

# Relationship between Organizational Leadership Capability and Job Satisfaction: Exploratory Study in the Small-Sized IT Service Organization in Estonia<sup>1</sup>

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## *Abstract*

*The aim of the article is to explore the relationship between organizational leadership capability and job satisfaction. Exploratory study using triangulation method combining quantitative and qualitative data. Data for exploratory study were collected from (100%) employees of the small sized IT service company in Estonia. The results of the study indicate the relationship between organizational leadership capability and job satisfaction on the level of extrinsic facets. Relationship between organizational leadership capability and intrinsic facets of job satisfaction was not found. The study provides new understandings on the scope of organizational leadership capability and some insight into its linkage with job satisfaction in the case of small-sized IT service organization. The study suggests initial understanding that organizational leadership can enhance job satisfaction thus organizational leadership capability could be used for measuring organizational effectiveness. This is one of the first exploratory studies to validate organizational leadership capability as a measurement tool in terms of organizational effectiveness.*

**Keywords:** Leadership, Organizational Leadership Capability, Job Satisfaction, Exploratory Study.

**JEL classification:** M19.

## **Introduction**

Traditional view of leadership presumes a top-down influence of the leader on followers, where the leader is the primary originator and conductor of leadership (Drath, 2001; Pearce and Conger, 2003). The basic assumption is that leadership exists within individuals, rather than on organizational level. Leadership as a key factor of organizational effectiveness has been a long time research issue of organizational scholars. Approaches before 1980s focused on observable, short-term, leader-follower relationships on the micro level, but leadership on the macro level has been generally ignored (Bass, 2006). Today leadership is also seen as a

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property of the whole organization (O'Connor and Quinn, 2004) where collective leadership qualities are embedded into the organization's systems and structures (Pasternack, Williams and Anderson, 2001). The latter has been seen as the capability of organizational leadership and described as behaviour of an entire organization which emerges from embedded leadership qualities into organizational processes (Kivipõld and Vadi, 2010).

The concept of job satisfaction has been also widely studied. The previous research has focused on the links between job satisfaction and organizational communication (Tichehurst and Ross-Smith, 1992; Orpen, 1997; DeNobile and McCormick, 2008), commitment (Griffin and Bateman, 1986; Boles et al., 2007; Markovits, Davis and van Dick, 2007; Sharma and Bajpai, 2010), performance (Bagozzi, 1980, McCue and Gianakis, 1997; Ng, Sorensen and Yim, 2009) and teamwork (Griffin, Patterson and West 2001). Also the relationships between job satisfaction and participative management (Kim, 2002) and transformational leadership (Yang, 2009; Nguni, Slegers, and Denessen, 2006) have been studied. Relationship between job satisfaction and leadership has mainly studied by leader-member exchange (LMX) theory (e.g., Harris, Wheeler and Kacmar, 2009; Golden and Veiga, 2008; Epitropaki and Martin, 2005; Graen, Novak and Sommerkamp, 1982). Only few scholars as Ugboro and Obeng (2000) have investigated job satisfaction relationship with leadership at the top management level. Also, some studies such as Bartram and Casimir (2007), and Jensen and Luthans (2006) have covered relationship between leadership behaviour and satisfaction with it. However, the leadership at the whole organizational level has been totally ignored in these studies. Although G. Yukl has seen job satisfaction as an indicator of organizational leadership effectiveness (Yang, 2009:1261), there is no empirical evidence so far describing relationship between organizational leadership and job satisfaction.

Accordingly the purpose of the present article is to explore the linkage between organizational leadership capability and job satisfaction. Combining quantitative and qualitative method was used in conducting the study in a small-sized IT services organization in Estonia. The company under the study is operating in one of the most knowledge-intensive and fast developing sectors thus organizational effectiveness of the company depends much on organizational capabilities that enable to achieve successful outcome. The latter requires much effort from organization in attracting, retaining and motivating high-skill employees and in particular those who are satisfied with their jobs. Studies have found that satisfied employees are more likely to have low absenteeism and turnover (Kim, 2002). Leadership behaviour that has embedded across all levels of an organization can contribute to job satisfaction and to organizational effectiveness. Earlier study by Acuna, Gomez and Juristo (2009) in the field of software development has indicated to the relationship between job design and job satisfaction. Their work does not cover leadership *per se* but job design discussed earlier by Valentine and Gotkin (2000) reflects some aspects of leadership behaviour in organization. The current exploratory study results open new aspects

of leadership on organizational level and its links with job satisfaction in knowledge-intensive small-sized IT service organization. These findings are useful for researchers in further studies of organizational leadership phenomenon and its relationship with effective functioning organizations.

