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The impact of transformational leadership

A qualitative study of the impact of transformational leadership of employee and member engagement and performance in the modern work environment

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Abstract

This thesis examines the impact of transformational leadership on member and employee performance and engagement in the modern work environments. In order to maintain motivation, creativity, and job satisfaction, organizations are increasingly implementing flexible arrangements. Using Agency Theory and Institutional Theory as a foundation, this study looks at how transformational leadership affects organizational outcomes in non-profit organizations and for-profit contexts. Employees and members from a range of different industries participated in semi-structured interviews as a part of qualitative methodology based on interpretivism. The results of the thematic analysis showed that transformational leadership increases organizational commitment, boosts intrinsic drive, and builds a common vision. However, leadership effectiveness and engagement levels are also influenced by organizational factors including industry and institutional pressures. By emphasizing the significance of adapting leadership styles to accommodate changing employee and member requirements and workplace structures, the findings add to a wealth of literature on organizational behavior and leadership.

Contents

1. Introduction *1*

1.1 Background *1*

1.2 Problem Discussion **3**

1.3 Purpose **5**

1.4 Perspective **5**

1.5 Delimitation **5**

1.6 Definition **6**

2. Frame of Reference *7*

2.1. Systematic Collection of Literature. **7**

2.2. Institutional Theory **8**

2.3 Agency Theory **11**

2.4 Transformational Leadership **12**

2.4.1 Motivation 13

2.4.2 Creativity 13

2.4.3 Job Satisfaction 14

2.5 Employee & Members Engagement and Performance **15**

2.6 Modern Work Environment **17**

3. Methodology & Methods *18*

3.1. Research Paradigm **18**

3.1.1 Research Approach 20

3.1.2. Research Strategies 20

3.2. Method **21**

3.2.1. Data Collection 21

3.2.2. Sample 22

3.2.3. Semi-Structured in-depth Interviews 22

3.2.4. Transcribing 23

3.2.5. Data Analysis 23

3.3. Research Quality **24**

3.3.1. Credibility 24

3.3.2. Transferability 24

3.3.3. Dependability 25

3.3.4. Confirmability 25

3.4. Ethical Considerations **26**

4. Empirical Findings and Discussion *27*

4.1. Transformational Leadership **28**

4.2. Employee Engagement & Performance (For-profit organization) **38**

4.3. Members' Engagement & Performance (Non-profit organization) **41**

4.4. Organizational culture **45**

4.5. Motivation & Creativity & Job satisfaction **48**

5. Conclusion *53*

5.1. Limitations **53**

5.2. Future Research **55**
6. References ***56***
7. Appendix ***66***

1. Introduction

1.1 Background

Transformational leaders that excel in their leadership use their authority to inspire, motivate and gain trust from their followers by setting a good example, which their followers adhere to (Tucker et al., 2004). Transformational leadership is evident when the leader engages and inspires their colleagues and followers by encouraging them to view their work from different perspectives (Bass & Avolio, 1994). These leaders create awareness and alignment with the vision of the organization, which helps the followers to connect their personal goals with the collective objectives. They focus on developing their followers' skills and abilities, fostering growth and to be able to reach their full potential. They also motivate their followers to think beyond their own personal goals, instead of what benefits the group (Bass & Avolio, 1994). As a result, followers tend to reach beyond their own and the organization's expectations.

In 1997, Avolio, Bass & Jung identified the components of transformational leadership which is known as the four I's (Bass & Riggio, 2006). The first one is known as *Idealized influence*, followers admire and look up to the leader, and the leader becomes like a role model. Second, *Inspirational motivation,* the leader motivates and inspires their followers to align with the same vision of the organization and the team. Third*, Intellectual stimulation,* the leader challenges the followers thinking and inspires their followers to think creatively and approach problems in new ways. Last and fourth is *Individualized consideration,* while the leader gives each follower personalized guidance and coaching and acting as a mentor for their followers to grow and succeed (Bass & Avolio, 1994). To be classified as a transformational leader one must have characteristics in one or more of these four main components (Bass and Riggio, 2006).

A widely recognized example of a transformational leader is Steve Jobs. Jobs had high expectations for his team and high standards, modeling Idealized Influence for his team. His clear and compelling vision, articulated through Inspirational Motivation, provided the freedom and encouragement for his team to be creative and innovative. Jobs also provided intellectual stimulation in the process of disrupting existing expectations and fostered an environment of innovation. In addition, although Jobs could be quite autocratic, he also

exhibited Individualized Consideration by recognizing staff members' potential, nurturing that potential, and helping the team achieve outstanding results (Adigwe, 2024).

Riyanto et al., (2021) explains that several researchers argued and found a strong relationship between the work environment and how employees and members engage and perform. This is due to the understanding and admission of leaders that the higher level of performance and engagement is a result of a good work environment that on the other hand results in more job satisfaction.

Transformational leadership has been seen to have a crucial role in employee performance and engagement (Singh, 2019). Employee engagement improves when leaders provide meaningful support and communicate clearly and effectively but also demonstrates commitment and support to the team and act as a mentor for the employees, while also recognizing employees' efforts (Chandani et al., 2016). Employee job performance and transformational leadership have also been seen to have a positive relationship as transformational leaders tend to support and encourage their followers while they set a clear vision which motivates and inspires their followers with an aim that enhances job performance (Singh, 2019). Research that was done by Yammarino et al., (1993), concluded that transformational leadership has a positive effect on firm performance. Balwant et al., (2019) also found a positive correlation of employee engagement and transformational leadership. However, the research also found the extent of Transformational leadership had an influence on employee engagement.

Furthermore, Syahir, (2023) explains that transformational leaders who exhibit the 4 I's components foster an environment where members feel inspired, valued and motivated to engage and perform towards the organization's mission.

Research suggests that transformational leaders have been seen to be essential for managing the challenges of today's modern work environment, by motivating and inspiring employees. With the development of technology and the increasing engagement expectations in the workforce, research suggests that transformational leaders play a crucial role in fostering a sustainable work culture while still adapting to the new changes (Fatin & Mazlan, 2023). As the modern work environment today is shaped by digitalization, open communication and a high employee demand (Fatin & Mazlan, 2023).

This thesis explores the impact of transformational leadership on employee and members engagement and performance in different organizational settings, specifically within the context of today's modern work environment. Different or contrasting organizational refers to non-profit and for-profit organizational setting. Non-profit organizations are structured from collective human activities, encouraging social well-being rather than generating profits (Andrei et al., 2018). While for-profit organizations are characterized by their ability to maximize profits and stakeholders' wealth (Gee et al., 2022). The non-profit organization used in this study is a church operating in Sweden, whereas the for-profit organizations are operating in logistics and technology/service sector. These organizations all operate in the modern work environment with the use of digitalization and open communication.

1.2 Problem Discussion

In 2001, Jack Welch, former CEO of General Electric, emphasized the power of transformational leadership by stating that "before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others" (Welch & Welch, 2005, pg. 61). Transformational leadership has been widely recognized for its ability to inspire, motivate, and engage employees by fostering a shared vision and promoting innovation. Leaders who adopt this style encourage followers to reach their full potential, thereby enhancing both individual and organizational performance (Bono & Judge, 2003). Numerous studies have examined transformational leadership from a variety of angles over the years. The effect of transformative leadership on employee and member engagement and performance is one important topic of study.

According to Bass & Riggio (2006), transformational leaders increase workers' motivation, job satisfaction, and organizational commitment. Additionally, because transformational leaders encourage innovation and a proactive work style, they have been connected to improved employee performance (Breevaart et al., 2014). Transformational leadership fosters a work environment shaped by innovation, by encouraging knowledge sharing and an open work culture through their charismatic way of leading (Zafar & Mehmood, 2019). Moreover, transformational leaders' behaviors also play a pivotal role in fostering employee creativity (Bass & Avolio, 1995). According to Fatin & Mazlan (2023) innovation, digitalization and open communication are highly embedded in today's modern work environment. The modern work environment continues to evolve especially with the rise of digitalization and a higher demand for employee and members engagement and productivity. Transformational leaders

demonstrate behaviors that encourage open communication and teamwork among employees and team members. This ensures trust among members and employees that in turn generates higher performance and commitment. Research suggests that Transformational leadership is recognized as a key factor for navigating through today's dynamic work environment (Ytterstad & Olaisen, 2023).

However, research also enhances the idea that Transformational leadership cannot be overlooked, as it also has its darker side. Criticism is raised about the dangers of overdependency on a single leader, blurring of the lines between pressure and incentive, and unrealistic expectations that may accumulate in high vision cultures (Tourish, 2013). All these issues necessitate the need to look not only at the strengths but also the flaws of this leadership approach in various contexts. This however may challenge the existing research of the impact of transformational leadership, especially in different organizational settings, for example in for-profit or non-profit organizations. As the work environment evolves unrealistic expectations may evolve as well, regarding employee productivity and performance. As the modern work environment generates a higher demand for- employee and members productivity and performance today (Fatin & Mazlan, 2023).

Transformational leadership and employee and member engagement and performance have had an overall positive relationship with one another. However, there is still an identified gap in existing research of how transformational leadership impacts employees and members engagement and performance in contrasting industries and organizational settings (Fatin & Mazlan, 2023). McMurray et al., (2010), explained that transformational leadership within the context of non-profit organizations is concerned by engaging and helping all members to be able to reach the sense of achievement, satisfaction and motivation. Moreover, McMurray et al., (2010) continue to explain that some skills are required in this type of organization, such as established long-term vision, coaching, developing, empowering the members to self-control and to change the culture. While Ledimo, (2014), described transformational leadership within for-profit organizations by the social procedure of motivating individuals to contribute willingly, with passion and modification, to reach the objectives of the organization.

Since the work environment today is changing fast, this study is of relevance as it seeks to investigate transformational leaders evolving in the modern era, how employee and members engagement and performance are affected by transformational leadership style of their

engagement and performance, but also how it contradicts in contrasting organizational settings. Agazu et al., (2025) further claims that there is a need for further investigation in different industries.

Therefore, our research question for this thesis study: *How do employees and organizational members in contrasting settings perceive the impact of Transformational Leadership on engagement and performance in the modern work environment?*

1.3 Purpose

This thesis investigates the influence of transformational leadership on employee and member engagement and organizational performance, especially regarding the modern working environment. This research aims to equip the reader with an understanding of the way transformational leadership impacts critical aspects like motivation, creativity and job satisfaction in contrasting organizational settings in the modern work environment.

1.4 Perspective

In this thesis, the perspective is to gain insight and understand how transformational leadership impacts employees' and members' engagement and performance. A comprehensive understanding of the relationship between transformational leadership and workplace outcomes can be gained by engaging employees and members who interact with transformational leaders and adapt to their initiatives. This dual viewpoint makes it easier to examine in greater detail how transformational leadership techniques affect employee and member motivation, creativity, and job satisfaction, in different organizational settings.

1.5 Delimitation

Research and data gathering have been limited. To limit the scope of the study and simplify data gathering, it primarily deals with Swedish companies' Geographic segmentation, as much as possible, is intended to simplify conducting in-person interviews with participants. The study focuses on transformational leadership and its effect on members and employees' performance and engagement, especially in knowledge intensive industries where leadership significantly affects motivation and productivity. These are managers and employees who experience the impact of leadership directly in their day-to-day work. Other theories of leadership were not discussed in detail in study, nor did the study look at companies with low autonomy among employees. Nor are companies that work fully remotely or that operate traditional on-site models with no hybrid components the focus of this study.

1.6 Definition

Transformational Leadership: The ability to exhibit idealized influence, inspire and motivate followers to achieve their full potential, stimulate followers' creativity and innovation without imposing one's own criticism. The capacity to provide individual attention and mentorship to their follower's success and progress (Bass & Riggio, 2006).

