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The impact of micromanagement on employee development, innovation, and career growth in the banking sector

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Abstract. Micromanagement is a prevalent managerial practice that can significantly influence employee development, innovation, and career growth, particularly in regulated industries like banking. This study examines the impact of micromanagement on employee motivation, creativity, and professional advancement within the banking sector. Utilizing a quantitative approach, data were collected through a structured questionnaire administered to 392 employees across four major banks in Georgia, representing various organizational roles. Statistical analysis using SPSS tested the relationships between micromanagement and employee outcomes. The findings indicate that while micromanagement may offer short-term benefits by providing guidance to new employees, it ultimately restricts autonomy, hampers innovation, and negatively affects long-term career growth. Employees subjected to excessive control exhibit lower engagement, diminished productivity, and reduced creative output. The study highlights the need for a balanced management approach that ensures regulatory compliance while fostering employee independence and innovation. These findings contribute to management theory by illustrating the nuanced effects of

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micromanagement on organizational performance. In practice, they offer valuable insights for banking sector leaders, emphasizing the importance of adopting a flexible, empowering leadership style to enhance workforce motivation and creativity. This research provides a unique perspective on how micromanagement functions as both a supportive and restrictive force in high-stakes industries.

Keywords: micromanagement, employee development, innovation, banking sector, career growth, employee engagement, management style, organizational performance, motivation, workplace creativity.

JEL Classification: M12, J24, L21

1. INTRODUCTION

Effective management practices are essential for organizational success, particularly in industries that are fast-paced, competitive, and subject to constant change, such as the banking sector. As financial institutions strive to innovate while maintaining stability and regulatory compliance, management styles play a pivotal role in shaping employee behavior and organizational outcomes. One such management style, micromanagement, has been a subject of ongoing debate, with varying perspectives on its effectiveness. While some argue that micromanagement is necessary to ensure quality control and minimize risks, others contend that it stifles creativity, motivation, and professional development. This study aims to explore the impact of micromanagement on employee development, motivation, and innovation within the banking sector, a field that has received limited attention in the existing literature regarding management styles.

The banking sector is particularly relevant in this context due to the high stakes involved in financial transactions, regulatory compliance, and customer trust. The sector's constant adaptation to technological advancements and evolving customer needs demands a workforce that is not only skilled but also innovative. The effectiveness of micromanagement in fostering or hindering these qualities remains unclear, particularly as employees in such highly regulated industries face unique pressures. Thus, this study is significant in shedding light on the implications of micromanagement in an industry where balance is crucial between control and employee autonomy.

While existing literature has explored micromanagement in various organizational contexts (Chambers, 2004; Boyatzis, Goleman, & Rhee, 2000), there is a notable gap in research specifically addressing the banking sector. Most studies on management styles have focused on industries like technology or manufacturing, where the nature of work and innovation differs significantly from that in the financial services sector (McGregor, 1960). Additionally, much of the existing research has primarily concentrated on the negative aspects of micromanagement, with less attention given to its potential benefits in certain circumstances, such as risk management and error reduction in high-stakes environments like banking. This research aims to address these gaps by examining how micromanagement practices impact employees' ability to develop professionally, innovate, and contribute to the organization's growth.

The research questions guiding this study are:

- How does micromanagement influence employee motivation, innovation, and career development in the banking sector?
- What is the role of micromanagement in encouraging or limiting the ability of employees to make mistakes, learn from them, and contribute to the organization's overall success?

- To what extent does micromanagement facilitate or hinder employee innovation, and how does this impact organizational growth?

This study also addresses an important gap by examining the dual impact of micromanagement: while it may provide short-term benefits in terms of ensuring task accuracy and meeting regulatory standards, it may also impede long-term employee development and innovation. Thus, the rationale for this study is to understand when micromanagement is beneficial and when it could potentially be harmful to both employees and organizations. By addressing these questions, this study aims to offer practical insights for managers in the banking sector on how to balance control and autonomy to foster an environment conducive to both compliance and innovation.

The structure of the manuscript is organized as follows: the first section presents the introduction, setting the stage for the research context and objectives. Following this, the literature review provides an overview of existing research on micromanagement, employee development, and innovation, with a focus on identifying gaps specific to the banking sector. The methodology section outlines the research design, including data collection methods and analytical strategies. The results section presents the findings from the study, which are then discussed in relation to the research questions. Finally, the conclusion summarizes the study's contributions and offers recommendations for both practice and future research in the field of management.