### **1. Organizational leadership capability**

The organizational leadership as a new approach of the leadership at the collective level is distinct from traditional approaches to leadership. Success of an organization as a whole depends not on the performance of some remarkable individuals, but on the collective contribution of all members (Jacobs, 1981). For such success, many people have to support the well being of the organization and the organization should be aware of its members' willingness to support their organization and understand the essence of collective work.

Several authors have discussed the broad variety of notions of leadership at different collective levels: group, team and organization (e.g., Hiller et al., 2006; Day et al., 2004; O'Connor and Quinn, 2004; Pasternack *et al*, 2001). Multi-level perspective brings out the collective phenomenon of leadership, which embraced together individual, dyad, group/team, and organizational levels (Yammarino, Dionne, Schriesheim, Dansereau, 2008). Organizational level where leadership processes between organizational members are embedded (Lord, Brown, Harvey, Hall, 2001; Foti, Knee, Backert, 2008) is most important from wholeness point of view of leadership. Also, the phenomenon of leadership at the organizational level is supported by Yukl (2008) who emphasizes that organizations have multiple leaders whose activities are creating cooperation and coordination in order to achieve the performance of an organization. Zaccaro and Klimoski (2001: 6) name it "organizational leadership" and they argue that organizational leadership involves organizational processes and proximal outcomes, it has non-routine influence on organization life where individual leaders influence is grounded in cognitive, social, and political processes, and it has inherently bounded by system characteristics and dynamics of an organization. Putting all these together, Kivipõld and Vadi (2010) are pointing out the capability of organizational leadership which expresses leadership embedded in the structure of an organization across all organizational levels. They defined the organizational leadership as the collective ability of leadership to detect and cope with changes in the external environment by maintaining the primary goals of the organization. In the current study the model of organizational leadership capability (OLC) developed by Kivipõld and Vadi (2010) is used. This model marks three main factors of organizational leadership:

- alignment and cohesion,
- the architecture of the internal network,
- control-feedback system.

*Alignment and Cohesion* factor represents the strategic process as an aggregated principle of organizational leadership to define organizational

orientation and to create the future of an organization through the implementation of strategy. *Alignment* here represents external focus and *cohesion* represents the context of strategy used in an organization (Kivipõld and Vadi, 2010). Therefore the strategic process itself is characterized by external and internal dimensions where processes across all organizational levels focus on the central goals and objectives of the organization. Organizational goals and objectives bring organizational members together throughout the organization to act as a single entity by giving sense to their job and creating commitment (Wheatley, 1999).

Two other factors (the architecture of the internal network and control-feedback system) secure organizational adaptation by processing information in a proper way. Kivipõld and Vadi (2010: 124) are explaining this by following "...while *the architecture of the internal network* secures the transaction of information flow throughout the organization on the one hand; on the other, *the control-feedback system* simultaneously provides the right interpretation of this information flow".

*The Architecture of the Internal Network* represents the ability of the organizational network to process the information flow throughout the organization: its registration, transition and interpretation in leadership processes. Information itself could be "action oriented" or merely background or contextual information and follow both: formal and informal networks of the organization.

*Control-feedback System* represents self-regulatory processes as a part of leadership processes that creates organization's self-organizing dynamics. Self-regulating behaviour in systems is revealed through feedback processes that allow organizations to establish dynamic balance (dynamic equilibrium) (Capra, 1996). Organizations behave in response to available information and interpretations of that information.

Above introduced organizational leadership factors mark two main dimensions - organizational orientation and organizational adaptation in the model of OLC. These two main dimensions describe organizational behaviour as a whole via activities of all organizational members. Kivipõld and Vadi (2010) claim that the measurement model of OLC allows evaluating the capability of organizational leadership embedded into structure of organizations.

## **2. Job satisfaction**

Job satisfaction as employees' emotional well-being with their behaviour implies in functioning of an organization. Job satisfaction has been mainly defined as positive emotional state resulting from an appraisal of one's job (Arvey, 2006a; Locke, 1976). Weiss (2002) argued that standard treatments of job satisfaction have inappropriately defined satisfaction as an affect. Thus he defined it as an attitude – a positive (or negative) evaluative judgment one makes about one's job or job situation (Weiss, 2002: 175). Scholars have drawn out different aspects and factors reflecting and influencing job satisfaction (Table 1).

**Table 1. Comparison of main facets of job satisfaction proposed by different authors**

Wanous & Lawler (1972)	Weiss <i>et al</i> (1967)	Kalleberg (1977)	Snipes <i>et al</i> (2005)	Arvey (2006)
(not divided into intrinsic and extrinsic facets)  • self-esteem, • growth, • security, • social, • autonomy, • pay.	<b>Intrinsic:</b> • type of work, • achievement, • ability utilization.  <b>Extrinsic:</b> • working conditions, • supervision, • co-workers, • company.	<b>Intrinsic:</b> ( <i>separate facets not listed</i> )  <b>Extrinsic:</b> • convenience, • financial, • co-workers, • career, • resource adequacy.	<b>Intrinsic:</b> • nature of work, • satisfaction with customers.  <b>Extrinsic:</b> • supervision, • pay, • benefits, • contingent rewards.	<b>Intrinsic:</b> • features associated with the work itself, • achievement, • recognition. <b>Extrinsic:</b> • working conditions, • supervision, • components of the environment context.