Employee and Members Engagement: Employee and members engagement arises from a mutually beneficial relationship between leaders and followers, relying on active participation and commitment from both sides. It involves organizations striving to create a supportive and motivating work environment. In response, employees and members show dedication, enthusiasm, and a genuine willingness to contribute to the success of the organization. (Markos & Sridevi, 2010).

Employee Performance: Is the work quality and quantity results achieved by an employee doing his/her job tasks meeting the mutually agreed standards of a certain company (Nina, 2019).

Member Performance: Member performance in the context of non-profit organizations refers to their behavioral participation, active engagement, and contributions that serve the organization's mission. This is done by regular attending meetings, involvement in the discussions and process of decision making, that shows their emotional attachment and their motivation to be part of achieving the organizational success (Preston et al., 2004)

Modern Work Environment: The dynamics of the modern work environment today are undergoing transformation with digitalization and a higher demand for followers engagement. It is crucial to foster innovative thinking with open communication to encourage diverse perspectives and enhance creative processes. Innovation is a key driver for success within organizations today (Fatin & Mazlan, 2023).

Members: The members in this research refer to individuals who participate actively with non-profit organizations, including religious organizations. Their contribution is voluntary and revolves around a common goal, belief, or devotion to the cause of the organization (Frumkin, 2005; Doherty & Hoye, 2011).

For-profit organization members could not be made subject to standard labor contrast or incentivized through money reward like regular employees. Rather, their involvement is more a product of internal motivation and a sense of belonging. Vision, influence, and values alignment are frequently more important to leadership than formal power in these situations (Bass & Riggio, 2006). Thus, studies of the means broadened and stretched conceptualization of performance and motivation within a variety of organizational settings.

2. Frame of Reference

2.1. Systematic Collection of Literature.

We conducted a systematic literature review to identify our research question and purpose. To explore the relationship between Transformational leadership and employee and member engagement and performance in the modern work environment. To conduct credibility to the collection of literature, the most appropriate peer reviewed literature has been used. Utilizing keywords in academic databases such as Primo, Google Scholar, Scopus, Web of Science, and ScienceDirect, Emerald. Furthermore, books have also been included in the literature primarily collected from Jönköping University library.

Most of the research collected is from the 21st century, to collect relevant literature. The search was limited to works published between 1977 and the present, encompassing foundational theoretical literature, such as Bass and Avolio's transformational leadership theory, and newer empirical research suitable to today's ever-evolving work settings.

We utilize a combination of keywords such as "Transformational leadership", "employee engagement", "employee performance", and "modern work environment", member engagement", "member performance". To further refine our search strategy, we adopted Boolean operators such as:

"Transformational leadership" AND "Employee Engagement" AND/OR "Employee Performance", "Member Engagement" AND/OR "Member Performance", AND "Modern work Environment".

After collecting the premier search results, we reviewed the titles and abstracts to define the relevance of each article that benefits our research focus. Articles that were peer-reviewed, written in English, and provide valuable insight into leadership within an organizational context

have been included. While articles that were not available in full text, as well as those that were lacking theoretical connections to employee and member perceptions, have been excluded.

The articles selected were fully reviewed to assess their relevance and which quality they could provide for our research. This deep and careful evaluation ensured that only those studies with beneficial connections to our research objectives have been included in the final review.

2.2. Institutional Theory

The basics of conceptualizing how organizations create long-lasting forms, traditions, and norms are widely regarded as socially legitimate within institutional theory (Zucker, 1977; Meyer & Rowan, 1977). At its core, the idea is that organizations operate not just based on technological efficiency or rational consideration but also based on broader social and cultural contexts, whereby social norms and standards are established. These systems exert very powerful forms of pressure that shape organizational behavior through three main institution pillars: the regulative (formal rules, laws, and sanctions), the normative (professional norms, certifications, and ethical obligations), and cultural-cognitive (shared understandings, taken-for-granted assumptions, and symbolic meanings) (Scott,1995). DiMaggio and Powel (1983), say that isomorphism is how organizations operating in the same institutional field become increasingly similar in their forms and practices over time. There are three main drivers of isomorphism: normative influences (professionalization), mimetic isomorphism (copying your successful peers), or coercive pressures (regulations).

Defining institutional logic is about how decisions are usually made in an organization, considering cultural beliefs, rules, and norms of behavior. It is done by organizational structures and practices (material) and their relation to beliefs, identities, and assumptions within the organization (symbolic) (McMullin et al., 2018).

Knutsen (2012), emphasizes that non-profit organizations often try to balance between the instrumental logics (focusing on the performance and accountability) and the expressive logics (by focusing on missions and values), which lead these organizations to adopt in terms of structure and behavior. On the other hand, Coule et al., (2013) demonstrate how non-profit organizations engage actively with the institutional logics through tactical actions to remain their legitimacy and innovation.

Institutional theory in the field of non-profit organizations provides important perspectives on how to establish and sustain long-lasting frameworks, standards, and practices that are known for their validity within the institutional context. Non-profit organizations frequently embrace accepted methods and structures that meet the social norms and acquire legitimacy, instead of solely focusing on technical efficiency (Zucker, 1977; Meyer & Rowan, 1977). Euske, et al., (1991), emphasize that non-profit organizations mirror the structures of organizations that are effective, conformity to established norms, enhance the credibility and increase the stakeholder's trust. As discussed by Scott (1995) about the three pillars of institutional theory, regulative, normative and cultural-cognitive. DiMaggio and Powel (1983) continue describing that non-profits organizations encountering the isomorphic pressures, by being coercive from funders or regulators, mimetic by following and imitating successful peers and normative through professionalization.

On the other hand, Bitektine, et al., (2021), explain that for-profit organizations are guided by dominant market-based institutional logics, where they prioritize generating profit, competitive advantage and increase shareholders value. But at the same time, they reflect to broader range of societal expectations by adopting to emerging logics as corporate social responsibility.

Institutional theory in the context of for-profit organizations offers perspective on how for-profit organizations evolve their structures and practices, by both economic rationality and their influence of socially acceptable norms and institutional expectations. Many for-profit organizations adopt to standardized procedures and to organizational forms to secure legitimacy in the institutional environment rather than solely focusing on performance and efficiency (Meyer & Rowan, 1977). DiMaggio and Powell (1983), highlighted that for-profit organizations are exposed to the institutional isomorphism, where their coercive could arise from regulatory authorities and legal mandates, normative pressures stem from the professional standards and the industry norms, while mimetic pressures are emerging during periods of uncertainty leading to imitate to successful peers. Moreover, the three foundational pillars of institutional theory discussed by Scott (1995), explains that the regulative pillars are reflected when for-profit organizations are following the rules, laws and industry regulations that result in them to guide the organization through sanctions and incentives. The cultural cognitive pillar which encompasses shared beliefs, collective understanding and take-for-granted assumptions define the interpretation to the roles and environment, lastly the normative pillar that functions by professional standards, ethical expectations and which best practices that benefit the

industry that led to influence the organizational behavior to shape and innovate what is best for the sector. These pillars together explain how for-profit organizations conform to institutionalized expectations and market pressures that result in reinforcing stability, legitimacy in competitive business environment.

In these institutional contexts, transformational leadership as defined by Bass and Riggio (2006), motivates followers through individualized consideration, intellectual stimulation, and vision. As suggested by Breevaart et al., (2014), leadership styles are more effective in fostering engagement (e.g., vigor, dedication, and attention towards work) when the institutional context supports current expectations. The institutional context shapes how a leader and followers view and utilize leadership; transformational leadership approaches are more likely to be accepted by the organization (cultural norms) if it is aligned with the existing expectations for effective leadership.

Transformational leaders who connect their vision to existing organizational arrangements contribute to increased engagement and performance in the workplace more than other leadership types, mainly when engaged with challenges presented by matters such as digital transformation and sustainability in today's work environments. The success of transformational leadership styles is contingent on the organization in which they operate and is further explained by the institutionalist perspective (Thornton et al., 2008). The fit of the leadership style with the institutional context of the organization, including the institutions' informal rules of legitimate behavior, accounts for this variability.

This link illustrates the interaction between individual leadership actions and larger societal forces to shape the lived experience of the worker-their sense of well-being and their engagement with work. By exploring the alignment of leadership approaches to institutional expectations, we see patterns that help explain why some leadership practices are successful in one context while failing to invoke similar worker feelings and behaviors in other contexts. This points to the importance of context in terms of organizational effectiveness. The combination of leadership style and institutional pressures has tremendous impact on workplace dynamics, employee and member motivation, and overall organizational effectiveness

2.3 Agency Theory

According to Bendickson et al., (2016), agency theory examines relations where a principal assigns tasks to an agent to execute on his behalf. Conflict of interest, according to the theory, occurs because agents seek to advance their goals over that of the principal, and this leads to inefficiencies like adverse selection (informational asymmetry) and moral hazard (hidden actions) (Shapiro, 2005). Restrictive control systems, however, may lower motivation in modern work environments, and transformational leadership becomes a crucial second best for alignment. Transformational Leadership, based on Bass and Riggio's (2006) conceptualization, motivates employees by articulation of vision, intellectual stimulation, and demonstration of care for individual needs.

In modern dynamic workspaces, strict contractual approaches by themselves do not sustain engagement. Transformational leadership bridges this gap since it creates psychological ownership and affective commitment that led to heightened performance (Bendickson et al., 2016). Employees and members with such leadership show greater initiative and responsibility and naturally align themselves with organizational goals without extrinsic rewards being used by themselves. Thus, while agency theory introduces structural conflicts between employer-employee relationships, transformational leadership offers a behavioral solution that enhances the degree of engagement and productivity in modern workplaces.

The integration of agency theory and transformational leadership provides a unifying framework of interpretation for understanding modern employment relationships. While contractual solutions centering on interest alignment continue to be the focus of agency theory, the latter provides a complementary psychological solution responding to the theory's failure in transforming work sites (Bendickson et al., 2016). By combining structural agency theory knowledge with transformational leadership motivational forces, companies can build more effective governance systems that deal with agency problems while significantly improving employee motivation and performance (Shapiro, 2005). This double-edged approach is the development of organizational leadership where systems and motivational leadership intersect to ensure maximum compliance and commitment among the workforces.

2.4 Transformational Leadership

Transformational leadership is a leadership style that seeks to inspire and enhance both individuals and organizations based on central principles, intrinsic motivation, and vision to work towards the organizational goals. It is focused on long-term growth and personal development of followers (Bass & Riggio, 2006). Transformational leadership consists of four fundamental components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985; Bass & Avolio, 1994).

By aligning employees' and members' beliefs and aspirations with those of the organization, transformational leaders create a deeper and more meaningful sense of work purpose. A transformational leadership process unfolds through a psychologically engaging and moral process that builds trust, inspires creativity, and fosters job satisfaction (Bass and Riggio, 2006). Bendickson et al. (2016) posits that transformational leadership is a remedy for agency theory shortcomings (including monitoring and incentive misalignment) by enlisting intrinsic commitment through shared values and motivating visions of the organization.

Furthermore, transformational leadership is also viewed from the perspective of institutional theory, which posits that leaders create legitimacy by matching activities of staff with social norms and expectations for action (Meyer & Rowan, 1977). Transformational leaders share a socially meaningful narrative, positioning work narrative with followers that enhances identity and engagement, positioning work within socially acceptable institutional scripts like "quality care'' in healthcare or "technology advancement'' in technology-related sectors (Meyer & Rowan, 1977; Bendickson et al., 2016).

This type of leadership has demonstrated its value in the modern work environment today. Consequently, transformational leadership has demonstrated its competitive viability not only as a proven management approach for enhancing employee engagement and performance, but also as a culturally adaptive management approach for work in complex knowledge-based settings (Allen et al., 2015; Parillon at al., 2024).

By leveraging this dynamic and human-centered approach, transformational leaders have done more than lead scalable, operationally effective organizations; they have also created cultures of resilience that are equipped to cope with the unknowns of rapid change, lift discretionary effort, and inspire all levels of the organization to innovate.

