# The Impact of Employee Autonomy, Distributed Leadership, and Bottom-up Idea Generation on Perceived Innovation: A Case Study MEEQ

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#### Abstract

This study examines how employee autonomy, distributed leadership, and bottom-up idea generation influence innovation within MEEQ, a Japanese company balancing traditional corporate structures with modern innovation practices. Using a mixed-methods approach, data were collected through structured initial interview with the CEO, followed by employee questionnaire and semi-structured manager interviews. Results indicate that employee autonomy significantly contributes to perceived innovation outcomes, while distributed leadership and idea generation require stronger structural mechanisms to maximize their impact. Key barriers include communication gaps in reporting, limited participation in structured idea-sharing initiatives, and employees' hesitation to openly contribute innovative ideas. The findings highlight the critical role of autonomy and open communication in fostering innovation, offering insights into how Japanese companies can adapt Western innovation practices while navigating cultural constraints.

**Keywords:** Innovation, Employee Autonomy, Distributed Leadership, Bottom-Up Idea Generation, MEEQ, Japanese Companies, IoT.

JEL classification: M14, M54, O31, O32, L22, D23

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#### 1. Introduction

Japan's post-World War II era of technological advancements and innovative leadership was short-lived, and the country now suffers from a prolonged stagnating period well-known as the "Lost Decades" (Rosenbluth & Thies, 2010). Some argue that Japan's post-World War II status as an innovation leader was built on a fragile foundation (K. Lee & Ki, 2017). The multi-faceted crises it faced, coupled with the rise of China as a global powerhouse, exposed vulnerabilities in Japan's economic and political strategies (Carroll, 2021). Previously, Japan oscillated between Anglo-American laissez-faire policies and the continental European welfare state model (Rosenbluth & Thies, 2010). Yet others contend that the Lost Decades period serves as a quiet reinvention phase, and that Japan emerged from those challenging times to

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a global leader in various fields, including fashion, technology, pop culture, and historical reconciliation (Fackler & Funabashi, 2018).

With the vastly increased competition globalization has shaped (Govils & Rashmi, 2013), there is a long-standing debate over the optimal conditions for fostering innovation within organizations, particularly regarding the role, levels of authority, and the impact an employee has in said company. This debate parallels broader discussions in organizational theory and management practices (Neil Fligstein, 2001; Sapru, 2008; Shafritz & Ott, 2001). One school of thought emphasizes the importance of hierarchical structures and top-down type of leadership (Jones, 2013; Swedberg & Agevall, 2016; Wren et al., 2002), arguing that clear directives from upper management streamline decision-making and ensure alignment with organizational goals (Swedberg & Agevall, 2016). A contrasting perspective claims the benefits of decentralized decision-making and empowering employees at all levels, suggesting that this leads to greater motivation and creativity by leveraging diverse insights and fostering a sense of ownership (Malone, 2004).

A third approach, often termed hybrid or balanced leadership integrates elements of both top-down and bottom-up strategies. Advocates argue that this model harnesses the strengths of centralized vision and control while encouraging innovation through employee autonomy and engagement (Bolden & Petrov, 2014). This perspective aligns with the concept of ambidextrous organizations, which balance exploitation of existing competencies with the exploration of new opportunities (Aman et al., 2022).

This debate is particularly pertinent in the context of Japanese companies, where traditional workplace culture has accentuated hierarchical structures, seniority, and upper-management decision-making (Cicea et al., 2022; Rear, 2022). However, Japan has seen a gradual shift towards more flexible and dynamic organizational practices, influenced by global trends and economic pressures (Anaya & Pollitt, 2021; Sirohi et al., 2022). This shift necessitates a re-examination of these practices. This study focuses on MEEQ, a small-sized Japanese company, to explore how employee autonomy, distributed leadership, and bottom-up idea generation may contribute to fostering innovation.

Historically, Japanese firms have long been distinguished by a strong sense of loyalty and lifetime employment, with a focus on group harmony and consensus (Magnier-Watanabe et al., 2023). And rigid organizational structures with clear-cut hierarchical roles (Morris et al., 2006). Employees are often expected to follow their superiors' directives closely, reflecting the broader cultural values of respect for authority and seniority (Law et al., 2022). In this traditional view, innovation was predictably driven by top-down initiatives, with a small group controlling the flow of new ideas and the orientation of the company, with limited scope for individual thought input at lower levels of the hierarchy. In Western setting, this method has often been criticized as an obstacle to innovation, since it limits the flow of any creative ideas from the lower levels of the organization to the top decision-makers (Collinson & Wilson, 2006).