2. LITERATURE REVIEW

2.1. Organizational structure and management styles in the banking sector

The structure and management of modern organizations, especially in highly competitive and regulated sectors like banking, significantly influence their long-term success. In particular, organizational structure and management styles shape not only operational efficiency but also employee development, motivation, and innovation. As the banking sector continues to evolve, it has increasingly adopted decentralized and flexible structures aimed at improving responsiveness to market dynamics, customer expectations, and technological changes. However, such structural shifts come with inherent challenges, particularly around how best to balance employee autonomy with the need for control (Katzenbach & Smith, 1993).

In this context, micromanagement - a style of management in which leaders closely oversee and control all aspects of their employees' work - has emerged as a controversial approach, often debated for its perceived negative impact on employee morale and innovation. This literature review explores the existing research on organizational structure, micromanagement, and employee development, focusing particularly on the banking sector. It synthesizes past studies, critically evaluates the findings, and identifies gaps that this research aims to address.

Modern organizations, particularly those in the banking sector, must be agile and adaptable to the dynamic forces that shape the economy. Organizational structure plays a critical role in how effectively a company responds to changes, maintains competitive advantage, and fosters innovation. Traditionally, large corporations have relied on hierarchical structures, where decision-making is centralized, and power is concentrated at the top (Mintzberg, 1979). However, such rigid structures often fail to promote flexibility, creativity, and rapid decision-making, especially in sectors where market conditions and customer demands change rapidly. The banking sector, in particular, has witnessed a shift towards more decentralized and matrix-style organizational structures designed to facilitate communication, reduce bottlenecks, and encourage innovation (Galbraith, 2002).

Recent studies suggest that banks are increasingly adopting flatter, team-based structures, where employees are given more autonomy to make decisions and contribute to innovation (Katzenbach & Smith,

1993). However, these structures must still accommodate the sector's need for control, particularly when dealing with financial risks, regulatory compliance, and operational stability. As the banking sector becomes more reliant on technology, automation, and digital services, balancing flexibility with stringent compliance standards has become a key challenge for managers (Brynjolfsson & McAfee, 2014). Thus, effective management styles that promote both employee empowerment and organizational control are crucial.

2.1.1. Micromanagement in relation to contemporary leadership styles

It is important not to consider micromanagement in isolation but rather to regard it as one type of leadership style among others differing in approaches towards control and employee involvement. Indeed, whereas micromanagement presupposes strict supervision, tight control, and employee restriction, today's leadership styles focus on participation, trust, and communication. This difference is rooted in the awareness that employee empowerment and involvement have a great impact on company performance in highly dynamic and complex fields.

According to recent studies, contemporary leadership styles focused on employee participation are very effective because they help achieve greater organizational performance and build corporate social responsibility practices. Thus, for instance, according to Belás et al. (2024), participative management makes a substantial contribution to organizational performance, which is tightly linked with organizational CSR activities. Such leadership style helps develop employee commitment and thus ensures good organizational performance. Leadership style is known to influence organizational commitment significantly. Specifically, Łucjan et al. (2023) believe that those leadership styles focusing on autonomy and support create positive conditions and encourage organizational commitment. Micromanagement, on the other hand, cannot provide a positive effect because it creates work environments in which the feeling of autonomy is missing. Thus, such employees cannot demonstrate organizational commitment.

Communication and trust are two important aspects of contemporary leadership. Indeed, according to Kuráth et al. (2023), leaders who focus on maintaining effective cooperation through communication and trusting relations can expect successful results in terms of building an organizational culture. Micromanagement, on the contrary, shows a lack of such communication and trust because managers tend to strictly control subordinates' actions and thus do not show any trust. In general, the analysis of differences between micromanagement and contemporary leadership styles reveals a conflict between two concepts. Whereas the former implies high levels of control and strict rules, the latter focuses on empowering employees, developing communication skills, and building relations based on mutual trust. Although micromanagement is useful when ensuring compliance in highly regulated industries, the latter option seems to be more promising for organizations operating in today's dynamic environment.