Source: compiled by the authors

Wanous and Lawler (1972) draw distinctions between overall job satisfaction and satisfaction with a particular *facet* of one's job – job facet satisfaction. They defined overall job satisfaction as a sum of job facet satisfaction across all facets of a job. Other scholars are more detail by dividing facets between individuals experiences of the job (intrinsic facets) and satisfaction of working environment (extrinsic facets) (e.g., Arvey, 2006a; Snipes et al., 2005; Kalleberg, 1977; Weiss et al., 1967).

Intrinsic aspects of the job are related to the tasks (Dormann and Zapf, 2001) and experiences of the job by individuals (Arvey *et al*, 1989). The job tasks allow employees to develop and use their abilities providing them to be self-directive, and to see the results of the work. One of the most important intrinsic facet is *work itself*, mentioned by Weiss *et al* (1967); Snipes et al. (2005), Arvey (2006a) (Table 1), and generally described by Kalleberg (1977).

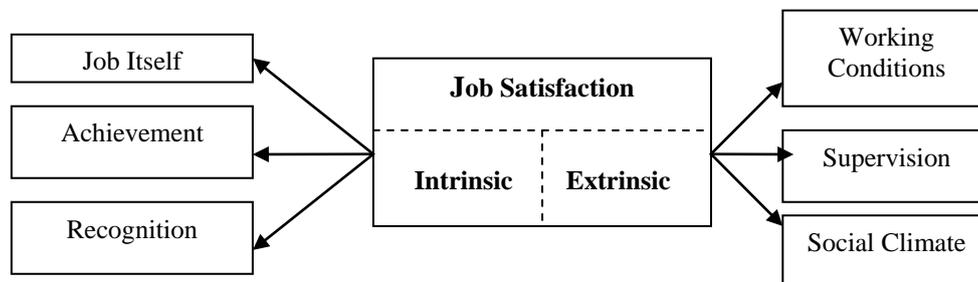
Other important intrinsic facet is *achievement* of results (goals) and ability to utilize the skills for this (Arvey, 2006; Kalleberg, 1977; Weiss *et al*, 1967). Employees' work efforts and self-efficiency are important variables that influence job satisfaction (Karatepe *et al*, 2006). A third important job facet is *recognition* mentioned by Arvey (2006); Busch, Fallan and Pettersen (1998). Weiss *et al* (1967) use it also, but in the limited mode "The praise I get for doing a good job", referring to some symbols or ceremonies used by management of organizational hierarchy. Recognition involves stakeholders, managers, colleagues (Busch *et al*, 1998), customers (Snipes *et al*, 2005), competitors and public with their attitudes.

Extrinsic aspects of the job are related to work environment (Arvey *et al*, 1989): physical and social organizational environment combined with the management processes and systems. A significant facet is *working conditions*, mentioned by Weiss *et al* (1967), Arvey *et al* (1989); Arvey (2006). Kalleberg

(1977) described this as a convenience dimension, which refers to characteristics that provides solid creature comforts, i.e., a “soft” job. According to him this includes: convenient travel to and from work, good hours, freedom from conflicting demands, pleasant physical surroundings, no excessive amount of work, and enough time to do the work and an opportunity to forget about personal problems. It also includes pay and other benefits.

Other important job facet in extrinsic category is *supervision* (Weiss *et al*, 1967; Snipes *et al*, 2005; Arvey, 2006), which expresses both: management processes and leadership activities. Supervisory relationship with job satisfaction of employees has mentioned by several scholars (e.g., Emmert and Taher, 1992; Oldham and Cummings, 1996; London and Larsen, 1999). Kim (2002) has shown positive impact of supervisory behaviour to the job satisfaction level of employees in terms of participative management behaviour, supervisory communication, and participative strategic planning process.

The third is *social* (or *organizational*) *climate*, mentioned by Weiss *et al* (1967) and Kalleberg (1977) as a relationship with co-workers. This reflects a worker’s desire for the satisfaction of social needs from work activities. With respects to satisfaction, Wharton, Rotolo and Bird (2000: 70) turn attention to two primary reasons of social relations in workplace. The first set of influences calls attention to the ways that people rely on co-workers as important sources of information and social comparison, the second set emphasizes the direct effects of social relations on satisfaction. Figure 1 summarizes all three main intrinsic facets (*job itself*, *achievement*, and *recognition*) and three main extrinsic facets (*working conditions*, *supervision*, and *social climate*) of job satisfaction, which were formulated for the current study.



