ZHAW Zurich University of Applied Sciences

School of Management and Law

Master of Science in Business Administration, Major Innovation & Entrepreneurship

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Boosting Innovation: The Underestimated Role of Psychological Safety in Swiss SMEs

A qualitative study

Master Thesis

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Management Summary

Small and medium-sized enterprises (SMEs) constitute 99% of all businesses in Switzerland, providing employment and economic value. Due to today's dynamic environments, organizations must continuously innovate to maintain their competitive advantage. Hence, these enterprises must enhance their employees' capacity for innovative work behavior. Innovative work behavior is the intentional creation, introduction, and application of new ideas. For that reason, Swiss SMEs need to foster such behavior by emphasizing leaders' need to create a psychologically safe environment.

The research question is, therefore, to what extent a psychologically safe work environment leads to greater employee engagement and, thus, to more innovative work behavior in Swiss SMEs. This study assumes that engaged employees are more likely to dare to raise new ideas and share these ideas with team members without fear of rejection.

The basis for the study is profound literature research better to understand the definitions and the interaction of the variables. Subsequently, their transferability to Swiss SMEs is empirically examined by conducting expert interviews. This approach provides an overview of the innovation practices in Swiss SMEs as well as the need for a psychologically safe work environment to innovate.

The results of this study confirm the assumption that fostering a psychologically safe environment boosts employee engagement because such an environment encourages open dialogue, seeks constructive feedback, and emphasizes learning over blame. Thus, effectively reducing fear of failure and interpersonal risks associated with the innovation process. As a result, employees are more motivated and actively contribute with innovative ideas, which is critical for business growth and gaining a competitive advantage in SMEs. In order to establish psychological safety in a team, a leader should be perceived as trustworthy by upholding principles of respect and shared goals. By prioritizing psychological safety in the workplace, Swiss SMEs can enhance innovative work behavior among their workforce by actively fostering open communication, cross-department collaboration, admitting mistakes, and establishing a sense of community through regular informal team events or activities. Furthermore, having flat hierarchies, short communication channels, and smaller team sizes is beneficial in leading people to be closer to each other and appreciating each other's work. However, not only the organization or the leaders are responsible for fostering such a climate.

Instead, every team member on their own is responsible for fostering such a culture by providing support, constructive feedback, and appreciation towards other team members.

In conclusion, innovative activities require a psychologically safe environment, which is independent of the industry, region, or company size, since it is a group-level construct stating that the perceived psychological safety is the same within teams but different across all teams within an organization.

Prologue and Acknowledgements

With the submission of this thesis, my time as a student at the ZHAW in the master's program *MSc Business Administration with a Major in Innovation and Entrepreneurship* comes to an end. I would like to take this opportunity to thank everyone who supported me during this journey.

First of all, I want to say "thank you" to my supervisor Prof. Dr. Adrian W. Müller, for always taking the time to respond to my questions and continuous support during the writing phase. His constructive inputs significantly enhanced the value of my thesis.

I further thank all interviewees for participating in this research study. I highly appreciate their valuable and insightful feedback, receiving different viewpoints from several industries and team sizes. Furthermore, I am grateful for their openness and enthusiasm about the research topic during the conducted interviews.

Nadine Müller,
Lucerne, 14 June 2023

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List of Abbreviations

Appx.   Appendix

HR   Human Resources

IT   Information Technology

ln.   Line

lns.   Lines

p.   Page

pp.   Pages

R&D   Research and Development

SME   Small and medium-sized enterprise

SMEs   Small and medium-sized enterprises

Interview Directory

Name	Company	Date	Duration	Location
Ana Brankovic (A.B.)	Fintrust Partners AG	28.03.2023	45:26 min	MS Teams
Aysun Koese (A.K.)	Nextlevel8	21.03.2023	57:05 min	MS Teams
Anonymous (A.S.)	Industry Sector	11.04.2023	46:13 min	Zurich
Daphne Rich (D.R.)	Arcplace AG	31.03.2023	31:19 min	MS Teams
Marc Ammann (M.A.)	Schärer & Schläpfer AG	03.30.2023	43:05 min	MS Teams
Marc Andri Etterlin (M.A.E.)	Lichtundmusik.ch GmbH	01.04,2023	23:19 min	MS Teams
Michael Eichmann (M.E.)	OWNBIT GmbH	08.04.2023	43:06 min	Schaffhausen
Anonymous (M.S.)	HR Tech Startup	14.04.2023	32:38 min	MS Teams
Nicole Eigenmann (N.E.)	Fischer Reinach AG	18.04.2023	31:39 min	MS Teams
Anonymous (N.G.)	ESG Compliance	21.04.2023	24:02 min	MS Teams
Anonymous (P.B.)	Industry Sector	21.04.2023	25:52 min	MS Teams
Remo Auciello (R.A.)	Webgorilla GmbH	12.04.2023	56:18 min	MS Teams
Roger Gauderon (R.G.)	ENFISO GmbH	13.04,2023	36:18 min	MS Teams
Richard Müller (R.M.)	Energie Opfikon AG	03.04.2023	37:59 min	Schaffhausen
Sonja Stamm (S.S.)	Stamm Gartenbau GmbH	04.04.2023	36:18 min	Schaffhausen
Anonymous (Z.K.)	IT Sector	07.04.2023	49:44 min	MS Teams

1 Introduction

This chapter serves as an introduction to the research topic of this master's thesis. It contains the introduction to the research topic including the problem description, the importance of the topic, and the delimitation, as well as the research objectives, motivation, and research questions. In addition, the structure of the master thesis will get explained in a short overview.

1.1 Introduction to the Research Topic & Problem Description

Small and medium-sized enterprises (SMEs) account for 99% of all companies in Switzerland, responsible for the largest share of employment and economic value added in Switzerland (BFS, 2023). Organizations across the globe, including SMEs, are under pressure to adapt their work environments to meet the changing demands of the global economy (Stoffers et al., 2020, p. 168) and to maintain their competitive advantage (Edmondson & Lei, 2014, p. 24). Thus, companies must be able to change and adapt to ensure the company's long-term viability (Janssen, 2000, p. 287), which is why innovation is increasingly of great scientific interest. For that reason, it is crucial for companies to use their employee's innovation potential. Especially since SMEs account for Switzerland's innovation performance which calls for highly innovative employees (SBFI, 2020, p. 7).

Employees being the primary source of organizational innovation leads to fostering innovative work behaviors as a vital strategy for the survival of organizations (Baer & Frese, 2003, p. 50) since previous research suggests that various factors, including organizational cultures and employees' readiness for innovation, can significantly influence employees' innovative work behavior (Baer & Frese, 2003, pp. 57–61). Other factors influencing employees innovative work behavior are their work engagement (Baer & Frese, 2003, pp. 48–49) and their perceived psychological safety at the workplace since those factors are critical for explaining firm-level outcomes such as firm innovation performance and innovativeness (Baer & Frese, 2003, p. 61).

For that reason, this thesis seeks to address the role of a psychologically safe work environment in promoting and nurturing innovative work behavior within Swiss SMEs since it is believed that engaged employees are more likely to show initiative and share their ideas within their teams.

Most studies about this topic have been conducted in Western contexts (e.g., North America), which is why there is a lack of research on this topic within specific demographic groups and geographical locations, such as Swiss SMEs. Therefore, this study aims to address this gap by conducting research focused on Swiss SMEs since they are responsible for a significant proportion of job creation and economic outputs. Furthermore, most SMEs lack the budget and resources to hire so-called cultural managers to foster psychological safety by executing workshops, as it is the case for large corporations (e.g., Roche Holding AG; Accenture Plc; Skyguide).

1.2 Importance of the Topic & Delimitation

Psychological safety is vital for nurturing an innovative and engaged workforce (Andersson et al., 2020, p. 168), emphasizing the importance of establishing such a work environment (Carmeli & Gittell, 2009, p. 711).

Given the prevalence and importance of Swiss SMEs, exploring the relationship between psychological safety and innovation becomes particularly relevant in today's volatile, uncertain, complex, and ambiguous (VUCA) business environment. Therefore, like their counterparts globally, Swiss SMEs need to foster creativity and innovation among their employees to maintain competitiveness (Stoffers et al., 2020, p. 168). That is why the study focuses on establishing psychological safety in Swiss SMEs to increase their innovation potential by providing valuable insights on how practitioners can promote such behavior among their workforces.

The delimitation of this study is primarily defined by its focus on Swiss SMEs. Thus, the findings and conclusions drawn from this study may not be directly applicable or generalizable to large corporations, SMEs in other countries, or different cultural or

economic contexts. Furthermore, the hypothesis analyses the role of a psychologically safe environment in fostering employee engagement and, thus, innovative work behavior. For that reason, other factors that could influence their innovativeness are not within the scope of this study.

1.3 Research Objectives & Motivation

The primary objective of this thesis is to determine how Swiss SMEs shape their innovation processes and if their employees are actively participating and showing initiative during such activities. As mentioned before, some large corporations have already realized that they must use their employee's innovation potential to maintain their competitive advantages, which is why they hire cultural managers to regularly execute workshops and training to foster a psychologically safe environment where everyone is comfortable enough to contribute and share their ideas. However, not everyone can afford such programs. Thus, this thesis aims to investigate how Swiss SMEs innovate and foster such a psychologically safe and collaborative environment.

Furthermore, if the relationships between these variables are confirmed, the findings could have important implications for organizational practices within Swiss SMEs. By developing strategies to promote psychological safety and enhancing innovative behavior by having engaged employees, resulting in improved business performance, making this research of potential interest to academic scholars, business leaders, and practitioners.

1.4 Research Questions

This master's thesis aims to answer the following research question:

"To what extent does a psychologically safe work environment lead to greater employee engagement and thus to more innovative work behavior in Swiss SMEs?"

The research question will be answered conducting a qualitative content analysis, which will be explained in more detail in the methodological Chapter (3). Expert interviews will be conducted to test the relation of the following hypotheses:

H1 Psychological safety is positively related to innovative behavior.

H2 Psychological safety is positively related to employee engagement.

H3 Employee engagement is positively related to innovative work behavior.

H4 Employee engagement mediates the relationship between psychological safety and innovative work behavior.
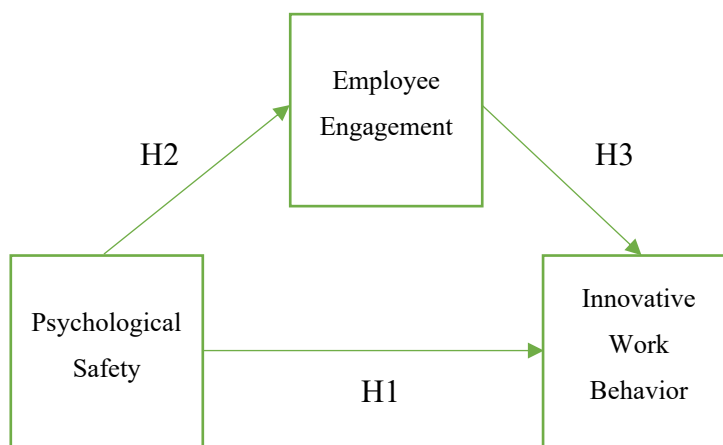
Figure 1: Conceptual Model (own illustration)

These hypotheses lead to the following working hypothesis, which will get answered in Chapter 0:

"A psychologically safe environment leads to more employee engagement because employees dare to speak up and share new ideas with team members without the fear of rejection, which will result in more innovative work behavior in Swiss SMEs."

By answering this working hypothesis, the study aims to explain the role of psychological safety in fostering a beneficial environment for employee engagement and, thus, improved, innovative work behavior, particularly within the context of Swiss SMEs. The findings could provide valuable insights for enhancing organizational innovation initiatives and driving business development.

1.5 Structure of the Master's Thesis

After briefly introducing the subject, Chapter 2, the first section of the master's thesis, discusses the theoretical underpinnings. Therefore, a comprehensive literature review on psychological safety at the workplace is conducted and summarized. The objective is to explore the connection between a psychologically safe environment, which should lead to more employee engagement and thus promote innovative work behavior. Furthermore, it is demonstrated how the theory and the current inquiry relate to one another. Based on this, the conceptual model and the hypotheses are derived.

The methodological approach that follows in Chapter 3 will justify the use of qualitative techniques like expert interviews and the selection criteria. Additionally, the category application will get explained to clarify the coding process.

The results section is provided in Chapter 4. The results of the expert interviews will be presented and will provide an in-depth insight into how the research question was answered. Afterward, the scientific quality standards will be elaborated, and the use of the provided data will be reflected.

Chapter 5 contains the discussion, critically comparing the results to previous research and connecting them to current literature. This chapter concludes with an answer to the research question and the resulting recommendations for action.

Finally, Chapter 6 contains the overall conclusion, with limitations including critically examining the chosen methodology and identifying potential future follow-up projects. This final chapter concludes this master's thesis.

2 State of Knowledge

As previously mentioned, today's business climate is primarily characterized by competition, technological advancements, and dynamic changes in market conditions (Andersson et al., 2020, p. 5), which leads to continuous innovation being the key driver of organizational

growth, prosperity, and competitive advantage (Edmondson & Lei, 2014, p. 24). To ensure their long-term survival and competitive advantage, all organizations, especially high-tech service providers such as information technology service companies, have identified innovation as their strategic goal (Hidalgo & Albors, 2008, p. 125). Because according to a growing body of research, employee innovation behavior, including creating and exploiting new, worthwhile ideas, is the primary driver of continuous innovation (Andersson et al., 2020, pp. 2–5). As a result, research on the elements that promote employee innovation has multiplied over the past three decades.

Furthermore, today employees must collaborate across organizational boundaries to achieve organizational goals because of their narrow expertise and increasingly complex tasks (Burke et al., 2006, pp. 1194–1195). Thus, understanding how employees work together to achieve common goals is crucial. Organizational research suggests that psychological safety is essential for understanding team dynamics and collaboration (Edmondson, 1999, pp. 350–351).

Therefore, through a careful analysis of the literature, the following subsections explain the definitions of the terms and the relationships between the following three variables: (1) *Psychological Safety at Work*, (2) *Employee Work Engagement*, and (3) *Innovative Work Behavior*.

To do so, we will first dive into the term of psychological safety at work and explain its influence on employee engagement and innovative work behavior since such an environment might lead to engaged employees feeling more confident to speak up and engage in idea-generation processes.

2.1 Psychological Safety at the Workplace for Innovation Teams

The concept of psychological safety at the workplace got emphasized by the study of Edmondson (1999, p. 351), stating that psychological safety helps people adapt to profound change. Even though psychological safety has been defined in different ways, most studies adopt Edmondson's (1999, p. 354) definition, which states that psychological safety is a view

shared by people about whether it is safe to take interpersonal risks at work (Edmondson & Lei, 2014, p. 23).

In a psychologically safe work environment, employees feel comfortable knowing their colleagues will not judge them for being who they are or saying what they think (Edmondson, 1999, pp. 351–352). They also know that their colleagues respect each other's expertise, care about each other as people, and have good intentions (Edmondson, 1999, pp. 361–362). More specifically, a psychologically safe environment is one in which people feel protected from the potential negative effects of actions thought to involve interpersonal risk (Newman et al., 2017, pp. 522–523). Alternatively, psychological safety "minimizes excessive concern about others' reactions to activities that have the potential to be embarrassing or dangerous, which is often the case with learning behaviors" (Edmondson, 1999, p. 355). These learning behaviors include "asking for feedback, sharing information, asking for support, discussing mistakes, and experimenting" (Edmondson, 1999, p. 351). Therefore, an environment that promotes psychological safety encourages employees to be willing to learn and use their creative potential (West, 1990, p. 312).

However, psychological safety does not refer to a friendly atmosphere where everyone knows each other well or that there are no work pressures or problems (Edmondson, 2003, p. 5). On the contrary, psychological safety refers to an environment where constructive conversations can occur, allowing for the early identification of problems and achieving common goals (Edmondson, 2003, p. 5). Furthermore, employees who experience psychological safety exhibit higher-risk interpersonal behaviors such as open communication, speaking up about problems, and seeking more feedback (Edmondson, 1999, pp. 351–352; p. 371). At various levels of analysis, this has been shown to, in turn, impact a variety of workplace outcomes, such as learning and performance (Edmondson & Lei, 2014, p. 36). On the other hand, psychological safety refers to people's beliefs about the larger social and work environment and how they believe others will respond to unsafe behavior in the workplace (Carmeli et al., 2009, pp. 712–713).

Furthermore, it enables people to deal with findings that do not meet their expectations without becoming defensive, which is virtually inevitable in an innovation team (Edmondson, 2003, p. 5). Additionally, asking questions, soliciting open-ended feedback on

a new concept, and experimenting are examples of actions that effective innovation team action inevitably entails. However, engaging in those activities can be risky because others might view you as uneducated, disruptive, or incompetent (Edmondson, 1999, p. 351). Thus, people's perceived psychological safety affects their behavior (Kahn, 1990, p. 708), resulting in the willingness to experiment and innovate when psychological safety at work is high because it reduces the fear of possible failure and its negative consequences (Newman et al., 2017, pp. 528–529). It also allows employees to devote more time and effort to tasks, improving organizational performance.