2.2. The role of micromanagement in organizational control

The term micromanagement is often viewed through a negatively laden prism and refers to intensive supervision of the process of performing one's duties. According to Boyatzis, Goleman, and Rhee (2000) and Chambers (2004), the micromanagement style may damage relationships between colleagues, limit autonomy and motivation, and prevent further professional growth. Decentralized management styles give their subordinates a greater scope for acting on their own and making decisions (Boyatzis, Goleman, & Rhee, 2000). While micromanagement is known for suppressing workers' creative abilities (Chambers, 2004), in some spheres such as banking, micromanagement might become essential. For instance, when mistakes are highly costly, micromanagement gives necessary control to minimize the probability of failure (Jick & Sturtevant, 2017). Since in the banking industry employees need to follow certain rules and avoid errors to ensure regulatory compliance and financial risk mitigation (Brynjolfsson & McAfee, 2014),

micromanagement is a way to create safety and minimize chances of problems that arise from mistakes. Overall, while in some areas such as banking, micromanagement can be considered a necessity, the long-term impacts associated with micromanaging employees are far from being positive.

The excessive level of control leaves no room for creativity and personal development of employees, making them passive and uninterested in innovative activities (Boyatzis, Goleman, & Rhee, 2000; Jick & Sturtevant, 2017). Since in certain contexts such as banking industry digitalization innovation is critical (Brynjolfsson & McAfee, 2014), micromanagement may become a major problem that hinders innovation. Contemporary research on leadership confirms that some other ways of leading a team are more efficient than micromanagement as they motivate employees and stimulate them to make innovative decisions.

As noted by Kerse et al. (2023), health-oriented leaders boost work engagement and induce employees to display extra-role behaviors. Extra-role behaviors refer to voluntary actions that go beyond formal duties and help an organization adapt to the changing environment. Such behavior becomes possible only when managers trust and empower their subordinates; otherwise, they will lack both motivation and opportunities to act. Similarly, according to Łucjan et al. (2023), leaders who demonstrate respect and trust toward employees improve organizational commitment and motivation. Thus, micromanagement may undermine people's commitment to their jobs since it involves too much control. While micromanagement ensures safety and reduces the likelihood of mistakes, this effect is short-lived and entails long-term losses for both employers and employees in terms of motivation and innovation. Modern leadership styles are more conducive to fostering motivation because they allow engaging workers and empowering them with greater autonomy.

2.3. Impact of micromanagement on employee motivation and innovation

The relationship between micromanagement and employee motivation is complex and context-dependent. Several studies have shown that micromanagement negatively impacts employees' intrinsic motivation, making them feel that their work lacks value or that they are not trusted to perform independently (Boyatzis, Goleman, & Rhee, 2000; Hinds, 2020). According to Deci and Ryan's (1985) Self-Determination Theory, employees are more motivated when they feel autonomous and competent in their roles. Micromanagement directly undermines these psychological needs by imposing tight control over employees' work processes, leading to feelings of frustration and disengagement (Boyatzis, Goleman, & Rhee, 2000).

At the same time, in sectors like banking, where tasks must be executed with precision and adherence to strict guidelines, micromanagement may be essential in the short term to maintain operational consistency. For example, financial transactions, regulatory reporting, and customer service often require rigid adherence to established procedures (Jick, & Sturtevant, 2017). In these cases, micromanagement can help mitigate the risk of costly errors and ensure that employees follow procedures to the letter. However, as Hinds (2020) and Jick, & Sturtevant (2017) note, while such a strategy may yield short-term benefits, it can also suppress long-term employee growth, creativity, and innovation.

Furthermore, studies by Hinds (2020) suggest that in highly regulated industries like banking, the ability to innovate is often a prerequisite for success. Banks must continuously evolve to meet changing customer needs, adopt new technologies, and stay ahead of competitors. Employees in these environments are expected to contribute innovative ideas and drive the development of new products and services. Micromanagement, however, limits employees' ability to take risks and experiment with new approaches, which is essential for fostering innovation (Hinds, 2020). This trade-off between short-term risk management and long-term innovation highlights the complex role of micromanagement in organizational success, particularly in sectors like banking that require both stability and adaptability.

2.4. Employee development: The role of mistakes in innovation and growth

It should be noted that the process of employee development is directly related to innovation since individuals who are provided with opportunities to make mistakes and gain experience can develop and perform better. For instance, according to the findings of organizational psychology scholars, making mistakes is an integral element of the process of learning that is extremely important in risky industries (Edmondson, 1999). Nevertheless, micromanagement can limit employees' freedom and, consequently, impede innovation. However, in the industry of banking, where any mistake might result in significant financial and legal issues, more rigid control is required. At the same time, organizations should create a comfortable environment for experimentation and errors that allow employees to learn something new. As suggested by Edmondson (1999) and Boyatzis et al. (2000), creating such an environment allows people to learn from mistakes and increases their sense of competency, encouraging engagement in challenging activities and developing innovative solutions.