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The aim of this study is to investigate the extent to which these evolving practices have permeated Japanese firms and to understand how they impact innovation. Through a case study of the company MEEQ, we will examine closely the roles of employee autonomy, distributed leadership, and bottom-up idea generation in fostering an innovative environment. The study employs a mixedmethods approach, including qualitative interviews with key stakeholders and quantitative analysis of a survey distributed across the company.

This paper is structured as follows: first, we review the significance of the study, followed by the theory and hypotheses development. Next, the theoretical frameworks and research design are outlined to finally present the methodology, findings and discussion.

# 2. Introduction of MEEQ and Its Significance as a Case Study

The company selected for this study presents a compelling case due to its remarkable innovation and rapid growth trajectory. Emerging from Sony, a global leader in innovation, the company has benefited from the endorsement and investment of its parent, leveraging Sony's legacy to establish itself swiftly in the competitive telecommunications sector. Within a few years, it showed interest in transitioning from a startup to a publicly traded entity, demonstrating effective strategic planning and market acceptance. Operating in a sector demanding constant innovation, the company's resilience and adaptability underscore its operational strengths.

The president's choice to leave a stable position at Sony in favor of leading this venture highlights a significant entrepreneurial spirit, driving the company's success and fostering a culture of innovation. The company emerged as a bottomup idea in Sony and received support and endorsements validating its potential and achievements. As an MVNE (Mobile Virtual Network Operator) operator, it provides essential services to MVNO operators and has developed the No-Code IoT/DX Platform<sup>1</sup>, attaining a competitive position in technological innovation. This expertise in IoT (Internet of Things) and digital transformation initiatives underscores its pivotal role in the industry. Thus, the company's unique origin, rapid growth, competitive performance, strong leadership, and strategic endorsements make it an exemplary subject for this study. Its successful navigation of industry challenges and innovative contributions to IoT and DX (Digital transformation) initiatives underscore its relevance and importance.

# 3. Purpose of the Article and Research Questions

This article aims to explore the role of employee autonomy, distributed leadership, and bottom-up idea generation in fostering innovation within Japanese

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<sup>&</sup>lt;sup>1</sup> A No-Code IoT Platform allows users to build and manage Internet of Things (IoT) applications without the need for traditional programming skills

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companies, using MEEQ as a case study. The primary research questions guiding this study are:

- 1. How does employee autonomy contribute to innovation in MEEQ?
- 2. In what ways does distributed leadership enhance collaborative innovation at MEEQ?
- 3. How does the practice of bottom-up idea generation drive MEEQ's innovative capabilities?

By examining these questions, this article seeks to provide insights into how Japanese companies can adopt and benefit from these innovative management practices to enhance their competitive edge in the global market, and for this we suggest the following theory and hypotheses development part.

# 4. Theory and Hypotheses Development

# 4.1 Background on the Importance of Innovation in Technology and IoT Sector

The rapid evolution of technology and the Internet of Things (IoT) underscores the indispensable role of innovation. This innovation not only propels technological advancements but also ensures that companies maintain their competitive edge in a swiftly changing market landscape. In the IoT domain, perpetual innovation is particularly crucial as it facilitates the integration of diverse technologies, thereby enabling seamless connectivity and efficient data exchange among devices (I. Lee & Lee, 2015). Such integration paves the way for the development of intelligent environments and innovative solutions across a spectrum of industries, including healthcare, manufacturing, and smart urban infrastructures (Ghazal et al., 2021; Nabi et al., 2023). Given the dynamic nature of technology and IoT, firms must embrace innovative strategies to address emerging demands and capitalize on new opportunities, ensuring their sustained growth and relevance in the market (Krotov, 2017).

# 4.2 Overview of Existing Research on Employee Autonomy and its Impact on Innovation

Employee autonomy, defined as the extent to which employees have control over their work and decision-making processes, is a pivotal element in fostering innovation. Empirical research indicates that autonomy significantly enhances job satisfaction, motivation, and creativity, thus enabling employees to explore novel solutions without the constraints of rigid structures (Hackman & Oldham, 1976; Ryan & Deci, 2000).

