

# Global Leadership Challenges - and possibilities for Tackling Them

Satu Teerikangas, Armi Temmes, Liisa Välikangas



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Global Leadership Challenges - and Possibilities for Tackling them

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The project studied challenges of transformative leadership in two research streams:

1. 'Commitment Creep', looking into: How and why does creeping commitment (causing a strategic bind or lock-in situation) develop? How could creeping commitments be prevented in organizations?
2. 'Engagement', looking into: In the context of globally dispersed organizations, getting people to respond to aspirational challenges prior to, or without a manufacture of, a crisis and engaging their full creativity for contribution.

Commitment Creep develops from streams of decisions, which are not independent. The previous decisions direct the next decisions in many ways. The result is a strategic bind or lock-in situation from which the organization cannot easily escape.

In our case study we found that a successful business model based on extremely efficient production and distribution was repeatedly expanded over the years. The various decisions formed streams in which the attention to production efficiency accumulated and therefore many other things remained unattended.

The accumulation of attention develops into a phenomenon called general dominant management logic, or simply "dominant logic", which affects decision making processes. Thus, dominant logic acts as an information filter for organizational attention, that is "focused only on data deemed relevant by the dominant logic".

The experience of high engagement consists in: authenticity, presence, intuition and intensity;

- Engagement can be sustained over long periods of time, if a creative tension between 'edging' (i.e. instances of reaching beyond through far-reaching goals or tasks) and 'retreating' (i.e. resting) is maintained. Both edging and retreating are required if engagement is to be maintained;
- Engagement is enabled by the physical and socio-emotional spaces that surround us. As engagement is created in interactions, a supportive and rewarding socio-emotional space is critical. High engagement is also enabled through empowerment, serendipity, significant others, and meaningful tasks/work;
- When employees are engaged, their work outcomes tend to be more creative, fit the task, and further result in contagious enthusiasm as well as commitment to the results.
- In a broader perspective, we argue that our findings on employee engagement bear consequences for the way in which innovation occurs in organizations, as well as for the types of routines that organizations need to nurture in order to thrive in an increasingly competitive global landscape.

**Keywords** Engagement, path dependence, dominant logic, strategic management, leadership

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## The research started from practical problems

A group of top managers of Finnish companies identified in 2007 two major top management challenges

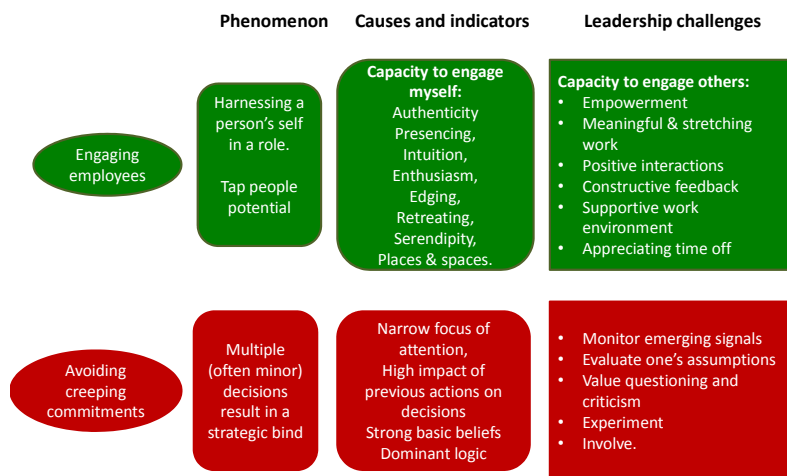
1. How to prevent lock-in situations, which severely limit the future strategic choices and which have been caused by many decisions during the course of time?
2. How to engage people in a company in today's world where a lifetime commitment to a company is no more the rule and where an increasing input is expected of all employees?

Both these problems were translated into research streams

1. *'Commitment Creep'*, looking into: How and why does creeping commitment (causing a strategic bind or lock-in situation) develop? How could creeping commitments be prevented in organizations?
2. *'Engagement'*, looking into: In the context of globally dispersed organizations, getting people to respond to aspirational challenges prior to, or without a manufacture of, a crisis and engaging their full creativity for contribution.

The findings of the project are summarized in Figure 1 and described in more detail later. The project publications, are listed at the end of this report.

## **Challenges of transformative leadership: How to create value in the modern firm**



**Figure 1. Summary of the main findings of TransAct project**

## Commitment Creep

Commitment Creep develops from streams of decisions, which are not independent. The previous decisions direct the next decisions in many ways. The result is a strategic bind or lock-in situation from which the organization cannot easily escape.