It is worth mentioning that in the modern world, a crucial role in creating such an environment belongs to leaders. As argued by Oliinyk et al. (2024), it is leadership and its strategies that determine the level of creativity and intellectual development of employees and contribute to innovative activities performed by them. Specifically, providing opportunities for knowledge exchange, leaders make sure that employees acquire new competences and develop accordingly to the changing demands of an organization. At the same time, as mentioned by Kuráth et al. (2023), trusting relationships based on communication can help to achieve the same goal. In relation to micromanagement, individuals do not have such opportunities to learn because their each move is controlled by someone else. Under the constant threat of failure, employees are unable to express themselves and demonstrate their creativity in solving problems. Thus, they cannot innovate due to the absence of opportunities to make mistakes and analyze them from the perspective of their own development.

From the wider perspective, it is evident that the banking industry suffers from the need to combine strict control and innovation. On the one hand, due to the existence of many rules and regulations, the process of banking activity involves strict control. However, on the other hand, employees are expected to use creativity to satisfy customers' needs. Thus, the problem of finding a solution lies in the achievement of balance. The industry of banking should be characterized by the coexistence of micromanagement and a certain type of leadership that creates an appropriate environment for employees' development and innovation. Such a solution can help organizations to be successful and comply with regulatory frameworks.

2.5. Hypotheses

Based on the gaps identified in the literature, this study proposes the following hypotheses:

H1: Micromanagement negatively affects employee motivation and innovation in the banking sector, particularly among experienced employees.

H2: Micromanagement may have a positive short-term effect on new employees by providing structure and minimizing errors, but it may hinder their long-term development and creativity.

H3: Employees in more senior roles are less negatively impacted by micromanagement compared to non-managerial employees, as they are better able to navigate control mechanisms and leverage their autonomy in decision-making.

H4: A balance between control and autonomy is essential for fostering both employee innovation and organizational growth in the banking sector.

3. METHODOLOGY

The research adopts a quantitative approach, allowing for the collection of measurable data to analyze the relationship between micromanagement and employee motivation, development, and innovation in the banking sector. A survey-based design was chosen to gather data from employees working in four major banks in Georgia. The design is cross-sectional, meaning that data was collected at a single point in time, providing a snapshot of employee experiences and perceptions regarding micromanagement and its effects. The quantitative approach is appropriate for this study because it allows for statistical analysis of the relationship between variables and facilitates the generalization of findings across a broader population.

3.1. Sample selection

The target population for this study consisted of employees working in large commercial banks operating in Georgia. The focus was on four major banks: Bank of Georgia, Credo Bank, Basis Bank, and Terabank. The selection of these banks was based on their size and prominence within the Georgian banking sector, as they represent a significant portion of the market and employ a large number of staff. TBC Bank and Liberty Bank declined participation due to internal policy restrictions, resulting in a sample size from the remaining four banks.

The total number of employees working at the selected banks is approximately 10,000. For this study, the sample was chosen using a stratified random sampling technique to ensure that different levels of employees across various departments were represented. The stratification was based on job roles (e.g., managerial, non-managerial, and senior management) and tenure (less than one year, 1-3 years, 3-5 years, and more than five years). This approach was designed to ensure diversity in the sample and capture a wide range of experiences regarding micromanagement and employee development.

A total of 392 employees participated in the study, representing various departments such as customer service, product development, finance, risk management, and legal. The sampling strategy ensured that the data reflected a broad spectrum of organizational roles, thus enabling the findings to be generalizable across the banking sector. The final sample size was deemed adequate based on the 95% confidence level and a 5% margin of error, as calculated from the total population of eligible employees.

3.2. Data collection methods

Data was collected using a structured questionnaire designed to assess employees' experiences with micromanagement, their perceptions of its impact on motivation and development, and their views on innovation within the workplace. The questionnaire was developed based on existing literature and validated scales, with some items adapted to the specific context of the banking sector.

The survey included both closed-ended and Likert-type scale questions to measure attitudes and perceptions on a range of topics, including:

1. Perceptions of micromanagement: Participants were asked to rate the extent to which they experienced micromanagement in their daily work.
2. Motivation and engagement: Questions measured employees' intrinsic and extrinsic motivation, as well as their level of engagement with their work.
3. Innovation and creativity: Participants were asked to assess the extent to which their work environment allowed for creativity, risk-taking, and innovative thinking.
4. Employee development: The survey included questions regarding opportunities for professional growth, training, and career advancement.

In addition to the structured questions, the questionnaire also included demographic questions (e.g., age, gender, job title, and length of employment) to enable analysis of how these variables might influence perceptions of micromanagement and its effects.