Therefore, the expectation, approbation, and practical support of attempts to bring new and better methods of doing things in the workplace are all examples of support for innovation. New ideas inside groups might frequently be rejected or disregarded, or they might win verbal and practical support. Such group dynamics impact how individuals and groups behave and can either inspire or deter team members from introducing ideas (West, 2002, p. 373). In addition, studies have shown that psychological safety can spur the experimentation necessary for invention. Teams have been shown to innovate through trial and error when risk-taking and fault tolerance are encouraged (West, 2002, p. 373).

In contrast, teams that lack psychological security are less likely to exhibit creative behaviors. They are less likely to speak up for fear of ridicule or hidden forms of interpersonal rejection. As a result, members are less likely to propose new ideas, challenge others' ideas or the status quo, or admit mistakes (West, 2002, pp. 366–367). Thus, psychological safety in teams promotes creativity and innovation by mitigating such interpersonal risks associated with the creative process (West, 2002, p. 373).

2.1.1 Psychological Safety as a Team-Level Construct

It is important to note that the positive benefits of psychological safety described in research mainly apply to the individual or team level of analysis (Newman et al., 2017, pp. 521–522), which means that less is known about whether these processes also apply at the organizational level. However, according to Kahn (1990, p. 708), psychological safety focuses on individual-level perceptions, while Edmondson (2003, p. 5) offers psychological

safety as a group-level construct stating that the perceived psychological safety is the same within teams but different across all teams within an organization.

Therefore, it seems acceptable to assert that psychological safety in organizations is critical for explaining firm-level outcomes and phenomena, such as firm innovation performance and innovativeness (Baer & Frese, 2003, p. 61). Even though psychological safety varies greatly within groups in an organization (Edmondson, 1999, p. 355), and local characteristics such as supervisor behavior, clarity of goals, and task interdependence can have an impact (Carmeli et al., 2009, pp. 86–87). Such different perspectives on interpersonal risks even apply to groups with a strong shared organizational culture (Edmondson, 1999, pp. 371–374). Thus, these findings suggest that psychological safety is primarily a group-level phenomenon since these differences can be attributed to the actions of direct supervisors, who convey different messages about the implications of interpersonal risk in the context of actions such as admitting mistakes, seeking help, or offering ideas. Furthermore, when team members see their supervisor admitting a mistake in front of the group, they are more likely to remember this the next time they do the same and feel more at ease bringing it up (Edmondson, 2003, p. 17).

2.1.2 The Influence of Trust on Psychological Safety

According to Kahn (1990, p. 706), relationships within a group that are characterized by trust and respect make people feel psychologically safer. Recent studies of close relationships in the workplace demonstrate the positive effects of these relationships on psychological safety (Carmeli & Gittell, 2009, p. 723). Furthermore, employees may devote more time, effort, and encouragement to their work when they have more trust in their supervisor. This trust is enhanced when workers see that their managers are friendly, helpful, and keep their promises (Carmeli & Gittell, 2009, pp. 723–724). Christian et al. (2011, pp. 119–120) discovered data indicating a connection between employee work engagement and job performance and a possible incremental validity over job attitudes in predicting performance. As a result, employee performance is improved. Since trust in leaders is a critical factor in motivating employees to dedicate themselves to their work, leadership characteristics greatly impact employees (Robinson, 1996, p. 579). When not only the relationship of trust with the leader

is right but also the interactions within a work group are characterized by trust and respect, people are more likely to assume that they will be trusted, which contributes to a sense of psychological safety (Edmondson, 2011, pp. 8–10). Because psychological safety is more than just a feeling since the experience of high levels of interpersonal trust is related to a work environment characterized by mutual respect (Carmeli et al., 2009, pp. 85–86).

When trust is high, the trustee views the trustor as predictable, dependable, and positive (Afsar et al., 2018, p. 1439). As a result, negative behaviors, absenteeism, desire to leave, and burnout will likely decrease because of their increased intrinsic motivation regarding their teams, organizations, and supervisors (Afsar et al., 2018, p. 1439). High levels of trust are established and maintained by high-performing teams throughout a project; however, in temporary work teams, *cognitive trust* (e.g., confidence in a person's competence and reliability) is more critical than *affective trust* (e.g., feelings, emotional closeness, empathy). Therefore, the focus is on creating cognition-based trust in virtual teams, despite the importance of affective trust being acknowledged (Kanawattanachai & Yoo, 2002, pp. 204–205). However, as projects advance, high-performing teams often maintain cognition- and affect-based trust levels, overcoming physical and psychological barriers. Both in their professional behavior (cognition-based trust) and in the sharing of intimate details and feelings (affect-based trust) are manifestations of these trusts (Kanawattanachai & Yoo, 2002, pp. 204–205).

However, Edmondson (2011, p. 3) emphasizes that psychological safety differs from trust. While trust focuses on others, psychological safety emphasizes the self. Another difference is that trust spans a broad temporal spectrum, whereas psychological safety refers to a limited and short time frame (Edmondson, 2011, p. 7). Nonetheless, having trust results in employees having more time and energy to focus on their work.

2.1.3 Fostering Psychological Safety Through Leadership

The leader's leadership style greatly influences the perceived psychological safety of the workforce (Edmondson, 2003, pp. 14–17) because employees who are confident that their

leaders respect their input and invite them to speak up are likelier to do so because they know their voice will be heard (Nembhard & Edmondson, 2006, p. 947).

According to the concept of servant leadership, a leader can increase the psychological safety and trust of their employees by responding to their needs, empowering them, showing empathy, understanding their capabilities, adding value to the community, prioritizing employees, acting ethically, and supporting them in their development and success (Carmeli & Gittell, 2009, p. 724).

Furthermore, by strengthening psychological safety, teams can improve their collaboration and effectiveness and find innovative solutions to challenges (Newman et al., 2017, p. 526). Such a psychologically safe work climate also positively influences firm-level innovation performance in SMEs; by reducing perceived interpersonal threats, collective learning behaviors get stimulated. However, this beneficial effect only occurs above a certain psychological safety threshold, implying that sufficient psychological safety is needed for enhanced innovation outcomes (Andersson et al., 2020, pp. 10–11).

Therefore, leaders should strengthen the psychological safety of their teams by fostering a supportive and positive work climate (Edmondson, 2003, pp. 14–17). To do so, leaders should offer praise, recognition, and constructive feedback to strengthen competencies and skills. Thus, managers should be trained to solicit and acknowledge feedback from their teams publicly (Edmondson, 1999, p. 356). Additionally, managers can increase trust and openness in team communication by making employees feel that their performance is valued and that their opinions and ideas are important (Edmondson, 2003, pp. 14–17). Because in a workplace with high psychological safety, employees are likelier to adopt new habits and practices (Carmeli & Gittell, 2009, pp. 723–724).

There is little doubt that formal power dynamics influence how employees perceive interpersonal risks at work. Such power dynamics have been demonstrated in the study literature in several ways, including the fact that negative messages are rarely communicated 'upward' and that subordinates are less likely to ask their supervisors for help than their peers or others (Edmondson, 2003, p. 14). However, modern organizations can benefit from upward communication as a powerful tool for success and learning. In such an environment,

employees can help challenge the status quo, identify problems or areas for improvement, and offer suggestions for improving the health of their organization (Edmondson & Lei, 2014, p. 37).

Furthermore, open communication and supportive leadership are beneficial to circumvent this behavior and foster idea generation (Amabile et al., 1996, p. 1160). Because previous studies (e.g., Nembhard & Edmondson, 2006, p. 947) have proven that the hierarchy, i.e., the degree of respect and authority shown to people based on their position in a social system, affects psychological safety. It is also suggested that psychological safety is enhanced when leaders intentionally reduce status differences between themselves and subordinate personnel and maintain mutual support, acceptance, and respect (Edmondson, 2003, pp. 16–17).

On the other hand, team members may feel unwelcome or unappreciated when leaders take an authoritarian approach or are punitive (Edmondson, 1999, p. 356). As a result, workers may actively seek to control their reputations and therefore use avoidance strategies to avoid being seen as ignorant, incompetent, unfavorable, and disruptive (Edmondson, 1999, p. 351). When there is perceived psychological safety within the team, workers may discard the avoidance strategies and seek help from the manager because there is less fear of being seen as incompetent (Edmondson, 1999, pp. 351–352). Similarly, those who desire feedback on their work expose themselves to criticism and even humiliation. A psychologically safe work environment can help to allay these fears and encourages learning activities like asking for feedback from others (Edmondson, 1999, p. 352).

2.1.3.1 Dealing with Errors and Wrong Decisions

An important factor in creating a psychologically safe work environment is for leaders to exemplify positive behavior, especially in dealing with mistakes and failures. By demonstrating that mistakes can be viewed as learning opportunities and that it is vital to learn from them and move on, leaders can create an environment where employees are not afraid to take risks and try new ideas (Edmondson, 2004, pp. 79–86). In such an environment, those who express opinions can expect to be viewed not as people who have "crossed the

line" but as contributors who help prevent mistakes and enable working hypotheses that support the development of more robust processes (Edmondson, 2004, pp. 79–86).

Studies of job satisfaction show that workers who believe they have a lower risk of making mistakes are more likely to be satisfied with their position because psychological safety lowers anxiety and allows for career growth (Edmondson, 2003, pp. 1423–1424).

2.1.3.2   Promoting a Learning Culture

An organization's learning culture is related to the innovation process. Hence why, the researchers Kyoung Park et al. (2014, pp. 87–88) stated that a learning organization does not directly influence innovative behavior but indirectly influences it through work engagement. Enabling such a learning culture supports the employee's engagement at work, resulting in innovative work behavior since they are more likely to make suggestions and have ideas for improvement. Therefore, organizations trying to build a strong innovation culture must foster knowledge sharing, strategic leadership, and employee engagement (Kyoung Park et al., 2014, pp. 87–88).

Edgar Schein and Warren Bennis (1965, pp. 604–605), two MIT scholars, argued that psychological safety is necessary for employees to feel safe and adapt their behavior in response to changing organizational difficulties. However, there are several definitions for the concept of organizational learning. Firstly, organizational learning is essential to an organization's competitiveness, which requires an efficient response to environmental changes regardless of its methods and processes. Secondly, learning occurs at different levels and is maintained at individual, group, and organizational levels (Crossan et al., 1999, p. 524).

Despite individual learning outcomes being a crucial component of organizational learning, groups and organizations can still maintain their norms, values, and cultures by drawing lessons from the successes or failures of individual members. For example, organizational learning behavior involves consistently seeking new information, testing the truth of working hypotheses, and looking for ways to improve work processes. Thus, organizational learning

behavior involves continuous reflection and action through which knowledge is gained, shared, and combined (Edmondson & Lei, 2014, pp. 39–40). Therefore, interactions among group members are necessary for organizational learning (Edmondson & Lei, 2014, p. 36).

Learning depends on participants sharing knowledge and developing new approaches to improve operations. Consequently, learning can be viewed as a dynamic behavioral process of interaction and exchange among team members (Edmondson & Lei, 2014, p. 26). It is also seen as a relational process underscores how individual interactions influence or inhibit organizational learning behavior (Carmeli et al., 2009, pp. 92–93). Moreover, a relational perspective on organizational learning is critical when work becomes more interdependent and complicated, for instance, work environments are becoming more virtual (Carmeli et al., 2009, pp. 92–93).

Given these changing circumstances, it is more important than ever for members of an organization to have close relationships with each other, while at the same time, it is becoming increasingly difficult to do so (Carmeli et al., 2009, p. 93). Therefore, by establishing high-quality relationships, managers can encourage other beneficial results like expanding their firms' knowledge bases, improving the dependability of their performance, and encouraging creativity and innovation (Carmeli & Gittell, 2009, pp. 723–724). Such relationships allow for the exchange of thoughts and information and promote the development of problem-solving skills and new approaches. Participants in such relationships also experience a sense of appreciation and connectedness, which helps them overcome uncertainty when working through problems. For this to happen, however, all team members must consciously work to show appreciation for one another to create a space where people can openly express their feelings and learn (Carmeli et al., 2009, p. 85).

Regardless of the benefits of organizational learning, people are often reluctant to engage in the process and associated behaviors (i.e., to express themselves, cooperate, and experiment) because they believe significant interpersonal risks are involved. People are aware of the threat to their reputation in general, but especially in the workplace (Carmeli et al., 2009, p. 50). Therefore, they work hard to maintain a positive reputation to be seen as intelligent, capable, cheerful, and helpful because it brings socioemotional and practical benefits (Edmondson et al., 2001, pp. 688–698). As a result, this can lead employees to cover up

mistakes and withhold criticism, even though critical feedback is critical for learning and eventual performance improvement (Carmeli et al., 2009, p. 86).

Unfortunately, despite these benefits, people in organizations often remain silent because they are afraid to speak up (Lee, Kim & Yun, 2023, pp. 1048–1049). Not speaking up is disastrous for a company because, according to Baer & Frese (2003, p. 61), goal achievement and return on investment significantly and positively correlate with a group's psychological safety assessment.

2.1.3.3 Effects of a Lack of Psychological Safety

Edmondson (1999, p. 356) demonstrated that nurses were more willing to talk about medication errors when they described their hospital unit as "nonpunitive" and "nonjudgmental," terms suggestive of psychological safety. Dutton et al. (1997, pp. 407–408) similarly demonstrated that mid-level managers made decisions about addressing problems based on their assessment of psychological safety. The researchers stated that managers were more likely to bring their problems to the attention of senior management, which is usually considered dangerous if they perceived the corporate culture as open and encouraging for new ideas. Such improved communication through psychological safety is also supported by Siemsen et al. (2009, p. 429), stating that communication frequency between coworkers promotes psychological safety and that employees' trust in their knowledge is correlated with the information's ability to be codified.

2.1.4 Definition of SMEs and their Perceived Psychological Safety

The European Commission's employment criterion defines an SME as any business with less than 250 employees (Cressy & Olofsson, 1997, p. 87) and an annual turnover or balance sheet total not exceeding EUR 50 million (BFS, 2023). Swiss SMEs account for 99% of all companies in Switzerland, responsible for the largest share of employment and economic value added in Switzerland (BFS, 2023).

SMEs are pressured to adapt their work environments to meet the changing demands of the global economy (Stoffers et al., 2020, p. 168) in order to maintain their competitive advantage (Edmondson & Lei, 2014, p. 24). For that reason, it is crucial for companies to use their employee's innovation potential because SMEs may depend more on using all available resources within the firm (Baer & Frese, 2003, pp. 57–61). Therefore, Baer and Frese (2003, pp. 57–61) argued that psychological safety must exist at the organizational level, not just at the level of specific teams, to implement innovation using their human resources effectively.

They further argue that shared perceptions are a prerequisite for psychological safety; therefore, the validity of the notion of organizational climate for psychological safety depends on the extent to which it is plausible to assume a unified organizational climate (Baer & Frese, 2003, pp. 47–48), assuming that SMEs have a more consistent organizational climate than larger corporations (Baer & Frese, 2003, p. 57).

Although SMEs likely have a broader picture of a local firm's employees and behaviors, interdependencies are much more pronounced for individuals in smaller firms than large corporations. Strong interdependencies mean the potential for perceived interpersonal threats is greater in SMEs than in large corporations. For instance, a disproportionately higher proportion of employees in SMEs perceive and possibly have an impact on openly discussing mistakes or other potentially risky learning behaviors (Baer & Frese, 2003, pp. 57–61).

2.2 Employee Work Engagement

The concept of employee work engagement has recently gained importance as it positively impacts corporate success (Ugwu et al., 2014, p. 378). High levels of employee engagement are considered a source of competitive advantage. Companies need engaged employees to survive in the current business climate because it will lead to innovative behavior and improved employee performance (Ugwu et al., 2014, pp. 377–378).

William A. Kahn was the first to develop the concept of engagement. According to Kahn (1990, p. 694), engagement involves performing an organizational task while being mentally and physically present. Mental, physical, and emotional engagement is required to perform

a job function. It should be noted that the terms "employee engagement" and "work engagement" are interchangeable and refer to the same general concept that combines a person's physical, mental, and emotional energies (Shuck et al., 2017, p. 264). It is defined as giving your all at work to make a difference (Shuck et al., 2017, p. 266). According to Schaufeli et al. (2002, pp. 74–75), work engagement is a multifaceted construct that includes vitality (i.e., a high level of vitality and mental strength), dedication (i.e., a strong commitment to work) and absorption. Employee devotion to the organization is reflected in their emotional engagement. Furthermore, employee engagement refers to a person's attachment and attitude toward his or her organization, whereby one's work and performance are recognized and reflected in the organization (Saks, 2006, p. 602). Thus, highly engaged employees can demonstrate their commitment and trust in the company, as they are motivated to perform their duties to the best of their abilities under these circumstances. The positive effects of work engagement on organizational outcomes have been empirically demonstrated in several studies, including personal initiative (Baer & Frese, 2003, pp. 46–47), out-of-role performance (Bakker et al., 2004, pp. 95–97), organizational commitment (Saks, 2006, p. 613), and job performance (Bakker et al., 2004, pp. 85–87).

