

STRATEGY

Is Bottom-Up Approach to Continuous Improvement Really Bottom-Up?

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A managerial resource to diagnose bottom-up approach to Continuous Improvement

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Since the advent of the quality movement, organizations have recognized that continuous improvement (CI) emerges from those closest to the work, the frontline workforce. Operational improvement practices like Total Quality Management, Toyota Production System, Lean and Agile have consistently propagated a bottom-up approach to CI, emphasizing that frontline employees are best positioned to drive meaningful change.^{1,2} This approach has been shown to enhance employee motivation, foster learning, and accelerate decision-making, ultimately improving operational performance in firms.

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While the quality movement positioned employee-driven problem-solving at the heart of CI, the operational improvement practices have long operated within structured hierarchies, where decision-making ultimately rests with managers.³ Even methodologies like Lean and Six Sigma remain within a controlled organizational framework driven by managerial hierarchy despite engaging frontline workers in problem-solving.⁴ The emergence of digital transformation initially appeared to challenge this, promising AI, automation, and data-driven decision-making would empower employees at all levels.⁵ Yet

rather than dismantling traditional hierarchical structures, these improvement practices have often reinforced them, creating a paradox where participation is encouraged but ultimately constrained.

For instance, think of Google's ASK, an Artificial Intelligence (AI) tool. While designed to gather and summarize employee contributions, the tool has been criticized for softening the original tone and omitting critical comments, effectively muting direct employee contributions.⁶ This reflects a broader trend in digital transformation where new technologies promise inclusivity and engagement but often introduce an additional layer of control, subtly shaping how employee input is received, interpreted, and implemented. Similarly, though efficient, Amazon's top-down deployment of warehouse robots faced criticism for sidelining worker input, raising concerns about employee treatment and morale as an example of a lack of a bottom-up approach to CI.⁷ Nevertheless, not all digital transformations follow this pattern. Some organizations have successfully leveraged digital tools to enhance, rather than restrict, employee participation. Grab, a Southeast Asian ride-hailing platform's development of the LLM-Kit, exemplifies the bottom-up approach by actively involving its technology teams; the company built a platform enabling non-technical employees to develop AI-driven solutions tailored to their needs.⁸ This initiative significantly boosted productivity alongside empowering employees to integrate AI seamlessly into their workflows. To resolve this practical debate, we question- Is the bottom-up approach to CI truly bottom-up? Or, is it only a managerial fallacy?

We conducted a series of structured interviews and surveys across multiple industries to further investigate whether the bottom-up approach is truly employee-driven or subtly influenced by hierarchical oversight. Our research included 108 in-depth interviews, 24 with senior management and 84 with mid-management personnel and frontline employees across four global banks.⁹ Additionally, we analyzed survey data capturing managerial and employee perspectives on bottom-up decision-making for CI, using a standardized five-point scale (5: Strongly Agree, 1: Strongly Disagree). The findings uncovered a paradox and revealed a striking perception gap; managers perceived the bottom-up approach more favorably than employees. Put differently, while managers perceive that they are abiding by the bottom-up approach to CI, employees feel that they are not truly involved in the contributions and decision-making that the bottom-up

approach propagates. This disconnect underscores a critical challenge for organizations: bridging the gap between the intention of a bottom-up approach to CI and the reality of how employees experience it in practice.¹⁰

The Promise and Reality of Bottom-Up Approach

In our interviews, we found that while few top-level executives acknowledged the value of bottom-up approach, they also described inherent constraints, like having a broader perspective, shaped how and when employee inputs were acted upon.

For instance, a senior executive said, *“Frontline employees have valuable insights into operational issues, but we must ensure that any changes we make align with the company’s long-term goals, which they may not be eloquent”* Another manager reinforced this sentiment by pointing out that any decisions made in isolation could have unintended consequences elsewhere in the organization. Even when an employee-driven change seemed beneficial within one department, it could create inefficiencies in other areas of the workflow. This perspective highlights an essential hierarchical control filter, that while bottom-up ideas are welcomed, they are ultimately assessed through the lens of cross-functional impact and strategic fit before they are implemented.

Further, few managers described a constant balancing act between potential benefits and organizational constraints, such as budget limitations, time pressures, and competing priorities. One manager recalled a situation where multiple teams proposed automation tools to streamline their workflows, but leadership had to prioritize initiatives based on the highest return on investment. This reality underscores why many employee-driven ideas, despite their merit, fail to materialize, not because they lack value, but because they do not meet the organization’s most immediate needs.