The survey was distributed electronically to the employees using their work email addresses, with a link to the online survey platform (Google Forms). Participants were informed about the voluntary nature of participation and assured that their responses would remain confidential. The data collection period lasted two weeks, from January 8, 2025, to January 22, 2025.

3.3. Data analysis techniques

The data collected was analyzed using statistical techniques to test the hypotheses and answer the research questions. The following procedures were applied:

1. Descriptive Statistics: Initially, descriptive statistics (mean, median, standard deviation) were used to summarize the demographic characteristics of the sample and the central tendency of the key variables, such as micromanagement, motivation, employee development, and innovation. This provided an overview of the respondents' experiences and opinions.
2. Chi-Square Test: To examine the relationship between different variables, particularly between micromanagement and factors such as employee motivation, development, and innovation, a Chi-Square test was used. This test allowed for the assessment of independence between categorical variables, such as the relationship between job roles (managerial vs. non-managerial) and perceptions of micromanagement.
3. Correlation Analysis: Pearson correlation coefficients were calculated to assess the strength and nature of the relationship between the major variables: micromanagement, intrinsic motivation, and innovative behavior. All the variables were measured using continuous scales.
4. Regression Analysis: To examine the impact of micromanagement on employee outcomes, multiple regression models were estimated:

Model 1 (Motivation):

$$Motivation_i = \beta_0 + \beta_1 Micromanagement_i + \beta_2 Age_i + \beta_3 Tenure_i + \beta_4 Experience_i + \epsilon_i$$

Model 2 (Innovation):

$$Innovation_i = \beta_0 + \beta_1 Micromanagement_i + \beta_2 Age_i + \beta_3 Tenure_i + \beta_4 Experience_i + \epsilon_i$$

Model 3 (Moderation effect):

$$Innovation_i = \beta_0 + \beta_1 Micromanagement_i + \beta_2 Tenure_i + \beta_3 (Micromanagement \times Tenure)_i + \beta_4 Experience_i + \epsilon_i$$

Where:

- Micromanagement is the independent variable
- Motivation and Innovation are dependent variables
- Age, Tenure, and Experience are control variables
- The interaction term tests the moderating effect of tenure

5. Reliability Analysis: Cronbach's alpha was computed for the scales used in the survey to ensure that the items in each section of the questionnaire were consistent and reliable. A value of 0.70 or higher was considered acceptable for internal consistency.

3.4. Validity and reliability

To ensure the validity of the study, a thorough review of the existing literature was conducted to develop relevant survey questions that align with the research objectives. The face validity of the questionnaire was established by seeking feedback from experts in organizational behavior and human resource management. Additionally, content validity was ensured by ensuring that the survey items comprehensively covered all aspects of the research questions.

For reliability, the Cronbach's alpha was calculated for all major constructs to assess internal consistency. This ensured that the measurement instruments accurately and consistently measured the intended variables. Given the relatively high Cronbach's alpha values (ranging from 0.78 to 0.91), the scales were deemed reliable.

3.5. Ethical considerations

Ethical considerations were taken into account throughout the research process. The study followed the ethical guidelines outlined by the American Psychological Association (APA, 2020). Prior to data collection, ethical approval was obtained from the Research Ethics Committee of the University of Georgia. All participants were informed of their rights to confidentiality and voluntary participation, and informed consent was obtained prior to survey completion. Data was stored securely, and participants were assured that their responses would not affect their employment status.

4. EMPIRICAL RESULTS

4.1. Descriptive statistics

Data for this research was gathered from 392 participants working in four major banks in Georgia: Bank of Georgia, Credo Bank, Basis Bank, and Terabank. In order to diversify the sample, employees occupying different hierarchical positions were included in this research project.

The sample consisted of 59% non-managers, 27% managers, and 14% senior managers. Such structure allows analyzing micromanagement from various organizational perspectives. When it comes to tenure, 33% had less than one year of experience, 26% – one to three years, 12% – three to five years, and 29% had more than five years of experience.