2.4.1 Motivation

Transformational leadership fundamentally reorganizes employee motivation, moving beyond transactional relationships to leverage intrinsic commitment through behaviors that are ethically sound, imaginative, and stimulating (Bass & Riggio, 2006). Transformational leadership creates psychological coherence that reduces reliance on more restrictive forms of control. This is not only an essential variable on its own, but it addresses specific shortcomings in traditional agency theory, which has focused on reducing principal-agent conflict by way of intrinsic rewards and monitoring (Bendickson et al., 2016).

When employees genuinely identify with and act in concert with an organization's purpose after internalizing a leader's compelling vision, they are naturally less likely to shirk duties or opportunistically underperform. Simultaneously, transformational leadership gains its ability to inspire people by adhering to normative expectations and standards related to leading and leading effectively in that organization or social context (Meyer & Rowen, 1977).

Transformational leaders are effective at fulfilling both the cultural need for socially acceptable activities (institutional alignment) and the psychological need for meaningful work (agency resolution) such that they can engage workers to go far above what is required of them. This hybrid mechanism of motivations is particularly useful in modern knowledge-based economies, particularly as straight controls often fail, because it taps into institutional dynamics while transcending the traditional boundaries of agency-theory based solutions.

2.4.2 Creativity

Transformational leadership encourages employee and member creativity by simultaneously leveraging institutional theory's opportunities and agency theory's constraints. From an agency perspective, through individualized consideration, transformational leaders generate psychological safety and, through ideational influence, develop trust, thereby accommodating the conventional agency principal quandary regarding creativity (Bendickson et al.,2016). This is because employees may suppress innovative ideas out of fear of being exploited or not appropriately rewarded (Bass & Riggio, 2006).

This strategy allows innovation to turn from an individual risky effort to a collective organizational endeavor. Concurrently, transformational leaders apply innovative practices to the organization's legitimate practices by aligning innovation with broader institutional logics,

such as characterization of innovation as “continuous improvement’’ in service sector or “technology advancement’’ in high tech firms, as suggested by institutional theory (Meyer & Rowan, 1977).

The most effective transformative leaders negotiate this dual-dynamic by establishing environments of critical thinking and challenging assumptions while ensuring that efforts in innovation are well supported and approved at an institutional level. They address the agency challenge of stimulating innovative behavior without excessive accountability, by providing the expectation that innovation is both personally rewarding and important to the organization in a way that reasonably enables agency. By connecting the act of creating to institutional, larger narratives related to competition and success, as well as other institutional aims, transformational leaders also transform creativity from an aberrant or risky behavior into a normative, expected behavior in organization life.

Because of this dual alignment of meeting needs for individual agencies and incentive to create, transformational leadership is often exceptionally successful at establishing sustained cultures of innovation within complex modern organizations. In the process, the agency-based barriers to creative expression are systematically reduced through sustaining environments of psychological safety, shared vision, and trust - and creativity is often institutionalized in normative ways.

2.4.3 Job Satisfaction

Transformational leadership enhances employee and member job satisfaction by fundamentally changing the employee experience through intellectual stimulation, inspirational motivation, and individualized consideration (Bass & Riggio, 2006). At the same time, it reconciles competing tensions found in agency theory, while engaging legitimacy devices associated with institutional theory. Job satisfaction has historically been low in principle-agent engagements due to misaligned incentives, overly aggressive supervision, and the fundamental tension between individual preferences and organizational goals, as described by agency theory (Bendickson et al, 2016).

By empowering intrinsic motivation and using a common vision to provide work with meaning, instead of coercive "carrot-and-stick" styles of management, transformational leaders can navigate and overcome these limitations and in doing so foster natural alignment between

organizational and employee and member interests. This emotional and psychological alignment assuages employee dissatisfaction and distrust in agency relationships.

Further explaining how transformational leaders enhance job satisfaction by connecting workplace experiences to the larger, culturally established narratives, is institutional theory (Meyer & Rowan, 1977). When leaders communicate ideas that go along with the established norms (for instance, quality in health care services or technological innovation), employees derive satisfaction in being part of relevant and socially accepted events at their organization. Transformational leaders, by serving as cultural interpreters, enable their employees to conceptualize their work in relation to significant institutional scripts, which maintains a connection to pride and belonging. For example, by framing a nursing role as "heroic patient care" (in accordance with medical institutional logics) hospital leaders might develop a greater sense of accomplishment taking on such a position than merely completing tasks.

When these theories unite, the reasons for transformational leadership's effectiveness become apparent: it improves institutional sources of happiness (by linking work to socially beneficial goals) and decreases agentic discontent (the sources of goal conflict and trust). Workers under transformational leaders report higher levels of satisfaction with their work because they feel (1) autonomy (little limitation to agency), (2) meaning (aligned to socially beneficial institution), and (3) growth (intellectual stimulation). Transformational leadership solves the psychological and cultural roots of work-based happiness simultaneously, which suggests that increasing extrinsic rewards (an agentic "solution") or institutional branding (an institutional "surface") will often fail.

2.5 Employee & Members Engagement and Performance

Dealing with the increasingly fast-changing environment needs leaders who invest their full attention and energy to help and lead employees in engaging more efficiently with organizational visions. The willingness to engage and put effort into the job allows leaders to track this complex and fast-changing environment (Fong-Yi et al., 2020).

Innovation and technology have become tools for managing employees, especially in the post-COVID era. This use was provided to make administrative work easier, improve communication, and help teams collaborate better, even in different places. These technological innovations were applied in hybrid and remote work (Parillon et al., 2024).

Job satisfaction is crucial in enhancing employee engagement and performance, especially in the context of remote or hybrid working arrangements. This is due to its impact and influence on the engagement, commitment, and motivation of the employees. Where leaders should adopt strategies to enhance this satisfaction in terms of recognizing achievements, checking regularly, and the open opportunities for the development and growth of employees who are working at home full-time (remotely) or partially (hybrid) (Parillon et al., 2024).

Parillon et al., (2024) emphasizes that the greater levels of performed jobs, innovations, and creativity of the employees are the result of the satisfaction the employees experience. This aligns with what Bass (2006) explained about the characteristics of the transformational leader.

The role of transformational leaders as discussed earlier, is to provide employees with satisfaction, and after COVID-19 navigating the challenges became a critical task for leaders to show their ability to maintain satisfaction to employees and motivate them towards the organizational goals both remotely and hybrid (Parillon et al., 2024).

In non-profit organizations, transformational leadership plays a significant role in enhancing member engagement and performance. This is due to the transformational leadership behaviors that foster within the members to feel valued, inspired and motivated to contribute towards the organizational mission. Transformational leaders who demonstrate having the 4 I's components can effectively meet members' needs for growth, positive environment and recognition. Since those needs being addressed, the leaders foster a sense of belonging and commitment to the organization that leads to increase in the engagement and improve in the performance (Syahir, 2023).

Ritz et al., (2014) explained that members in non-profit organizations are derived by their intrinsic motivation rather than financial incentives, here come the unique role of transformational leaders to link the personal values to the organization's mission. This could happen by enhancing emotional commitment and engagement. Moreover, engaged members are more able to take initiative, and act as ambassadors for the organization that ends up in meeting mission success.

Edmondson, 1999; Wang et al., (2022), agrees upon that boosting engagement and performance of members could be done by increasing trust and learning behavior that will be met when the transformational leaders create psychological safety and encourage open communication.

2.6 Modern Work Environment

The rapid developments in technology, twinned the changing expectations of employees, and other collective societal changes in values have led to tremendous transformation of the modern workplace. The modern workplace encompasses inclusivity, continuous learning, and flexibility in working hours, all encouraging a focus on employee well-being. Leadership, notably transformational leadership, is a key to organizational performance in this new era as the changes yield possibilities and challenges for leaders (Allen et al., 2015; Kelloway & Day, 2005).

The major contrast between today's workplaces to traditional workplaces is through flexible work arrangements, and the focus on work-life balance. As a result of the COVID-19 pandemic, remote work, hybrid work, and flexible schedules have soared. This flexibility allows more people to balance their work and personal commitments, enhancing employees' output and job satisfaction (Allen et al., 2015). Also, workplace regulations are starting to include wellness practices and mental health support as part of the expectation around employee wellbeing, as a big part of what it means to work for modern businesses. These are important to build an engaged, positive, healthy workplace or culture where employees can thrive (Kelloway & Day, 2005).

Today’s organizations value diversity, equity, and inclusion (DEI), as well as adaptability and wellness. Organizations are seeing more clearly the importance of diverse teams for stimulating creativity and innovation. A diverse workforce not only provides unique perspectives but also facilitates better decision-making and problem-solving (Dover et al., 2016). Consequently, creating an inclusive workplace where every employee feels valued ranks high on the list of organizational priorities.

Non-profit organizations, especially faith-based charities, are operated with social missions in areas such as religion, recreation, education, and overall quality of life (Cipriano & Za, 2023). These organizational contexts embody aspects of modern work environment; this is included

in valuing the engagement of culture and community and driven by providing services over generating profits. Since digital transformation became fundamental, it increased the connection between members and society, it also enhanced the operation to be more efficiently and increased the sense of belonging by content-sharing and virtual interactions (Cipriano & Za, 2023; Nahrkhalaji et al., 2018).

Similarly, for-profit organizations who adapted to rapidly changing digital transformation by implementing hybrid and remote work, had resulted in facilitating the engagement and performance of employees through digital platforms (Pavlista et al., 2024). Leadership in this modern work environment must therefore focus on guiding the employees through fostering an engaged culture, enhancing the employees' performance, and always trying to adapt to changes (Nasir et al., 2022). Nasir et al. (2022) continue arguing that the presence of a transformational leader who adapts these changes and always wants to encourage and empower employees to innovate will result in organizations and employees wanting to thrive and adapt to the modern work environment changes.

The evolution in digitalization and modern work environment increased the expectations for transformational leadership, because of their ability to empower, engaging both members and employees by building cultures that are driven by inclusiveness and adaptability (Bass and Riggio, 2006)

3. Methodology & Methods

3.1. Research Paradigm

When conducting scientific research, the first step is to determine the research paradigm. It is a framework and a guide on how the study will be conducted (Collis and Hussey, 2014). The paradigm is based on individuals' assumptions, philosophy, and understanding of knowledge and its nature (Collis and Hussey, 2014). Considering this, the researcher must have a clear understanding of their own philosophical perspective regarding the nature of reality. How knowledge is acquired and what kind of methods are the most appropriate, but also how the values influence the research process (Khatri, 2020). These underlying beliefs and assumptions form the foundation of the paradigm, influencing how reality, methodology, knowledge, and values are interpreted in the approach (Khatri, 2020). The paradigm consists of four elements: ontology, methodology, axiology and epistemology. Ontology, which includes the nature of reality, methodology, which is chosen from the most suitable method, epistemology, which

refers to the nature of knowledge, and axiology, which considers ethics. Each of these elements holds both assumptions, values and underlying beliefs and norms, because of this, it is of great importance to have insight into these elements (Khatri, 2020).

When conducting educational research, according to Collis & Hussey (2014), there are two main types of paradigms that are used: positivism and interpretivism. Positivist research paradigms are based on natural science and social sciences, the beliefs that reality exists independently of our perception and can be tested and objectively observed. The main purpose is to develop theories that are based on relying on empirical observations and experiments. From positivist research, numerical and mathematical proof is given as the information comes from positivism, as it is scientifically verified (Walliman, 2011; Collis and Hussey, 2014). Therefore, positivism paradigms are based on quantitative methods as it uses statistical analyses research data from quantitative methods (Collis and Hussey, 2014).

The interpretivism paradigm was developed out of the positivism paradigm, due to criticism and limitations of the positivism paradigm, in the context of social science (Collis and Hussey, 2014). Interpretivism argues that social reality is subjective and that it can be different for everyone. Every researcher brings their own perspective, experiences, values, and interpretations into the research process. Therefore, interpretivism paradigms tend to be qualitative research, because it aims to understand the meaning behind the social actions, experiences, and relationships rather than measure it with numerical data (quantitative studies) (Collis & Hussey, 2014).