Beyond the alignment and resource constraint issues, few managers also believe that organization itself is best positioned to determine what is most beneficial for employees. Our research found that this belief often manifests in a system where employees are primarily rewarded for executing changes rather than proposing them. An offshore

delivery manager articulated this perspective as: “Employees are key to executing process improvements efficiently, but strategic decisions need to come from the top, as they have key insights.” This viewpoint reveals a subtle but significant contradiction that managers recognize the value of bottom-up approach but still default to top-down control when it comes to insights for CI. The result is an ecosystem where employees are encouraged to contribute ideas, yet the power to act on those ideas remains centralized within hierarchical discretion.

However, the narrative shifts significantly when we consider the perspectives of frontline employees. Employees are encouraged in training sessions and stand-up meetings to contribute, with the understanding that their ideas will be valued and implemented. However, on the ground, many employees experience a disconnect between what is promised and what actually happens. This tension is primarily driven by the emotional investment employees make in their suggestions, only to see them ignored or dismissed without explanation, at times. As one reporting associate noted, “*We often provide practical insights, but when decisions are made against our input, it feels demotivating.*” This lack of recognition for their contribution’s fuels frustration, especially when employees feel their voices aren’t truly heard. Additionally, employees often face inconsistent involvement in decision-making, sometimes being consulted, but other times simply told to execute changes they know won’t work.

This disconnect between employees’ frontline insights and top-down decision-making is further illustrated by a real-world case in a major bank where customer service employees warned that a new AI chatbot system in its current form would cause longer resolution times and frustrate customers. The employees recommended several tweaks to the system and provided a detailed recommendation. Despite these concerns, in a race for digitalization the decision was made at the top to implement the system in current form. However, once rolled out, the system led to increased call abandonment rates and dissatisfied customers who struggled to navigate the system. The system ultimately failed, and employees were left to manage the fallout, and with a feeling that their insights had been ignored.

The Gap That Glares

While interviews provided valuable qualitative insights into how managers and employees perceive bottom-up decision-making, a survey was essential to quantify these perceptions and reveal the extent of the disconnect. We employed a structured survey to measure these perceptions at scale and pinpoint specific areas where managers strive to integrate employee contributions. We surveyed both managers and employees across industries to assess their perspectives on (i) employee driven CI proposals, (ii) structured mechanisms to participate, (iii) decision-making speed, (iv) initiating the CI discussions, and (v) accountability for failure. Our findings are summarized in Figure 1.