Furthermore, employee engagement has been defined by Shuck et al. (2017, p. 269) as a "positive, active, work-related psychological state operationalized by the maintenance, intensity, and direction of cognitive, emotional, and behavioral energy." According to Newman & Harrison (2008, pp. 34–35), the three behaviors: (1) *job performance*, (2) *citizenship*, and (3) *commitment* indicate high employee engagement. Thus, it is often referred to as passion for work (Christian et al., 2011) or a person's emotional and intellectual commitment to an institution (Vance, 2006, p. 4).

Scholars such as Vance (2006, p. 4) stated that employees can be engaged or disengaged. However, highly engaged employees are 1.3 times more likely to be top performers than disengaged employees. They are also five times less likely to willingly depart the firm (Vance, 2006, p. 2). For Kahn (1990, p. 703), *meaningfulness*, *security*, and *availability* are three psychological factors associated with engagement or disengagement in the workplace. Based on their psychological experience, people either engage and express their best selves or disengage and defend themselves. This view is supported by May et al. (2004, p. 30), stating that all three factors (e.g., meaningfulness, security, and availability) play crucial roles

in determining work engagement. Their results indicate that psychological meaningfulness and safety positively impact employees' involvement in their work roles. Specifically, job enrichment and work role fit increase psychological meaningfulness, while supportive supervisors and rewarding coworker relationships bolster psychological safety (May et al., 2004, p. 30).

2.2.1 The Relation between Work Engagement and Psychological Safety

Kahn's (1990, p. 694) definition of work engagement is "harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance." Kahn's (1990, p. 703) efforts to portray engagement as a motivational state that occurs when one feels safe to engage in one's task without fear of negative consequences have been echoed in later work (e.g., Edmondson & Lei, 2014, pp. 36–37). Psychological safety, which reduces fear of poor outcomes, is critical in encouraging employees to apply their physical, emotional, and cognitive resources to their work (Christian et al., 2011, p. 99). Reducing this fear is critical because people access new knowledge and experiences more quickly when they experience pleasant feelings at work, facilitating learning and implementing experiences (Carmeli et al., 2009, pp. 82–83). Frazier et al. (2017, p. 140) also discovered a strong correlation between psychological safety and employee engagement, task performance, and satisfaction.

According to Cao & Zhang (2020, p. 664), people with positive affect have a broad range of cognitions and activities and increased energy for action, which promotes problem-solving, adaptability, and resourcefulness. People can perceive problems from a broader perspective, enabling them to come up with various possible solutions. This problem-solving strengthens the organization's learning culture and thus promotes employee engagement in innovative activities (Kyoung Park et al., 2014, pp. 87–88). Employees who are highly engaged at work are more likely to seek out and participate in new and creative ideas to increase the efficiency of their organization (Baer & Frese, 2003, pp. 48–49). Employees' image of the workplace as where they can thrive and develop is influenced by the empowerment, support, and appreciation they experience by participating in conversations about issues that impact their work (Carmeli et al., 2009, p. 84). People tend to be more committed to their work and put

forth more effort when they have a voice in decisions, have influence, and feel free to express their thoughts (Lee et al., 2021, pp. 1061–1062).

Additionally, according to researchers, psychological safety can affect performance outcomes by promoting social interaction between the employee and the company and strengthening the employee's sense of belonging to that company (Veriyanti & Nurhayati, 2022, pp. 157–158). Because employees who develop a stronger emotional attachment to the organization desire to stay there long-term (Mackay et al., 2017, p. 117). As a result, psychological security promotes higher levels of commitment (Detert & Burris, 2007, pp. 871–872). This view is supported by the study of Ugwu et al. (2014, pp. 390–392) stating that organizational trust and psychological empowerment are positively related to work engagement. Thus, employees with high trust and empowerment levels show higher engagement. This effect may be due to employees responding with positive job behaviors when they trust their employers or can influence job outcomes. Also, psychological empowerment, like a motivational concept like self-efficacy, is a significant predictor of positive work outcomes (Ugwu et al., 2014, pp. 390–392).

2.2.2 Fostering Employee Work Engagement

An employee's level of commitment and involvement with the company and its principles is reflected in the level of employee engagement (Vance, 2006, pp. 2–4). According to Christian et al. (2011, p. 100), engaged employees are enthusiastic and fully committed. Furthermore, engaged employees are encouraged to go beyond their duties and engage in non-role behaviors such as innovation (Veriyanti & Nurhayati, 2022, p. 154). Similarly, when managers encourage their employees to be entrepreneurial at work, they can demonstrate greater organizational commitment (Renko et al., 2015, p. 57).

Therefore, Mackay et al. (2017, pp. 109–110) described engagement as a mutually beneficial relationship between the employer and the employee. Engaged employees are willing to go to great lengths to ensure the success of their company because they genuinely care. In today's highly competitive marketplace, companies must ensure that their employees are engaged, as this positively impacts job performance (Christian et al., 2011, pp. 119–120).

Contrary, according to Saks (2006, p. 612), no scientific data supports the relevance of employee engagement for organizational performance and financial success. However, their study shows that engaged employees are more motivated and creative, contributing to greater company efficiency and productivity (Saks, 2006, p. 613). Higher engagement also leads to higher employee retention and a positive work climate. Managers can foster employee engagement by creating a supportive environment and valuing and rewarding employees' work. Additionally, clear communication of company goals and expectations is also essential (Saks, 2006, p. 613). Furthermore, it is important that the employee can work within the scope of his or her competencies to be more engaged and therefore perform at a higher level (Mackay et al., 2017, p. 115).

2.2.3 Employee Work Engagement and Innovation

The work engagement of intrinsically motivated employees is closely related to creativity in the sense of promoting initiative behavior. According to Saks (2006, pp. 601–603), employees' creativity is enhanced by their belief in their ability to achieve goals, which enables them to give their full attention to their work. According to Hakanen et al. (2008, p. 88), motivated employees take more initiative, which increases the innovative capacity of the work unit, thus, they work tirelessly and address problems proactively. A research study by Christian et al. (2011, p. 123) discovered a significant relationship between work engagement and work performance, which indicates that motivated staff will likely complete their responsibilities more successfully and efficiently.

According to Janssen (2000, p. 288), innovative work behavior refers to the development and application of innovative ideas by employees in performing their work to improve their task performance, group performance, or organizational performance. Innovative behavior is an out-of-role activity, and for such behavior to occur, individuals must demonstrate a strong commitment to their organization and work (Amankwaa et al., 2019, p. 403). An essential component of organizational commitment is affective commitment, defined as an intense emotional bond between employees and their employer, characterized by identification with the latter and engagement in work (Amankwaa et al., 2019, pp. 413–414). Additionally, effective leadership behaviors strongly influence affective commitment and significantly

impact employee outcomes, such as innovative behaviors (Amankwaa et al., 2019, pp. 413–414). Thus, employee engagement is expected to increase with innovation activity. Because inventiveness, risk-taking, and attentiveness drive employees' innovative behavior. The least influential factor in innovative behavior is result orientation (Veriyanti & Nurhayati, 2022, p. 157).

2.2.4 Employee Engagement and Work Relationships

According to Tung-Ju et al. (2019, pp. 3209–3210), positive feelings increase employees' job engagement, which enhances their innovative work behavior. Thus, employees are more inclined to propose original ideas when supervisors exercise strong emotional control over their behavior and do not harshly criticize them. Furthermore, employees perceiving a positive work environment are more likely to be dedicated to their work and more likely to feel intrinsically motivated (Tung-Ju et al., 2019, pp. 3209–3210).

In addition, leaders who are more in control of their own emotions tend to maintain positive emotions and engage in positive emotional labor, which fosters positive relationships between leaders and subordinates and allows workers to express their creativity and highly innovative behaviors freely (Odoardi et al., 2015, pp. 599–561). However, people who experience high levels of negative emotions are more likely to work under pressure, which makes them vulnerable to emotional exhaustion or disinterest in their work (Tung-Ju et al., 2019, p. 3209). Therefore, the relationship with the manager is crucial for an employee to be engaged in work, as well as the interpersonal relationships at work.

Some empirical research shows that workplace friendships positively impact intention to leave, emotional engagement, information sharing, and work effectiveness (Cao & Zhang, 2020, pp. 661–662). Numerous researchers have found that relationships among employees are critical to how well they perform at work (Pillemer & Rothbard, 2018, p. 18). For example, Pillemer and Rothbard (2018, pp. 16–19) conclude that weakened professional friendships can affect employee loyalty and organizational effectiveness under certain circumstances. In addition, activities unrelated to work, such as gossip, have promoted teamwork and cohesion. Therefore, friendship in the workplace is defined as a casual

interpersonal relationship that exists in the workplace and is distinct from other types of partnerships that serve a specific purpose, such as mentorship or interactions between supervisors and subordinates (Dobel, 2001, pp. 146–148). Some scholars argue that a friendship formed in the workplace goes beyond a superficial acquaintance, as those involved always see common ground and genuinely show commitment, trust, and benefit to one another (Cao & Zhang, 2020, p. 663).

Establishing such a relationship can be beneficial for employee retention because retaining a qualified and competent team is one of the main problems for companies. Although occasional turnover can benefit the employer (e.g., if employees perform poorly) (Vandenberg & Nelson, 1999, p. 1313), losing excellent talent can harm the organization (Afsar et al., 2018, p. 1436). According to Afsar et al. (2018, pp. 1438–1441), some of the main reasons why an employee leaves one company for another are lack of recognition and reward, personal growth, career advancement, empowerment, management leadership, respect for employees, retention of talented employees, supervisory issues, cultural fit, and job security. The battle for talent is becoming more intense and has recently become more important (Afsar et al., 2018, pp. 1436–1437). Thus, recognizing and adequately compensating the employees' contributions is essential because they are more likely to stay with their organization (Afsar et al., 2018, p. 1441). The more engaged an employee is with the company, the more likely they are to stay (Afsar et al., 2018, p. 1439) because disengaged workers are more likely to seek another job actively.

2.3   Innovative Work Behavior

Innovative work behavior can be defined as the intentional creation, introduction, and application of new ideas within a work role, group, or organization that are novel and provide great benefit to the individual, group, organization, or society (Janssen, 2000, p. 288; West & Farr, 1990, p. 9). Therefore, innovation is the translation of ideas into practice, while creativity is the development of ideas. Amabile et al. (1996, p. 1169) stated that "creativity" is a process in which an individual or a small group collaborates to develop original and valuable ideas. According to Sharifirad (2013, pp. 214–215), perceived psychological safety has a mediating influence on innovative work behavior. Thus, the management must provide

a psychologically safe environment for staff members to experiment with new ideas without worrying about the consequences (Mansoor et al., 2021, p. 7).

Understanding innovation involves answering three key questions: (1) *how innovations develop over time*, (2) *what problems are likely encountered during the innovation process*, and (3) *how to manage these problems*. They mainly consist of developing ideas into widely accepted practices, managing attention to innovation, understanding the relationship between parts and the whole in an innovation process, and leading innovation at the institutional level (Van de Ven, 1986, pp. 604–605). Scott and Bruce (1994, p. 48) stated that innovative work behaviors are complex behaviors consisting of three distinct behavioral tasks: (1) *Idea generation*, (2) *Idea promotion*, and (3) *Idea implementation*. While idea generation, the development of new and practical concepts in any domain, is the first step toward organizational encouragement (Amabile et al., 1996, p. 1159). However, Amabile et al. (1996, p. 1156) stated that there are three other organizational factors for creativity and innovation: (1) *organizational motivation to innovate*, (2) *resources to innovate*, and (3) *management practices* which refer to the autonomy and freedom in how work is done.

The following subchapters have been formed according to the above mentioned three distinct behavioral tasks of Scott and Bruce (1994, p. 48) in order to shed more light on the different phases of an innovation process.

2.3.1 Idea Generation

According to Gong et al. (2012, p. 1617), developing novel ideas does not guarantee the achievement of desired goals, as most ideas are unsuccessful. The researchers also mentioned the possibility that new concepts would be rejected if they were seen as abnormal behavior in the workplace. Therefore, employees need a psychologically safe work environment to make them feel more secure and allow them to participate more in creative processes and thus realize their creative potential (Carmeli et al., 2010, pp. 256–257). This allows them to overcome innovation barriers such as the "fear of failure" (Carmeli & Gittell, 2009, p. 710) and results in improved learning behaviors, such as organizational members' willingness and ability to challenge the status quo, which is critical for organizational innovation (Edmondson

& Lei, 2014, p. 27; Frazier et al., 2017, p. 140). Consequently, an organizational environment that promotes psychological safety is more likely to encourage individuals to question and improve current practices, communicate new ideas, and experiment with new goods, services, and procedures.

In contrast, team members in a psychologically insecure work environment are perceived by others (e.g., the manager) as troublemakers when they express their ideas in the workplace (Edmondson & Lei, 2014, pp. 36–37), which will lead to employees defending themselves extensively and avoidance to engage in innovative work behaviors because this is associated with risky behavior (Edmondson & Lei, 2014, pp. 24–25). Furthermore, they do not engage in innovative behavior if they believe they are not fairly rewarded by the leader (Janssen, 2000, p. 297). However, people will be most creative when they are primarily intrinsically motivated by the interest, enjoyment, satisfaction, and challenge of the work itself; this intrinsic motivation can be undermined by extrinsic motivators that lead people to feel externally controlled in their work (Amabile et al., 1996, p. 1159). For that reason, the importance of intrinsic motivation to the creative process has been emphasized. Contrary to extrinsic motivators, which make people feel that their work is being directed from the outside, which weakens this intrinsic motivation (Amabile et al., 1996, p. 1158).

The research of Honig-Haftel and Martin (1993, pp. 267–268) showed that average research and development (R&D) expenditure significantly impacts patent productivity, with firm size being a crucial determinant of effective incentive types for patent output. They stated that small firms benefit from monetary-based reward systems such as variable bonuses to increase their patent output (Honig-Haftel & Martin, 1993, pp. 267–268). However, for all patent-culture firms, a combination of monetary and non-monetary incentives has a significant effect. Additionally, the type of reward system can influence increased patent output, with informal award programs and variable bonus plans being effective across all firm sizes (Honig-Haftel & Martin, 1993, pp. 267–268).

2.3.2 Idea Promotion

Team members with direct access to inclusive leadership exhibit non-defensive behaviors and high self-esteem and self-identity levels (Carmeli et al., 2010, pp. 256–257). Therefore, these employees feel more comfortable expressing and discussing new ideas, innovative technologies, and workplace opportunities (Carmeli et al., 2010, pp. 256–257). Team members must share their thoughts and knowledge in order to collaborate and transform new ideas into viable processes, goods, or services (Dreu & West, 2001, p. 1198). To do so, inclusive leaders should emphasize open communication and developing strong interpersonal relationships so that all team members feel safe enough to innovate (Edmondson, 2003, p. 1438).

2.3.3 Idea Realization

For an idea to become an innovation, it must be implemented or institutionalized. This happens through a social and political process where people become invested in or attached to new ideas, pushing them to become an implemented reality. However, people only pay attention to new ideas when they face problems, opportunities, or threats that trigger a need for change (Van de Ven, 1986, pp. 604–605). Therefore, companies must experiment to discover what works and what does not, even when developing concepts for new goods or services or creative solutions to existing problems, as failures can provide tremendous learning opportunities for organizations (Carmeli & Gittell, 2009, p. 712) and more valuable for learning than successes (Carmeli, 2007, p. 39). This is why unsuccessful innovation attempts are more likely to be tolerated in a workplace where creativity is encouraged and where there are explicit and implemented norms for innovation. As a result, team members are willing to take risks to adopt new ideas (West, 2002, p. 368). When the team and the organization are open to change, embrace and respect new ideas, and openly praise and reward them, innovation is more likely to occur (Amabile et al., 1996, p. 1160).

According to (Lee et al., 2023, p. 1051), teams can sustain the innovation process when they share common goals and responsibilities because a shared narrative encourages the sharing of tacit experiences and team practices, which results in examining and improving team

practices. A shared language and code also promote the ability to integrate knowledge (Tsai & Ghoshal, 1998, pp. 467–468). According to Rank et al. (2004, p. 523), linguistic behavior, such as the willingness to ask questions and make suggestions for improvement, is the link between creativity, the generation of new ideas, and innovation, or the translation of those ideas into practice.

3 Methodology

The basis of the master's thesis is empirical data collection and data analysis. The chosen approach is adapted to the initial situation and the research question: *"To what extent does a psychologically safe work environment lead to greater employee engagement and thus to more innovative work behavior in Swiss SMEs?"*. It is described and justified in this chapter, consisting of three subchapters, the literature review, the choice of the research design, and the category application. Thus, data collection aims to answer the main research question and the sub-research questions.

3.1 Procedure & Literature Review

The first step is to conduct a literature review to investigate the research question. A comprehensive literature review can identify existing theories and research findings on the relationship between a psychologically safe work environment, employee engagement, and innovative work behaviors. Based on the literature review, the hypotheses are formulated, and the conceptual model is created. The second step is to define the sample. For this purpose, the interviewees were selectively chosen based on characteristics such as company size, industry, and geographical location (see Appendix 8.4). Third, the method for data collection is determined. Various methods can be used for this, such as qualitative interviews, focus groups, and questionnaires. Questions should focus on working conditions, employee engagement and innovative behavior, and perceptions of psychological safety in the workplace. The method selection of qualitative interviews is described in detail in the next chapter.