In this research study, the most suitable paradigm to be followed is interpretivism. This thesis study aims to investigate how transformational leadership impact employees and members' engagement and performance in the modern work environment in different organizational settings. To be able to get a broad perspective we aim to conduct interviews with members and employees in different organizational settings, to be able to get their perspective and experiences out of the topic, as the interpretivism paradigm lets the participants of the interviews communicate their subjective perception. The answers will later be investigated and coded by the authors of this study to address the aim and purpose of this study.

3.1.1 Research Approach

Deductive or inductive are two research approaches that can be used (Collis and Hussey, 2014). The foundation of deductive research is based on using and applying general, already existing theories and conceptual structures to specific (particular) cases, which is then tested on real world observations. From this empirical observation, the researcher can deduce the instances from the general presumption (Collis and Hussey, 2014). Inductive research, however, is the opposite; the researcher makes observations on the observed reality and then makes theories based on observations. Therefore, the conclusions are drawn from specific observations (Collies and Hussey, 2014). In this research, a deductive approach is used, the research is based on general inferences from existing theories which is then tested and observed on real world observations from individual's perceptions of the reality of transformational leadership.

3.1.2. Research Strategies

There are two main ways for gathering data for thesis research – Qualitative data and Quantitative data. Quantitative data are numerical measurements that can be used for analyzing the data statistically while qualitative data is non-numerical, as experiences, which is often used in in-depth analysis of research (Collis & Hussey, 2014). Instead of referring the data to paradigms of positivism and interpretivism studies, positivism can be both qualitative and quantitative.

Gathering qualitative data for a positivism study, the motivation of collecting qualitative data is to verify that all the variables has been covered or to gather information to get insights that later will be used for statistically analyses in quantitative studies. Rather in contrast, a study made in an interpretivism paradigm there is no need to transform the qualitative data into quantitative, as there is no use for statistical analysis. When conducting a study under interpretivism paradigm (qualitative study) the data collected is usually in-depth, subjective and humanist. The importance is the quality of the data and the depth of it. Whilst in turn when conducting under positivism paradigm (quantitative study) it is more about the preciseness and specifics of the data, and it is objective and scientific (Collis and Hussey, 2014). Researchers must also balance the trade-off with the data integrity and the result currency. Using both qualitative and quantitative data without a clear argument, the research can cause confusion and may not be acceptable in academic research. Therefore, the data collection methods must align with the chosen paradigm and research objectives (Collis and Hussey, 2014). Therefore,

our thesis will be conducted under the interpretivism paradigm, where we will analyze employees and members' subjective perception of their organization's leadership.

3.2. Method

In this chapter the methodological approach used in this study is discussed. Since the objective of this research is to explore individual experiences, perspectives, and perceptions in a meaningful and context-specific way, a qualitative research strategy is considered most suitable. As noted by Collis and Hussey (2014), qualitative research focuses on understanding the “Why” and “How” behind behaviors and decisions.

The study uses semi-structured in-depth interviews as the method of collecting data. These interviews will be conducted with selected participants from three different organizational sectors, audio transcribed and then analyzed through thematic analysis. This approach makes it possible to understand detailed and nuanced information while maintaining structure and consistency.

3.2.1. Data Collection

Semi-structured interviews will be the method of collecting data, which are commonly used in qualitative research, this is for their ability to balance consistency with flexibility. An interview guide will be created based on the research question and the theoretical framework identified earlier. This guide will include a set of open-ended questions designed to encourage participants to speak openly about their experiences while also making sure that all interviews cover the same core themes.

According to Collis and Hussey (2014), semi-structured interviews authorize for in-depth exploration and provide opportunities for investigation, follow-up questions, and clarification. This is particularly useful when exploring attitudes, beliefs, and perceptions that may be captured effectively through fixed-response questionnaires.

Each interview is expected to last between 30 to 60 minutes, depending on the details the participant provides us with. Interviews will be conducted either face-to-face or digitally using Zoom or Microsoft Teams as platforms, depending on availability. Participants will be informed in detail about the purpose of the study, their role, and their rights.

3.2.2. Sample

The study will be done by selecting participants who are best positioned to provide insights relevant to the research topic. As stated by Collis and Hussey (2014), selective participants are often used in qualitative research when the objective is to gather deep insights from a specific group, rather than to generalize findings.

Participants will be chosen based on criteria such as their experience in the field, their role within an organization, or their involvement with the issue being studied. Our study focuses on leadership and employee and member engagement and performance, Participants may include team leaders or employees who work closely with leadership structures (Collis and Hussey 2014)

The number of participants will not be determined. Instead, interviews will continue until data saturation is reached – that is, when additional interviews no longer produce new insights or themes. This ensures that the data collected is comprehensive and robust enough to support the study's conclusions.

3.2.3. Semi-Structured in-depth Interviews

The semi-structured interviews will follow the interview guide designed but remain open to follow-up questions when relevant answers from participants stand out during the interview discussion. This approach enables us to adapt to each participant's experiences while still covering all fundamental themes.

Collis and Hussey (2014) affirm that semi-structured interviews allow researchers to disclose deeper meanings behind actions and decisions, which can be valuable when examining sensitive and complex topics. The nature of the interview format will enhance participants to experience the feeling of comfort and the willingness to share honest insights.

The interview questions will be designed under interpretive paradigm to encourage participants to reflect more in detail on their experiences, attitudes, and behaviors in a way that aligns with the overall purpose of the study (Collis and Hussey, 2014). With participants' permission, all interviews will be audio recorded to ensure rigor and reliability during transcription and analysis.

3.2.4. Transcribing

After completing the interviews, they will be transcribed word-for-word to create a detailed and proper record of what was said by the participants. This process includes the participants' notable pauses, changes of tone. Transcription is an important step in qualitative research, as it allows for a deep and systematic analysis of the data (Collis and Hussey, 2014).

To ensure fully confidentiality, all information being identified by participants, such as names, company details, or locations, will be anonymized, removed or replaced with pseudonyms. Transcripts will be revised multiple times to ensure accuracy and to familiarize the research with the data before analysis begins (Collis and Hussey, 2014).

We will make sure to secure storage of the audio files and transcripts throughout the project, in compliance with the ethical research guidelines and the regulations of data protection.

3.2.5. Data Analysis

Thematic analysis will be the main way to analyze the transcribed interviews, a method for identifying, analyzing, and reporting exemplar within qualitative data. As Collis and Hussey (2014) explain, thematic analysis is effective for organizing the textual data into categories that reflect the research questions.

Familiarization will be the first step in the analysis process, where the transcripts are read several times to obtain a deep understanding of the content. Next, codes will be generated by highlighting significant segments of the text. These codes will then be grouped into themes, which are further patterns that reflect meaningful aspects of the data. After developing a set of themes, the assurance of their accurately representing the data, they will be reviewed and refined without overlapping. The final themes will be clearly defined and supported with direct quotes from the participants, making it easier to illustrate how each theme is related to the research objectives (Naeem et al., 2023).

Throughout the process, attention will be given to reflexivity, admitting to how the researcher's own assumptions, background, and position might influence the analysis. This leads up to strengthening the credibility and trustworthiness of the findings (Collis and Hussey, 2014).

3.3. Research Quality

Collis and Hussey (2014) point out that to ensure the wholeness and trustworthiness of the research findings, it is ultimate important to evaluate the research process through established quality criteria. In qualitative research, these criteria are defined as Credibility, Transferability, Dependability, and Confirmability. However, they can also be relevant in qualitative research settings where data is collected through semi-structured interviews. These four dimensions help assess the transparency and neutrality of the research and its outcomes. Each is addressed below in the context of this study.

3.3.1. Credibility

Credibility refers to which the findings are believable and accurately reflect the insights and experiences of the participants. Data will be collected through semi-structured interviews, where they intention to reduce subjective influence by asking all participants the same set of pre-defined questions and in the same order from the interview guide prepared before. This uniformity helps guarantee that responses are comparable between participants and that the findings are established in real data rather than interpretation or research bias (Naeem et al., 2023).

To enhance credibility, the interview questions are developed based on established literature and aligned closely with the study's research objectives. This alignment ensures that the questions are relevant and easy to understand for participants. Furthermore, interviews will be conducted in a neutral and professional way to avoid any kind of influence on participants' answers. Where compliance is granted, interviews will be audio recorded to ensure that all responses are precisely captured and later transcribed for analysis. This practice concurs to the validity of the data, as it reduces the risk of misinterpretation or missing important details (Collis and Hussey, 2014).

3.3.2. Transferability

Transferability refers to the extent to which the findings of a study can be applied to other contexts or groups beyond the research setting. Transferability in this study is supported by offering rich contextual information about the study setting, participants, and procedures (Naeem et al., 2023).

Furthermore, Collis and Hussey (2014) interpret, transferability can be enhanced by providing a detailed description, a detailed account of the research process that includes background

information, participations selection criteria, and their characteristics. By doing so, readers are fully served with information to assess whether the findings can be applied to other settings with similar conditions. This is especially important as the responses may be context dependent when semi-structured interviews are used.

In this study, detailed explanations of how participants were selected, what criteria were used for inclusion, and in what context the interviews took place (e.g. organizational environment, geographic location, and industry sector) will be provided. Transferability is enhanced when other researchers can evaluate how pertinent the findings are to their own environments.

3.3.3. Dependability

Dependability is about the consistency and stability of the research process over time. It reflects to which extent the research could be repeated with the same or similar results. According to Collis and Hussey (2014), a study exhibits dependability when transparent, methodologically and logically structured.

In this research, dependability is ensured by using a semi-structured interview format, which involves asking the same questions in the same way to all participants. This consistency minimizes variability and supports the reliability of the data collected (Collis and Hussey, 2014)

Moreover, careful attention will be paid to the documentation of any modifications made during the research process, including changes in interview wording (translating from Swedish to English). This level of transparency allows other researchers to assess the coherence and repeatability of the study and contributes to the overall rigor of the research design (Collis and Hussey, 2014).

3.3.4. Confirmability

Confirmability refers to the extent to which the findings are shaped by the participants and the data, rather than by the researcher's personal values, assumptions, or interests. It emphasized objectivity and neutrality in the research process and analysis (Collis and Hussey, 2014).

In this study, confirmability is supported through the design of the interview questions that avoid leader or revealing language. Neutrality will be maintained during the whole interview process, ensuring that participants can respond freely and openly without influence or guidance

from the interviewer. As Collis and Hussey (2014) point out, confirmability can be enhanced through reflexivity, that means the process by which researchers critically reflect on their role in the research and able to actively identify potential biases.

Moreover, reviews will also serve as a key tool for confirmability, including clear records of how data were collected and how interpretations were formed based on the real data. All codes and explanations will be linked directly to participant responses, allowing a clear and transparent connection between the findings and the original data (Collis and Hussey, 2014).

3.4. Ethical Considerations

Ethical considerations are a censorious part of any research process, particularly when human participants are involved. According to Collis and Hussey (2014), the application of moral principles that guide how interviews are conducted, ensuring respect, integrity, and responsibility toward all involved parties refers to ethics in research. The primary ethical concerns in this study relate to informed consent, confidentiality, voluntary participation, anonymity, and data protection.

First, Informed consent can be obtained from all participants previously accepted to conducting the interviews. Participants will be informed with a clear explanation of the purpose of research, their role in the study, the procedures involved, and how the data will be used. This process ensures that individuals are fully aware of what participation entails and can make an informed decision about whether to take part, in line with ethical guidelines proposed by Collis and Hussey (2014), who stress that participation must always be based on a fully informed decision.

Transparency and Honesty will be upheld throughout the research process. Participants will be fully informed about the purpose or potential outcomes of the research, ensuring no misunderstandings occur. All procedures will be approved by the appropriate ethical review board or institutional body before the interviews are conducted, further reinforcing the study's commitment to ethical standards (Collis and Hussey, 2014).