Autonomous work environments empower employees to take initiative and engage more deeply with their tasks, leading to higher innovation outputs. Furthermore, Nili and Tasavori (2022) propose that environments supportive of autonomy bolster intrinsic motivation, which is crucial for creative problem-

solving and the generation of innovative ideas. Although recent research in Western setting supports the notion that autonomous work environments foster innovation (Theurer et al., 2018), the hierarchical and collectivist nature of Japanese companies presents a unique context where the impact of employee autonomy on innovation requires further examination. Thus, we hypothesize that:

H1: Higher levels of employee autonomy at MEEQ are positively correlated with an increase in innovative outputs.

# 4.3 Analysis of Distributed Leadership Models

Distributed leadership, characterized by the sharing of leadership responsibilities across various levels rather than concentrating them at the top, is increasingly acknowledged for its vital role in promoting innovation. This leadership model fosters collaboration, knowledge sharing, and collective decisionmaking, enabling organizations to harness diverse perspectives and expertise. Research by Gronn (2002) and Spillane (2005) indicate that distributed leadership cultivates a culture of trust and inclusiveness, which is essential for fostering innovation. Companies that adopt distributed leadership often experience enhanced agility and responsiveness (Harris & DeFlaminis, 2016), allowing them to adapt swiftly to changes and capitalize on new opportunities. Given the traditionally centralized decision-making processes in Japanese organizations, adopting distributed leadership practices might offer significant benefits for innovation. For this reason, empirical evidence within Japanese firms remains limited. Hence, we propose that:

H2: Distributed leadership within MEEQ fosters a more collaborative work environment, leading to increased rates of innovation.

# 4.4 Review of Bottom-up Idea Generation Practices

Bottom-up idea generation, which involves sourcing ideas and innovations from all levels of an organization, especially from frontline employees directly engaged with products and customers, is a critical approach to fostering innovation (Woisetschläger et al., 2016). This method contrasts with top-down innovation, where ideas primarily originate from senior management. Bottom-up practices are associated with increased employee engagement, as they make employees feel valued and heard (Kristensen, 2018). Research by Hargadon and Bechky (2006) and Bessant et al. (2001) demonstrates that bottom-up idea generation can lead to practical and relevant innovations, as employees closest to the operational aspects often possess unique insights into potential improvements and new product ideas. While this approach has been effective in western organizational contexts, the impact of bottom-up idea generation in Japanese companies, characterized by respect for hierarchy and seniority, needs further investigation. Therefore, we hypothesize that:

H3: The practice of bottom-up idea generation at MEEQ significantly enhances the company's innovative capabilities by encouraging diverse perspectives and creative solutions.

# 4.5 Further Identification of Gaps in the Current Literature

In an effort to identify the factors contributing to the innovation of certain Japanese companies amidst the overall national decline in innovation, it is essential to examine internal cultural and structural elements that are within the organization's control and can be directly influenced by management practices in these innovative firms. While there are other important factors influencing innovation (e.g., technology, external partnerships, resources), understanding cultural characteristics on the individual, team, and the organizational level, might give us insights into practices that may foster innovation. This suggests our hypotheses studying employee autonomy, distributed leadership, and bottom-up idea generation as critical components in cultivating innovation within corporate settings.

Much of the extant research on these concepts predominantly focuses on Western companies, where organizational cultures significantly differ from those in Japan. Western models frequently highlight individualism and direct communication, traits that may not align well with Japanese cultural norms which prioritize hierarchy and consensus. Few studies have examined how these innovation-promoting concepts apply within the context of Japanese corporate culture. This gap underscores the necessity for more comprehensive research that investigates these factors concurrently within diverse organizational environments.

### 4.6 Changing Values in Japan

Japan's corporate practices have undergone significant transformations in recent years, reflecting broader shifts in societal values and global economic pressures (Miyamoto, 2017; Renou et al., 2023). Traditionally, Japanese companies were known for their hierarchical structures, lifetime employment, and group-oriented decision-making processes (Asaoka, 2018; Chakraborty et al., 2018; Kitamura, 2021). These practices, while fostering loyalty and stability, often stifled individual creativity and innovation (Ranga et al., 2017). Research highlights the gradual shift away from these traditional values. A study by the Ministry of Economy, Trade, and Industry (METI) noted a growing trend among Japanese companies toward more flexible employment practices and a greater emphasis on individual performance and innovation (Ministry of Economy, Trade and Industry, 2022). This shift is partly driven by the need to remain competitive in a globalized economy and adapt to rapid technological changes.