The fourth step involves the analysis of the collected data, which is transcribing and coding to identify patterns and themes. Fifth, the results are validated, in this case, based on compliance with the quality criteria. In the final step, the results are evaluated in Chapter 4 and discussed in Chapter 5, summarizing the main findings and implications for practice.

3.2 Research Design

Quantitative and qualitative research has evolved into two distinct disciplines (Flick et al., 2015, p. 24). On the other hand, qualitative research often met with mistrust, seeks to describe phenomena that go beyond predefined categories, adapting and testing theories where necessary (Mayring, 2015, p. 25). Qualitative research aims to describe life from the actors' perspective, highlighting patterns and structures, with the prerequisite of respondent openness (Flick et al., 2015, p. 14 & 26; Hussy et al., 2013, p. 223). The conversation is essential in this process, with various interview techniques and degrees of guidance, such as directed interviews and group discussions (Mayring, 2015, p. 66).

The expert interview, chosen for gathering empirical data for research questions, can be used in quantitative and qualitative research (Bogner & Menz, 2009, p. 61). This form of interview allows researchers to gain insights into a specific topic. Guided interviews are generally non-standardized, with the interviewer creating a list of open questions based on pre-existing knowledge about the research topic, allowing for a comparison of different perspectives (Hussy et al., 2013, p. 227). The appropriate number of conducted interviews for qualitative studies is n = 15–20 (Mayring, 2015, as cited in Thomas, 2021, p. 37). Therefore, the objective was to conduct at least 15 expert interviews. This qualitative method suits the current work and will be elaborated on in the following chapter.

3.2.1 Expert Interviews

In empirical social research, there are various analytical methods. One is qualitative interviews (Mayring, 2015, p.33). For this empirical study, semi-standardized guided interviews with experts have been conducted. These interviews contain thematic aspects

addressed during the interview, with open-ended questions and an order of questioning adaptable to the situation, aiming for a natural conversation flow (Diekmann, 2020, p. 537; Hussy et al., 2013, p. 225;). A high level of researcher concentration is required as spontaneous follow-up questions often arise, which cannot be included in the interview guide (Hussy et al., 2013, p. 225). The interview guide ensures that all relevant topics are covered and allows comparison of various respondents' reactions, which is critical for interview evaluation (Diekmann, 2020, p. 537; Nohl, 2017, p. 17). The design of the interview guide will be explained in the next paragraph.

Expert interviews were conducted as semi-standardized guided interviews. Creating a guide involves planning a communication process that yields the necessary information for the study while considering the respondent's cultural context (Gläser & Laudel, 2010, pp. 114–117). Developing a unique interview guide for each type of expert is advisable, reflecting their specific knowledge. The guide forms a framework that grants the interviewer flexibility in asking questions, but it must be open, flexible, and structured as required by the research interest (Gläser & Laudel, 2010, pp. 142–144). The guide should be clear, concise, and not exceed two pages for easy interview navigation. There is disagreement on whether to formulate questions in total, although Gläser & Laudel (2010, pp. 142–144) for it to ease interview comparability. The guide represents the operationalization result and the survey instrument. It should start with a warm-up question to ease potential tensions among the respondent and adjust communication levels (Gläser & Laudel, 2010, pp. 148–149). Likewise, the final question should be pleasant, such as inviting the respondent to mention any critical aspect of the topic that might have been overlooked during the interview.

A pre-test was conducted with the instructor to test the appropriateness of the interview guiding questions by discussing the questions in advance, allowing the research methodology to be checked for appropriateness and effectiveness before data collection. Following feedback regarding weaknesses and ambiguities, the interview guide was adjusted accordingly. Additionally, before the interview is conducted, it should be considered how it will be transcribed afterward. In this work, the interviews were recorded to avoid loss of information (Gläser & Laudel, 2010, p. 157). Subsequently, the audio files were uploaded to the software Trint and transcribed. The purpose of transcription is to convert the spoken

language into written form. Although this is time-consuming, it cannot be avoided for a detailed evaluation (Mayring, 2015, p. 89).

3.2.2 Selection of Experts

Experts are characterized by their specific knowledge in a defined area and do not necessarily hold a prominent position (Gläser & Laudel, 2010, pp. 11–12). Everyone holds some specialized knowledge about the social contexts in which they operate, and only the immediate participants in a situation possess this information due to their unique positions and observations (Gläser & Laudel, 2010, pp. 11–12). Thus, "expert" in an interview context refers to a source of specialized knowledge, with expert interviews as a method to unlock this knowledge. Within a research context, a person is considered an expert if the researcher believes they possess knowledge that may not be unique to them but is not accessible to everyone in their field of action (Meuser & Nagel, 2009, p. 37).

Therefore, for the empirical answer of this thesis, people were designated as experts with at least three years of management experience and are employed in a Swiss SME. In addition, engaged people, either on LinkedIn or recruited through the extended personal network, were preferred. Such a selection process may result in a selection bias since they all belong to the extended personal network or were found via LinkedIn through their activities. However, care was taken to interview as diverse interview participants as possible to ensure that different age groups, genders, and industries were represented. A detailed account of the selection criteria with information on the interview participants is shown in Appendix 8.4.
In most cases, contact was made via LinkedIn. The interview guide questions were not delivered to avoid bias in the responses. The place of execution was left to the experts and indicated in the interview directory. Regarding time, 30-45 minutes were targeted, but the interview duration varied greatly depending on the interviewee. This information was provided in the Interview Directory at the beginning of the study.

3.3 Category Application for Qualitative Content Analysis

Qualitative analysis methods can be classified into inductive, deductive, and combined approaches (Buber & Holzmüller, 2007, p. 166). According to Mayring (2015, p. 85), in a deductive category definition, the evaluation instrument is defined by theoretical considerations. Theories and concepts from previous research are used for this purpose (Mayring, 2015, p. 85). In contrast, in the inductive procedure, the categories are derived directly from the material in a generalization process without focusing on formulated theories in advance (Mayring, 2015, p. 85). The combined approach's main advantage is providing deeper insights into existing theoretical concepts and establishing hierarchical relationships between linked categories (Buber & Holzmüller, 2007, p. 167). Additionally, it enables a comparison of existing category systems, identifying adequate categories or areas needing augmentation. This process makes it apparent how the category system covers the research question and which categories were inductively supplemented or which pre-defined categories were irrelevant (Buber & Holzmüller, 2007, p. 167). This method is advised when pre-existing theoretical knowledge is present and is pursued via Mayring's qualitative content analysis, which is widely established (Buber & Holzmüller, 2007, p. 167). The process begins by exploring established theoretical concepts and category systems (see Appendix 8.1). The category systems are then expanded through an inductive process until all insights from the transcribed interviews can be assigned to a suitable category (Buber & Holzmüller, 2007, p. 167; Mayring, 2015, p. 85). Implementing such a deductive–inductive method requires a willingness to question and change previous concepts (Buber & Holzmüller, 2007, p. 167).

Therefore, existing theories were elicited in advance in this work (see Appendix 8.1). However, these pre-defined categories are too broad, so the categorization was done inductively to form the subcategories for the categories defined by the theory. Because as mentioned before, the guide was defined to have a rough framework, but the interviews were done individually and specifically according to the respondents' answers. Therefore, the answers turn out very different, so an inductive categorization is applied by continuously forming the categories one after the other.

The categorization proceeds as follows: The structuring dimensions must be derived from the research question and grounded in theory (Mayring, 2015, p. 97). Thus, the categorization takes place in three steps:

1. Determination of the categories: Text components that fall into the same category are defined.
2. Definition of anchor examples: These serve as sample examples for the respective categories.
3. Definition of coding rules: Coding rules are defined to avoid delimitation problems. Subsequently, a pre-test is conducted to test the defined categories (Mayring, 2015, p. 97).

The categorization is carried out software-supported, which should promote the documentation and transparency of the procedure (Döring & Bortz, 2016, p. 107). The entire evaluation and the report with the coded text passages using the MAXQDA software can be found in the appendix.

4 Results

This chapter analyzes the results of the interviews conducted with professionals from different industries. The interview responses were grouped using a coding system and evaluated on a topic-specific basis in the following subsections.

4.1 Establishing a Psychological Safe Work Environment

Every company has a different approach to fostering psychological safety in the workplace. To determine the status quo, surveys or personal interviews are usually conducted. Subsequently, a great emphasis is placed on open communication and trust.

4.1.1 Employee Well-being Surveys and Feedback Meetings

Actively asking for feedback in year-end reviews or targeted surveys to inquire about employee well-being take place in the companies of all respondents. However, the scope and formal setting may vary.

<u>Yearly Well-being Surveys</u>
Some interviewees stated that they have at least a yearly survey at their company (e.g., M.A.E., appx. 8.6.6, lns. 144–148; R.M., appx. 8.6.14, lns. 248–250; A.S., appx. 8.6.3, lns. 430–438; Z.K., appx. 8.6.16, lns. 384–408). The surveys mostly place a focus on asking employees about their well-being (R.M., appx. 8.6.14, lns. 248–250; D.R., appx. 8.6.4, lns. 35–41; A.B., appx. 8.6.1, lns. 63–83; A.S., appx. 8.6.3, lns. 110–126) or about company improvement initiatives and ideas. However, Interviewee A.K. (appx. 8.6.2, lns. 487–495) questions anonymous surveys' effectiveness and added value for gathering employee feedback. According to her, these surveys do not lead to meaningful changes and can create a culture of fear and pressure for managers. On the other hand, direct communication and feedback within the involved teams will promote psychological safety and, therefore, effective problem-solving (A.K., appx. 8.6.2, lns. 487–495). Thus, issues should be addressed directly between team members and their supervisors rather than being mediated by human resources (HR) based on anonymous feedback (A.K., appx. 8.6.2, lns. 524–530; Z.K., appx. 8.6.16, lns. 332–355). Therefore, A.K. (appx. 8.6.2, lns. 524–530) suggests that leaders should actively seek feedback from their teams, peers, and management colleagues to learn and grow continuously. This approach fosters a healthier company culture and improved collaboration instead of relying on anonymous responses in a yearly survey (A.K., appx. 8.6.2, lns. 524–530).

Interviewee Z.K. (appx. 8.6.16, lns. 384–408) is also dissatisfied with the current annual feedback survey. She admits that the company's current employee feedback system is insufficient, which negatively impacts the company culture. To address this, they plan to implement a new feedback structure focused on the work culture, where employees can propose ideas for the company's improvement. Rather than focusing on negative aspects, they aim to foster a sense of shared success across the company. A great emphasis is also placed on action-taking based on feedback to maintain employees' trust (Z.K., appx. 8.6.16,

lns. 384–408). Furthermore, it is important to use appropriate tools for these reviews to provide automatic reminders and track the progress of these initiatives (Z.K., appx. 8.6.16, lns. 423–425). The management team plays a curial role of promoting these feedback mechanisms. As Z.K. and A.B. (appx. 8.6.16, lns. 429–436; A.B., appx. 8.6.1, lns. 113–121) stated, without the leader's active endorsement and prioritization, efforts by the HR-department might not be as effective.

Yearly Feedback Meetings

A way to do so is the yearly feedback discussions between the employee and the supervisor. The focus here is mainly on discussing the yearly performance goals and getting direct feedback from the employee. Some interviewees work at companies where they have additional meetings with their supervisor, which take place two to three times a year to discuss these yearly objectives (N.G., appx. 8.6.10, lns. 224–227; M.E., appx. 8.6.7, lns. 309–312; M.A., appx. 8.6.5, lns. 155–161). For these discussions, the interviewee M.A. (appx. 8.6.5, lns. 162–192) prefers involving employees in the goal-setting process because it is believed that the internal motivation will be stronger when the goals are seen as valuable to the employees themselves rather than just predefined by their supervisors. Additionally, M.A. (appx. 8.6.5, lns. 162–192) mentioned the importance of goal adaptability, as goals should not be set in stone for the whole year but be able to change in response to new circumstances (A.S., appx. 8.6.3, lns. 103–110). The interviewee also stresses the importance of employees providing evidence of their achievements to justify their performance evaluations and bonuses, thereby avoiding disputes at the end of the year (M.A., appx. 8.6.5, lns. 162–192).

Weekly Meetings

Additionally, to yearly feedback meetings, most companies are trying to improve team communication weekly. Often team communication happens organically for colleagues in smaller teams, especially if they are meeting regularly at the office. However, as an SME, it is easier to maintain such closeness, which becomes more challenging as the company grows (M.E., appx. 8.6.7, lns. 313–324). However, such frequent interactions are enough that issues can be quickly identified and addressed through open discussion (S.S., appx. 8.6.15, lns. 69–74 and lns. 94–112; R.M., appx. 8.6.14, lns. 250–252; M.A.E., appx. 8.6.6, lns. 23–28). Furthermore, additional weekly meetings with the supervisors are common practice in most

companies (e.g., S.S., appx. 8.6.15, lns. 69–74; R.M., appx. 8.6.14, lns. 234–237; N.G., appx. 8.6.10, lns. 222–226; M.A., appx. 8.6.5, lns. 268–270; M.E., appx. 8.6.7, lns. 313–324; N.E., appx. 8.6.9, lns. 242–259; Z.K., appx. 8.6.16, lns. 52–63).

Working in a remote setting can lead to decreasing team communication. Thus, interviewee A.B. (appx. 8.6.1, lns. 58–62) mentions that non-verbal cues are getting lost as a challenge of remote work, which makes the recognition of emotions during video calls more difficult. Such negative effects of remote work led to companies regulating the allowance of remote workdays, which is the case at the company of R.M. (appx. 8.6.14, lns. 176–179). Only two days of remote work per week is allowed if one is employed full-time. However, most spend only one day per week remotely because they know that remote work is not appreciated by the management team (R.M., appx. 8.6.14, lns. 186–203). Interviewee M.E. (appx. 8.6.7, lns. 529–535 & 539–559) sees it differently; according to him, there is no need to regulate remote work or flexible work hours. He finds that the focus should be on output, regardless of when or where it is produced. Unless there is a reason to impose restrictions, such flexibility encourages people to work at their best (M.E., appx. 8.6.7, lns. 529–535).

As stated before, communication is essential for establishing a psychologically safe work environment (A.K., appx. 8.6.2, lns. 487–495). Thus, it is important to foster an environment where employees feel safe enough to speak up (A.B., appx. 8.6.1, lns. 7–20). However, if employees are hesitant to share their thoughts openly, it can help to do it anonymously through employee representatives. The interviewee Z.K. (appx. 8.6.16, lns. 446–456) reveals that they have employee representatives in some locations who act as intermediaries for employees with sensitive queries. These representatives approach the management team with anonymous questions, which can be addressed company-wide if needed, enhancing communication, and clarifying uncertainties or misunderstandings. Additionally, there are "Ask the CEO" sessions where employees can directly pose questions to the head of the company (Z.K., appx. 8.6.16, lns. 446–456).

4.1.2 Fostering Trust and Setting Standards for Performance

In general, having regular meetings or other settings to communicate with the leader and within the team is essential. These constant discussions help understand employees' personal circumstances, which is critical since it directly influences their work (R.G., appx. 8.6.13, lns. 363–373; M.E., appx. 8.6.7, lns. 419–430). This understanding helps to foster trust within the company. Interviewee A.B. (appx. 8.6.1, lns. 140–169) reflected on a personal experience where they lacked trust and thus psychological safety. She mentioned that this situation resulted in an atmosphere of stress and apprehension. For this reason, A.B. (appx. 8.6.1, lns. 140–169) prioritized establishing a safe, transparent, and communicative environment within her new venture (appx. 8.6.1, lns. 140–169). However, Interviewee A.S. (appx. 8.6.3, lns. 148–153), cannot believe that someone would feel this way, unable to voice their opinion due to a lack of trust. Because, according to him, trust is crucial in a working environment (A.S., appx. 8.6.3, lns. 148–153).

However, trust is also necessary for creating a flexible work environment. For example, R.G. (appx. 8.6.13, lns. 8–13) mentioned that they switched from an overly controlled environment to providing a modern approach with more flexibility. This approach resulted in attracting young talents and making performance improvements (R.G., appx. 8.6.13, lns. 19–36 & 419–430). They also eliminated the need for medical certificates for short-term illnesses and instead trusted the employees to know when they are sick or need to care for their sick children (R.G., appx. 8.6.13, lns. 363–373; M.E., appx. 8.6.7, lns. 419–430). Interviewee M.A. (appx. 8.6.5, lns. 7–8) clearly states: *"The key factor is trust and mutual respect."* However, leaders should earn employees' trust by creating an open environment for both professional and personal exchange. Authenticity, openness, and interest in the employees' personal lives are also essential in a leadership role (M.A., appx. 8.6.5, lns. 9–16, 29–40, 121–132). Therefore, the expectations for leaders today are high and continually increasing. They must uphold core principles like respect, open communication, shared goals, and values (A.S., appx. 8.6.3, lns. 286–301). Opportunities, trust, and experiential learning often outweigh formal education. Leaders should foster respect, appreciation, and open exchange while giving people opportunities for growth and advancement since learning happens by doing and taking responsibility, sometimes with the guidance of a coach (A.S., appx. 8.6.3, lns. 286–301).

