential to increase EE. Thus, SMFs should see female leaders as a potential change factor to increase EE to keep skilled labour in times of skilled worker shortage.

Besides the fact that female leaders seem to have a positive impact on EE, in the theoretical part, the author discovered that companies, which have female leaders in their supervisory committee, seem to be more successful than companies with only male supervisory committee members. This leads to the assumption that hiring female leaders could have a positive impact on the success of companies. However, this thesis detected that there is a lack of female leaders in German companies; especially large-scale enterprises but also in SMFs. The reasons for the lack of women in leading positions are the glass ceiling, stereotypes, lack of female role models and the choice of career.

To ease the way and therefore increase the number of female leaders, the German government, companies, but also women themselves have to work hard to find suitable solutions.

7 Graphs

8 Tables

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Appendix 1   Interview questions (in German)

Interview
Einfluss weiblicher Führungskräfte auf Mitarbeiterengagement

Name Teilnehmer:

Position:

Firmenname:

Branche:

Mitarbeiteranzahl (gesamt, betreuend):

Ausbildung:

(Schulabschluss, Ausbildung, Studium)

Fortbildung im Bereich Management:

Alter:

_____

Interview Einfluss weiblicher Führungskräfte auf Mitarbeiterengagement

1. Sind Sie vom Fachkräftemangel betroffen?

2. Sind Sie mit dem Begriff Mitarbeiterengagement vertraut? Wenn ja, wie würden Sie Mitarbeiterengagement definieren?

Damit wir uns über die exakt gleiche Definition von Mitarbeiterengagement unterhalten, lese ich Ihnen kurz vor, wie ich den Begriff in meiner Arbeit definiert habe.

Mitarbeiterengagement
bezeichnet einen Zustand, in dem Mitarbeiter eine emotionale, rationale und motivierende Bindung an den Arbeitgeber aufweisen. Die rationale Dimension beinhält, dass Mitarbeiter Ihre Rolle und Verantwortung im Unternehmen verstehen. Die emotionale Dimension bezieht sich auf die Leidenschaft, mit der Mitarbeiter Ihren Beruf ausüben. Die Dimension im Bezug auf Motivation

hingegen beinhält das Ausmaß an Willen, in ihrem Beruf überdurchschnittlich gut und viel zu leisten, damit das Unternehmen so gut wie möglich da steht. Mitarbeiter, die ein hohes Level an Engagement innehaben, weisen ein erhöhtes Maß an Loyalität, Leistungsbereitschaft, Leidenschaft und Enthusiasmus auf.

3. Glauben Sie, dass Mitarbeiterengagement einen Einfluss auf den Unternehmenserfolg hat? Wie begründen Sie Ihre Antwort?

4. Halten Sie demnach Mitarbeiterengagement für wichtig?

5. Laut einer Studie vom Gallup Institut im Jahre 2013 über Mitarbeiterengagement in Deutschland sind nur 15 % aller Mitarbeiter in Deutschland wirklich engagiert, glücklich in Ihrem Job, bringen gute Leistung und sind an Ihren Arbeitgeber gebunden. 60 % macht nur Dienst nach Vorschrift und der Rest hat im Kopf schon gekündigt. Wie würden Sie das Mitarbeiterengagement Ihrer Mitarbeiter beurteilen? Wie begründen Sie Ihre Meinung

6. Wie bewerten Sie die folgenden Aussagen im Bezug auf Ihre Mitarbeiter? (Ja/Nein, mit Begründung)

- Meine Mitarbeiter sind zufrieden
- Meine Mitarbeiter haben eine lange Betriebszugehörigkeit
- Mitarbeiter machen freiwillig Überstunden
- Es herrscht kaum Fluktuation
- Die Leistung meiner Mitarbeiter ist sehr hoch
- Meine Mitarbeiter machen ihre Arbeit leidenschaftlich und enthusiastisch
- Mitarbeiter weiß, was von ihm erwartet wird
- Mitarbeiter hat Materialien und Arbeitsmittel ausreichend zur Verfügung
- Mitarbeiter kann tun, was er am Besten kann
- Mitarbeiter erhält Anerkennung
- Mitarbeiter wird als Mensch gesehen
- Mitarbeiter erhält Unterstützung
- Mitarbeiter weiß, dass seine Meinung zählt
- Mitarbeiter kann sich mit den Unternehmenszielen identifizieren
- Mitarbeiter sieht, dass sich seine Kollegen für Qualität engagieren
- Mitarbeiter hat einen guten Freund im Unternehmen
- Mitarbeiter sieht einen Fortschritt im Unternehmen
- Mitarbeiter kann lernen und sich entwickeln

7. Der Haupteinflussfaktor auf Mitarbeiterengagement ist das Verhalten der Führungskräfte. Gründe für den Mangel an Mitarbeiterengagement sind deshalb meistens Probleme in der Unternehmensführung. Auf welche Führungsprobleme im Bezug auf Mitarbeiter treffen Sie im Alltag?