**Figure 1. Job satisfaction facets**  
(Source: compiled by the authors)

### 3. Relationship between leadership and job satisfaction

Leadership in organizations is influencing job satisfaction of employees. Several scholars have demonstrated the relationship between leadership and job satisfaction from perspective of leader-follower(s) interactions (e.g., Harris *et al*, 2009; Yang, 2009; Golden and Veiga, 2008; Epitropaki and Martin, 2005). For this purpose two main traditional leadership theories as leader-member exchange

theory (LMX) and transformational leadership theory have been used. However, by using different measurement instruments for leadership and job satisfaction Epitropaki and Martin (2005) and Yang (2009) found the same relationship level (respectively  $r=0.56$  and  $r=0.59$ ) between them. Moreover, Epitropaki and Martin (2005) showed significant impact of leadership to overall job satisfaction by regression analysis.

Additionally to above described relationship between leadership and overall job satisfaction Harris *et al* (2009), and Golden and Veiga (2008) highlight the quality of relationships between supervisors and subordinates and the influence of this on job satisfaction among employees. When Harris *et al* (2009) investigated the influence of LMX quality on the level of job satisfaction in accordance with the empowerment of employees in two groups (highly and poorly empowered), then Golden and Veiga (2008) investigated the influence of LMX quality on the level of job satisfaction according to the virtual mode of the work (away from the office) in two groups (limited and extensive virtual mode).

LMX quality positively influences employee job satisfaction in both investigations. Also, it is important to note in these two investigations that the group with high empowerment has higher job satisfaction compared to the group with low empowerment, and the group with a limited virtual mode has employees with higher job satisfaction compared to the group with an extensive virtual mode. Moreover, LMX has a stronger influence on the level of job satisfaction in groups with low empowerment and an extensive virtual mode (Harris *et al*, 2009; Golden and Veiga, 2008). These studies describe the leadership in terms of job design and organizational functioning.

Therefore, organizational leadership capability as a leadership property of a whole organization should have relation with overall job satisfaction of employees. Other scholars (e.g., Weiss *et al*, 1967; Kalleberg 1977; Snipes *et al*, 2005; Arvey 2006) see overall job satisfaction in two facets (intrinsic and extrinsic), where groups of facets reflect different aspects of job design and functioning of an organization. Intrinsic facets are more related to individual domain and extrinsic facets to organizational domain of job design in the organization. Yang (2009) has demonstrated the relationship level between transformational leadership and intrinsic as well as extrinsic facets of job satisfaction.

These are important aspects in investigating leadership at the organizational level and its relationship with job satisfaction leading to the following proposition divided into two sub-propositions (a) and (b):

**Proposition:** *group of employees with higher job satisfaction manifest higher organizational leadership capability.*

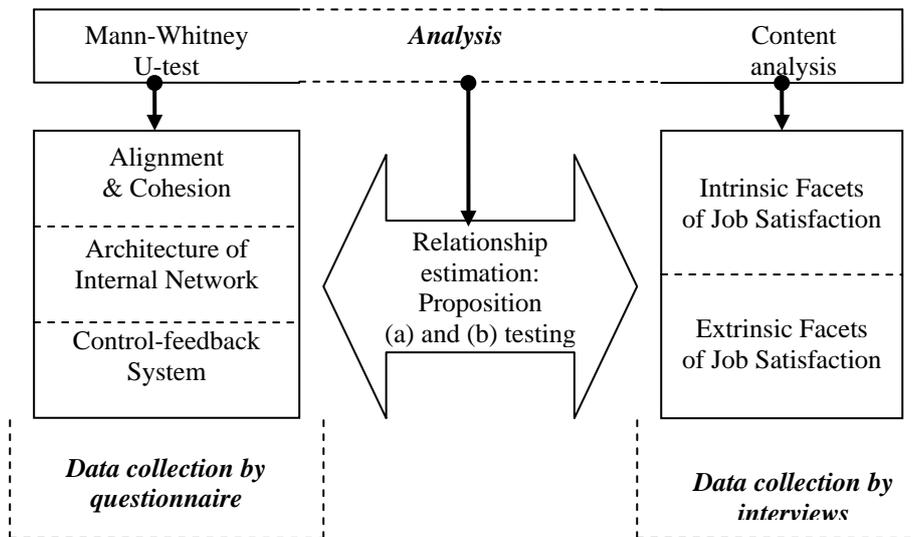
**Proposition a:** *group of employees with higher intrinsic job satisfaction manifest higher organizational leadership capability.*

**Proposition b:** *group of employees with higher extrinsic job satisfaction manifest higher organizational leadership capability.*

#### 4. Methodology

In order to gain understandings about the relationship between organizational leadership capability and job satisfaction the authors developed the measurement frame for an exploratory case study (Figure 2). Exploratory study allows making the preliminary investigation that could highlight some essential aspects which are guiding future deeper investigations and new viewpoints (Yin, 1994; Routio, 2007) – OLC and its possible relationship to organizational internal functioning in terms of job satisfaction in our case. A single-case is referred to be suitable for exploratory purpose as a prelude to future study (Yin, 1994). The study was carried out in a small sized (18 employees - total staff) IT service company in Estonia, one of the leading IT companies in the Baltic region in system integration. The sample is an entire sample of the company consisting of all employees (100%) among what 3 females and 15 males with an average age 29.1 years (SD=7.1 years).