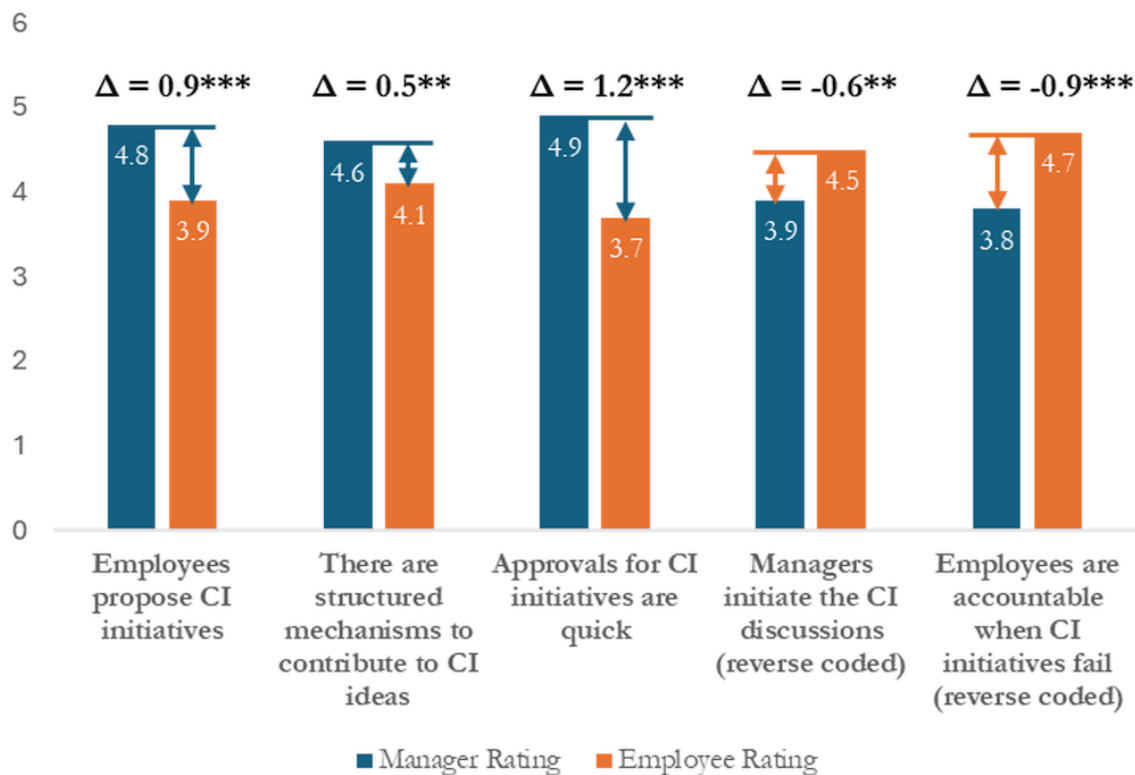


Figure 1: The gap between managerial vs employee perceptions of bottom-up approach to CI.

Our survey findings reveal a blind spot in how organizations assess their bottom-up initiatives. While managers rate bottom-up participation favourably, employees report a vastly different reality. For instance, when asked whether employees have structured mechanisms to contribute ideas, managers gave significantly higher ratings than

employees. Similarly, managers perceived initiative approvals as swift, while employees reported delays and bottlenecks, reflecting a stark difference in experience. Another key discrepancy was observed in how accountability for CI failures was perceived and managers assumed employees felt accountable, whereas employees rated their sense of ownership significantly lower, suggesting that they often feel like passive executors rather than active participants in driving change.

Perhaps the most striking disconnect was in who initiates CI. Managers largely believed that employees take an active role in proposing improvements, while employees rated this aspect significantly lower. This misalignment suggests that while managers may believe they are fostering a culture of participation, employees often experience it as selective. Bridging this gap requires organizations to rethink not just their processes but the fundamental ways they engage their workforce. Companies that fail to act risk creating a workforce that is disengaged, demotivated, and resistant to change which could potentially be the reason why many digital transformation efforts fail to achieve their intended impact.¹¹ Although, these empirical findings highlight the disconnect between managerial perception and employee reality, how can organizations diagnose their own position in this paradox? To address this, we propose a 2×2 framework that categorizes organizations based on both perceived and actual bottom-up approach to CI.

Identifying Your Current Quadrant

Our research revealed that organizations often assume they are fostering a bottom-up approach when, in reality, employees experience it differently. To bridge this gap, organizations must move beyond assumptions and adopt a structured approach to assess how employee participation truly unfolds within their operations. The two dimensions of our framework represent, first, Perceived Employee Participation in CI, reflecting the extent to which managers believe employees are actively engaged in CI initiatives. Second, Actual Employee Participation in CI, which measures how much influence employees genuinely have over the changes they propose. The intersection of these two dimensions provides a diagnostic lens through which organizations can assess their current standing and identify the obstacles preventing them from achieving a truly bottom-up culture. This framework is crucial because organizations often misdiagnose their level of employee

involvement, mistaking intention for execution. By understanding which quadrant they fall into, organizations can take targeted, data-driven actions to close the gap between perception and reality, ensuring that bottom-up approach is experienced by all employees. Figure 2 presents our framework of bottom-up approach.