One of the classical examples of a product-level lock-in was the situation of Nokia with clamshell cell phones, as described by Yves Doz and Mikko Kosonen in their book *Fast strategy: “Nokia’s response to Motorola’s introduction of clamshell (folding) designs in mobile phones was hampered, and seriously delayed, by its reliance on a particular circuit design for a key handset subsystem that happened to be too thick to fit a clamshell design and could not be redesigned easily, partly because of mass-production process constraints. A different design choice could have been made years earlier, but component thinness did not look so important at the time.”*



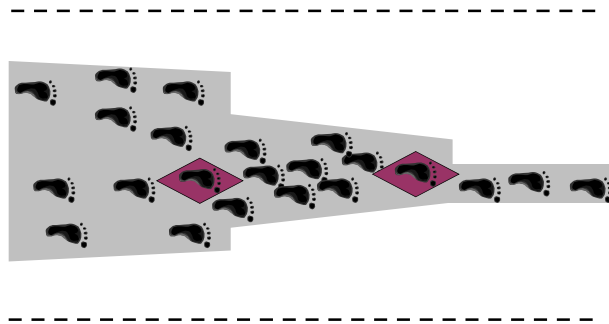
Manufacturing industries like pulp and paper industry, heavy metal industry – and even Nokia – have ended in lock-in situations caused by management attention to efficiency of production and logistics, causing a reduced attention to development of new products and businesses and to changes in the competitive situation.

Management attention is – very logically – directed to successes. Decisions based on the attention towards efficiency were successful and therefore were repeated over time.



## Mechanisms of Commitment Creep

In our case study we found that a successful business model based on extremely efficient production and distribution was repeatedly expanded over the years. The various decisions formed streams in which the attention to production efficiency accumulated, and therefore many other things remained unattended, because attention is a limited resource (Ocasio, 1997). This development has also been called in earlier management research “success trap” or “Icarus paradox” (referring to the mythic Icarus which flew closer and closer to the sun until its wax wings melted).



**Figure 2. Development of path dependence (after Sydow et al, 2009)**

The concept of **path dependence** emphasizes that “history matters” in strategy-making. The decisive “history” can be e.g. technology, like the classical QWERTY-keyboard (David, 1985, Arthur, 1989) or investments (Teece et al., 1997), which has become connected to established capabilities and routines. However, path dependence is mostly used as a relatively vague organizing concept, a way to label certain types of sticky temporal processes (Kay, 2005). Very recently a theoretical framework for the development of path dependence was proposed by Sydow, Schreyögg and Koch (2009) suggesting a three-stage model. The stages described are 1) beginning with a singular historical event

(or a series of smaller events) – a trigger, 2) self-reinforcing feedback mechanism, which forms the path and 3) organizational lock-in.

The **accumulation of attention** develops into a phenomenon called general



dominant management logic, or simply “**dominant logic**” (Prahalad and Bettis, 1986). As a managerial mindset, dominant logic “governs decision making processes across all of the business units within a diversified firm” (Lampel and Shamsie, 2000).

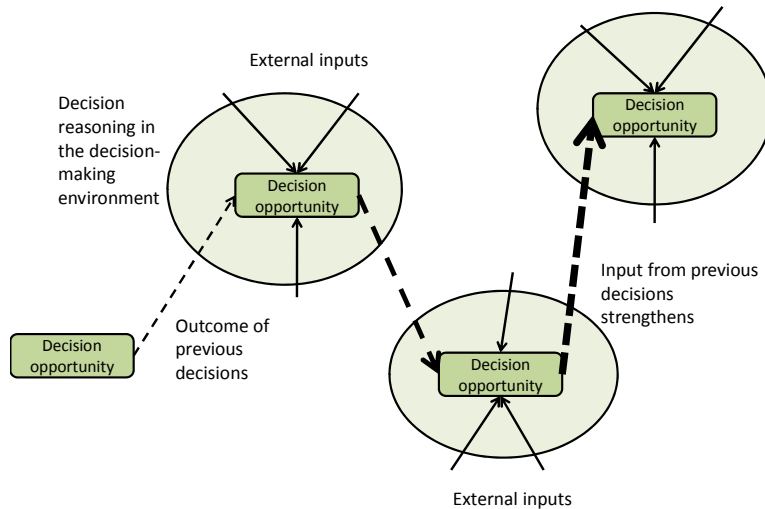
Dominant logic may also affect the management attention to environmentally-driven organizational change (Bettis and Prahalad, 1995). Thus, dominant logic acts as an information filter for organizational attention, that is “focused only on data deemed relevant by the dominant logic”.