Globalization has played a crucial role in these changes. The increased presence of multinational corporations in Japan and the exposure to different management styles have influenced Japanese corporate practices. Studies indicate that Japanese companies are increasingly adopting Western-style management

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practices, such as performance-based evaluations and more flexible working arrangements (Andonian et al., 2018; Hirasaka et al., 2021). However, these studies often lack detailed explanations for the observed changes. They typically ask respondents to choose from a predefined list of options, which may not capture the nuanced realities of the workplace. One of the goals of this study is to delve deeper into these practices and provide a richer understanding of how innovation is fostered within Japanese companies.

Traditional Japanese practices like lifetime employment and senioritybased promotions have been gradually replaced by more dynamic approaches that prioritize innovation and adaptability. For example, companies like Fujifilm have successfully navigated technological disruptions by embracing a more open and flexible corporate culture. Fujifilm's proactive approach to diversification and innovation contrasts sharply with Kodak's failure to adapt, highlighting the importance of corporate culture in responding to market changes (Shibata et al., 2019; Shikata et al., 2019). Kodak's inability to innovate effectively and adapt to the digital photography revolution can be attributed to several interrelated factors, with corporate culture playing a significant role.

Kodak's longstanding success in the film industry fostered a culture of complacency and arrogance. The company believed it understood consumer needs better than the consumers themselves, leading to a disregard for shifting market preferences toward digital technology. This cultural rigidity resulted in a failure to listen to customer needs and preferences, contributing to Kodak's decline (Bertsch, 2015). Despite pioneering the first digital camera in 1975, Kodak was reluctant to embrace digital photography, fearing it would erode its lucrative film business. This hesitation to invest in and promote digital technology allowed competitors to capture the emerging market, leaving Kodak behind (Krause, 2023).

Despite modernization, some traditional customs persist. One of them is Nomikai (workplace drinking parties) which continues to foster workplace relationships, though its prevalence is declining. Similarly, company-sponsored onsen trips, despite once strengthening employee cohesion, are now less common as younger employees favor work-life balance.

This study aims to provide a comprehensive view of how Japanese companies are fostering innovation by moving beyond traditional practices. By focusing on specific cases and allowing managers to express their views in an unstructured format, this approach will help understand the strategies that companies use to balance traditional values with the need for innovation in a globalized world. In conclusion, the evolution of corporate practices in Japan reflects a broader value shift towards flexibility and innovation. This study seeks to capture these changes in detail, providing insights into how Japanese companies can continue to thrive in an increasingly competitive global market.

#### 5. Theoretical Framework

The theoretical foundation for this study is rooted in Edgar Schein's theory of organizational culture (Schein, 1990), which posits that an organization's culture

comprises three levels: artifacts, espoused values, and basic underlying assumptions. These elements collectively shape the behaviors, practices, and processes within an organization. Schein's framework emphasizes the importance of understanding these cultural components to foster innovation and organizational effectiveness.

In the context of Japanese companies, organizational culture significantly influences how innovation is pursued and implemented. This study examines how specific cultural dimensions—employee autonomy, distributed leadership, and bottom-up idea generation—contribute to fostering innovation within Japanese firms. By applying Schein's theory, we aim to understand how these cultural practices are embedded in the organizational fabric and how they drive innovative outcomes.

1. Employee Autonomy: Schein highlights that autonomy in the workplace can lead to increased job satisfaction and intrinsic motivation, which are crucial for fostering a culture of innovation (Schein, 2010). Autonomy empowers employees to experiment, take risks, and generate novel ideas without fear of reprisal (Schein, 2013).

2. Distributed Leadership: Schein's theory underscores the importance of leadership practices that align with the organization's cultural values. Distributed leadership, which involves sharing leadership responsibilities among various organizational members, can cultivate a collaborative and innovative environment (Schein, 2009, 2010).

3. Bottom-Up Idea Generation: Schein posits that for organizations to thrive, they must encourage idea generation at all levels. Bottom-up idea generation leverages the diverse perspectives of employees, facilitating innovative solutions that align with the organization's core values and assumptions (Schein, 2010, 2016).