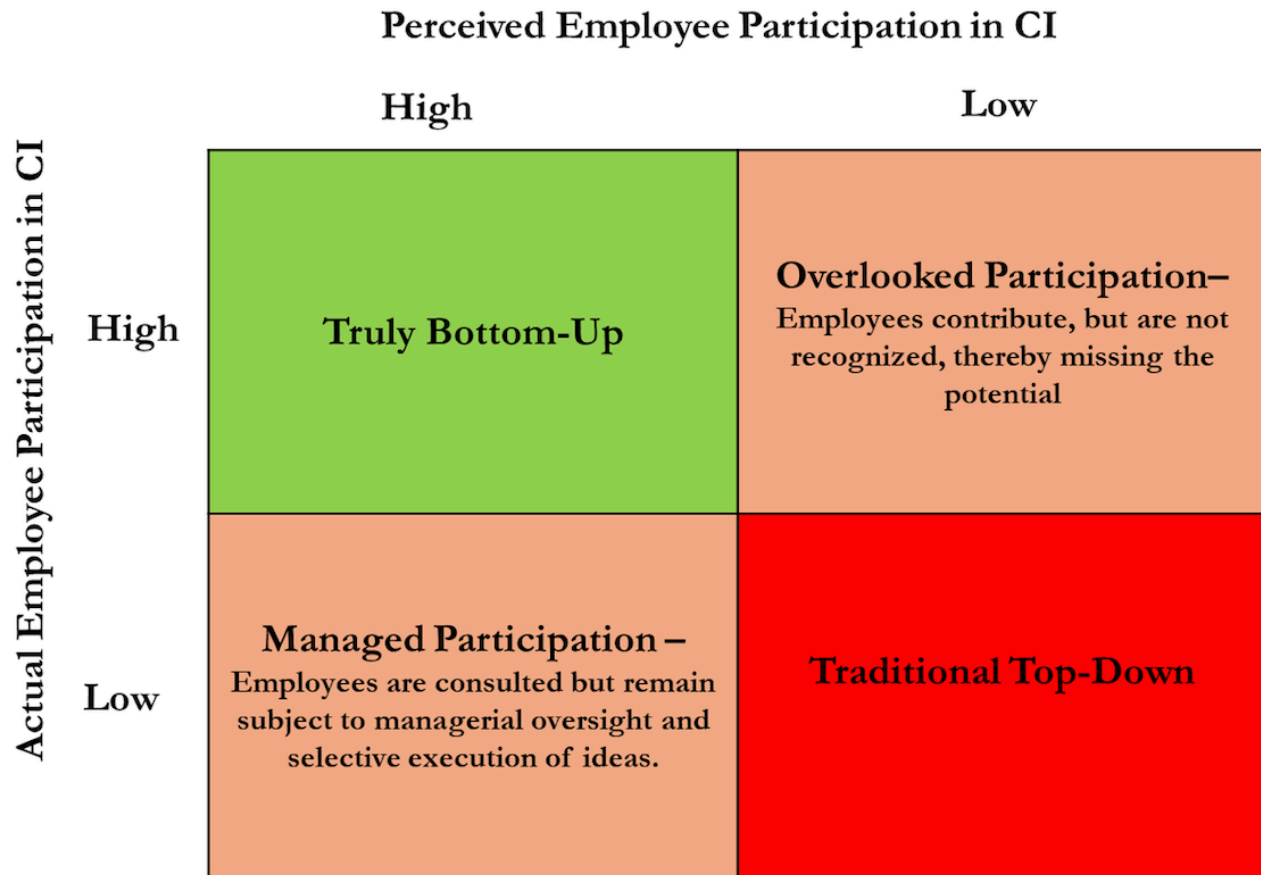


Figure 2: A framework for diagnosing bottom-up approach to CI.

An overview of Figure 2 reveals that at opposite ends of the spectrum lie *Truly Bottom-Up* and *Traditional Top-Down* positions. *Truly Bottom-Up* organizations, where employee empowerment is both perceived and real. Here, employees actively drive change, and managers serve as facilitators rather than gatekeepers. The other quadrant, *Traditional Top-Down*, represents organizations where employee involvement in CI is minimal or non-existent. These firms operate within rigid hierarchies where strategic and operational changes are dictated from the top, with little to no engagement from frontline workers.

Employees in these environments expressed low motivation to contribute process improvements, viewing change initiatives as external mandates rather than collaborative efforts.

While the two extremes are relatively clear, our research uncovered two distinct misalignments in organizations that claim to embrace bottom-up approach to CI but fall short in execution. *Overlooked Participation* indicates organizations where employees take the initiative to propose meaningful CI initiatives, but their contributions go unrecognized or underutilized by managers. Our research uncovered several instances where employees provided solutions that were overlooked, often because there was no structured mechanism to capture and act on their ideas. The result is not only employee frustration but also significant lost opportunities for innovation. Organizations in this quadrant fail to leverage CI that are already being developed within teams, leading to redundant work, inefficiencies, and an over-reliance on top-down problem-solving. Over time, employees in this category may stop initiating improvements altogether.