The study was carried out in 2009. The method of triangulation that combined OLC questionnaire and one-to-one in-depth job satisfaction interviews with employees was used. The study was conducted in three steps (1) measurement of OLC; (2) measurement of job satisfaction; and (3) analyses of results gained from studying organizational leadership and job satisfaction by testing the proposition.



**Figure 2. Measurement frame for the exploratory study of the relationship between job satisfaction with OLC**  
(Source: compiled by the authors)

In the first step, OLC was measured by the organizational leadership questionnaire, designed by Kivipõld and Vadi (2010), which consisted of closed-ended questions with seven-point scales (strongly disagree to strongly agree). The

questionnaire consists of three main factors named as alignment & cohesion, architecture of internal network, and control-feedback system, which all together includes 12 statements – 4 in each factor. Composite reliability of OLC measurement tool factors was tested within six different samples by Kivipõld and Vadi (2010), the authors of this measurement tool. Internal consistency (InC) for *alignment & cohesion* was between 0.84 and 0.90, for *architecture of internal network* it was between 0.78 and 0.84, and for *control-feedback system* it was between 0.82 and 0.90. InC has been worked out by Fornell and Larcker (1981)<sup>3</sup> and they argue that their measure is superior to Cronbach's alpha. Also, important is that Cronbach's alpha test starts to correlate at 0.90 with true score from a 100-item test and therefore it is sensitive to the length of the test (Nunnally and Bernstein, 1994).

All employees (100%) were asked to fill in the questionnaire. Data of main factors' normality distribution were tested by Shapiro-Wilk test. Results from 0.81 to 0.90 ( $p=0.000$ ) indicate non-normality distribution of factors data. For the next analyses data were divided into two groups (administration, sales, and technicians, help desk). In order to examine the differences between these two groups the data received from the questionnaire were treated by non-parametrical Mann-Whitney U-test.

In the second phase, interview questions based on job satisfaction facets were developed. Questions were divided into three groups: 1) motivation to join the company, impression of the work and climate of the organization, need to acquire the right behaviour to be member of the organization etc; 2) job aspects (job itself, personal development and achievements, working conditions etc.) and collective aspects (cooperation, support from colleagues etc.); 3) management and leadership – organizational development, changes etc. Semi-structured in-depth (1–1.5 hrs) interviews with each staff member (100%) were conducted. CEO was interviewed twice, first for collecting background information about the company and its developments (2 hrs) and second (1.5 hrs) for exploring his motives and job satisfaction. The study did not include owners of the company. Interviews took place in interviewees' every day business setting – in their office. For data interpretation the job satisfaction facets defined in the theory were coded by meaning and transcribed interviews were analysed by marking the relevant meaning in the text. The qualitative data was independently analysed by three experts (both authors of the article and one additional expert from academia). When two experts found the meaning in the text representing the facet of job satisfaction the finding was marked as significant. The results were categorized as *emphasized stronger* when the phenomenon was found in more than 51% of interview transcripts and *emphasized modestly or lower* when it was less than that.

Finally, for testing the proposition the results from OLC questionnaire and in-depth interviews were compared. These results were analysed and conclusions about the relationships between job satisfaction facets and organization leadership capability were brought forward.

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<sup>3</sup> Benchmark for InC is 0.70

## 5. Results

OLC factors were measured separately in two groups: administration and sales (n = 7), and technicians and help desk service (n = 11). In the administration and sales group 42.8% were female, technician and help desk group was 100% male. Table 3 summarizes results of organizational leadership factors' values and Mann-Whitney U-test values ( $p < 0.05$ ) confirming differences between two groups (administration and sales; technicians and help desk service) across OLC factors. Comparing results of two groups we can bring out two important findings: 1) administration and sales group are more homogeneous than group of technicians and help desk service (values of standard deviation); 2) OLC is higher in the group of administration and sales, and lower in group of technicians and help desk service (all OLC factor values are higher in this group compared to the group of technicians and help desk service).