Voluntary participation is an essential principle to be prioritized throughout the research process. Participants will be informed that their contributions are completely voluntary and that they have the option to draw back from the study at any time without any consequences. This

ensures respect for individual autonomy but also fosters an ethical and non-coercive research environment (Collis and Hussey, 2014).

Confidentiality and anonymity will also be strictly maintained. All responses gathered during the interviews will be handled with a high level of care to ensure that participants' identities are protected. Any name identifiers will be removed or coded during data processing, and the findings will be presented with confidentiality that individuals will be anonymized. As highlighted by Collis and Hussey (2014), protecting participant privacy is a fundamental for obtaining ethical standards and maintaining trust between the researcher and participants.

Finally, to ensure Data protection, all interviewers audio recordings and transcripts will be stored securely in encrypted, password-protected files that are accessible only by the research team. We are dedicated to maintaining confidentiality, by no data will be shared with no one outside the research team; it will be used exclusively for academic purposes related to this study. After the research is done and after fulfilling the institutional requirements, all personal data (audio records and transcripts) will be deleted or anonymized in correspondence to the data protection laws and ethical research practice (Collis and Hussey, 2014).

The research ensures that the rights, dignity, and well-being of participants are protected by following these principles, aligning with the ethical framework defined by Collis and Hussey (2014).

4. Empirical Findings and Discussion

In this section the empirical findings and discussion will be presented in the context of transformational leaderships impact of members and employees' performance and engagement in the modern work environment. The discussion will also be analysed thourgh the lens of institutional theory and agency theory. Members' engagement and performance will be presented in the context of non-profit organization. The non-profit organization (Church) 4 members were interviewed to conduct in-depth semi-structured interviews. The church is a non-profit organization working for social well-being and collective sense of mission. Whears employee's performance and engagement will be presented in the context of for-profit organizations. For profit organizations we have used 2 organizations, logistics and a service/technology organization. In the logistics organization we conducted semi-structured interviews with 5 employees in depth, whereas in the service/technology organization 2

employees. These sectors contribute to the for-profit organizations as they seek to generate profit. All organizations used are categorized by serving in the modern work environment with the use of open communication and digitalization. To maintain confidentiality alignment with GDPR, names or other personal data has been removed to code X instead throughout the quotes.

4.1. Transformational Leadership

Several of the respondents from the in-depth semi-structured interviews, both non-profit and for-profit organizations explained that a good leader is someone that is engaged, listens and is encouraging with the members and employees of the organizations. Many of the employees and members also emphasize the importance of leadership on team morale and relationships, however many of the respondents also enhanced that other factor also contributed to the factors affecting the environment of team morale and relationships. The leader of the non-profit organization is employed in the church as a leader to educate and guide people towards the same mission and vision. Whereas the leaders in the context of for-profit are managers of departments to guide employees towards the organizational goals.

"It is very big from the leader, but it's not only on the leader though, because I know sometimes. When the energy is very low and the leader has very high energy. It's not always possible to change" - Member of Non-profit organization

"I think it's a collective thing. But I think the leader is the main reason for it, because if the leader wouldn't be who x is, I don't think the other would step up like they have done" - Employee of For-profit organization

Participants from both non-profit organizations as well as for-profit organizations described leadership experiences that closely matched the four components of transformational leadership. Improved worked engagement, increased feelings of purpose, and increased motivation were consistently evident in relation to engaging in these behaviors.

Idealized influence

In both organizations, *idealized influence* emerged through expressions of respect and admiration and trust towards their leaders, respondents highlighted how leaders' behaviors

inspired admiration and trust. However, in the for-profit organizations it emerged to be greater inconsistencies in the respondent's perception compared to the non-profit organization.

In the non-profit organization, several respondents emphasized that the leader had a collective sense of mission and shared vision among the team. One respondent explained that that this strengthened confidence in the team.

"The leader have a vision so they will boost the confidence uh.. For the group. For the people who wants to follow" - Non-profit organization

Furthermore, most of the respondents also emphasized that the leader demonstrated commitment and care for the members and society and the organization. It also emerged throughout the interviews that many respondents also looked up to their leader. They expressed thoughts and perceptions about their leaders' skills and how the leader inspired everyone around them to be happy and encouraged. This aligns with what Bass & Riggio (2006) describe as transformational leaders that possess idealized influence. That they communicate a sense of collective mission among the team and enhance that obstacles will be overcome. A leader that can be counted on doing the right thing. Followers trust and admire their leader (Bass & Riggio, 2006).

"X is extremely caring. X cares about people. X cares about humanity, human beings. Cares about society. X cares about a lot of things deeply" - Non-profit organization

In the for-profits organizations, several of the respondents expressed that they had high respect towards their leaders. Most of the employees communicated that the leader's knowledge and involvement in the work made them look up to the leader. Many also expressed their leaders were willing to help them if needed, which they agreed gave a sense of trust towards the leader. Many of the respondents emphasized that the leader possessed a lot of knowledge, another respondent also expressed their leader had a lot of talent and a strong vision for the organization, and the leader encouraged open dialogues and communication among the team members which enhanced trust among employees and open work climate. This also aligns with idealized influence, as Bass & Riggio (2006) further explains that respect and trust towards the leader is a demonstration of idealized influence. However, a couple of respondents had slightly

different perceptions, and there were greater inconsistencies of their perception towards their leader.

"I think X is great talented. That´s how it is. It's so hard to say yes, but she´s driven and she´s knowledgeable and she knows what this department. She has a vision, and she knows what x wants with the department". - For profit organization

Several members also expressed that they learn about the bible since the leader holds bible studies and shares further knowledge and discussion. This could also enhance the idea that the leader gets greater idealized influence as the leader may possess greater knowledge about the bible, which the members want to learn more about.

"Whenever he has a bible study there is always encouraging you know about, you know, building faith and trusting in the lord and stuff like that"- non-profit organization

Whereas in the for-profit organization the employees expressed respect towards their leader in form of greater knowledge and the leaders drive in the organization. The empirical findings also show that there were greater inconsistencies in the respondent's perception, while some agreed the leaders had a vision for the organization and drive, some also enhanced the idea of lack of cohesion within the team.

The empirical findings reveal that Idealized Influence was evident in both non-profit and profit organizations expressed idealized influence towards their leaders but slightly in different ways. In profit-organization it was more evident that the employees perceived idealized influence through respect towards their leader. Through the way the leaders possessed more knowledge, had a vision for the organization and drive.

In contrast the members of the non-profit organization expressed idealized influence, they often emphasized the leaders' moral principles, dedication to others and group mission and vision. Participants frequently expressed admiration for their leader saying that their leader cares about others and enhanced a feeling of mission inside the organization. The normative and cultural cognitive aspect of Institutional Theory, which suggests that deep inside organizational values and shared beliefs influence leadership behaviors (Scott, 2008).

The leader of non-profit organizations serves a role that is ethical and socially and morally justified. From the interviews members frequently mentioned that their leaders get their legitimacy by behaving in ways that are viewed as morally acceptable and consistent with socially formed norms and values. This reflect that Suchman (1995) described as legitimacy: "is a generalized perception or assumption that the actions of entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions'' (p.574)

Furthermore, Agency Theory provides additional insights on why idealized influence works so effectively in this context. Members tend to look up to the leader and follow their direction because they have confidence that the leader is acting in their best interest. This confidence is a foundation of moral authority, in which followers follow the leader not just because of their rank, but due to their exemplary results and integrity. In an agency framework, leaders gain moral authority when they are accountable, transparent and capitalizing on the purpose of the organization building trust through ethical behavior and outcomes rather than relying solely on their position in the hierarchy (Benedickson et al., 2016).

Inspirational motivation.

Several of the respondents of the non-profit organization communicated that they were inspired by their leader. In the way the leader leads with a positive energy and a shared vision, which many of the respondent agreed created a positive and engaging team culture. One respondent described the leader as someone that inspires everyone around them, the way the leader believes in everyone's skills and abilities. The respondent described that the leader encourage them to hold bible studies themselves which the respondent agreed improved the members' and engagement.

"When he asked me to hold the bible study... its like, you know i want to do it well. So that drives me" - Non-profit organization

Multiple members also emphasized that the leader influences those around him with passion, engagement and energy, inspiring others to be the same.

"When X comes with his energy and his passion and you know x engagement, you get inspired by to be the same even if you know..., you know, maybe your tired" – Non-profit organization

"But they get inspired, and inspiration is one thing that can make you flourish. You Know, if your inspired by somebody" – Non-profit organization

The findings for non-profit organization suggest a high level of inspiring motivation, which is a fundamental component of transformational leadership. According to Bass Riggio (2006) showing a compelling vision, enthusiasm, and optimism, all of which appear the non-profit leader has these, are core characteristics of inspirational motivation. A transformational influence on both an individual and group basis is demonstrated by the leader's ability to motivate team members, align them with the organization's goals, and create a positive team atmosphere. This is also consistent other research identifying the emotional and motivating aspects of transformational leadership that are essential in increasing commitment and performance (Shamir, et al., 1993)

In contrast, the responses from employees in for-profit organizations, many participants described that they felt motivated and emotionally supported by their leaders, others highlighted inconsistencies in the delivery of inspirational motivation. It showed a greater inconsistency, and it revealed a notable contradiction between the respondents. Several of the respondents shared that their leader is positive and leads with a vision. A couple of respondents communicated that the leader encourages them not to stress, when there are massive workloads. Which the respondents agreed helped them stay motivated and work as a team.

''Like I said before, she's open minded, but she can be also be quite close minded in a way. I don't know if that makes any sense but she will listen to some degree. But then she won't really like. Yeah, so''- For-profit organization

The differences in the answers from for-profit organizations indicate that different leaders use inspiring motivation in different ways. Organizational pressures or structural limitations that restrict a leader's ability to continuously show transformative behaviors may be cause of this inconsistency. It also highlights the potential gap between the desired leadership philosophies and how employees perceive them. Employees may interpret a leader's behavior's differently,

even though they may try to be encouraging and visionary. This can have an impact on the leadership's overall impact. This confirms Research by Avolio and Bass (2006), who highlighted how crucial consistency is in transformational leadership techniques to foster involvement and trust.

The difference between non-profit and profit organizations shows how context determines how motivating inspiration is expressed and received. Inspiring leadership may naturally be more visible and influential in nonprofit environments since they are often driven by comparable objectives and values. On the other hand, leaders may need to work harder to maintain a consistent and emotionally engaging leadership style in for-profit organizations.

This is supported by agency theory, which points out that non-profits have fewer principal agent dilemma's, which leaves non-profit leaders with time to focus more on motivation and mission than what they need to achieve in terms of performance objectives. As (Eisenhardt, 1989, p. 61) mentioned, "When the principal and agent have partially aligned preferences, or when the agent is intrinsically motivated, the need for outcome-based contracts and monitoring is reduced". This could be due to that the higher principal in non-profit (church) is their God, and through their shared beliefs the leader might act in the organizational core mission and in alignment with it. Which in turn could generate a higher inspirational motivation. In contrast, for-profit organizations may limit this element due to shareholder influences, and therefore, inspiration is less dependable as leadership behavior. As Jensen and Meckling (1976, p. 312) state, "Because the manager does not bear the full wealth effects of his decisions, he will have different objectives than those of the outside shareholders,'' highlighting the agency conflict that can shift leadership focus away from relational or motivational practices.

This distinction is also supported by institutional theory, which hold that organizations conform to the norms of their context. For-profit firms are more commonly subject to performance criteria and market pressures that may show relational leadership behaviors, while non-profit organizations operate in value driven contexts that welcome emotionally engaged leadership. As result we can say that inspiration as motivation is generally more visible, and effective in a non-profit organization than a for-profit one.