The other quadrant, *Managed Participation*, reflects a common organizational paradox, that leaders believe they are fostering a bottom-up culture, yet employees report feeling constrained by hierarchical approval cycles and selective inclusion. This paradox often emerges in organizations that implement suggestion portals, idea submission platforms, or structured feedback mechanisms, believing they have created an inclusive culture. However, employees in these environments frequently report that while their voices are heard, final decisions still rest with managers. The approval process remains opaque, and follow-through is inconsistent, making participation feel more like a checkbox exercise than a meaningful avenue for change. Additionally, when CI decisions remain centralized despite formal participation mechanisms, organizations fail to leverage diverse perspectives, leading to suboptimal strategic and operational decisions.

By placing themselves within our proposed framework, organizations can move beyond managerial assumptions and take concrete steps toward building a culture where bottom-up to CI is not just encouraged but embedded into the fabric of their operations. Organizations must rethink how they integrate employee input, and this is where digital tools can play a transformative role.

Leveraging the Bottom-Up Approach for Successful Digital Transformation

While our framework provides organizations with a structured way to diagnose their bottom-up approach to CI, determining their actual position requires more than managerial perception. Traditional engagement methods such as annual employee surveys and structured feedback sessions fail to capture the real-time, dynamic nature of employee participation. To address this limitation, organizations must leverage digital tools that provide continuous insights into employee involvement, decision-making influence, and managerial responsiveness.

For instance, organizations in the *Overlooked Participation* suffer from a failure of visibility where employees actively initiate and drive process improvements, yet leadership fails to recognize or scale their efforts. Citrix, a software developing company, faced challenges in surfacing valuable employee-driven insights using traditional emails, before implementing a common platform driven by AI assistance that enabled employees to submit, refine, and track ideas.¹² By embedding a structured review process, managers were able to recognize employee contributions that had previously gone unnoticed, ensuring that valuable insights were captured and scaled.

In *Managed Participation*, organizations encourage employee participation but retain excessive control over CI, making contributions feel symbolic rather than impactful. Unilever realized that it fell in this quadrant when it first implemented an AI-powered internal talent platform that allowed employees to self-select cross-functional projects.¹³ Employees were sceptical to try new projects without managerial approval at first. Once Unilever removed hierarchical barriers, it enabled employees to take ownership of their contributions and witnessed a significant increase in participation in cross functional projects driving bottom-up approach to CI.

For organizations which find themselves in *Traditional Top-Down*, Laing O'Rourke, a prominent construction company, which revolutionized its staff participation by drawing inspiration from social media platforms like Instagram and TikTok, serves as a great example.¹⁴ When the company used traditional platforms like websites, the engagement

levels were at 35%, but once they switched to “bite-sized” capsules to get employee participation, the engagement shot up to 95%. While such innovative tactics are uncommon, organizations need to experiment with digital tools to motivate the contemporary workforce to lead the bottom-up transformation.

While digital tools offer an unprecedented opportunity to enhance bottom-up approach to CI, firms must recognize that hierarchical control is not inherently at odds with participation in CI. In many cases, hierarchical oversight provides a crucial balancing force, ensuring that employee-driven improvements are aligned with organizational stability, regulatory requirements, and long-term strategic goals. The key is not to eliminate hierarchy, but to redefine its role, by transforming it from a gatekeeper to an enabler of employee participation. This requires leaders to not only listen to employee input but also clearly communicate the rationale behind managerial controls, especially when certain CI ideas are not implemented. Digital tools can support this transition by enhancing transparency, ensuring that frontline employees understand how their contributions shape organizational change.

Making Bottom-Up, Truly Bottom-Up in the Digital Age

We uncover a fundamental misalignment in how firms approach bottom-up approach to CI in practice. While managers believe they are fostering participation, employees often experience it as constrained and selectively included. In the digital age, AI-driven analytics, employee decision-making platforms, and real-time engagement tracking offer organizations the opportunity to move beyond traditional participation models. Instead of making models that are biased like the existing hierarchical approach, like Google’s ‘ASK’, the tools should be designed to provide continuous visibility into how employees engage in decision-making, ensuring that feedback loops remain active rather than confined to static surveys or annual reviews. Companies that successfully implement digital tools to bridge the participation gap can leverage the powerful recipe of bottom-up approach to CI towards successful digital transformations, for change management. The current digital era is already reshaping the work structures and employee participation in digital driven CI is of utmost importance. The future of work will belong to those that bridge the gap

between perception and reality, balancing hierarchical oversight with genuine empowerment of frontline employees, and leveraging technology for CI projects to fully harness the benefits of the bottom-up approach to CI.

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