### 6. Research Design

This study adopts a mixed-methods approach to investigate the role of employee autonomy, distributed leadership, and bottom-up idea generation in fostering innovation in Japanese companies, with a focus on MEEQ. The research process began with an in-depth interview with the CEO and founder to gain a comprehensive understanding of the company's practices and perspectives on innovation. Based on the insights gathered, a questionnaire was developed and distributed to the company's 70 employees, of which 41 responded. The results of the questionnaire were then analyzed and used to design semi-structured interview questions for three managers in the company, enabling a deeper exploration of the themes identified in the initial stages. This iterative approach ensured that the qualitative and quantitative findings complemented one another, providing a robust foundation for understanding innovation dynamics at MEEQ.

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Figure 1. Research Design Framework. Source: Own work

Independent variables:

1. Employee Autonomy: includes the extent to which employees can make decisions without supervisory approval, flexibility in job roles, and freedom to choose methods for task completion.

2. Distributed Leadership: Indicators such as the presence of leadership roles at various organizational levels, shared decision-making processes, and collaborative leadership practices.

3. Bottom-Up Idea Generation: Indicators include frequency and channels for employee suggestions, the implementation rate of employee ideas, and the encouragement of innovation from all levels.

Dependent Variable:

Perceived Innovation: Assessed based on employees' and managers' perceptions of the company's ability to introduce new products, services, or processes. This includes subjective evaluations of the organization's innovativeness, the effectiveness and impact of recent changes or initiatives, and the extent to which the company is seen as fostering a culture of innovation.

Control Variables:

- 1. Company Size: 70
- 3. Industry: IT
- 4. Years in Operation: 7 years

# 7. Definition of Innovation and Measurement Criteria

Innovation in this study was defined as the perceived development of new products, process improvements, and workplace innovations as reported by employees. The study focused on employees' subjective assessments of how innovation manifests within the company. Additionally, human capital indicators, including employees' perceptions of skill utilization and professional growth opportunities, were considered in assessing innovation capacity.

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#### 8. Results

# 8.1. Interview with CEO

# 8.1.1. Employee Autonomy

The findings from the CEO interview indicate that MEEQ was founded as a result of a successful idea from an internal competition at Sony, as well as to address decision-making inefficiencies commonly found in large corporations by creating a flatter culture. The CEO highlighted that Sony supported the creation of the company as a separate entity to foster a more agile environment. Autonomy is promoted through a flexible work system, allowing employees to work remotely if desired. However, the CEO acknowledged that while this system enhances flexibility, it also presents communication challenges, as some employees remain distant from in-person discussions.

To reinforce commitment and responsibility, MEEQ employs an equity ownership mechanism. Employees are encouraged to purchase company shares, which the CEO described as a strategy to increase their engagement and long-term investment in the company. However, the CEO noted that autonomy in a Japanese work culture remains challenging, as traditional corporate environments emphasize group consensus over individual initiative.

#### 8.1.2. Distributed Leadership

MEEQ operates under a highly distributed leadership model. The CEO described the company's leadership approach as structured but flexible, ensuring that employees understand corporate policies while maintaining the freedom to lead their own projects. Employees are provided with opportunities to develop leadership skills, with a strong emphasis on preparing them for future management roles. According to the CEO, this balance between structure and freedom is critical in sustaining an effective distributed leadership system.

Additionally, the company encourages a participatory leadership style, where employees are involved in shaping company direction. The CEO emphasized the importance of "guiding without restricting", ensuring that employees work autonomously while aligning with company objectives. This leadership approach aligns with MEEQ's long-term vision of developing employees into future managers.

#### 8.1.3. Bottom-up Idea Generation

The CEO emphasized that MEEQ itself was established as a result of bottom-up idea generation within Sony. As such, the company continues to encourage employees to propose and drive their own innovation projects. Management actively creates opportunities for employees to contribute ideas and

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participate in strategic planning. The company employs a "back-casting" approach, where employees are involved in determining long-term goals and working backward to identify necessary present actions.

The CEO also noted that fostering a culture of innovation requires tolerance for failure. Employees are given second chances to refine and test their ideas, reinforcing the company's commitment to a learning-oriented innovation process. This approach ensures that employees remain proactive in generating new ideas and solutions, even in the face of potential setbacks.