Intellectual stimulation

In the non-profit organizations, the respondents agreed that the leader is supporting innovation and creative thinking and encouraging looking from different perspectives. The leader in the non-profit organization's focus was on learning, education and discussing new perspectives on life and society. The leader encourages open communication with new ideas and pushes the members to think creatively.

"The leader defiantly gets us to think from new perspectives in life" and for example. That we shouldn't always listen to or believe what other people say about us, we should always be critical or careful not to just listen to every single voice that has an opinion about us. We ourselves know who we are, and nobody else gets to tell us who we are and who we are not" – Non-profit organization

Most of the members also mentioned that the leader is encouraging them to express their ideas and discuss them all together, they also agreed that this is due to the leadership ability in always seeking improvement and enhancement. As transformational leaders that exhibit intellectual stimulation through encourage creativity and open to new ideas without criticism (Bass and Riggio, 2006)

"So. And when someone makes suggestions, he´s open to it because he just wants to improve it any.. In any way" – Non-profit organization

Through the lens of institutional theory, the organizational setting is embedded in norms, values and beliefs (DiMaggio & Powell, 1983). As the non-profit organization is a church and enhance shared beliefs among the members, this could reflect the idea that everyone should be involved and contribute to enhance an accepted standard of the organization.

Whereas in the for- profit organization intellectual stimulation was exhibited through the way the leader encouraged open communication and sharing their vision and thoughts about the things of the organization. Many respondents agreed that they had the opportunity to always come up with new ideas and find ways to stimulate the working arrangements for everyone. As Bass and Riggio (2006) mention, transformational leaders encourage new ways of doing things. They have also expressed that even if the ideas are not fully considered, the leader is always seeking ways and suggestions that could lead to enhancement in the work for everyone involved in a manner that serves the organization as well as the employees.

''When I got my role as so he was like. Please, please like come up with new ideas. Don't feel like you're beholden to our systems and processes and everything.'' – For-profit organization

This could be due to the fact that the leader seeks to work in the best interest of the organization as well enhance employee's involvement. Intellectual stimulation in the for-profit organizations relates to performance and efficiency, as the leader encourages new thinking and new ideas to improve both the organization and the employees' work arrangements. Through the lens of agency theory, the principal encourages engagement of the agents to align with the organizational best interests and seek perform new ideas that contribute to organizational success, this can reduce the agency costs by monitoring the agents stay committed and engaged in the interest of the organizations (Jensen & Meckling, 1976). As the for-profit organizations seek to maximize profit this could enhance the idea that the leader seeks to monitor the employees to stay engaged and while the leader is open and positive to creative thinking and encourge innovation, these new ideas may not always go through the organization. Through the lens of institutional theory, organizations are embedded in social professional environments, that shape the structures and practices of the organization (DiMaggio & Powell, 1983). Even if the leader in this case is open and enthusiastic about new ideas, the organizational structure may put pressure on the leader due to the standards of the organization.

Throughout the interviews we see that both members and employees agree on their leader's ability to push them towards thinking creatively and improving the working environment. They described that their leader always asking for their involvement.

Individualized consideration

Individualized consideration was significant in the non-profit organization, as all the respondents described their leader as someone that they felt seen by, and the leader also showed support and helped the members with personal growth and embraced people's skills and abilities for them to excel and be their best version of themselves. All members who conducted the interviews agree that their leader is encouraging and consider that every member has their own capabilities and wants them to contribute more and express their creative thinking to enhance the environment for everyone.

''I would say encouraging and that's the primary thing he's encouraging in the professional sense. He's supportive, he wants to help and he's also. He also believes in me, for example, in my skill, and he acknowledges the things I'm extremely good at and he wants me to continue elevated.'- Non-profit organization

The nature of non-profit organizations, often centered on people-based goals and inclusive ideas, may provide insight into why individualized consideration is more prevalent in the non-profit organizations. Such leaders tend to take more of a transformational approach stressing community impact, personal growth, and affective relationship. According to Bass and Avolio (1994), individualized consideration refers to understanding every individual's needs and allowing them to grow personally. While it is difficult to say definitively whether members and individualized consideration experience, our findings did suggest that leaders are free to engage with and develop individualized support for members in non-profit contexts, in part because of the very high level of motivation and alignment with values.

For-profit organization individual consideration was visible through encouragement for the respondent's growth. Generated a supportive climate through considering their well-being and created a climate with professional development. Most of the respondents felt that their leader helped them to excel in their work. They have also expressed that their leader encourages them to think creatively and always find new ways to perform the work in easier ways. One respondent also mentions that they felt seen and heard by the leader personally.

"She´s very supportive to me and she wants to listen to what i have. But she want to slow me down as well, so i don't stress and also she knows what i am doing on my free time and support me in that" - For profit organization

However, not all experiences were equally positive. A few respondents perceived that some colleagues received more attention and recognition than others. Leading to a sense of uneven treatment.

''She supports me, but maybe she could be more open to other people as well. She has a very strong integrity'' – For-profit organization

This discrepancy may lie in the two organizational structural and cultural differences. For-profit organizations appear to provide individualized consideration using more discretion because of role demands (stakeholders), leaders experience, or employee performance demand while non-profits lend themselves to having a higher priority for individualized growth that aligned with shared values. This discrepancy is explained by agency theory, which emphasizes that in for-profit organizations, leaders (as agents) are directed and sometimes constraint by the principals, usually shareholders, whose primary interest is financial returns (Jensen & Meckling, 1976). Leaders may have less time and flexibility to devote to the personal growth of their staff because of this collection. Non-profits, on the other hand, usually have fewer principal agent conflicts, which frees up leaders to focus more on mission alignment and tailored assistance (Eisenhardt, 1989).

Furthermore, according to Institutional Theory, leaders in for-profit contexts are essentially embedded in structures with usual performance standards and expectations, limiting relational leadership practices such as individualized attention (DiMaggio & Powell, 1983).

While both types of organizations showed characteristics of individualized consideration, the non-profit organization appeared to show individualized consideration behavior more consistently, then suggests the possibility that mission driven, values based settings where leaders were structurally and culturally inclined to foster personal and professional relationships and development, may be more helpful to evolution of transformational leadership behaviors like individualized consideration

The 4 I's components of transformational leadership as; idealized influence, inspirational motivation, intellectual stimulation, and individual consideration were evident in both the non-profit organization and the for-profit organizations. However, the for-profit organizations employees perceive a difference in their point of view of their leaders and therefore it affects their levels of transformational leadership. In addition, several aspects could affect to which extent a leader could be perceived as a transformational leader. However, in the non-profit organization many of the members perceived their leadership more consistently and aligned with transformational leadership and the 4i: s components.

4.2. Employee Engagement & Performance (For-profit organization)

Throughout the interviews it was evident that the leaders in the for-profit organization influenced employee engagement and performance. Several of the respondents emphasized that their leader makes them engaged in the work through openness and open discussions, collaboration and positivity. Some respondents also said that when employees come up with new ways of doing things the leader is very positive about it. However, one respondent also enhanced that even if the leader is positive about new things, it was not always possible, as it had to go through in the whole management team and the organization policies and restrictions.

"I think X is educational. So if we suggest new things x is always positive about it. Even if it doesn't go through. She´s still think about it and. Thats she is very open to new suggestions"- For-profit organization

This could however influence the quality of transformational leadership. Even if the leaders are positive about new ideas of doing things, they could be limited by the organizational structure. Institutional theory suggests that organizations are embedded in social norms and established with rules, norms and structures (DiMaggio & Powell, 1983). These institutional factors could influence what Transformational leaders are able to achieve and support their followers. Even if the leader is innovative and supports new ideas it can be restricted by organizational structures or norms within the organizations. As DiMaggio and Powel (1983) further explains that organizations operating in the same institutional field attract the same practices over time (isomorphism) with one of the main drivers "coercive pressures" (regulations). This institutional adherence could also influence employees. As one respondent noted, employees felt demotivated when their new ideas were constantly being rejected.

"I think so. Many people become quite unmotivated by it. That you feel like your standing and stepping in the same place all the time. In a bad way" – For-profit organization

Although the transformational leader supports new ideas, the organizational structure could be resistant to change. That could be due to social norms in the organizations which in turn lead to restrictions to maintain the same practices as other institutions within the same field. Which in turn could affect both leadership and employee engagement and performance. The restrictions of new ideas might limit organizational success and employees' ability to reach

their full potential of performance. As innovation within organizations is a fundamental driver for achievements. Furthermore Fatin & Mazlan (2023) also enhance that transformational leadership can be affected by organizational contexts. This could also enhance the idea of "lack of inspirational motivation" or greater inconsistencies in the respondents' answers, within the context of transformational leaders in for-profit organizations, as there may be a lack of innovative support for the leaders within the context of for-profit organizational structures.

Several employees also enhanced that, through professional development opportunities within the workplace and regular tests, many of the respondents agreed their leader engaged them in the workplace. One respondent communicated that the leader provides the employees with "small tests" which contributed to engagement and inclusion within the workplace.

"So X gave me small. Not too big tests. Not to small, but i am always. Im always working on something and that makes me feel like engaged and included in everything" - For-profit organization

Many respondents also emphasized that their leaders' support and positive and open communication made them feel more engaged, and that it contributed to greater teamwork among the employees. That they could have open discussions and they contribute by coming up with new ideas and making decisions together with the leader. One respondent also enhanced that the group usually makes decisions together, but the leader had the final say. Another respondent also emphasized that the leader includes everyone in the decision-making process.

"We usually makes decisions together, but my boss has obviously the final say, but X almost almost never like talk too much, X just put in on the table and let us talk and then he make a decision" – For-profit organization

"I have never heard x like not discuss with us and making big decisions. So X always includes us and everything" – For-profit organization

As the leader delegate tasks and usually makes the final decisions, even though the employees are engaged in the decision-making process. This could be explained through the agency theory as the principle, in this case the leader assign tasks to the agents (employees). As the agents seek to develop their goals and achievements, in this case they develop their knowledge and

contribute with their engagement in the decision-making process. This could also affect their moral hazard. As the leader might want to regulate that the employees work for the best interest of the organization, through these tests to engage the employees and make sure that they work in the interest of the organization (Chefor et al., 2025).

Many of the interviewers also emphasized that their leader allowed them to work with "freedom under responsibility", that they emphasized made not feel controlled by their leader but instead trusted, which allowed them to work hybrid from home. A couple of respondents communicated that when the leader gave this freedom to work with "freedom under responsibility", this increased their engagement and performance, that when they were allowed to work from home and given this responsibility this increased their engagement in the work to work even harder.

"Because with freedom you have responsibility. And I think if you don't don't have freedom, you can feel burden by the job. So its almost the opposite. When you have freedom, you want to make things happen and you you want to show that youre available and you work even harder when you have that freedom" – For-profit organizations

In addition, several participants also explained that their work now is more explicit and towards a vision, this is what results in them feeling more engaged and wanting to perform more. This can be due to the presence of their leader and how they clarify and communicate the organizational vision and purpose. Several respondents mentioned that when things are clearer now and people want to engage and know everything in detail, this results in wanting to show more that they belong to the positions they have and want to perform more to make everything easier and understandable for everyone.

"Otherwise before that, we just came, and we did what we're supposed to do and nobody asked why. Mm-hmm. But now people are asking why and that's. Good" – For-profit organizations

Moreover, when the appraisal also comes from the colleagues, this is reinforcing the relationship dynamics within the group, this could be a hidden output from the leader that shows "trust" "incorporation" to their employees and shows also "respect" to their difference in capabilities. They have reflected on how the work climate is increasing the social connectivity among them and how valuable their efforts are. This has resulted in making them

more vulnerable and open to engaging more with each other and building a trusting relationship with each other that led to wanting them to perform more.