Despite no denial of the popularity and growth of remote work in the current corporate landscape, trust is tested. Thus, some people, including the interviewee R.M. (appx. 8.6.14, lns. 186–203), express concerns about potential communication gaps, oversight of tasks being performed at home, and challenges with tracking productivity. These concerns prompt the need for rethinking control measures and expectations to ensure effective work in a remote setting (R.M., appx. 8.6.14, lns. 186–203). Conversely, Z.K. (appx. 8.6.16, lns. 9–12) believes that trust is essential for a successful remote work environment. She states:

> *"Key values include trust and avoiding micromanagement, especially in the industry sector, to retain good employees."*

Interestingly, trust extends beyond work-related matters, as employees often approach their managers with personal concerns, indicating a high level of openness within the team (S.S., appx. 8.6.15, lns. 5–13; D.R., appx. 8.6.4, lns. 288–297). However, a lack of trust can lead to unexpected resignations from employees because they had no trust to previously communicate their issues (P.B., appx. 8.6.11, lns. 175–184). Therefore, organizations need to create a trustful environment where issues or mistakes can be admitted and addressed without fear (N.E., appx. 8.6.9, lns. 5–11). Such trust-building can be achieved through management's commitment to fostering a learning culture in which mistakes are admitted (Z.K., appx. 8.6.16, lns. 179–188). For instance, by recognizing and promoting the use of collaborative learning tools, managers can set the foundation for an environment of knowledge sharing that aligns with organizational values. Further, initiatives that encourage communication and cross-disciplinary collaboration can contribute to maintaining and enhancing company culture (S.S., appx. 8.6.15, lns. 233–255; R.G., appx. 8.6.13, lns. 151–161; A.S., appx. 8.6.3, lns. 311–328). However, even if an organization strives to build trust through frequent interactions, it can be challenging in a fully remote setting. Interviewee A.B. (appx. 8.6.1, lns. 36–56) states that they are trying to create a genuine emotional openness, but it can be challenging, particularly when people turn their cameras off.

4.1.3 Creating a Flexible Work Environment

Diverse teams (R.G., appx. 10.6.13, lns. 419–430) and flexible work schedules are seen as important factors in improving performance. However, according to R.G. (appx. 8.6.13, lns. 419–430), if an employee cannot handle freedom responsibly, they might not be the right fit. The speaker stresses the importance of separating from such individuals (R.G., appx. 8.6.13, lns. 419–430). Interviewee R.A. (appx. 8.6.12, lns. 31–41) agrees that employees who cannot handle these cultural freedoms should be dismissed instead of having to change the environment for everyone because one person does not comply. Respondent A.B. (appx. 8.6.1, lns. 184–193 & 197–204) also stresses the importance of selecting employees who are both technically qualified and a cultural fit.

Vision statements with claims like "employees are our most valuable asset" are more easily written down than lived (M.A., appx. 8.6.5, lns. 326–333). Thus, creating a culture of openness and appreciation of employees is emphasized, highlighting the role of managers in fostering such environments (A.K., appx. 8.6.2, lns. 561–571; M.A., appx. 8.6.5, lns. 326–333). Team events can be beneficial to maintain a close relationship with the employees (P.B., appx. 8.6.11, lns. 14–25; M.A., appx. 8.6.5, lns. 47–67; Z.K., appx. 8.6.16, lns. 35–47; S.S., appx. 8.6.15, lns. 194–202 & 371–372; N.E., appx. 8.6.9, lns. 146–155; D.R., appx. 8.6.4, lns. 169–190). Additionally, such team events foster a sense of community (M.A.E., appx. 8.6.6, lns. 118–138; M.A., appx. 8.6.5, lns. 287–307; R.M., appx. 8.6.14, lns. 20–24; R.A., appx. 8.6.12, lns. 264–267; A.B., appx. 8.6.1, lns. 267–303).

4.1.4 Embracing Mistakes and Fostering a Culture of Learning and Empathy

Fostering an understanding atmosphere is vital, as providing feedback and allowing employees to learn from mistakes they often make unknowingly (M.E., appx. 8.6.7, lns. 45–74). According to M.A. (appx. 8.6.5, 234–242), everyone should be allowed to make mistakes as it provides a learning opportunity, which should be handled accordingly. However, it is essential to ensure a realistic and healthy work environment where mistakes are accepted within reasonable bounds (M.E., appx. 8.6.7, lns. 27–40; A.K., appx. 8.6.2, lns.

380–400 and 403–407). This involves having technical systems in place, like internal documentation (M.E., appx. 8.6.7, lns. 45–74), outlining key processes, common errors, and areas of focus, acting as a form of quality management (M.A., appx. 8.6.5, 243–255). Giving employees clear expectations regarding error tolerance helps them feel secure and motivated (M.E., appx. 8.6.7, lns. 45–74). Documenting internal processes can also help to ensure continuous improvement. When a mistake happens, it gets identified, and the process gets optimized (Z.K., appx. 8.6.16, lns. 170–179; D.R., appx. 8.6.4, lns. 102–124).

Generally, the one who made a mistake is already aware of what they did (R.G., appx. 8.6.13, lns. 269–284). Therefore, these mistakes should serve as valuable training examples to highlight potential pitfalls and areas requiring caution (S.S., appx. 8.6.15, lns. 148–150). It is suggested to create a training plan where everyone gets trained, not just the person who erred. This cross-team training approach prevents the recurrence of the mistake (R.G., appx. 8.6.13, lns. 269–284; M.A., appx. 8.6.5, 243–255).

However, as a leader, it is essential to ensure you do not react with anger or enforce punishments or deprive the person of tasks when they make a mistake (M.E., appx. 8.6.7, lns. 5–25). Creating understanding and trust encourages the person to come forward when a mistake occurs so it can be rectified together (M.E., appx. 8.6.7, lns. 5–25). Also, R.G. (appx. 8.6.13, lns. 269–284) states that if leaders do not overemphasize the error, it comes to light early, which is the goal. Additionally, if the employees address the issue in a timely manner, thus allowing the team to solve it quickly can prevent customer complaints (R.G., appx. 8.6.13, lns. 269–284). Furthermore, to prevent the recurrence of these mistakes, it is crucial to understand how the mistake occurred and adjust the process accordingly with the relevant team members (S.S., appx. 8.6.15, lns. 114–133; D.R., appx. 8.6.4, lns. 102–124; A.K., appx. 8.6.2, lns. 380–400). Pairing-up skilled team members to discuss and rectify errors fosters collective responsibility and ensures that the person who made a mistake does not feel isolated. This process also allows others to feel valued for their contribution to the solution (A.B., appx. 8.6.1, lns. 238–250).

However, if discussing it in the group would negatively affect a person, the matter should be addressed privately (A.K., appx. 8.6.2, lns. 413–424). This statement gets supported by M.A. (appx. 8.6.5, 228–233), who states that sharing mistakes with others depends on the learning potential of others. However, in a team with high trust, it should be possible to share the

mistakes with the team because mistakes are seen as detached from the person. It is essential to learn from the mistake and not personalize it. By this approach, others can also learn from the mistakes made by themselves or other team members (A.K., appx. 8.6.2, lns. 413–424).

Furthermore, open communication and support are essential to prevent mistakes or help recover from them (A.S., appx. 8.6.3, lns. 200–221; A.B., appx. 8.6.1, lns. 20–36). Once the problem is addressed, it usually does not occur again if the cause is reviewed and identified (N.E., appx. 8.6.9, lns. 266–277). The focus should be on seeking potential rather than finding blame in work environments. Discussions should happen when inefficiencies occur, emphasizing learning and potential for improvement (M.A., appx. 8.6.5, 212–224; D.R., appx. 8.6.4, lns. 102–124). Implementing such an open culture of acknowledging mistakes requires time and communication (R.G., appx. 8.6.13, lns. 221–224; A.B., appx. 8.6.1, lns. 20–36 and 216–231). Thus, another approach to foster such an open culture around mistakes is planned at the company of A.B. (appx. 8.6.1, lns. 255–259). They plan to nominate a monthly error, where everyone shares their mistakes. They would then pick a winner and laugh about it together to create a lighter atmosphere around failures (A.B., appx. 8.6.1, lns. 255–259). This approach is especially efficient if the leader also admits mistakes openly, serving as a role model for the team, which ensures a surrounding where everyone feels comfortable admitting their mistakes, as it is a natural part of working (D.R., appx. 8.6.4, lns. 102–124). According to R.G. (appx. 8.6.13, lns. 303–312), most errors happen anyways in the management team with the most significant consequences.

Some companies (e.g., A.B., appx. 8.6.1, lns. 238–250; N.E., appx. 8.6.9, lns. 35–46; D.R., appx. 8.6.4, lns. 102–124) already have such open and direct communicating teams where they share mistakes openly. However, the open handling of errors is not anchored in all team members. Some report errors proactively, and others try to cover them up. According to interviewee S.S. (appx. 8.6.15, lns. 114–133), there are guidelines in place to encourage employees to report mistakes to fix them to avoid bigger issues promptly. However, this does not always happen, often due to embarrassment (S.S., appx. 8.6.15, lns. 114–133). Interviewee M.E. (appx. 8.6.7, lns. 85–97) also stated that they aim to empower the employees to influence the process and address these problems proactively. Having open communication when problems arise is not easy. Therefore, leadership experience is crucial in managing difficult conversations, as theoretical knowledge may not always apply due to

human complexities (S.S., appx. 8.6.15, lns. 51–65). Additionally, people can be sensitive, even those who seem tough. Thus, staying objective, fair, and considerate in discussions is essential while being attentive to people's emotions because sometimes personal issues outside of work might be causing their discontentment (S.S., appx. 8.6.15, lns. 51–65).

Suppose an employee is dissatisfied or a conflict has arisen. In that case, one should sit down with the parties involved and analyze the situation objectively, and an attempt should be made to approach the problem from an unbiased point of view (Z.K., appx. 8.6.16, lns. 79–85). Nevertheless, the feedback should be constructive, not an attack. (Z.K., appx. 8.6.16, lns. 90–94; R.M., appx. 8.6.14, lns. 30–34 and 37–44; M.E., appx. 8.6.7, lns. 365–399). When you as a leader receive feedback, appreciate it, listen, and learn from it (Z.K., appx. 8.6.16, lns. 90–94; R.M., appx. 8.6.14, lns. 37–44). The aim is to collectively establish the next steps to enhance future collaboration (Z.K., appx. 8.6.16, lns. 90–94). However, some employees may hesitate to speak up, which can have different causes. According to P.B. (appx. 8.6.11, lns. 130–154), employees might feel hesitant because they respect hierarchy or are deterred by micromanagement. Thus, it may be beneficial if the hierarchies are not strongly enforced in daily operations, despite recognizing their existence (N.G., appx. 8.6.10, lns. 10–17). Some companies exemplify this; according to M.E. (appx. 8.6.7, lns. 169–179), employees in SMEs are not merely seen as workforce units but integral parts of the team, involved in decisions and processes that drive the achievement of organizational goals, including profitability.

4.1.5 Nurturing Effective Team Communication and Team Behavior

Open and honest communication is key in management, but it is a fine balance. Managers should shield their teams from irrelevant information to maintain focus while ensuring transparency and involvement in relevant decisions because inappropriate communication can lead to speculation and dissatisfaction. Therefore, mastering the art of communication is vital, albeit challenging (Z.K., appx. 8.6.16, lns. 20–32). Misconceptions can occur when messages are not directly forwarded from management. Thus, direct engagement with teams, discussions at all levels, and using external consultants for neutral insights can help remedy these issues (R.G., appx. 8.6.13, lns. 105–129). These issues are the reason why communication is often viewed as the most challenging aspect in organizations, with the

lowest satisfaction ratings from employees (P.B., appx. 8.6.11, lns. 186–190). However, structured meetings between leadership groups and their teams can help to effectively communicate from the top down (N.E., appx. 8.6.9, lns. 229–235). Open communication also boosts employees' understanding of how their work contributes to the company, preventing misconceptions about what management does (M.E., appx. 8.6.7, lns. 457–479). Maintaining open communication is essential within the company and when dealing with customers. For instance, R.G. (appx. 8.6.13, lns. 239–246) worked for a company where the company implemented an open-door policy for customers, meaning they did not have to schedule visits but could simply drop by. This approach resulted in free external assistance (R.G., appx. 8.6.13, lns. 239–246).

Another aspect of open and respectful communication is when leaders appreciate receiving improvements or solutions from their team members instead of feeling offended (D.R., appx. 8.6.4, lns. 260–278). This approach gets lived out by D.R. (appx. 8.6.4, lns. 133–137). She said:

> *"That is the most important thing, that we also discuss certain critical situations together. Because I rarely have the best solution. The best solution only emerges when we discuss it in the team."*

She also states that ignoring employee suggestions can be detrimental, whether feasible or not, providing feedback is essential for establishing a culture of idea sharing (D.R., appx. 8.6.4, lns. 336–347). Additionally, addressing employee concerns, even minor ones immediately, is vital. These concerns could range from personal disagreements to questions about payroll calculations (S.S., appx. 8.6.15, lns. 302–312). However, decisive intervention is crucial in case of conflicts between team members (Z.K., appx. 8.6.16, lns. 124–138). Remember that feedback is valuable and appreciated by all team members, but always with respect (Z.K., appx. 8.6.16, lns. 124–138). If the behavior does not improve after several discussions, it may indicate a personality that does not fit the team's culture. In such cases, it is honest and necessary to deal with it rather than risk other team members leaving the company because of one or two problematic individuals (M.S., appx. 8.6.8, lns. 115–126).

4.1.6 Employee Benefits, Well-being, and Continuous Learning

One of the fundamental aspects of maintaining a robust workforce is to ensure employees have access to the resources they need, particularly when personal struggles or symptoms of burnout manifest. Providing access to external psychological support services ensures that employees have a safe, confidential space to address these personal or work-related problems (Z.K., appx. 8.6.16, lns. 366–374; R.M., appx. 8.6.14, lns. 287–296; N.E., appx. 8.6.9, lns. 158–159). Even if companies provide such support, some employees may hesitate to get help and use the resources provided (Z.K., appx. 8.6.16, lns. 332–355). Although not every company offers such psychological support to its employees, some have other benefits, such as celebrating significant life events of its employees, such as adoption, marriage, or their children's weddings, by offering additional off days and monetary surprises. A significant emphasis is placed on the development and education of employees, acknowledging the high costs of further education in Switzerland (Z.K., appx. 8.6.16, lns. 268–291). Another advantage that most SMEs offer is greater freedom, valuable specialization, and a broader range of tasks, as well as a more comprehensive understanding of the entire company and more opportunities to take on responsibility (M.A., appx. 8.6.5, lns. 276–282; A.S., appx. 8.6.3, lns. 504–520). Another advantage of SMEs is the short decision-making paths that allow for quick visibility of results (P.B., appx. 8.6.11, lns. 39–43) and direct involvement (R.A., appx. 8.6.12, ln. 280; M.E., appx. 8.6.7, lns. 140–152). A different strategy, according to interviewee S.S. (appx. 8.6.15, ln. 371–384), is rewarding employees who have no sick days with a gift to motivate employees and foster a culture of shared celebration. Such benefits should be regulated globally to ensure fairness and inclusivity, preventing disadvantages across subsidiaries (Z.K., appx. 8.6.16, ln. 255).

Regardless of the benefits, a key facet of employee well-being is fair wages that align with industry standards (R.M., appx. 8.6.14, ln. 308; N.G., appx. 8.6.10, lns. 175–177). Although some companies, especially smaller ones, struggle to keep up with inflation and provide a general wage increase, this is especially an issue for workers living on the edge of the subsistence level (P.B., appx. 8.6.11, lns. 289–310). Because these employees can be motivated monetarily, i.e., extrinsically (P.B., appx. 8.6.11, lns. 289–310), this statement is also supported by N.E. (appx. 8.6.9, lns. 84–85), since monetary factors play a large role in the production industry. Their approach is to create an incentive with a jointly achievable

bonus to promote cooperation and motivate the workforce (N.E., appx. 8.6.9, lns. 87–91). P.B. (appx. 8.6.11, lns. 320–322) also emphasizes that a profit-sharing bonus on a small scale, e.g., 400–700 CHF per year, is something valuable for many employees. However, it is important to remember that the perceived value of monetary and non-monetary rewards can vary across employees. Some, particularly those in a more comfortable financial position or with higher education, may value free time more highly (P.B., appx. 8.6.11, lns. 289–310).

On the other hand, professional development and personal advancement are strong intrinsic motivators across all hierarchical levels. Many employees naturally seek to understand how they can develop and progress in their roles over time (P.B., appx. 8.6.11, lns. 323–326; N.G., appx. 8.6.10, lns. 181–183). Thus, implementing across-the-board training, like project management courses, not only equips employees with useful skills but also promotes a shared understanding and heightens their motivation, as stated by P.B. (appx. 8.6.11, lns. 334–340):

> *"Last year, we provided training in project management across the board because that is something that many people in our company could use. This is very well received; they then have a diploma from an external company, and we have been able to develop a common understanding of project management. Moreover, those are things that bring a lot to the employees, bring a lot to us, and at the same time keep motivation high."*

Despite the importance of structured training, it is also important to cultivate a culture where employees feel encouraged to recognize and act upon their own improvement needs (S.S., appx. 8.6.15, lns. 74–80). Lastly, the power of constructive criticism and accepting feedback should not be underestimated. Recognizing one's own limitations and acknowledging the team's expertise can foster a culture of transparency and mutual respect, further promoting a healthy working environment (M.A.E., appx. 8.6.6, lns. 33–56). For example, interviewee M.A.E.'s (appx. 8.6.6, lns. 33–56) performance was criticized by his team member as a leader. Instead of feeling offended, he accepted his honesty and considered the criticism fair.