Innovation at MEEQ is viewed from both the management and employee perspectives. The CEO described innovation as a dual process, where leadership sets a vision, and employees take an active role in sustaining and advancing it. The CEO acknowledged that while the current leadership fosters innovation, future leadership changes could shift priorities. Therefore, employees are encouraged to develop independent innovation initiatives to ensure long-term continuity.

In terms of human capital, the CEO highlighted that approximately 95% of MEEQ employees are university graduates, reflecting a workforce with a high level of expertise. However, while Sony provided structured training programs for employees, MEEQ currently lacks formalized training initiatives. Instead, the company relies on direct engagement and project-based learning as primary developmental strategies.

The CEO also noted that MEEQ does not focus on patent registration, as the company's business model is service-oriented rather than product-based. Instead, the company prioritizes providing innovative solutions to clients and fostering a dynamic work culture that supports continuous improvement.

# 8.2. Quantitative Results Interpretation

In this study, the independent and dependent variables were constructed using multiple-item subscales to measure key constructs related to employee innovation. The subscales were computed as the mean scores of relevant items to ensure internal consistency and improve measurement reliability.

Independent variables (predictors)

1. Employee Autonomy ("AUTO\_MEAN")

This subscale measures the extent to which employees perceive they have control over their tasks and decision-making processes. It includes items assessing decision-making autonomy and flexibility in task execution. A higher score indicates a greater perception of autonomy in the workplace.

2. Distributed Leadership ("LEAD\_MEAN")

This subscale captures the degree to which leadership responsibilities are shared among employees rather than centralized at the top. It includes measures of employee involvement in team decisions and perceived leadership distribution within the organization. Higher scores reflect a more participatory leadership structure.

3. Bottom-Up Idea Generation ("IDEA\_MEAN")

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This subscale evaluates the frequency and effectiveness of idea-sharing mechanisms within the company. It includes items assessing employee encouragement to propose new ideas and the presence of formal systems that support idea generation. A higher score indicates a stronger culture of innovation through bottom-up initiatives.

Dependent variable (outcome measure)

Perceived Innovation Outcome ("INNOVATION\_MEAN")

This subscale measures employees' perceptions of the extent to which innovation occurs within the company. It evaluates whether autonomy, leadership distribution, and bottom-up idea-sharing translate into tangible innovative outcomes, as well as employees' overall perception of the company's innovation culture. Higher scores indicate a stronger perception that the company successfully fosters and achieves innovation.

The independent variables (Employee Autonomy, Distributed Leadership, and Bottom-up Idea Generation) were tested as predictors of Perceived Innovation Outcome using correlation and regression analyses. The internal consistency of these scales was assessed using Cronbach's Alpha ( $\alpha = 0.717$  for overall innovation), ensuring reliability before statistical testing. Each subscale score was computed as the average of its respective items to maintain a standardized measurement approach.

### 8.2.1. Correlation Analysis

A Pearson correlation analysis was conducted to examine the relationships between Employee Autonomy (AUTO\_MEAN), Distributed Leadership (LEAD\_MEAN), Bottom-up Idea Generation (IDEA\_MEAN), and Perceived Innovation Outcome (INNOVATION\_MEAN).

The results indicated a moderate, positive correlation between Employee Autonomy and Perceived Innovation Outcome with statistical significance (r = .590, p < .001, 95% CI [.345, .760]), suggesting that higher autonomy is associated with greater perceived innovation outcome. Additionally, Distributed Leadership was also moderately and positively correlated with Perceived Innovation Outcome with statistical significance (r = .487, p = .001, 95% CI [.211, .691]). The relationship between bottom-up idea generation and Perceived Innovation Outcome was weaker however still statistically significant (r = .317, p = .043, 95% CI [.011, .569]).

Given these findings, a multiple regression analysis was conducted to further examine the predictive power of these variables on innovation support.

A multiple regression analysis was conducted to examine the effects of Employee Autonomy, Distributed Leadership, Bottom-Up Idea Generation, and Perceived Innovation Outcome. The overall model was statistically significant (F = 8.927, p < .001), explaining 42% of the variance in perceived innovation outcome (R<sup>2</sup> = 0.420).

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Among the predictors, Autonomy had a significant positive effect on Perceived Innovation Outcome ( $\beta = 0.474$ , p = 0.003), suggesting that employees with more decision-making freedom perceive greater Perceived Innovation Outcome.