"The most rewarding thing is always that I get to work with people that I like and find it fun to go to work and have a discussion" – For-profit organizations

Several interviewees also explained that they experienced the feeling of engagement and increased their performance when their leaders provide them with tasks to both enhance the work and make it better and easier for them to perform it, not only that, but also when the leader provides them with tasks that increase their knowledge in the sector. They explained that they experience "trust" and "development-orientation" feelings and taking into consideration their capabilities, and their new ideas is a fundamental aspect for them to feel more engaged and able to perform more and for the leader to be classified as transformational leader. This aspect shows the awareness and trust within the leader that the employees that have been employed are capable, dedicated and trustworthy.

Beyond the external aspects of increasing both engagement and performance, an interesting reason that has been expressed by interviewees that makes them feel more engaged and want to perform more in the workplace, is their conscience. This is intrinsic aspect within the employees that shows dedication, a feeling of responsibility towards the work, pure intention "trust" and "accountability" that the leader provided to employees help them to feel more engaged and motivate them to work and perform more, this enhances within them the sense of satisfaction and continuity.

"Then it's just like that for me. I want to show that I'm faithful to my work. I think that's important. I think it's important that others see me as quite driven too." – For-profit organizations

4.3. Members' Engagement & Performance (Non-profit organization)

The results of the interviews demonstrate how member engagement and performance are interconnected in the non-profit organization, through value alignment, intrinsic motivation, and team dynamics.

Members frequently expressed a strong emotional commitment to their positions. Part of the motivation to engage was a sense of purpose and belonging, as one participant noted that,

''It's like, you know, I want to do, I want to do it well. So that drives me to like, OK, I really want to know this study, this bible scripture and this power passage. Like, really make sure that what I you know give out is also a good thing. So that it drives me. Always want to improve and understand the scripture more, I would say.'' - Non-profit organization

From this quote we can say that how engagement fuels performance, when members feel trusted with meaningful tasks, they are motivated to excel. In general terms, we see that in non-profit organizations, members express deep personal investment in their roles, it effects their performance and engagement in the organization.

Agency Theory is especially relevant in this case. Potential goal conflicts between the principal and agent (Eisenhardt, 1989) revealed in our empirical data. However, in our empirical data the non-profit agents are inherently motivated by shared religious belief and ideals, the principal agent relationship is naturally aligned within a faith-based organization, such as church. Performance is largely motivated by spiritual fulfilment and contribution to the greater good, rather than financial gain. According to Van Puyvelde (2011), this type of alignment reduces monitoring costs and agency problems because the members act with voluntary responsibility and moral commitment.

In addition, institutional theory provides a strong lens to understand this behaviour. As institutions, churches are quite institutionalized entities with strong cultural cognitive and normative pillars (Scott, 2008). Being an engaged member relies on this institutional logic through participating in small groups and church life as well as not only attending services. Here participant is type of devotion and form of worship, and not merely a partical one.

''I feel like my contributions are appreciated'' – Non-profit organization

Members are more motivated and perform better when they feel like they are valued. This feeling of identification leads to higher levels of engagement as this increases psychological safety and trust. As Kahn (1990) states, "psychological safety was associated with elements of social systems that created more or less nonthreatening, predictable, and consistent social

situations in which to engage" (p. 703). According to Institutional Theory, normative and cultural cognitive factors influence these kinds of behaviors. Examples of normative and cultural cognitive factors that define suitable conduct in the contest of non-profit organization area discussed in Institutional Theory (Sott, 2008). These organizations have intuitional emotional commitment, gratitude and shared purpose, as well as enable behaviors both in members and leaders in a nonprofit organization settings.

Another important point that many members mentioned in their interviews, they showed high level of engagement through their willingness to take on responsibilities and support group activities and several participants also noted that their participation in the organization enabled them to engage in ways that were personally meaningful and creatively expressive.

"I'm supporting of our group leader. I'm in a supporting role, I help make decisions as well. I come with ideas. I help prepare some of the nights as well. When when we hang out and we meet. And also help you know with the food and with some other stuff." – Non-profit organization

Members contribute to the social and operational components, which goes beyond their official positions, represents a strong ownership of and identification with that membership. Their willingness to support their contributions with anything from events planning to providing for necessities like food and their perspective of involvement as part of showing their experience of belonging rather than a defined role, makes the nature of membership feel more of a duty. Members demonstrating these types of involvement, which we described as functional contribution within social responsibility, have embraced the organizations objectives and regard themselves as active participants in maintaining organizational life. A stated during the interviews, dedicated members who engage in the type of comprehensive engagement with dependable and meaningful performance inside of the organization.

This implies a very strong sense of ownership and commitment to the goals of the organization, indicative of high level of motivation and low level of monitoring costs according to Agency Theory (Jensen & Meckling, 1976). Members behave out of a shared commitment to the organizations aims rather than a contractual responsibility especially when the organization main principle is God.

Also, the normative framework of non-profit organizations, which provides variation between position and engagement, accommodates voluntary engagement, by Institutional Theory (DiMaggio & Powell, 1983). Since the organization culture is embedded in value community, service, and purpose fulfilment, these behaviors are widely acceptable and can also be considered mandatory.

Another implication is that we see the members' performance and engagement are more influenced by their leaders. The performance of many members is affected by the interest and motivation they receive from their leaders, and at the same time, the environment that the leader creates together with the organizational settings positively affects the engagement of the members. This aligns with the philosophy of transformational leadership, which proposes that leaders should create a culture and vision that inspires followers to surpass expectations (Bass & Riggio, 2006). Leaders uphold intuitional standards that emphasize individual engagement and shared ownership when they develop members and create an accepting environment.

The empirical findings found that the way the leader encourages and acknowledges each member's skills and abilities while also pushing them to improve their performance. also enhances members' willingness to contribute.

"I am improving my adaptability to different situations and new environments" – Non-profit organization

We found that motivation and commitment are influenced by members' sense of purpose, recognition, and personal development. The impact of that influence increases when there is supporting leadership because from the answers, we can see that motivated and engaged people are likely to step out and produce results.

"He believes in me and recognizes my talent which makes me want to work harder in the team without specifically telling me to work harder. I want to keep up my good work by myself" – Non-profit organization

Also, members' relationships with leadership frequently reflected their engagement. Many participants noted the positive benefits of engagement as enhanced through the support, recognition, and shared decision making from leaders. The engagement and quality of

participants was shown to be enhanced by organizational context and environmental influences, especially when members felt valued and supported

The results show that relational dynamics, perceived impact of contributions, and alignment of values affect member engagement and performance in this non-profit setting.

4.4. Organizational culture

The empirical findings of this research showed that the non-profit organization had an organizational culture out of open communication, discussions and a culture of encouragement. An organizational culture centered around a collective purpose with a shared value of faith. Several respondents also indicated that the organization is multicultural with people from different backgrounds and nationalities which also improved their different skills and learn from each other.

"...because in the X we have many people from different country. So when people come they can socialize each other every week and they feel home when they come to X" - Non-profit organization

"With this group I gain more than I lose. For example, when i came to X i learn from people around, like from different different country and for example my english skills improve" - Non-profit organization

Another respondent also mentioned that the leader played a role of connecting people from different backgrounds and countries.

"And the leader will play a role to connect people together because in the group we have many people from different backgrounds" – Non-profit organization

Several of the respondents described their organizational culture as encouraging, supportive and positive. One respondent also described the organization as a place where you truly can be yourself no matter what, a culture of acceptance of everyone's differences. They also agreed that the leader played a pivotal role in creating this accepting, encouraging and supportive environment.

"Seeing people happy, engaging, talking to people, having fun. Discussing, getting to know new. New people, new friends and also having like intellectual discussions about different matters and about the faith as well learning, you know, simple things like cooking food and laughing or some stupid joke always. You know." – Non-profit organization

When we consider these outcomes, Institutional theory supports the idea of encouraging, supportive and positive work environment, effects members engagement with organizational culture in positive coloration. As (DiMaggio & Powell, 1983) mentioned, an encouraging and positive work environment can increase organizational stability and legitimacy by reinforcing shared norms and practices, which aligns with processes of institutional isomorphism and professionalization that promote conformity and homogeneity withing organizations. This could also enhance the idea that the members felt a stronger sense of collective sense of mission within the organizational culture. As Eisenhardt (1989) explains, agency theory suggests the principal delegates tasks to the agents (members in this case), and the collective sense of mission and vision through the faith this could reduce the agency costs in form of monitoring control. As all the members share the same values and beliefs of operate in the best interest of one another.

Many respondents also mentioned the organizational culture as non-hierarchal, more a culture of a flat organizational structure. Several respondents also emphasized that this organization was different from others they have experienced in other institutions as workplaces, they described a more hierarchical structure in other types of for-profit organizations compared to the non-profit one they have experienced.

"I would say its. How do you say it is not really a typically hierarchical... Its more like we can all say, oh, we would like to do this or we would like to do it like that" – Non-profit organization

The organizational cultures in the for-profit organizations several of the respondents agreed that leadership played an important role in generating an inclusive and collaborative work culture. Some respondents agreed that the team culture was inclusive and had a collective sense of responsibility with collaboration, and a supportive work climate. They describe that their leaders put a lot of trust in them, which allowed them to work flexible with hybrid work arrangements.

"Because she works a lot after this freedom under responsibility. And i think its great that she kind of has that trust in us" - For-profit organizations

Several respondents also described the organizational culture as open, with open communication and everyone could speak their minds, discuss things together, and trust each other.

"So i think its that you have trust in each other and trust in the manager and team leader and that you are open and talk about things and that you dont hide anything without. Is there a problem. Then you deal with it immediately and if you made a mistake you talk about it in the group. What could have been done differently, so i think we are an attractive workplace in that way. Very positive people and very driven people work here" - For-profit organizations

One respondent also empathized that the organization work environment is rapidly changing due to digitalization and which affects group dynamics.

"It has changed quite a lot, i would say, both in group, that is, the group dynamics and the work, and the work is constantly moving forward and being digitalized" – For-profit organizations

The organizational culture, particularly the role of leadership, fosters an inclusive, collaborative, and open work environment. Leaders who promote trust, support, and open communication contribute to a positive organizational culture that enhances productivity and professional growth. From Institutional theory perspective, this is consistent with the idea that normative pressures and professionalization processes emphasize the importance of shared norms, transparent communication, and trust in maintaining organizational stability and legitimacy (DiMaggio & Powell, 1983). Such environments also encourage collective responsibility and a sense of community among employees, which are crucial for fostering engagement and collaboration within organizations.

"So i think its that you have trust in each other and trust in the manager and team leader and that you are open and talk about things and that you dont hide anything without. Is there a problem. Then you deal with it immediately and if you made a mistake you talk about it in

the group. What could have been done differently, so i think we are an attractive workplace in that way. Very positive people and very driven people work here" - For-profit organizations

There were also a couple of respondents who interpreted their organizational culture as very superficial, that it seems inclusive and collaborative from the outside, but it lacks a firm foundation. That everyone speaks their minds and opinions and which generates more conflicts. Several of respondents also said that the organizational culture was non-hierarchal, more of a flat institutional culture, however it also emerged throughout the interviews that some thought the opposite.

"And its not really genuine collaboration. I would say its quiet superficial" - For-profit organizations

One respondent also emphasized the organizational culture as a lot of freedom under responsibility, the respondent agreed that it gave the employees a greater sense of flexibility and job satisfaction. A creative and an open communication climate was also several employees agreed to. Another, respondents also emphasized the collaborative work culture and a supportive climate.

"We always back up each other so it is very nice" – Fo-profit organizations

4.5. Motivation & Creativity & Job satisfaction

Motivation, creativity, and job satisfaction are vital aspects that influence engagement and productivity in both non- and for-profit organizations.

In the non-profit organization, since it relies on intrinsic motivation as a factor, we can see that respondents agree that they experience a sense of emotional connection, shared purpose and personal recognition. Members have mentioned that their leader is supportive, open for new ideas and communication, they further described their leader as passionate and engaging. These aspects reinforce the intrinsic motivation within the members to engage and perform more.