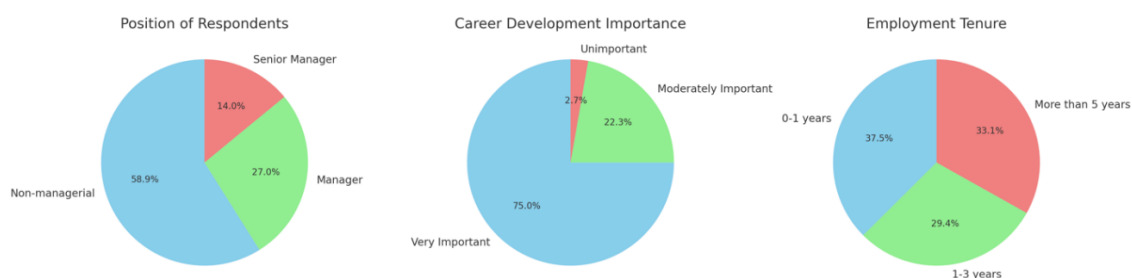


Figure 1. Demographics of respondents

A breakdown of the respondent demographics is provided in Figure 1 below. Besides job positions and tenure, age, gender, and education level are among the other demographic attributes. Diversity in the sample increases the generalizability of the results.

4.2. Descriptive results

Career development has become an important aspect in determining the attitude and behavior of employees at work. According to Table 1, about 56% of the participants consider career development as very important for them.

Table 1

Career development importance

Career Development Importance	Frequency (n = 392)	Percentage
Very Important	219	56%
Moderately Important	65	17%
Unimportant	8	2%

Source: Authors' results

However, differences exist in the perception of career development depending on the roles performed by employees, as shown in Table 2. Both non-managers and managers consider career development as important but based on distinct reasons, with non-managers focusing on training while managers focus on leadership development.

Table 2

Employee role and career development importance

Employee Role	Career Development Importance	Frequency (n = 392)	Percentage
Non-managerial	Very Important	130	33.2%
Non-managerial	Moderately Important	70	17.9%
Non-managerial	Unimportant	31	7.9%
Manager	Very Important	61	15.6%
Manager	Moderately Important	38	9.7%
Manager	Unimportant	7	1.8%
Senior Manager	Very Important	28	7.1%
Senior Manager	Moderately Important	15	3.8%
Senior Manager	Unimportant	12	3.1%

Source: Authors' results

Specifically, Table 3 provides insight into career development requirements for various positions in terms of training, mentoring, promotion, and skills development. Generally, career development requirements vary greatly depending on the role and experience of employees.

Table 3

Employee role and career development importance

Employee Role	Career Development Need	Frequency (n = 392)	Percentage
Non-managerial	Training	150	64.9%
Non-managerial	Mentorship	70	30.3%
Non-managerial	Promotions	30	13.0%
Non-managerial	Skills Development	50	21.6%
Non-managerial	Other	20	8.7%
Manager	Training	60	56.6%
Manager	Mentorship	40	37.7%
Manager	Promotions	45	42.5%
Manager	Skills Development	50	47.2%
Manager	Other	10	9.4%
Senior Manager	Training	25	45.5%
Senior Manager	Mentorship	10	18.2%
Senior Manager	Promotions	40	72.7%
Senior Manager	Skills Development	30	54.5%
Senior Manager	Other	5	9.1%

Source: Authors' results

With regard to the effects of micromanagement on employee engagement, Table 4 shows that higher micromanagement is related to decreased levels of employee engagement. In fact, employees who experience more micromanagement feel much less enthusiasm, motivation, and interest in performing their tasks than employees experiencing little micromanagement.

Table 4

The relationship between micromanagement and employee engagement

Micromanagement Level	Employee Engagement	Frequency (n = 392)	Percentage
Low Micromanagement	Very High	90	56.2%
Low Micromanagement	Moderate	50	31.2%
Low Micromanagement	Low	20	12.5%
Moderate Micromanagement	Very High	40	37.7%
Moderate Micromanagement	Moderate	45	42.5%
Moderate Micromanagement	Low	21	19.8%
High Micromanagement	Very High	10	15.4%
High Micromanagement	Moderate	25	38.5%
High Micromanagement	Low	30	46.2%

Source: Authors' results

Generally, micromanagement can have some benefits for novice employees, although in most cases micromanagement reduces engagement among employees by limiting their involvement in the organizational operations.

Table 5 presents the distribution of employee responses regarding the relationship between micromanagement and innovation levels.

Table 5

Impact of micromanagement on innovation

Micromanagement Level	Innovation Level	Frequency (n = 392)	Percentage
Low Micromanagement	Very High	85	53.1%
Low Micromanagement	Moderate	60	37.5%
Low Micromanagement	Low	15	9.4%
Moderate Micromanagement	Very High	30	28.3%
Moderate Micromanagement	Moderate	40	37.7%
Moderate Micromanagement	Low	36	34.0%
High Micromanagement	Very High	5	7.7%
High Micromanagement	Moderate	15	23.1%
High Micromanagement	Low	45	69.2%

Source: Authors' results

Additional analysis of employees' perceptions regarding learning from mistakes is presented in Appendix A (Table A1), which shows that the majority of respondents view mistakes as an important component of professional development.