**Table 3. OLC factors values in two different groups in IT organization**

OLC factor	Administration and sales (SD)	Technicians and help desk (SD)	U-test (p value)
Alignment and cohesion	<b>6.11</b> (1.13)	<b>5.21</b> (1.57)	0.006
Architecture of internal network	<b>5.86</b> (1.08)	<b>4.86</b> (1.37)	0.001
Control-feedback system	<b>6.26</b> (0.66)	<b>4.86</b> (1.32)	0.000

Source: compiled by the authors

In regard to job satisfaction the results of the interviews also showed difference between functional work groups (Table 4). In particular technicians' and helpdesk employees' understandings, stood out for emphasizing *intrinsic* facets, particularly *job itself*. For example in answering the question: "Why do you value working for this company?" all technicians brought first forward the possibilities for high level professional development, knowledge sharing and learning. Employees in help desk emphasized also learning different skills as well as company's reputation and being surrounded by clever people.

**Table 4. Results of interviews with two groups in an IT organization**

Job satisfaction facets		Administration and sales	Technicians and help desk
Intrinsic	Job itself	—	X
	Achievement	—	X
	Recognition	—	X
Extrinsic	Working conditions	X	X
	Social climate	X	—
	Supervision	X	—

Notes: "X" – emphasized stronger; "—" – emphasized modestly or lower

Source: compiled by authors

*Achievement* as the second intrinsic factor was assessed highly due to the possibility to utilize skills at maximum level. The technicians and help desk group of employees considered variety of job due to different projects and certain freedom in developing complex and the latest info technological solutions for customers' major driving force and source of pleasurable feeling. *Recognition* was not expressed by receiving praise but rather through the value technicians created to the customers when satisfying their high level IT security service needs. Also, company's high reputation in the sector and favourable public attitude towards IT specialists was mentioned as influencing factor of well being at work.

People working in administration and sales answered the question about their major driving force and source of recognition somewhat differently by placing more emphasize on *social climate*, e.g. informal relations, ease of communication and good manager-supervisor relationship. They repeatedly brought forward the importance of positive internal communication climate. This reflects *extrinsic* factors being more dominant in their job satisfaction. Possibility to work with intelligent people and a good pay were also mentioned as pleasant factors. The latter belongs to the category working conditions, which is the extrinsic facet and was not less important to technicians and sales group staff too.

Representatives of all functions considered modern and comfortable *working conditions*, access to the latest IT equipment and a good pay as positive factors influencing their emotional state at work. Technicians and help desk employees seemed to think of their good surrounding and pay as something obvious. This is best reflected in the viewpoint like "Good pay I get for my job is an important matter of course, however so is the environment. You can work with the latest technology here and this is what I like". Employees in sales and administration were much more eager to express satisfaction with physical working environment like office design and location, which again reflects stronger presence of *extrinsic* factors among this group.

The third group of questions, which focused on the last category of extrinsic factors aimed to understand interviewees' satisfaction with *supervision* and management style. The questions in this group were also answered slightly differently across functions. People from sales and administration appreciated manager's openness, fairness, availability and inspiring nature. Technicians and help desk employees emphasized flat structure, vision sharing skills and relevant processes. Just like people from sales and administration they also stressed manager's personality traits like good sense of humour and open communication. However experts observed that technicians' views about supervision were more related to leadership on individual level: interaction between leader and follower. At the same time sales and administration views on supervision were more on the overall collective-organizational level. In addition, when sales and administration were positive about supervision, then technicians and help desk people also expressed critical views either on how they prefer to be supervised or how manager should treat people. Quotes from the interviews: "More attention should be paid to people's stress and problems and not make face as they are not there". Among

technicians there was a view that: “Skills give power and develop hierarchies in our organization. The more knowledgeable you are the more authority you have”. In authors’ opinion technicians clearly realized their value for the company and felt free to criticize management style, although they did not emphasize manager’s role in their emotional well-being at work.

Table 5 brings out relationship between OLC and two sets of job satisfaction facets – extrinsic and intrinsic. OLC levels were estimated in accordance with the results in the Table 3 and levels of job satisfaction facets sets were estimated in accordance with results in the Table 4.

**Table 5. Organizational Leadership Capability relations with set of extrinsic and intrinsic facets of job satisfaction**

<b>Group in the organization</b>	<b>Organizational Leadership Capability</b>	<b>Extrinsic Job Satisfaction</b>	<b>Intrinsic Job Satisfaction</b>
Administration and Sales (A&S)	X	X	–
Technicians and Helpdesk (T&H)	–	–	X

Notes: “X” – *emphasized stronger*; “–” – *emphasized modestly or lower*

Source: compiled by authors

Altogether the results of the interviews showed that *intrinsic* facets of job satisfaction were stronger represented in the group of technicians and help desk (T&H) than in administration and sales (A&S) – Job Satisfaction: T&H > A&S. However the results with OLC measurement tool showed the opposite distinction between groups – OLC: T&H < A&S.