4.2 The Imperative of Employee Engagement

Employee engagement is increasingly being recognized as a key driver of organizational success. However, the level of employee engagement in continuous improvement processes can vary, especially in production companies. Here, diverse factors, such as language proficiency and perspectives toward work, play a role. However, transformation towards greater engagement is a gradual process that can span years and require patience and perseverance (P.B., appx. 8.6.11, lns. 32–39).

Thus, it is beneficial to conduct regular evaluations to keep a pulse on employee engagement. Interviewee A.B. (appx. 8.6.1, lns. 312–330) suggests quarterly evaluations to measure levels of engagement among employees. While designing these evaluations, it is essential to maintain consistency in the questions asked, focusing on measuring employees' sense of connection, the support they receive, and their overall satisfaction with their work and their organization (A.B., appx. 8.6.1, lns. 312–330). Although, the meaning of engagement and the measurement may vary across companies, as it is influenced by factors like team relationships and performance (A.B., appx. 8.6.1, lns. 312–330).

4.2.1 Supervisor Encouragement: Fostering Trust and Engagement in the Workplace

Supervisors can play a huge role in engaging and supporting their team members. For example, the speaker Z.K. (appx. 8.6.16, lns. 111–118) recalls a conversation with a colleague about an export table, in which the colleague made suggestions for improvement, and she gave her colleague full responsibility and expressed trust in her decision-making:

> *"And then she asked me some questions regarding the export table and things like that and made some suggestions if it would be okay, she would do it this or that way, and I told her this is completely your responsibility. I trust you. It is a good idea. Sounds great to me. If you are ever unsure whether changes are legally correct or not, just let me know."*

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To encourage employees, leadership is becoming increasingly important. This statement got confirmed by interview participant R.G. (appx. 8.6.13, lns. 137–141), in which he said:

> *"In the past, there was a lot of managing, little leading, and today there simply has to be leading because everything is too dynamic and fast. Moreover, there is just a need for a lot of leadership and communication."*

This shift in emphasis from management to leadership is reflected in practices like R.G.'s (appx. 8.6.13, lns. 337–373) annual discussions with employees, lasting anywhere from 10 minutes to over three hours, depending on the situation. These conversations aim to understand employees' needs, personal issues, and emotional well-being, which are key to their performance and overall job satisfaction (R.G., appx. 8.6.13, lns. 337–373). Another reason for these prolonged talks was to really get to know how the employee is feeling because there is always a type of employee who claims that they are fine in surveys even though they are struggling (R.G., appx. 8.6.13, lns. 400–407). Thus, leadership roles should not be underestimated. That is why two interviewees point out that many individuals assume leadership roles without adequate training (P.B., appx. 8.6.11, lns. 72–77; N.E., appx. 8.6.9, lns. 177–183). Interviewee P.B. (appx. 8.6.11, lns. 72–77) notes that:

> *"Leadership is something that many do who do not have the training for it. It is no different in our company. You just think, yes, he can do it, he will probably learn it, and he was born for it. But leadership is a profession like any other profession. And in my opinion, there is still too little investment in these topics in the SME landscape."*

This view is supported by N.E. (appx. 8.6.9, lns. 177–183), according to her, it is inevitable to train the management crew on leadership topics. Since by empowering employees and showing appreciation, leaders can guide their teams toward more efficient structures. As Interviewee M.A. (appx. 8.6.5, lns. 418–424) said:

> *"Empower the people then change the process; so first you must empower the employees, and then you can adapt or improve processes together with them, make them more efficient. It will never work, if you come from the outside and tell the*

employees how to do it more efficiently. You must empower people and be appreciative. Then you can accompany them into more efficient structures."

To do so, A.B. (appx. 8.6.1, lns. 7–20) elaborates on the importance of psychological safety in teams, stating that it should be built from the top down. Leaders are responsible for creating an environment where team members feel comfortable voicing their thoughts, this is not just a right but also a responsibility, as speaking up can lead to beneficial organizational changes (A.B., appx. 8.6.1, lns. 7–20). Investing time in the team is crucial. Despite tools, education, or training, if leaders are not present and supportive, people will notice (A.B., appx. 8.6.1, lns. 174–182). Interviewee A.K. (appx. 8.6.2, lns. 543–549) empathizes with having a potential-based approach as a leader to support employees, especially younger ones starting their careers and offering them the recognition they might not receive elsewhere.

4.2.2 Cultivating Employee Retention

As companies navigate in an evolving corporate landscape, employee retention remains an increasingly complex challenge. Adopting holistic strategies that cultivate job satisfaction, career progression, and a strong sense of community is pivotal in attracting and maintaining talent. Another challenging factor is the so-called job-hopping. As Interviewee P.B. (appx. 8.6.11, lns. 351–357) notes:

> *"There is simply a certain pressure today to change a company after five years. That is what we feel in the market. Maximum five years after, you must change. And that is, of course, difficult for us (...) because we cannot really make internal promotions indefinitely. We do not have enough production manager positions to fill. That is a bit of a problem."*

To prevent this from happening, employees should get motivated by letting them feel that their work has meaning and contributes to the company's success (Z.K., appx. 8.6.16, lns. 202–220). The reason for this is that the connection between individual tasks and the broader vision fosters a sense of purpose and alignment. Furthermore, regularly celebrating

achievements nurtures this sense of contribution and accomplishment (Z.K., appx. 8.6.16, lns. 202–220).

However, according to Z.K. (appx. 8.6.16, lns. 202–220), career development is not one-size-fits-all. Understanding individual desires is crucial, recognizing that not everyone aspires to managerial roles. Some employees might prefer to become experts in their fields, craving depth over hierarchy. Therefore, career paths should be tailored to match these unique preferences, promoting satisfaction and engagement (Z.K., appx. 8.6.16, lns. 202–220).

Additionally, companies should foster team bonding and cross-departmental connections by providing a budget for team activities, which can be particularly useful in hybrid and remote work as they bring people together and enhance overall company culture (Z.K., appx. 8.6.16, lns. 303–312). Creating a culture of recognition and appreciation also plays a significant role in employee motivation (S.S., appx. 8.6.15, lns. 396–404). Highlighting individual achievements and providing praise instills a sense of accomplishment, fostering a motivational environment where employees aspire to excel (S.S., appx. 8.6.15, lns. 396–404; M.A., appx. 8.6.5, lns. 391–399). Interviewee R.M. (appx. 8.6.14, lns. 106–120) agrees that while monetary rewards can motivate, recognizing an employee's efforts often holds greater value. That money alone is insufficient to retain employees, was also supported by D.R. (appx. 8.6.4, lns. 155–167). Nevertheless, they introduced profit-sharing for management that pays out over three years to encourage leaders to stay (D.R., appx. 8.6.4, lns. 155–167).

Another approach to foster the intention of staying with the company is having an attractive workplace since employees seek environments where they can grow and see potential (R.A., appx. 8.6.12, lns. 375–385). Taking succession planning seriously and career discussions can strengthen employee retention (N.E., appx. 8.6.9, lns. 172–176). Additionally, companies can foster commitment by showing genuine interest in employee career development (N.E., appx. 8.6.9, lns. 172–176; D.R., appx. 8.6.4, lns. 169–190). Furthermore, giving responsibility and decision-making power improves the development of employees since their attention to detail increases due to taking ownership which results in better performance and a confidence boost (N.E., appx. 8.6.9, lns. 294–310).

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Additionally, the modern work environment requires companies to support employees in diverse ways (R.A., appx. 8.6.12, lns. 389–402). For instance, interviewee R.A. (appx. 8.6.12, lns. 389–402) offered a gym subscription to an employee struggling with physical health, which might be more beneficial than funding further training. Recognizing and responding to employees' personal circumstances are vital, given their impact on work performance (R.A., appx. 8.6.12, lns. 389–402). Another approach to responding to employees' personal circumstances is job sharing. However, job sharing is not limited to part-time work. Interviewee M.S. (appx. 8.6.8, lns. 251–275) shared an example of a job-sharing approach where both parties work full-time. For instance, someone in a management role might need help from another department regarding knowledge or leadership advice. She states that this is often seen in the IT industry, where managers lack empathy and soft skills. Therefore, her approach combines an HR coach with a Line Manager to enhance leadership, while both can work full-time. This duo can then handle people management and agility processes, respectively.

Another example is that employees wanting to learn a new skill can divide their workload. They could dedicate 40% of their time to their current role and share the rest with the team leaving time for learning new skills, which can increase employee engagement and satisfaction (M.S., appx. 8.6.8, lns. 251–275).

4.3 Nurturing Innovative Work Behavior Across Cultures

Expecting employees to proactively contribute with new ideas or other ways of showing initiative is a basic requirement by many companies. There can also be exceptions where employees show no initiative, which is incomprehensible to A.S. (appx. 8.6.3, lns. 20–27; lns. 36–47). According to him, it is unbelievable that some employees do not want to think further and contribute to improvements. In his company, this is a matter of course, and every employee contributes since a company today cannot afford not to use the potential of its employees (A.S., appx. 8.6.3, lns. 20–27; lns. 36–47). There is a good phrase to emphasize the importance of valuing the employees' ideas. It goes, "appreciation creates value" because recognizing others' contributions can lead to mutual benefit and drive further innovation (M.A., appx. 8.6.5, lns. 406–413). To exploit this potential most employees in SMEs often enjoy the freedom to propose changes and improvements without being hindered by

numerous policies (M.E., appx. 8.6.7, lns. 140–152). Especially smaller team sizes typically found in SMEs lead to open discussions and thus foster an environment conducive to innovative problem-solving (M.E., appx. 8.6.7, lns. 140–152). Moreover, at M.E.s (appx. 8.6.7, lns. 232–244) workplace, any idea is welcome, no matter by whom it is, even if it is controversial. If a problem is well-explained and a solution proposed, the idea can be expressed openly (M.E., appx. 8.6.7, lns. 232–244).

However, the journey toward nurturing innovative work behavior is not without challenges, especially when operating across different cultures. The interviewee N.G. (appx. 8.6.10, lns. 114–125) acknowledges that while everyone is encouraged to voice their ideas, cultural differences impact employee initiatives across various locations. In central Europe, open communication is easier compared to southeast Asia, where cultural norms make it harder for them to speak up. Nevertheless, N.G. (appx. 8.6.10, lns. 114–125) tries to promote open dialogue everywhere while being cautious not to force anyone. This opinion is supported by M.A. (appx. 8.6.5, lns. 391–399), who states that cultural differences influence employees' confidence in sharing ideas which is a pity because especially long-term employees have the best ideas (M.A., appx. 8.6.5, lns. 391–399).

4.3.1 Idea Generation Across Industries

Creating an environment to foster idea generation and innovation can encourage employees to contribute more actively. When employees feel that their ideas are valuable, taken seriously, and potentially developed into new products or services, they become more motivated to contribute and stay engaged in the company (A.K., appx. 8.6.2, lns. 150–157). However, creativity and innovation can be suppressed if ideas are dismissed prematurely without proper consideration by the team or supervisor. Fostering psychological safety and taking the time to fully understand new ideas before making such decisions is paramount to maintaining a vibrant and innovative culture (A.K., appx. 8.6.2, lns. 196–209). Thus, all employees should be given space to foster innovative ideas, regardless of their positions. Even departments primarily engaged in routine tasks can innovate through process optimization. Curiosity and innovation should be integral parts of the company culture. For

this reason, time and budget should be allocated to them (A.K., appx. 8.6.2, lns. 265–299 and 327–345).

N.E. (appx. 8.6.9, lns. 105–109) argues that it is essential to give responsibility to the employees and to create free space so that the employees can and are allowed to contribute their ideas, as well as to promote the exchange of the team so that ideas are actively generated. This view aligns with Z.K.'s statement on the necessity of providing platforms for employees to share their ideas, which can benefit the company and lead to impactful improvements (Z.K., appx. 8.6.16, lns. 415–419). Interviewee A.K. (appx. 8.6.2, lns. 167–176) agrees that having a platform or mechanism for collecting ideas to foster innovation is essential since it will allow initiatives to be implemented and to promote this culture of idea sharing (A.K., appx. 8.6.2, lns. 172–176).

However, idea-generation practices often vary based on the industry. For instance, within the industrial sector, Lean Management initiatives like Shop Floor are often introduced, as confirmed by R.G. and P.B. (appx. 8.6.13, lns. 65–77; appx. 8.6.11, lns. 213–237). These initiatives focus on promoting employee participation and idea presentation. A reward system was put in place, wherein the best-performing team was recognized monthly, which notably boosted the engagement and participation of many employees. However, older employees with ingrained routines require more time to adjust (R.G., appx. 8.6.13, lns. 65–77). Interviewee M.A.E. (appx. 8.6.6, lns. 74–76 and lns 97–101) shares an example of a tangible idea generation practice in the event industry: an *Idea Wall*.

This simple practice allows employees to write down and share their ideas physically, creating a visual representation of the team's creative output that works well for the team. He states that the employees at his company are showing initiative relatively often (M.A.E., appx. 8.6.6, lns. 74–76 and lns 97–101). Another idea is having an established process for handling employee ideas, which involves filling out a form (N.E., appx. 8.6.9, lns. 118–128).

Nevertheless, despite the availability of formal processes for submitting employee ideas, like the one mentioned by N.E. (appx. 8.6.9, lns. 118–128), it often remains underused (appx. 8.6.9, lns. 118–128). Promoting creativity and innovation requires more than just formal mechanisms; it requires active engagement and continuous encouragement from supervisors

(N.E., appx. 8.6.9, lns. 118–128). For instance, R.G. (appx. 8.6.13, lns. 19–36) recounts that while his organization initially did not encourage suggestions for improvement, they have since cultivated a more open culture, attracting younger talents (appx. 8.6.13, lns. 19–36). However, there are still employees today who do not want to contribute to new ideas. Those prefer to do the day-to-day business without thinking further (R.G., appx. 8.6.13, lns. 19–36). The interviewee's company relies on activities such as anonymous idea generation to promote trust. It is also important to create more freedom for the employees. The pandemic forced them to modernize work practices and create more freedom, which they maintained after the crisis. Another approach after the cultural change was implementing a safety program that gave employees the right to stop work if they felt unsafe, which fostered trust and open communication (R.G., appx. 8.6.13, lns. 55–65).

However, even if they can speak up, this does not imply they will. Thus, promoting a culture of idea generation is not without challenges. Interviewee M.E. (appx. 8.6.7, lns. 365–399) describes the variability among employees – while some brim with ideas and continuously improve processes, others have different life priorities and may not be as interested or motivated to propose ideas for improvements (M.E., appx. 8.6.7, lns. 365–399). In such cases, additional training, clear explanations of concepts, and positive feedback can be employed to enhance motivation and encourage idea generation (M.E., appx. 8.6.7, lns. 365–399). Moreover, A.K. (appx. 8.6.2, lns. 141–149) proposes that creative stimulation sometimes necessitates a departure from conventional workspaces. Taking a walk, for instance, can stimulate creativity, as can introducing playful methods such as *Lego Serious Play* or building a *Spaghetti Tower* (A.K., appx. 8.6.2, lns. 141–149).

4.3.2 Idea Promotion in the Corporate Arena

Promoting ideas in the corporate world is an intricate task that requires astute strategies. Interviewee P.B. (appx. 8.6.11, lns. 52–66) highlights the practical challenge of ensuring suggestions reach upper management. They used a suggestion box in the past, but now they sensitize their leaders to address these requests directly. Transparency, in such cases, is paramount. If an idea proves unfeasible, providing a reasoned explanation becomes crucial to maintain trust and engagement (N.E., appx. 8.6.9, lns. 135–138; N.G., appx. 8.6.10, lns.

129–140; M.E., appx. 8.6.7, lns. 238–244, 248–251 & 291–299; M.A.E., appx. 8.6.6, lns. 83–84; D.R., appx. 8.6.4, lns. 77–92, 102–124 & 311–327; A.K., appx. 8.6.2, lns. 59–60; M.A., appx. 8.6.5, lns. 353–382; A.K., appx. 8.6.2, lns. 184–196). However, in practice, obstacles remain, like employee developmental requests not being forwarded, leading to employees leaving the company (P.B., appx. 8.6.11, lns. 52–66).

Interviewee M.A. (appx. 8.6.5, lns. 353–356) describes the typical process of idea promotion: (1) *an employee presents an idea to their supervisor*, and (2) *if deemed beneficial*, it is (3) *implemented* or (4) *added to investment planning*. This culture of voicing ideas, particularly those leading to efficiency improvements, is necessary. Ensuring transparency regarding the progression of these ideas and providing feedback to the proposer is an essential part of this process (M.A., appx. 8.6.5, lns. 353–382).