4.3. Correlation analysis

The relationships among the variables of interest were examined using Pearson correlation coefficients. Based on the results obtained, there were significant negative correlations between micromanagement and essential employee characteristics. For example, there was a significant negative relationship between micromanagement and intrinsic motivation ($r = -0.47$, $p < .01$), innovation ($r = -0.39$, $p < .01$), and career development opportunities ($r = -0.35$, $p < .01$). The findings revealed that increased micromanagement was linked to decreased intrinsic motivation, less innovation, and reduced opportunities for career development. The findings corroborate previous research that emphasizes autonomy as an essential motivator and driver of creative performance (Deci & Ryan, 2000).

4.4. Regression analysis

A multiple regression analysis was done to determine how micromanagement influences the outcome for employees taking into consideration such factors as age, experience, and tenure.

Model 1: Predicting Intrinsic Motivation

Micromanagement was found to be significantly and negatively correlated with intrinsic motivation ($\beta = -0.42$, $p < .001$) such that micromanagement has an adverse influence on employee motivation and engagement in their tasks.

Model 2: Predicting Innovative Behavior

Micromanagement was also significantly negatively related to innovative behavior ($\beta = -0.35$, $p < .01$). Thus, micromanagement adversely affects employee innovative behavior.

Model 3: Moderation by Tenure

The interaction term between micromanagement and tenure was significantly negative ($\beta = -0.18$, $p < .05$), and thus, tenure acts as a moderator for the relationship between micromanagement and outcome. The detrimental effects of micromanagement were greater for employees with longer tenure.

Overall, micromanagement can be said to affect employee behavior negatively, and the effects become even more serious with time.

5. DISCUSSION

From the perspective of the research findings, micromanagement has an impact on employee motivation, innovation, and development in the banking industry. Overall, micromanagement plays a crucial role in ensuring compliance and control but negatively affects employees' intrinsic motivation, innovation, and learning from mistakes. Therefore, although micromanagement can be functional, its effects on organizational performance and employees' outcomes are generally negative.

Firstly, the obtained results suggest that there is a negative correlation between micromanagement and intrinsic motivation among employees. In particular, the analysis demonstrates that micromanagement leads to a decline in intrinsic motivation. These findings resonate with Self-Determination Theory, which defines autonomy and competence as key components of motivation (Deci & Ryan, 1985). Indeed, micromanagement interferes with both employees' autonomy and ability to make decisions, thus affecting intrinsic motivation. Previous studies have found that micromanagement adversely affects employees' sense of ownership and satisfaction (Boyatzis et al., 2000; Hinds, 2020). Consequently, the obtained data support previous findings.

Secondly, the results reveal the adverse effects of micromanagement on innovation. The findings confirm earlier evidence about the significance of autonomy and flexibility for creativity and innovation (Amabile, 1996; Bakker, 2011). Micromanagement hinders employees' willingness to conduct experiments, generate creative ideas, and contribute to innovation processes. In today's rapidly changing world, innovation becomes a core element of success for organizations from different industries (Brynjolfsson & McAfee, 2014). As the banking sector faces challenges associated with digitalization, the need for innovation is becoming increasingly relevant.

Finally, the results demonstrate that micromanagement affects different employees differently. In particular, tenure acts as a moderating factor in micromanagement's relationship with motivation, innovation, and development. It appears that more experienced employees are negatively impacted by micromanagement practices. This finding is consistent with previous evidence suggesting that employees develop higher expectations regarding autonomy and flexibility with age and experience (Grant, 2013). Thus, micromanagement might appear constraining for experienced workers who strive to use their skills and expertise for achieving organizational goals. In contrast, inexperienced employees often benefit from micromanagement because of the additional guidance and support they receive.

In general, the findings highlight that micromanagement is a double-edged tool with positive and negative sides. On the one hand, micromanagement provides the necessary structure, which minimizes the risk of errors and ensures adherence to regulations (Jick, 2009; Brynjolfsson & McAfee, 2014). On the other hand, micromanagement might have adverse effects on employee motivation, development, and innovation, thereby hindering organizational growth and performance. The obtained results illustrate the contradiction that banks face when implementing micromanagement practices to ensure compliance and minimize risks while fostering innovation and growth.