*Thus based on the survey, the sub-proposition (a) was not supported, which means that intrinsic facets of job satisfaction do not reflect the capability of organizational leadership.*

In regard to extrinsic facets, it turned out that the facet *working conditions* was considered almost equally important by both groups. Other two facets *social climate* and *supervision* were expressed with different strength across groups. Administration and sales placed stronger emphasize on *social climate* and *supervision* – Job Satisfaction: T&H < A&S. Also OLC reflected higher values in administration and sales – OLC: T&H < A&S.

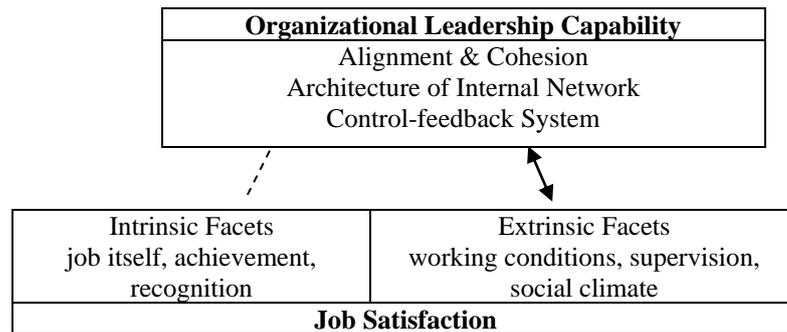
*Thus, the sub-proposition (b), which assumed that group of employees with higher extrinsic job satisfaction have higher organizational leadership capability than group of employees with lower extrinsic job satisfaction, was supported.*

This analysis indicates that extrinsic job satisfaction facets of employees might have stronger linkage with organizational leadership capability, while intrinsic job satisfaction facets have weaker linkage. This initial finding brings out important characteristics that explain the phenomenon of organizational leadership capability. Organizational leadership capability is expressed via the organizational domain of organizational behaviour that is more related with extrinsic facets of job satisfaction and not via the individual domain that is related more with intrinsic facets of job satisfaction.

## Discussion and Conclusion

There are two aspects in this exploratory study that merit further discussion. The first deals with interpretation of the current findings proceeding from the underlying theory and second with measurement tool of OLC.

On theoretical side the interpretation of our findings bring forward OLC relationship with set of extrinsic job satisfaction facets (figure 3), which are organizational level facets indicating organizational performance. The relationship between OLC and job satisfaction in terms of extrinsic facets exemplifies organizational functioning in its internal environment. Boal and Hooijeberg (2000) bring out employees satisfaction as one criteria of internal effectiveness of an organization and Yukl (2008) stresses organizational effectiveness, which is the main target of leadership. From this point of view our study findings show that OLC describes organizational functioning in terms of job satisfaction at the organizational level. Job satisfaction as an attitude (positive or negative) explains organizational members' desire to act in collaborative activities including sharing information and knowledge for achieving organizational performance.



**Figure 3. Relationship between OLC and job satisfaction**  
(Source: compiled by the authors)

Sharing knowledge and collaborating for achieving performance takes place in a presence of favourable working conditions, which is the main physical social and emotional space where people interact. Working conditions as a job satisfaction facet covering all physical aspects – “soft” and “hard” in the work environment was considered equally important by both functional groups. This finding confirms the view that physical proximity to colleagues has influence on knowledge-sharing practices (Lilleoere and Hansen, 2010). On the other side, smallness of the company and recent movement into the modern and open office might have contributed to the results gained in the particular organization. From the perspective of knowledge sharing and synergy between different functions organizational leadership should embrace also supervision and social climate that are extrinsic facets of job satisfaction. Social climate covers all aspects of the social environment that create social networks allowing the transfer of information and the creation of new information in the organization. Tohidinia and Mosakhani (2009) have found positive impact of organizational climate on subjective norms

about knowledge sharing. Moreover, Kangis, Gordon and Williams (2000) found linkage between organizational climate and organization performance. Supervision refers to management system and processes within what the empowerment of employees, the virtual mode of work (away from the office) and fairness in performance evaluation procedures are important in high-skill work. Our study results brought forward that organizational leadership can cover job satisfaction facets related to working conditions, supervision and social climate. The relationship was slightly stronger among the staff fulfilling job tasks in administration and sales and manifested itself less among technicians and help desk staff. Positively perceived social climate might have been influenced by the small size of a studied company and frequency of face-to-face contacts between the members and the CEO. Speculations can be made that the slight difference found between functional groups understandings can be also influenced in the studied case by administration and sales group having more female members (42.8%) in it (technicians and help desk group was 100% male group). For example the study by Muchiri, Cooksey, Di Milia and Walumbwa (2011) findings bring forth that compared to male, female employees highlight communication, decision making ability and supporting the leader more important in terms of organizational leadership and effectiveness of work unit. Also, the study by Cote, Lopes, Salovey and Miners (2010) brings out the relationship between emotional intelligence (one of the mediator of social activities) and gender. However, this relationship is pretty low:  $r=0.21$ .