Distributed Leadership and Bottom-Up Idea Generation did not significantly predict Innovation outcome (p > 0.05), indicating that leadership structure and idea-sharing mechanisms alone may not directly influence innovation perception in MEEQ.

These findings suggest that enhancing employee autonomy is a key driver of perceived innovation outcome, whereas leadership distribution and bottom-up idea generation may require additional factors to be effective.

# 8.3. Qualitative Analysis

In addition to the quantitative findings, a thematic analysis of in-depth manager interviews and frequency analysis of multiple-choice qualitative responses were conducted to explore employees' perceptions of autonomy, distributed leadership, idea generation methods, and innovation barriers. Responses were categorized based on predefined answer options, with some employees selecting multiple responses.

1. Autonomy and decision-making

When asked to provide an example of autonomy in action, employees most frequently reported that autonomy allowed them to improve work efficiency by implementing a new process (61%) or take initiative to support team members in a successful project (56.1%). A combined 51.2% of respondents indicated that autonomy enabled them to make quick decisions during emergencies, demonstrating the role of flexibility in operational responsiveness.

However, 2.4% of employees reported that they could not think of an example where autonomy led to a positive result, suggesting that few employees may feel restricted in their decision-making capacity.

2. Distributed leadership and team collaboration

Employees were asked how distributed leadership impacted their work. The most frequently cited response (43.9%) was that distributed or shared leadership improved time management through task delegation. Additionally, 34.1% noted that collective brainstorming led to the introduction of a new business process, emphasizing the value of participatory leadership in driving organizational change.

3. Bottom-up idea generation and business outcome

When asked for an example of idea implementation, 56.1% of employees reported that their proposal to improve workflow was adopted, reducing errors. Additionally, 36.6% noted that they successfully proposed a system change that enhanced efficiency, while 22 % indicated that the adoption of their idea resulted in cost savings.

While other positive responses were less frequent, 4.9% of employees stated that they had "nothing in particular" to report, highlighting that few employees have not experienced successful idea implementation despite existing mechanisms for idea-sharing.

4. Key factors driving innovation

Employees identified several key factors that contribute to fostering innovation at MEEQ:

"An open culture where opinions are freely shared" (61%) was the most frequently selected factor.

"Opportunities and resources to try out new ideas" (53.7%) was also cited as essential for encouraging innovation.

Diversity within the team (31.7%) and a bottom-up approach (31.7%) were less frequently mentioned, suggesting that structural and cultural openness may be more influential.

5. Barriers to innovation and suggested improvements

When asked for suggestions to improve innovation, employees most frequently highlighted:

"Increasing opportunities for interdepartmental collaboration" (48.8%)

"Introduce a simple system for employees to submit suggestions" (41.5%)

"Holding regular workshops for brainstorming and idea-sharing" (41.5%)

"Encourage creative solutions by allowing more autonomy" (41.5%)

Additionally, some employees emphasized the need to "reduce workload pressure to allow time for creative thinking", reinforcing findings from the quantitative data that suggest time constraints limit innovation efforts.

Finally, when asked for general feedback to improve the workflow, 51.2% of employees explicitly mentioned barriers to innovation, such as hierarchical decision-making and some lack of autonomy may make a change. This finding aligns with previous research indicating that Japanese corporate culture's emphasis on risk aversion can slow innovation processes (Xu et al., 2023).

These findings complement the quantitative results, reinforcing the importance of autonomy and leadership structure in shaping innovation outcomes at MEEQ.

In addition to the quantitative findings, a thematic analysis of in-depth manager interviews and frequency analysis of multiple-choice qualitative responses was conducted to explore employees' and managers' perceptions of autonomy, leadership methods, idea generation systems, and innovation barriers. Responses were categorized into major themes, with key quotes from managers providing further context.

### **Drivers of innovation at MEEQ**

Managers emphasized that cost efficiency and quality were primary factors driving innovation at MEEQ. One manager stated, "We focus on cost-effectiveness and user needs rather than just product functions. That's what makes MEEQ

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innovative." Employees also aligned with this perspective, reinforcing that innovation is goal-oriented rather than spontaneous.

Additionally, MEEQ's culture was highlighted as a key enabler of innovation. Another manager explained, "We constantly talk about innovation and encourage employees to think creatively. It is part of our company mindset." This aligns with survey findings indicating that an open culture where opinions are freely shared was the most cited factor driving innovation.