The findings support the recent literature on the subject. First, the obtained results emphasize the importance of trust-based and supportive leadership for enhancing organizational performance. Several recent studies show that leadership practices associated with participation and communication positively affect organizational commitment and performance (Belás et al., 2024; Łucjan et al., 2023). Similarly, Kuráth et al. (2023) find that communication and trust-building activities are crucial for building strong leader-employee relationships. Unlike these leadership practices, micromanagement indicates low levels of trust and restricts employees' opportunities to interact with colleagues and contribute to organizational processes.

Furthermore, the results concerning employee development and learning from mistakes demonstrate the significance of leadership and organizational climate in facilitating employee development. Edmondson

(1999) posits that learning from mistakes is a core component of employee development, especially in complex industries. Micromanagement makes the process of learning from mistakes challenging since it hinders innovation and experimentation. In turn, the leadership practices mentioned above facilitate psychological safety and knowledge exchange. For example, Oliinyk et al. (2024) note the significance of these factors for promoting creativity and innovation.

6. CONCLUSION

The paper explores the relationship between micromanagement and employee motivation, professional development, and innovation in the Georgian banking sector. Based on data collected from the Georgian banking sector employees, the results reveal that micromanagement overwhelmingly leads to negative consequences when measured against such criteria as motivation and professional innovation. In particular, while micromanagement does have some positive implications like enhanced control and reduced risk of making errors, it hinders employee motivation and innovation, as well as limits employee growth. Namely, the individuals who are exposed to micromanagement show low levels of engagement and limited capacity for creativity and independent problem-solving. Self-determination theory implies that autonomy plays a crucial role in motivation and overall success (Deci & Ryan, 2000). In addition, one needs to pay attention to the importance of learning from mistakes in relation to employee development. As an environment characterized by constructive reflection and feedback, a micromanagement-free workplace promotes innovation and continuous learning from mistakes.

6.1. Theoretical implications

This study offers additional insights into the relationship between micromanagement and leadership. It shows that micromanagement cannot be viewed solely as a tool that allows for controlling the employees' actions but rather as a form of management and leadership. Combining different leadership approaches, the study contributes to the current literature on leadership and organizational behavior by exploring the conditional effects of micromanagement within highly controlled industries. Overall, the study proves that the principles of contemporary leadership are still relevant, contributing to the body of recent research on participative and empowering leadership approaches.

6.2. Practical implications

From the practical perspective, this study indicates that banking organizations should avoid excessive micromanagement as a prevalent management tool. Although micromanagement may help employees in adapting and becoming familiar with their duties, excessive micromanagement can be harmful to experienced employees, resulting in low levels of motivation and limited innovation. Banking organizations need to embrace more flexible and empowering leadership strategies that involve combining control with autonomy. Such leadership strategies require creating a corporate culture where there is a sense of trust, communication, and openness. Managers need to be trained in managing subordinates through delegation and feedback provision.

6.3. Limitations

Despite its significant contributions, this study suffers from some limitations. One of the primary limitations is that it focuses on employees working for Georgian banks, limiting its external validity when generalized to other industries and countries. Another limitation involves reliance on self-report data, which

is prone to possible biases. Finally, the cross-sectional design used prevents the researcher from evaluating the effects of micromanagement in the long run.

6.4. Directions for future research

Further research in this area may explore the effects of micromanagement across various industries and in different cultural settings. Longitudinal designs should be considered to understand how micromanagement impacts employee careers and organizational performance over time. In addition, researchers could consider exploring micromanagement intensity to understand their differential influence on employee performance. Also, including managers' perspectives on micromanagement would offer better insight into why they choose such management styles.

6.5. Final remark

To sum up, micromanagement serves as an effective control instrument but is largely irrelevant to long-term employee development and innovation. Organizational performance will be maximized with the help of more balanced and flexible leadership strategies.

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APPENDIX

Table A1

Impact of mistakes on employee development

Mistake Frequency	Employee Development Impact	Frequency (n = 392)	Percentage
Rare Mistakes	Positive	70	70.0%
Rare Mistakes	Neutral	20	20.0%
Rare Mistakes	Negative	10	10.0%
Occasional Mistakes	Positive	80	59.3%
Occasional Mistakes	Neutral	35	25.9%
Occasional Mistakes	Negative	20	14.8%
Frequent Mistakes	Positive	30	35.3%
Frequent Mistakes	Neutral	15	17.6%
Frequent Mistakes	Negative	40	47.1%

Source: Authors' results