Certain companies foster an environment where employees can dedicate some working time developing their suggestions. However, this does not always work out due to the scarcity of spare working capacity (M.A., appx. 8.6.5, lns. 353–382). Respondent A.K. (appx. 8.6.2, lns. 167–176) notes that a key aspect of innovation is sharing ideas between teams and that staying within one's area of expertise hinders innovation. That is why the company's culture plays a significant role in promoting ideas.

Interviewee D.R. (appx. 8.6.4, lns. 6–25) states that while their organization encourages open and critical opinions, the degree of openness varies across different departments, as evident in their recent employee surveys. Factors such as job dependency and education level seem to influence employees' willingness to express themselves freely. However, those feeling more secure in their job are more likely to share openly (D.R., appx. 8.6.4, lns. 6–25). The openness of sharing their thoughts and expressing new ideas can differ from being comfortable in a team to speaking up. According to D.R. (appx. 8.6.4, lns. 246–254), everyone in her team feels comfortable voicing their opinions. Whether this holds true in every team depends on the leader and how they set the example (D.R., appx. 8.6.4, lns. 246–254).

However, barriers can arise. Interviewee A.K. (appx. 8.6.2, lns. 22–38) recalls an instance where her improvement idea was dismissed without trial or discussion, leading to frustration

resulting in employees feeling resigned and losing interest in proposing more ideas. So, they only focus on doing their job (A.K., appx. 8.6.2, lns. 72–77). Furthermore, the unwillingness to take the time to understand the employee's perspective can make them feel unheard (A.K., appx. 8.6.2, lns. 22–38).

Therefore, instead of enforcing a top-down strategy, leaders should listen to competent employees who monitor the market and understand the context. There should be room for their voices to be heard (A.K., appx. 8.6.2, lns. 49–60). A popular method to give room for the employees to express their ideas is *brainstorming sessions*. However, executing brainstorming sessions to force ideas on the spot is considered unproductive by A.K. (appx. 8.6.2, lns. 105–128). According to her, ideas emerge while having moments of solitude or while engaging in conversations with others. For her, it is a co-creation process that allows for building upon each other's input and developing ideas collaboratively.

Instead, she suggests employing the 1-2-All method from Liberating Structures, emphasizing smaller group interactions for idea generation, sharing, and discussion within pairs and then expanding the discussion in groups of four. This approach ensures everyone's involvement and allows for the selection, clustering, and further development of ideas in subsequent rounds, emphasizing smaller group interactions over large group brainstorming (A.K., appx. 8.6.2, lns. 105–128).

Contrarily, A.B.'s (appx. 8.6.1, lns. 339–370 and 377–406) team hosts regular brainstorming sessions aiming not to pressure ideas but to cultivate open-mindedness and encourage creative thinking. By engaging in brainstorming sessions, team members gain confidence and consider new perspectives they may have overlooked in their daily tasks. According to A.B. (appx. 8.6.1, lns. 377–406), it is crucial for every type of company, including those focused on finances, to allow time for reflection and creative thought. By doing so, a company can provide quality solutions that set them apart from competitors and satisfy clients' needs (A.B., appx. 8.6.1, lns. 377–406).

4.3.3 Realizing Ideas in Corporate Culture

The realization of ideas in corporate culture is closely tied to an organization's environment. Respondent R.G. (appx. 8.6.13, lns. 284–291) elaborates that, through a shift in culture, the establishment of openness and trust becomes a driving force that empowers employees to take the initiative in implementing their ideas. Such a transformation in culture permits a self-driven exploration of innovative solutions without the direct interference or knowledge of the management (R.G., appx. 8.6.13, lns. 284–291).

However, the interviewee P.B. (appx. 8.6.11, lns. 272–278) notes that implementing ideas can have financial constraints, especially in SMEs, since the investment budgets are usually lower, which can be a disadvantage of an SME compared to large corporations. At the company of P.B. (appx. 8.6.11, lns. 238–264), a continuous improvement process got introduced where employees are encouraged to provide innovative solutions to everyday challenges. Even if the improvements are small, they enhance efficiency and empower employees as they can present their solutions quarterly, fostering a sense of appreciation. This process enhances positive communication and recognition at the employee level, leading to increased motivation (P.B., appx. 8.6.11, lns. 238–264).

Additionally, it is crucial to note that the existence of an environment that encourages idea expression does not automatically guarantee their execution. Interviewee A.K. (appx. 8.6.2, lns. 11–17) mentions that despite the perception of psychological safety within the organization, which promotes the free expression of ideas, the follow-up on these ideas is often missing (A.K., appx. 8.6.2, lns. 11–17). Ideas getting overridden or not pursued further can lead to frustration, as it will seem that ideas, while welcomed, were not effectively acted upon (A.K., appx. 8.6.2, lns. 11–17). This behavior is concerning since taking the time to understand new ideas entirely before making decisions is paramount to maintaining a vibrant, innovative culture in a psychologically safe environment (A.K., appx. 8.6.2, lns. 196–209).

4.4 Scientific Quality Criteria

While the criteria for quality and methodological rigor in quantitative research are relatively agreed upon, the debate around suitable criteria for qualitative research is more controversial. As the qualitative approach has grown in acceptance, there has been a demand for definitive quality criteria to distinguish between the quality of qualitative studies (Döring & Bortz, 2016, pp. 106–108).

A second approach that seeks to conclude the logic of qualitative research has greater traction than adopting quantitative quality criteria, developing quality standards, and describing the techniques for their secure application, leading to a boom in quality criteria categories. Thus, there needs to be more clarity here since more than one hundred different criterion catalogs are openly available in the professional literature (Noyes, Popay, Pearson, Hannes & Booth, 2008, p. 580). Thus, selecting appropriate quality criteria and applying them is crucial.

Therefore, the quality criteria of Lincoln & Guba (1985), which were described by studies (Döring & Bortz, 2016, pp. 109–110), were applied in the present work. These quality criteria of qualitative social research include the following four criteria for trustworthiness:

1. **Credibility:** The results and interpretations of the study based on the data are trustworthy because peer debriefing and member checking were conducted. The peer debriefing was conducted with a fellow study participant (Carla Schurtenberger), with whom the results and interpretations were discussed. The member checking was done by asking all interview participants to confirm whether the answers were interpreted correctly (see Chapter 8.8).
2. **Transferability:** This work clearly defines the extent to which the results and their recommendations for action of the study are transferable to other contexts (see Chapters 5 and 6).
3. **Dependability:** Is given by the Inquiry Audit, in which the procedure is explained and justified in detail to experts (see Chapter 3).
4. **Confirmability:** The data and documentation on the detailed research process, the structure, and the motivation for writing this thesis are presented and explained (see Chapters 1.2 and 1.5). Careful data collection, data analysis, and straightforward

research design ensure that the research is free from the personal bias or inclination of the researcher.

4.5 Ethical Reflection

The research process was conducted considering ethical standards to ensure transparency and respect for the respondents. All interviewees participated voluntarily in this study, and their consent was obtained before the interviews started, which ensured that they had a clear understanding of the purpose of the study, the nature of their participation, and the potential use of the data provided.

To ensure confidentiality and privacy, any participant who requested anonymity was assured that their identity would be protected. Thus, measures were taken to anonymize their responses, such as using abbreviations instead of the full name and, on request, the complete anonymization of the company name by mentioning only the industry sector. In addition, the appendix of this paper with the coded text segments and the complete transcripts will only be submitted to the professors to evaluate this paper. Thus, access for third parties to these sensitive data is prevented, and the privacy and anonymity of the interviewees are guaranteed.

Overall, the ethical considerations were designed to provide a safe and respectful environment for participants to answer the interview questions without fearing to justify themselves publicly, creating a psychologically safe environment for the respondents to participate in giving valuable insights, which are the base for this thesis.

5 Discussion

This chapter critically appraises and links the study's results to the theoretical foundation. In addition, the research question is answered, and recommendations for action are made that can be derived from this study.

5.1 Interpretation of the Results

Innovation is vital for Swiss SMEs, driving growth and competitive advantage by leveraging employee innovation potential (cf. pp.7–8 & 48). Usually, employees who work in a Swiss SME have a broad range of responsibilities and short decision-making paths, so they are more encouraged to take the initiative, as their influence is most likely greater in such companies (cf. pp. 22 &42).

Furthermore, companies should recognize the need to harness employees' innovation potential by promoting idea generation through methods like brainstorming and idea boxes, despite some concerns about the forced nature of brainstorming (cf. pp. 52 & 53).

Most importantly, innovation requires a psychologically safe environment where employees can freely share ideas and provide constructive feedback without fear of rejection (cf. pp. 7–8 & 39). However, a psychologically safe environment is not free from pressure or problems, although it facilitates productive conflict management (cf. p. 6). Providing constructive feedback is vital and considered a learning behavior that can help objectively address dissatisfaction or conflicts (cf. pp.7–8 &39). Thus, encouraging employees to learn from their mistakes creates a realistic and healthy work environment, with mistakes as valuable training examples instead of punishing them for failing (cf. pp. 7–8, 9 & 37).

As previously mentioned, employee engagement, trust, and commitment are essential for innovation (cf. pp. 17 & 18) and get fostered by positive emotions, clear communication, and regular feedback (cf. pp. 21, 41 & 51). Establishing an idea-sharing culture promotes employees' active contribution and creativity, further amplified by encouraging team bonding, even in remote settings (cf. pp. 46 & 49). If leaders recognize and reward employees' work, it can boost their performance and commitment (cf. pp. 20 & 47).

Psychological safety in teams is created through mutual respect and high-quality relationships, which are reinforced by team activities that foster a sense of community. Other aspects include cultural norms, flexible hierarchies, and employee participation in decision-making, which further increase perceived psychological safety in a team (cf. pp. 15, 39–40,

48 & 52). However, virtual teams face the challenge of creating such a psychologically safe work environment due to a lack of familiarity (cf. pp. 7, 10, 14, 36 & 37).

Whether it is a virtual team or not, regular communication with the manager is emphasized as it can foster trust regardless of geographic location (cf. p. 34). When employees trust their manager, it encourages behaviors such as open communication and seeking feedback, which leads to learning and better performance (cf. pp. 7, 11). Therefore, leadership is crucial in creating a positive work climate through praise, recognition, and constructive feedback (cf. pp. 9, 11, 21 & 45). As leaders are expected to uphold principles like respect, open communication, shared goals, and values while shielding teams from irrelevant information (cf. pp. 35 & 40). Leaders can demonstrate high trust in their team through strategies like eliminating sick-leave certificates to reduce negative behaviors. Establishing trust will promote engagement and decreases unwanted behaviors like absenteeism, turnover, and burnout (cf. pp. 9, 10, 35 & 43).

Finally, fair wages aligned with industry standards and monetary and non-monetary rewards can contribute to employee well-being and motivation (cf. pp. 24, 42 & 47). However, the perceived value of rewards can vary across employees, with some valuing free time, professional development, or personal advancement more (cf. pp. 42). In conclusion, these elements foster a culture that values talent, promotes engagement, and stimulates innovation.

The key findings consisting of the results linked to the theory are visualized in Table 1:

	Key Findings
Innovative Work Behavior	+ Praise and reward employees' initiatives
	+ Provide support and constructive feedback
	+ Having processes for idea generation (maybe in an informal setting)
	+ Recognize failures as a learning potential
	– Rejection of suggestions and ideas
	– Disregarding innovation attempts
Psychological Safety	+ Freely sharing ideas, constructive feedback, and mistakes
	+ Encouraging employees to learn from their mistakes

	+ Viewing mistakes as valuable training examples
	+ Having positive intentions toward other team members
	+ Establishing high-quality relationships through frequent team activities
	+ Urge cross-department collaboration and communication
	– Not taking employees and their concerns seriously
	– Indirectly communicate to employees that they are not trusted through excessive control and monitoring
Employee Engagement	+ Clear communication of relevant information
	+ Providing exciting work activities
	+ Appreciate employees and give regular feedback
	+ Rewarding employees fairly to incentivize innovation
	– Low trust and high monitoring

Table 1: Visualization of Key Findings

5.2 Answer to the Research Question

This chapter aims to specifically dive into the research question and provide an answer through the conducted primary research.

The working hypothesis and the associated conceptual model look as follows:

> *"A psychologically safe environment leads to more employee engagement because employees dare to speak up and share new ideas with team members without the fear of rejection, which will result in more innovative work behavior in Swiss SMEs."*

The interviewed companies' culture is marked by open communication and constructive feedback, which leads to a psychologically safe environment by reducing interpersonal risks and fear of failure (cf. pp. 7–8, 11–12, 23–24 & 35). Such a psychologically safe environment promotes increased employee engagement and thus leads to more innovative work behavior in Swiss SMEs (cf. p 19). This environment is crucial for idea generation and other innovation initiatives as an engaged and motivated workforce is more likely to contribute valuable ideas, enhancing the overall efficiency and performance of the organization (cf. pp.

17–18). The companies studied established such an environment by creating a culture of learning over blame which empowers employees to take risks, encouraging the exploration of innovative solutions (cf. pp. 7 & 38).

Therefore, the research question *"To what extent does a psychologically safe work environment lead to greater employee engagement and thus to more innovative work behavior in Swiss SMEs?"* can be answered by saying that psychological safety plays a decisive role in Swiss SMEs for engagement in innovative activities. This study shows that without a psychologically secure working environment, characterized by trust in the manager and the team, employees are less confident to contribute, which could lead to them keeping suggestions for improvement to themselves. The assumptions in this study have been proven.

Introduction of New Framework

As previously introduced, the conceptual model (see Figure 1) was visualized according to the secondary desk research introduced in Chapter 2. Afterward, own data were collected by conducting primary research (e.g., expert interviews). New insights were gained through the data collection of this study, which were visualized in the following framework.

Figure 2 illustrates how new variables can be added to extend the previously defined conceptual model (in gray). Therefore, the next section will discuss the additions that emerged from this master's thesis.
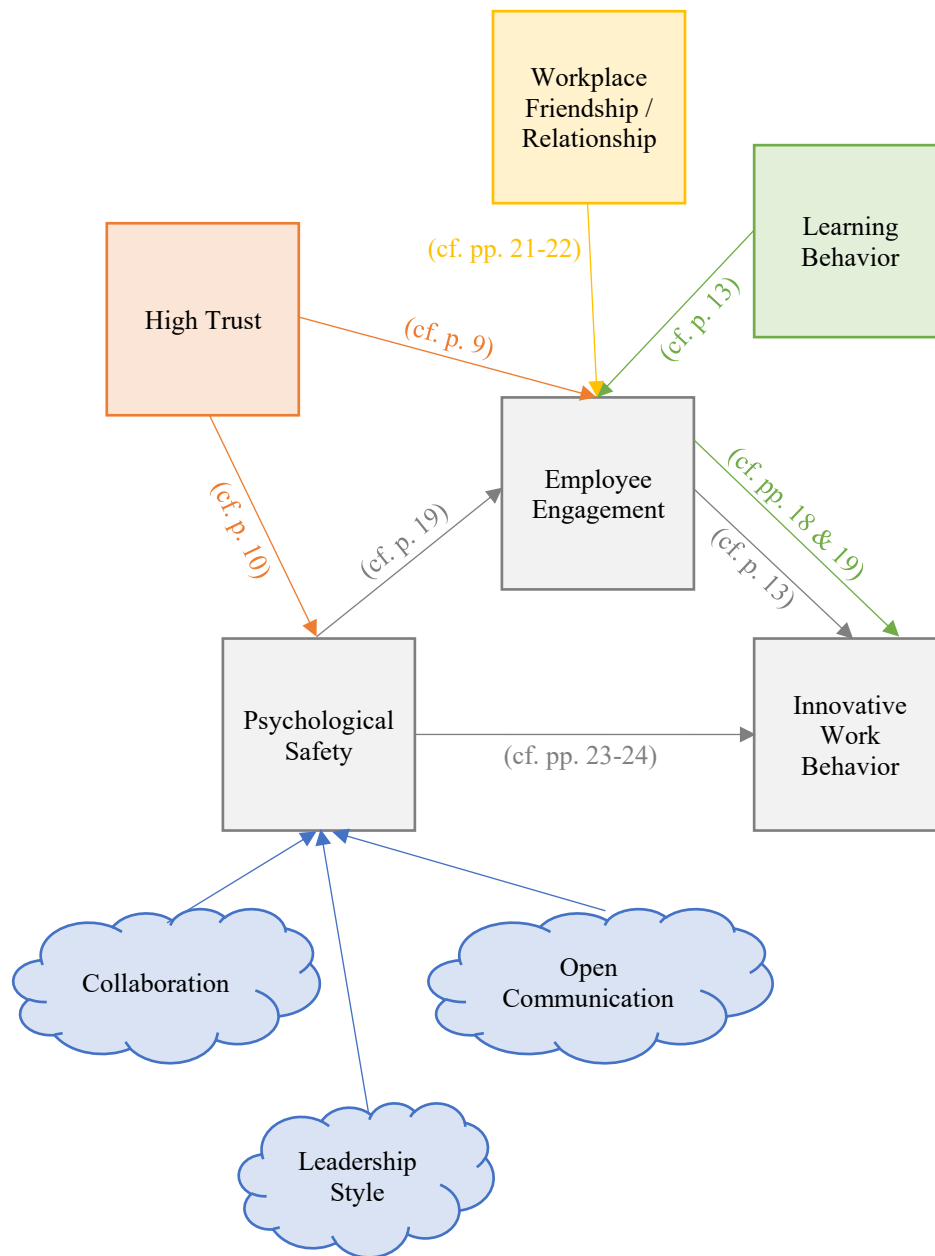
Figure 2: New Framework (own illustration)

First, a learning organization does not influence innovative work behavior directly but indirectly through workplace engagement. Therefore, fostering such a learning culture supports employee engagement, which leads to increased innovative work behavior because they are more likely to make suggestions and have ideas for improvement (in green).