### **Employee autonomy and decision-making**

Managers confirmed that employees enjoy a high degree of autonomy in their daily work. One manager explained, "Each engineer is responsible for their own tasks and configurations. They have the freedom to design within their scope of responsibility." This corroborates survey results, where 75% of employees reported having freedom in daily decision-making.

However, autonomy also presented challenges, particularly in communication and reporting. One manager noted, "Many employees don't report enough. I have to constantly check in and ask them for updates." This suggests that while autonomy fosters innovation, better communication mechanisms may be needed to maintain accountability.

# **Collaboration across departments**

Managers described regular interdepartmental collaboration as essential for delivering innovation. However, they acknowledged few tensions between engineering and sales teams, which is common in technology companies. One manager stated, "The engineering team wants to keep things simple, but sales want to customize solutions for clients. This creates friction."

Despite these challenges, managers reported fewer conflicts than in larger companies, attributing this to MEEQ's smaller size and regular cross-departmental meetings. This suggests that while departmental collaboration is a strength, targeted communication strategies could further enhance efficiency.

# Managerial support for employee idea generation

When discussing how managers encourage employee innovation, most managers highlighted informal approaches. One manager stated, "We don't have structured brainstorming sessions, but discussions happen spontaneously." Another explained, "We hold an idea competition twice a year, but participation is limited."

These findings align with survey results, where only 48% of employees reported that their ideas led to real changes. While managers recognize the value of employee-driven innovation, the current systems for idea collection and implementation may need to be strengthened.

#### Cultural barriers to innovation

Managers acknowledged that traditional Japanese work culture can inhibit direct idea-sharing. One noted, "Employees are not always open about their ideas.

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It's a cultural challenge." To counteract this, MEEQ encourages employee shareholding, with the goal of fostering a sense of ownership and commitment to innovation. However, as one manager admitted, "This strategy is still in early stages. We may need to give more shares to employees to see real impact."

Survey findings reinforce this challenge, as 29.3% of employees explicitly mentioned hierarchical decision-making as a barrier to innovation. This suggests that while MEEQ is adopting a more flexible leadership model, deep-rooted cultural factors still play a role in shaping innovation outcomes.

These findings provide deeper insight into the organizational dynamics shaping innovation at MEEQ, complementing the quantitative results by highlighting the practical challenges and opportunities for improvement in fostering a more innovative workplace.

#### 9. Conclusion

This study examined how employee autonomy, distributed leadership, and bottom-up idea generation influence their innovation at MEEQ, an emerging Japanese company navigating the balance between traditional corporate structures and modern innovation practices. Through a mixed-methods approach combining employee surveys and in-depth manager interviews, the findings highlight both strengths and challenges in fostering an innovative work environment.

The results indicate that employee autonomy significantly contributes to innovation outcomes, with employees benefiting from decision-making flexibility. However, communication gaps and reporting inconsistencies present ongoing challenges. Distributed leadership is valued, but its impact on innovation is inconsistent, with hierarchical tendencies still shaping decision-making. Bottom-up idea generation exists within MEEQ, but its effectiveness is limited due to informal processes and structural barriers to implementation.

Cultural factors remain a key influence on innovation dynamics. MEEQ's approach to innovation is largely driven by cost efficiency and quality rather than product functionality alone, reflecting a pragmatic innovation strategy. While cross-departmental collaboration is frequent, minor differences in priorities between departments occasionally require coordination adjustments. Additionally, Japanese corporate norms, such as hierarchical structures and cautious risk-taking, continue to shape employees' willingness to engage in innovation. MEEQ's experiment with employee shareholding represents an attempt to foster deeper engagement.

Ultimately, fostering innovation in Japanese companies requires a balanced approach—integrating elements of Western management with Japan's unique corporate environment. Companies should consider adopting structured mechanisms for idea-sharing, creating clearer pathways for employee-led innovation, and implementing training programs that encourage autonomy while maintaining accountability. Additionally, refining leadership structures to allow for more distributed decision-making can help mitigate hierarchical constraints on

innovation. MEEQ's experience provides a valuable case study in navigating this transition. By addressing structural limitations and formalizing innovation mechanisms, companies can enhance their ability to compete in an evolving global landscape.

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