8. Treffen folgende Probleme, die von Führungskräften in kleinen und mittelständischen Unternehmen als häufig auftretend bewertet wurden, auf Sie auch zu? (Ja/Nein, mit Begründung)

- Ich sehe mich selbst als pragmatischen und funktionalen Teamplayer aber nicht als motivierend, inspirierend und charismatisch
- Ich fokussiere mich zu oft auf tägliches Geschäft anstatt auf meine Mitarbeiter
- Ich kommuniziere nicht genug mit meinen Mitarbeitern
- Ich schätze Mitarbeiter falsch ein
- Ich diskutieren zu viel mit meinen Mitarbeitern
- Feedbackgespräche werden von mir nicht oft genug oder zu ungenau (keine Konsequenzen) durchgeführt
- Ich habe keine Management Ausbildung (Studium oder ähnliches)
- Ich biete zu wenige Fortbildungsmöglichkeiten und Aufstiegsmöglichkeiten an

9. In meiner Bachelor Arbeit untersuche ich den Zusammenhang zwischen weiblichen Führungsstil und Mitarbeiterengagement. Wie würden Sie Ihren Führungsstil beschreiben?

10. Treffen folgende Attribute auf Sie als Führungskraft zu? (Ja/Nein, mit Begründung)

- Ich beziehe Mitarbeiter mit ein (Entscheidungen etc.)
- Ich kontrolliere Mitarbeiter nicht zu extrem, Mitarbeiter haben gewisse Entscheidungsfreiheiten
- Meine Problemlösung basiert auf Intuition, Empathie und Rationalität
- Mein Führungsstil ist demokratisch
- Meine Anreize basieren auf positive Belohnungen und Lob, nicht auf Strafen
- Ich versuche das Selbstwertgefühl von Mitarbeitern zu steigern
- Ich bin inspirierend
- Ich lege Wert auf Beziehungen zu Mitarbeitern

11. Glauben Sie, dass weibliche Führungskräfte aufgrund Ihres Führungsstils eher dazu geeignet sind, Mitarbeiterengagement zu erhöhen? Wie begründen Sie Ihre Aussage?

12. Glauben Sie, dass in Familienunternehmen ein bestimmter Führungsstil herrscht? Wie würden Sie diesen beschreiben?

13. Inwiefern glauben Sie, dass die Unternehmenskultur und das Betriebsklima in Familienunternehmen Auswirkungen auf das Mitarbeiterengagement hat?

14. Wie würden Sie das Betriebsklima bzw. die Unternehmenskultur in Familienbetrieben beschreiben?

15. Glauben Sie, dass die Mitarbeiter in Familienunternehmen engagierter als in anderen Unternehmen? Wie begründen Sie Ihre Antwort?

16. Glauben Sie, dass die Mitarbeiter in Familienunternehmen, die speziell von Frauen geführt werden, engagierter sind als in anderen Unternehmen? Wie begründen Sie Ihre Antwort?

17. Wie würden Sie die Rahmenbedingungen in Ihrem Betrieb im Bezug auf Entlohnung, Work-Life-Balance und Vereinbarkeit von Beruf und Familie beschreiben?

18. Maßnahmen zur Erhöhung von Mitarbeiterengagement beziehen sich in erster Linie auf das Führungsverhalten. Folgende Maßnahmen sind geeignet, um Mitarbeiterengagement zu erhöhen. Wie beurteilen Sie diese Aussagen? (Ja/Nein, mit Begründung)

- Mitarbeiter werden von mir wertgeschätzt und respektiert
- Ich lege Wert auf eine gute Beziehung zu meinen Mitarbeitern
- Ich kenne meine Mitarbeiter persönlich & zeige Interesse an dem privaten Leben
- Ich biete fordernde Aufgaben und delegiere Verantwortung an Mitarbeiter
- Ich biete Weiterentwicklungsmöglichkeiten (Training)
- Ich biete Aufstiegschancen (intern)
- Ich biete Programme für Frauen und Studienabsolventen (Trainees) an
- Ziele und Richtung des Unternehmens werden klar kommuniziert
- Rollen in einem Unternehmen sind klar definiert
- Ich gebe regelmäßiges, ehrliches Feedback
- Es gibt gestaltete Arbeitsinformation oder Prozesse
- Es gibt einen Mitarbeiter des Monats oder ein Belohnungssystem
- Es gibt regelmäßige Meetings
- Es gibt Belohnung bei guter Leistung
- Ich zeige Mitarbeitern, dass ihre Rolle wichtig ist und dass sie zum Unternehmenserfolg beitragen
- Ich beziehe meine Mitarbeiter in die Entscheidungsfindung oder Zielsetzung mit ein
- Ich habe Interesse an Ideen von Mitarbeitern (Ideenmanagement)
- Ich fördere Team Work
- Es existieren ethische Standards im Unternehmen