"My contribution i feel like are .. appreciated" - Non-profit organization

The leader in this instance creates relational trust rather than exercising standard knowledge responsibility, ensuring members (agents) interest converge with organizational objectives, embodying a leader role is aligned with Agency Theory (Jensen & Meckling, 1976)
In another hand, Institutional Theory (Scott, 2008) describes how the normative structure of the organization, through Institutional Theory, can incorporate these leadership behaviors. Once leaders open communication behaviors and emotional support become accepted as the norm, long term engagement of members satisfaction.

This is strongly tied to the transformational leadership component of being individual consideration, where the leader always listens, validates their contributions, and is supportive to them (Bass, 1985; Bass & Avolio, 1994). This has been agreed among the members' responses where their leader is always present and open to communication and contribution.

" He helps, He listens, he cares. He wants you to feel good about your life and feel good in your soul, you know, to be happy." - Non-profit organization

While motivation in the field of for-profit organization was based on their engagement and how they perform. It also depends on the working arrangements and to which extent the leader is showing support and providing them with feedback.

In contrast, motivation in the for-profit organizations was shaped by external reward such as salary, feedback, and flexible work arrangements.

"Then when i'm really happy the time that X sends or says, but this was great. Thank you for this, or thank you for being their. or thank you for reminding me of this. Then you're happy when you get a text message or email like this" – For-profit organization

Other participants explained that their motivation is derived because of the monthly salary. They have also explained that what makes them feel motivated are when they see that their contributions are appreciated and valued. while others expressed their feeling of being motivated when they see the result of their contributions and their ideas that have been heard and seen.

Stress-free working arrangement and the freedom of working hybrid or full remotely was also mentioned by the participants. They expressed that this is one of the things that gives them drive and energy to work because they could balance between their work and their private life.

"The freedom to work from home I think. It gives me energy and the freedom to balance between studies, life and work." – For-profit organization

In its more traditional sense, Agency theory would apply because incentives and monitoring ensure that motivation continues. For-profit organizations leaders are likely to use transformational strategies to address agency concerns but, there are still transformational behaviors, such as autonomy and recognition (Eisenhardt, 1989), in leaders.

When discussing creativity, members in the non-profit organization as flourishing under guidance and the open culture. Participants expressed that they experience the feeling of freedom to come up with ideas, especially when they have group activities. This has resulted in them experiencing the sense that their creative thoughts matter without any judgments.

"So i think our leader always give a freedom to create the creative. Work in the X, so we have freedom to have the opinion and contribution to the group, so we don't have to follow the any previous way to help the group grow or something like that"- Non-profit organization

This shows the intellectual stimulation of transformational leadership, which inspires followers to think creatively and unconventionally to solve challenges (Bass & Avolio, 1994).

While creativity from the perspective of employees working in for-profit organization were expressed in always pushing them to come up with creative solutions and ideas to enhance the work, as one respondent said:

"Absolutely, that's what we always do, that we want people to come up with ideas, that we want our employees to think in other ways, creativity, that you're like, yes, but now we can do this instead. And yes."- For-profit organization

Creativity has also been enhanced by the leader when the leader is asking for new ways to make the work easier and better, this has been mentioned by one participant that when the

leader asked for help in improving the work and the employee came up with a creative solution, the leader took the idea in consideration and made it happen.

"Yes. I had a suggestion to get a case management system and we had that. I also had many suggestions. How can we improve it and how has everything become like this? We have improved a lot." – For-profit organization

At the same time others expressed that even if their leader encourages them to think creatively, employees experience that their leader don't go further with the suggestions but always try to push them to come up with solutions.

"but I still think she's educational. So. If I were to suggest new things, she's always positive about it. Even if it doesn't go through, she'd still think about it and. That she's very open to new suggestions."- For-profit organization

This highlights the conflict between agency and autonomy as a perspective from Agency theory. To ensure that the organizations remain aligned, leaders may invite opinion while still retaining the right of discussion and decision. The same is explained by Institutional theory as the performative expectation of creativity in for-profit organizations, where innovation is often build into the competitive strategy of the organizations (DiMaggio & Powell 1983).

Job satisfaction in the context of non-profit organization, has been stemmed from their sense of safety, and belonging. This has been expressed by one respondent that explained that the leader is listening to you and he supports no matter what:

"He's usually very comforting. He tries to embrace the things he tries to embrace people's flaws and embrace people as they are…So yeah, he's understanding. And he wants to help. And he also wants to let people talk about things that are hard for them, things they've gone through. Mistakes they've made …he listens a lot. And yeah, that's very comforting for most." - Non-profit organization

We can see from participants' responses that they experience the feeling that their leader is encouraging them and supporting them in all manners with kindness and presence, which results in members to feel satisfied and emotionally connected and enhances the feeling that members' well-being is part of the organizational culture.

From the perspective of a for-profit organization, we can see that employees experience job satisfaction with flexibility to work hybrid or remotely, and that the leader is giving them the

freedom under responsibility in performing the work. Furthermore, participants from for-profit organizations admire their leader's knowledge within the sector and tend to see the leader as a role model that could make the work more efficiency and knowledgeable as possible.

"Because she works a lot after this freedom under responsibility. And I think it's great that she kind of has that trust in us, that is, the whole group. And that she doesn't kind of. Detailed will guide us" – For-profit organization

The variation in job tasks was also discussed by participants, where this gave them a sense of satisfaction and engagement, while choosing to perform the job both hybrid or on site. Besides that, the organizational culture and the feeling of belonging to the colleagues working with them gave the employees a sense of job satisfaction.

Rao-Nicholson et al., (2023), further explained that when leaders show trust and believe in their team's capabilities and always push them toward changing and improving themselves, members and employees become more motivated and engaged, they develop the sense of wanting to share and creative think knowing that their inputs are heard and seen. However, when they feel recognized and supported, we see that the result of their job satisfaction will increase.

Both non-profit and for-profit organizations benefit from transformational leadership in fostering motivation, creativity, and job satisfaction, though the underlying drivers differ. For-profit organization employees are usually extrinsically motivated by reward, authonomy, and flexibility. Meanwhile, non-profit organization members are, on the whole, relatively internally driven by emotional attachment and common goal.

5. Conclusion

This thesis research purpose has been to investigate the impact of transformational leadership on employees and members' performance and engagement in the modern work environment, operating in contrasting organizational settings. It has been discovered that transformational leadership has an overall positive correlation with employees and members' performance and engagement. Through Individualized consideration, inspirational motivation, intellectual stimulation and idealized influence, it has been explored that transformational leadership in the non-profit organization had a positive effect on members engagement and performance in the modern work environment, and through a collective sense of mission and vision the leader enhanced.

In the for-profit organizations it was also evident that employee engagement and performance increased with transformational leadership. The empirical findings also found that the for-profit organizations faced larger restrictions in their organizational setting which affected both the leader to be transformational in the form of "motivational inspiration" which had a negative effect on employee's engagement and motivation towards their work arrangements.

It was also evident that transformational leaders assign responsibility to the employees and members, which positively affects their engagement and performance in the modern work environment. As many employees enhanced that working with freedom under responsibility and be able to work from home increased their job satisfaction and motivation, engagement and performance even more. Members of the non-profit organization also describe that the freedom in the church "to be able to truly be yourself" made them more engaged and motivated to perform even more as they had shared beliefs and mission, as well when the leader encouraged their skills and abilities. As transformational leadership in the modern work environment, overall had a positive correlation of employees and members' engagement and performance it was also evident other factors contributed as well.

5.1. Limitations

The purpose of this thesis was to investigate the effects of transformational leadership on performance and engagement in the context of non-profit and for-profit organizations. Although the study offers insightful information, still a number of limitations must be noted.

Firstly, as a sample of only 11 participants, 4 of the interviews were done in non-profit organizations and 7 in for-profit organizations. Although qualitative research is concerned with

depth, above breadth, the finding potential to be applied broadly is limited by the small sample size. The data could not accurately reflect the larger population of participants across various sectors, sizes of organizations and cultural contexts.

Another limitation of purposive sampling is that participants were selected based on how well they addressed the research topic. While this approach made possible the detailed and focused data that was able to be collected.

Furthermore, this thesis has been limited due to geographical limitations with organizations operating in Sweden. Any conclusion from Swedish context do not necessarily apply to any other nations or cultural contexts that have different expectations for workplace norms and leadership.

Semi-structured interviews, the method used to obtain data, have drawbacks as well. The results are based on the self-reporting and own thoughts of the participants, which may have been impacted by social desirability bias, especially when talking about delicate subjects like work satisfaction and leadership effectiveness. It's possible that some participants overstated how they felt about their leaders or experiences, even though they were promised confidentiality. Some participants also showed signs of nervousness, which could be because we recorded the interviews whilst taking notes.

Semi-structured interviews, the method used to obtain data, have drawbacks as well. The results are based on the self-reporting and own thought of the participants, which may have been impacted by social desirability bias, especially when talking about delicate subject like work satisfaction and leadership effectiveness. It's possible that some participants overstated how they felt about their leaders or experiences, even though they were promised confidentiality. Also, some participants were nervous while interweaving, which could affect the answers.

Considering all these limitations, the study provides insightful information about how transformational leadership works in different organizations and influences member and employee engagement and performance in the changing modern work environment.

5.2. Future Research

To enhance further knowledge within the topic of this study, additional research is crucial. To enhance the broader scope of non-profit organization participants and for-profit organization participants, quantitative studies within the field of study would be valuable. As some participants enhanced nervousness throughout the interviews, possibly due to the recording and note-taking. Further studies within quantitative research could give a border and greater objective insight into transformational leadership impact on employees and members' engagement and performance across a larger sample in both non-profit and for-profit organizations. Further research could also enhance demographic factors such as age and gender which could influence leadership and its impact in contrasting organizational settings, as well as geographic location. As this study focuses on transformational leadership in contrasting organizational settings in Sweden, broaden the scope to other countries is crucial to enhance further knowledge. Furthermore, comparative studies within the field of transformational leadership and employee and members engagement could give deeper insight into how it contradicts in different organizational settings.

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7. Appendix

Interview Guide:

Part 1 - Background and context

- Can you walk us through a typical day or week in your role?
- How would you describe your team culture and how decisions are usually made?
- How has the organization changed since you joined, if at all?
- What do you think attracts people to join or stay in this organization?

Part 2 - Leadership in Context

- Think about a time when your team faced a challenge - what role did your leader play during that time?
- How does your leader respond when someone makes a mistake or suggests new ways of doing things?
- Can you describe a time when your leader encouraged new thinking or supported someone after a mistake? What happened?
- If you had to describe your leader in 3–5 words or adjectives, what would they be? Why those words?
- In what ways does your leader support your personal or professional growth?
- Do you feel encouraged to think creatively or challenge existing ways of doing things?

Part 3 - Employee Motivation & engagement

- What aspects of your work/involvement give you energy or drive?
- Are there times when you felt particularly motivated or - demotivated? What happened?
- How does leadership influence those ups and downs, if at all?
- What role, if any, does your leader play in helping you stay motivated or engaged?
- Do you feel your contributions are recognized or valued? By whom?

Part 4: Performance

- What role does leadership play when things are going really well—or really badly?
- Have you received feedback that helped improve your performance? Who gave it and how did it affect you?

Part 5 - Job satisfaction

- When you think about your involvement overall, what do you find most rewarding and least rewarding?
- How has your experience in this organization changed over time?
- What kinds of recognition or feedback do you receive here? From whom?

- Do you think leadership expectations differ in this setting compared to others you've experienced?
- If you switched to a different type of organization, what kind of leadership would you expect to see?

Part 6 - Wrap up

- Looking back on everything we've talked about, what do you think stands out most about your current leader's leadership style or approach?
- How would you describe the impact of leadership on team morale and relationships?
- Is there anything your leader does—or could do—that would make a lasting impact on your experience here?

Additional added questions

- How does your leader affect your performance, if so in what way?
- Do you develop any skills in the organization and has your leader any effect on this?