Second, friendships and positive relationships at work favorably affect engagement, leading employees to be more involved and strongly intrinsically motivated, which is why they feel a stronger bond with the company (in yellow). Research has shown that high trust in the

manager and team members is essential, as trust strengthens psychological safety and work engagement in equal measure (in orange).

In addition, three other influencing factors (in blue) were identified: (1) *Collaboration*, (2) *Leadership Style*, and (3) *Open Communication*. The importance of these three factors was reflected in the results collected in Chapter 4 and the literature review in Chapter 2. Cross-team and cross-departmental collaboration promote the exchange of ideas and, thus, the company's innovation potential. In order to innovate successfully, open communication is also indispensable by regularly giving each other constructive feedback on ideas or problems. Finally, the innovation activity of the employees is greatly influenced by the team members' behavior and the managers' leadership style.

5.3 Recommendations for Action

The results suggest that establishing a psychologically safe environment within Swiss SMEs can foster innovative work behavior because employees are more engaged when they feel it is safe to speak up and voice their ideas and opinions. Based on these findings, several recommendations for action for Swiss SMEs, which previous researchers back up, are proposed:

1. **Promote Open Communication:** Encourage an open dialogue within the team. When employees feel their opinions are valued, they are more likely to share knowledge, contributing to a more innovative work environment (Amabile et al., 1996, p. 1160; Edmondson, 2003, pp. 14–17).
2. **Lead by Example:** Leaders should model the behavior they wish to see in their teams. Leaders who demonstrate vulnerability by admitting mistakes and asking for help promote an environment where employees feel safe to take risks (Edmondson, 2003, pp. 14–17; Edmondson, 2004, pp. 79–86; West, 2002, p. 368).
3. **Provide Constructive Feedback:** Foster a culture where feedback is delivered positively and constructively, reduces fear of rejection, and promotes learning from mistakes, driving engagement and innovation (Andersson et al., 2020, pp. 10–11; Edmondson, 2004, pp. 79–86).

4. **Empower Employees:** Give employees a certain level of autonomy to make decisions related to their work. This sense of empowerment can fuel engagement and inspire innovative behavior (Carmeli et al., 2009, p. 84; Carmeli & Gittell, 2009, p. 724; Lee et al., 2021, pp. 1061–1062).

5. **Promote Team Collaboration:** Encourage employees to work collaboratively on projects not only facilitates the sharing of ideas but also builds trust among team members, an essential element of psychological safety (Burke et al., 2006, pp. 1194–1195; Carmeli & Gittell, 2009, pp. 723–724; Newman et al., 2017, p. 526).

6. **Training and Development:** Provide training to managers and employees about the concept and benefits of psychological safety. Understanding its value can encourage employees to foster it in their interactions with colleagues (Carmeli & Gittell, 2009, p. 724; Edmondson, 2004, pp. 79–86; Kyoung Park et al., 2014, pp.87–88).

7. **Reward Innovation:** Implement a reward system that recognizes and celebrates innovative ideas and risk-taking, irrespective of the outcome, could encourage more employees to share their ideas without fear (Honig-Haftel & Martin, 1993, pp. 267–268; Janssen, 2000, p. 297).

These suggestions are aligned with the interview results discussed in Chapter 5.1. By implementing these actions, one can significantly contribute to fostering a psychologically safe environment, enhancing employee engagement, and thus profit from increased innovative behavior within Swiss SMEs.

6 Conclusion

The interviews with professionals from Swiss SMEs from various industries aimed to investigate whether innovative work behavior is practiced in their companies and to what extent psychological safety could influence this behavior. Innovation and idea generation are topics of increasing importance for Swiss SMEs, because the business environment is becoming more and more complex and dynamic, making continuous innovation imperative.

Therefore, cultivating a psychologically safe work environment is a multi-layered process that requires continuous effort at all management and team levels. Open, honest

communication is the foundation on which team dynamics are built. It requires respectful dialogues, openly addressing problems, transparency, and the reduction of hierarchies. In doing so, companies should view mistakes as learning opportunities, and managers should also openly admit mistakes to create a climate where everyone feels comfortable giving constructive feedback. The introduction of digital platforms can create an additional layer of flexibility that facilitates the flow of communication. Regular feedback conversations, rather than annual appraisals, build trust and the ongoing exchange of ideas and suggestions for improvement. Awareness of how individuals contribute is critical to maintaining a focused and motivated workforce. Finally, fostering an accepting, safe work environment where the balance between camaraderie and leadership succeeds is essential. These measures enable a harmonious, productive work environment that enables teams to perform at their best.

In summary, the results of this study demonstrate that even if SMEs have no budget for culture managers, as is the case for large corporations (e.g., Roche Holding AG; Accenture Plc; Skyguide) to promote a psychologically safe work environment within the company, they are still doing many things right to foster such a climate. Therefore, the effect of a specific workshop led by a cultural manager to promote a psychologically safe environment would be lower. Establishing a psychologically safe environment in SMEs is possible mainly due to flat hierarchies, short communication channels, and regular teambuilding activities leading to people being closer to each other, seeing and appreciating each other's work, and feeling what every individual contributes to the company's success.

6.1 Limitations

The study's findings might only partially represent some Swiss SMEs because not every sector was represented by the interviews. Furthermore, the research focused on accessible and willing participants, which might imply a selection bias. Additionally, the variability in organizational culture, operational practices, and industry regulations across different sectors may impact psychological safety's implementation and perceived effects (Andersson et al., 2020, pp. 10–12).

Furthermore, in terms of time frame, this study is cross-sectional, analyzing data collected at one specific point in time (Mayring, 2015, p. 67). Consequently, it may not account for changes in psychological safety, employee engagement, or innovative work behavior over time or in response to specific events or interventions. Lastly, the methods used to assess psychological safety, employee engagement, and innovative work behavior rely on self-report measures through the conducted interviews. This selection process introduces the potential for bias and subjectivity in the data collected, and it might not fully capture the complexity and nuances of these constructs in every organization.

Additionally, there are more limitations due to the research design because, according to Mayring (2015, p. 8), qualitative research still has many concerns. Commonly voiced criticisms include the results' inadequate generalizability, a lack of intersubjective comprehensibility, and violations of traditional quality standards like objectivity and trustworthiness. Here, qualitative content analysis adopts a middle-ground approach. Although content-analytic norms govern it, categorizing textual information into categories is still an interpretive activity (Mayring, 2015, p. 8).

The potential biases and limitations mentioned above emphasize caution when generalizing the results to larger companies, other industries, or regions outside Switzerland.

6.2 Further Research

This thesis has contributed to understanding the connection between a psychologically safe environment, employee engagement, and innovative work behavior within Swiss SMEs. However, the study's findings also highlight new paths for further exploration.

While this study focused on Swiss SMEs, similar research could be conducted in other organizational contexts, such as larger corporations or non-profit organizations. Different organizational structures and cultures might yield different results.

Furthermore, according to the interviewees, national culture may impact perceived psychological safety at the workplace. Thus, comparative studies across different countries

could provide valuable insights into how cultural nuances influence the relationship between psychological safety, employee engagement, and innovative behavior.

Additionally, longitudinal studies with more interview participants could provide valuable insights into how psychological safety impacts employee engagement and innovation over time. Future research could incorporate quantitative methods to provide more measurable and generalizable insights.

7 References

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8 Appendices

The appendix of this master thesis contains confidential information intended solely for the limited use of the lecturer, the co-lecturer, and the ZHAW examination board. The contents may not be copied, distributed, published, or used without permission.

8.1 Deductive Category Application

Category	Definitions	Sources
Employee Engagement		
Alignment	1. Employee knows what is expected out of him or her 2. Shared vision and mission of the organization 3. Identifies with values of company 4. Understands the larger perspective of work 5. Binding with organization 6. Goal oriented 7. Sense of ownership 8. Challenging and meaningful work 9. Psychologically settled 10. Empowerment	(Shrotryia & Dhanda, 2019, p. 4)
Affective	1. Sense of belongingness 2. Enjoys being at work 3. Touch heart and soul of employee 4. Positive feelings for organization and work 5. Filled with positive energy 6. Sense of pride 7. Sense of commitment 8. Enhancement of self–worth 9. Sense of accomplishment 10. Ability and motivation to work	
Action–oriented	1. Productive at work 2. Voluntary efforts 3. Goes beyond the contract 4. Value creation 5. Best contribution 6. Brings effective changes in organization	

	7. Participative in decision making 8. Responsive 8. Eager to learn and grow 9. Involves in organizational activities	
Innovative Work Behavior		
Idea generation	1. Creating new ideas for difficult issues 2. Searching out new working methods, techniques, or instruments 3. Generating original solutions for problems	(Janssen, 2000, p. 292)
Idea promotion	1. Mobilizing support for innovative ideas 2. Acquiring approval for innovative ideas 3. Making important organizational members enthusiastic for innovative ideas	
Idea realization	1. Transforming innovative ideas into useful applications 2. Introducing innovative ideas intothe work environment in a systematic way 3. Evaluating the utility of innovative ideas	
Psychological Safety		
Beliefs about the team interpersonal context (inferred from informant quotes)	1. Members of this team respect each other's abilities 2. Members of this team are interested in each other as people 3. In this team, you aren't rejected for being yourself or stating what you think 4. Members of this team believe that other members have positive intentions	(Edmondson, 1999, p. 360–361)
Team behaviors (observed by researcher or reported by team members or team observers)	1. Seeking of giving feedback 2. Making changes and improvements (vs. avoiding change or sticking with a course too long) 3. Obtaining or providing help or expertise 4. Experimenting 5. Engaging in constructive conflict or confrontation	

Table 2: Categories for coding

8.2 Interview Guide

The following guide was used to conduct 14 interviews in German—some in person and others via MS Teams. Only two interviews were in English, with a translated interview guide to ensure that these interviews could be conducted in English without linguistic errors.

Important to note is that this guide was only a general thought construct and not applied consistently to guarantee a natural flow of conversation.

Sehr geehrte/r XY,

Ich danke Ihnen herzlich dafür, dass Sie sich bereit erklärt haben, an diesem qualitativen Experteninterview teilzunehmen. Im Rahmen meiner Masterarbeit beschäftige ich mich mit der Fragestellung, "Inwieweit führt ein psychologisch sicheres Arbeitsumfeld zu höherem Mitarbeiterengagement und damit zu innovativerem Arbeitsverhalten in Schweizer KMUs?". Ich freue mich darauf, Ihre Expertenmeinung zu diesem Thema zu hören.

Das Ziel dieser Arbeit ist es, Erkenntnisse zu gewinnen, die dazu beitragen, die Bedeutung der Schaffung eines psychologisch sicheren Arbeitsumfelds und die Förderung von Mitarbeiterengagement und innovativem Arbeitsverhalten in Schweizer KMUs besser zu verstehen. Ich bin davon überzeugt, dass Ihre Erfahrungen und Ihr Fachwissen in diesem Bereich wertvolle Einblicke liefern werden.

Psychologische Sicherheit

1.Ist für Sie und Ihre Teammitglieder möglich zwischenmenschliche Risiken einzugehen? Mit Risiken meint man z.B. eine ungewöhnliche Idee vorzustellen, ohne zu wissen, wie die anderen Teammitglieder darauf reagieren werden. Stellt diese Unsicherheit eine Chance oder eine Herausforderung dar?
2.Wie fördern Sie eine Kultur der Offenheit und des Vertrauens in Ihrem Team?
3.Wie wichtig ist es Ihnen, dass Meinungen und Bedenken offen geäussert werden können, ohne Angst vor Konsequenzen zu haben?
4.Haben Sie schon einmal eine kritische Rückmeldung von einem Teammitglied erhalten? Falls ja, wie sind Sie damit umgegangen?

Innovatives Arbeitsverhalten

5.Welches sind Ihrer Meinung nach die wichtigsten Faktoren, die innovatives Arbeitsverhalten in Ihrem Unternehmen fördern?
6.Wie fördern Sie ein Klima, in dem die Mitarbeiter offen Ideen und Vorschläge zur Verbesserung von Prozessen und Produkten austauschen und umsetzen?
7.Wie messen Sie den Erfolg von Initiativen zur Förderung innovativen Arbeitsverhaltens und wie passen Sie diese Initiativen an, um ihre Wirksamkeit zu erhöhen?

Motivation und Engagement

8.Wie definieren Sie persönlich Mitarbeitermotivation und –engagement im Arbeitskontext?
9.Welche Faktoren beeinflussen aus Ihrer Sicht das Mitarbeiterengagement in Ihrem Unternehmen?
10.   Wie fördern Sie als Führungskraft das Engagement Ihrer Mitarbeiter und welche Massnahmen setzen Sie dafür ein?

Experimentieren und Lernen

11.   Wie fördern Sie als Führungskraft ein Klima des Experimentierens und Lernens im Unternehmen?
12.   Wie gehen Sie mit Fehlern und Fehlentscheidungen um und wie nutzen Sie diese, um die Prozesse im Unternehmen zu verbessern?
13.   Wie messen Sie den Erfolg von solchen Lernmassnahmen im Unternehmen?

14.   Wie fördern Sie als Führungskraft den Zusammenhalt in Ihrem Team? Welche Massnahmen setzen Sie dafür ein?

15.   Wie binden Sie Mitarbeiter an Ihr Unternehmen?

16.   Welche Faktoren tragen aus Ihrer Sicht dazu bei, dass Mitarbeiter langfristig im Unternehmen bleiben?

17.   Wie wichtig ist es für Sie, dass sich Ihre Mitarbeitenden wohl und geschätzt fühlen? Welche Massnahmen ergreifen Sie dafür?

18.   Wird das Wohlbefinden der Mitarbeitenden in irgendeiner Weise überprüft? Eventuell durch eine Umfrage oder Jahresgespräche?

19.   Gibt es in Ihrem Unternehmen eine Ansprechperson für Belange jeder Art?

Ich danke Ihnen herzlich für Ihre Teilnahme an diesem Interview und für die wertvollen Einblicke und Erfahrungen, die Sie mit mir geteilt haben. Ihre Meinung und Expertise haben einen wertvollen Beitrag zur Erreichung der Ziele meiner Masterarbeit geleistet und werden dazu beitragen, ein besseres Verständnis der Bedeutung eines psychologisch sicheren Arbeitsumfelds und des Zusammenhangs zwischen Mitarbeiterengagement und innovativem Arbeitsverhalten in Schweizer KMUs zu erlangen.

Nochmals vielen Dank für Ihre Zeit und Ihrem Beitrag zu meiner Arbeit

8.3   Overview Extended Project Documentation

The digital project documentation is submitted separately for correction and evaluation of this master thesis. It is subject to the requirements of the Data Protection Act and the regulations regarding confidentiality and consent agreements with the interview participants. The project documentation includes all documents and intermediate steps to make the survey and evaluation process transparent.

It includes the following documents:

1. **Selection criteria for Interview Partners:** Confidential information about the selection process of the interview partners and their qualifications for transparency reasons.

2. **Interview Transcripts:** To disclose all statements made by the interview participants.

3. **Coded Segments:** Make transparent, based on the data material, which text segments were coded and how.

4. **Permissions of Interview Partners**: Makes transparent to what extent interview participants wish to be anonymized.

5. **MAXQDA Report:** Makes transparent, based on the code system, which text segments (codings) can be found with which code.
6. **Audio Recordings of the Interviews:** Make transparent how the interviews were conducted.

8.4 Selection Criteria for Interview Partners

It can be found in the separately handed document.

8.5 Coded Segments

It can be found in the separately handed document.

8.6 Full Interview Transcripts

In this chapter, the transcribed interviews of the respective interviewees are attached with line references. In addition, the coded passages of the interviews can be identified. All interviews are listed in this chapter in their original language, so a possible distortion could be proven after translation.

8.6.1 Interviewee A.B.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.2 Interviewee A.K.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.3 Interviewee A.S.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.4 Interviewee D.R.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.5 Interviewee M.A.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.6 Interviewee M.A.E.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.7 Interviewee M.E.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.8 Interviewee M.S.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.9 Interviewee N.E.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.10 Interviewee N.G.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.11 Interviewee P.B.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.12 Interviewee R.A.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.13 Interviewee R.G.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.14 Interviewee R.M.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.15 Interviewee S.S.

The entire transcript is in a separately handed document for confidentiality reasons.

8.6.16 Interviewee Z.K.

The entire transcript is in a separately handed document for confidentiality reasons.

8.7 Report MAXQA

It can be found in the separately handed document.

8.8 Permissions for Interview Directory

The majority of permissions were obtained through LinkedIn and are included in the separately handed document.