To sum up all above mentioned, collaboration between employees is crucial in process of knowledge sharing especially in knowledge-intensive organizations. Job design elements as working conditions, social climate and leadership behaviour are important contributors of various collaboration processes. Small size of an organization is also benefit, which allows keeping transaction costs at the low level in these processes.

Results indicate technicians and help desk respondents being less homogeneous as a group. Reporting job satisfaction stronger in terms of intrinsic facets might also reflect knowledge workers as specialists' higher-level self-esteem or more professional competition among them in the studied company. On the other hand the administration and sales staff in the particular organization had also high level education and skills in IT but evidently because of the nature of their every day work, which requires more knowledge of the organization as a whole and working in office they considered supervision, social climate and working conditions as primary positive factors of job satisfaction. One of the influencing factors can be also gender difference between two functional groups. Another reason for technicians and help desk staff emphasizing intrinsic facets of job satisfaction slightly higher could be related to the high reputation and status of IT technician profession compared to that of help-desk employee. Technicians valued higher ability to utilize their skills in offering complex services to clients, which confirms Huffman and Ingram (1992) finding that intrinsic job satisfaction dimensions are positively and significantly correlated also with customer orientation.

Another important aspect of the exploratory case study was the initial validation of the OLC as a measurement tool for assessing internal organizational functioning in terms of job satisfaction. The OLC measurement tool developed by Kivipõld and Vadi (2010) had not been validated in the view of organizational functioning. We used this OLC model for measuring the extent to what leadership skills and knowledge of organizational members are embedded in the structure of an organization and related to job satisfaction. The relationship between internal organizational function and organizational leadership capability was tested by estimating the job satisfaction of employees at the individual and at the organizational level. Intrinsic aspects of job satisfaction reflect employee attitudes to organizational functioning at the personal level, and extrinsic aspects of job satisfaction reflect attitudes to organizational functioning at the organizational (work environment) level (Arvey *et al*, 1989).

The current study conducted in a small-sized IT service organization found that OLC model sheds stronger light on extrinsic facets of job satisfaction however it basically ignores intrinsic facets of job satisfaction which are more individual level factors (figure 3). This can be explained by the phenomenon of organizational leadership capability itself where organizational leadership capability expresses leadership on organizational level. Also, extrinsic job satisfaction facets (*working conditions, supervision, social climate*) are more related to organizational level qualities of job whereas intrinsic facets of job satisfaction (job itself, achievement, recognition) relate more to individual level qualities.

The relationship of organizational leadership capability to the internal functioning of the organization at the organizational level is an expected result because organizational leadership is an organizational phenomenon. Leadership is viewed as a property of the whole organization by different scholars (e.g., Avery, 2006; Lichtenstein, Uhl-Bien, Marion, Seers, Schreiber, 2006; O'Connor and Quinn, 2004). Complexity theorists view leadership as an emergent phenomenon at the organizational level (Stacey, 2010; Lichtenstein *et al*, 2006). According to this, leadership in organizational systems arises from interactions between people (agents in CAS – complex adaptive system) and between people and organizational systems (Avery, 2006:133). The same leadership emergent phenomenon has been demonstrated by Hogg (2001) in his social identity theory, where leadership is viewed as a group process that is associated with group social identity.

The initial findings of our exploratory study exemplify the important aspect of organizational leadership capability, which deals with the design of the working environment. In this study working conditions was the only job satisfaction facet equally appreciated by both functional work groups. From among extrinsic facets of job satisfaction, aspects of working conditions are the easiest to satisfy. At the same time, since these aspects are basically concerned with physical and administrative arrangements, they are strongly interrelated with other extrinsic facets such as supervision and the social climate in the organization. For example, high empowerment of employees and limited virtual mode decreases the need for the personal level of leadership (Harris *et al*, 2009; Golden and Veiga, 2008).

Although the exploratory study results showed weak relationship between OLC and intrinsic facets the influence direction remains still unclear. In conclusion the current study cannot provide full information on the relationship between OLC and job satisfaction and thus further studies using OLC as a measurement tool for defining relationship with job satisfaction are required. OLC model has been little used in empirical studies and therefore our study results should be approached as preliminary information that can be useful guideline in future studies.

### **Limitations**

The study was based on a single case study in IT service sector among relatively young (average 29.1 years) staff members with small age variation. The results of the study can be only generalized to employees in a small-sized IT service organization in Estonia.

The findings should be interpreted with caution since the participants do not represent all IT sector companies. Also, the pattern of relationship between organizational leadership capability and job satisfaction may be different in different sectors and cultures.

Finally, the current study does not cover other variables of job satisfaction. For example the issue of gender difference needs more empirical evidence. Also, job satisfaction researchers have studied the links between job satisfaction and personality types (Cohrs, Abele, and Dette, 2006; Williamson, Pemberton, and Lounsbury, 2005).

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