For the purpose of our research dominant logic can be defined as *the selective allocation of managerial attention to decision opportunities, and their decision reasoning, in a path that becomes dependent over time.*

We concluded that the mechanism that sustains dominant logic over time, is based on an increasing impact of the previous decisions and their outcomes on the following decisions. Thus decision-making situations are not independent (as supposed by the idea of rational decision-making), but very much affected by the history of the company, its previous decisions and their outcomes (Figure 2).

The stronger the impact of the outcomes of previous actions becomes, the less management attention is directed to new signals of the business environment. The success of the previous outcomes strengthens the existing strategic

assessment of the company situation, which stagnates and further reduces the management ability to attend to new signals.



**Figure 3. The dominant logic mechanism: Accumulating influence of past decision outcomes in the current decision-making environment**

Issues are not managed in isolation, but they affect one another only because they happen to take place simultaneously. Especially competition of the same resources forces regularly the management to choose between proposals which are not linked at all. This adds an element of chance in all decision making. It has been called the garbage can model of decision-making.

In our study we found that indeed, the decision-making environment couples together problems with solutions. However, it is not like a garbage can (Cohen et al., 1972), but rather an **attention can** where problems and solutions move freely, but rather a sardine can where they are tightly packed next to each other. However, it appears the can grows and balloons as the problem-solution package that creates increasing systemicity in the organization, making it increasingly harder to decouple problems or opportunities from past solutions. It was only a crisis of the performance, which allowed the company to change its strategy: to start expanding to new markets and retreating from the purely efficiency-driven business model.

The gradual **accumulation of risks** has been studied in the context of catastrophic accidents, like the Challenger space shuttle and Estonia ferry. We found that something similar happens in “normal decision-making” as well. Most decisions are not perfect but only “good enough”. However when the risks of the decision have been managed and consequently defined as acceptable, we tend to forget them. In addition it is difficult to define which factors actually contributed to the success of the decision, which were indifferent and which



factors contributed to the remaining risk. In our case study this kind of development was recognized in the chain of decisions concerning some of the procurement issues.

If decision-makers insist that all risks are under control, the proposers learn to hide the risks (the risks that always remain even if good risk management tools are used). If the remaining risks are accepted and recognized, they can be more reliably managed.

The resource allocation mechanism is very powerful in

strategy implementation. Check for the strategic initiatives that did not get an approval. There might be a pattern hiding strong beliefs, risk aversion and lack of renewal.

## Prevention of Commitment Creep

### **Lab-methods for exchange of experience and management handles**

Aalto Leadership Lab was conceived as a laboratory for experimental leadership development. It was founded on the premise that action learning, or the principle of "see one, do one, teach one" used by surgeons worldwide would provide a good basis for a learning methodology. The Lab has been conceived as a set of workshops, experimental action (including discovery journeys) and a template for spreading the findings in an organization and creating critical mass. The Lab was piloted in Valio in the Fall of 2010 with good participant feedback. The Lab activities led to number of changes in Valio innovation management, product development and people engagement.

The second Lab experiment, MIND-project's Thinking Lab is a way to exchange experience and ideas with groups of people with different backgrounds and experiences. MIND is a national venture that builds a prototype of an innovation mechanism around the core of Aalto University. MIND brings together the 'movers and shakers' of the public and private sector with researchers and students to generate strategic innovations – industry changing innovations. As a result of two Thinking Lab events and cooperation with MIND, several ideas for solutions to prevent commitment creep were found. We developed them further and published them in a book (Temmes and Välikangas, Strateginen ajautuminen, WSOYpro, 2010, in Finnish). TransAct-project has collaborated with MIND throughout its existence and supported the creation of MIND initially. There are also shared publications (Tuulenmäki & Välikangas In Talouselämä 2008 and Strategy+Leadership – journal in 2011).

### **Managing Innovation and Change- Course Involvement**

It should also be noted that the Aalto University students (about 140 people) of Managing Innovation and Change – course have been involved annually in the design of Leadership Lab, including group work to visualize leadership in laboratory situations and develop "menus" of activities required in different leadership situations. These results were presented in an open seminar in the Aalto Design Factory for an audience of companies, public institutions and

media in Spring 2010. During 2009, the course work involved a design of a prototype for an innovation idea or experiment (the prototypes were familiarly called “innovation ragdolls”). Some of the prototypes gained the attention of companies (e.g. Tieto) and public institutions (the city subway system). The 2011 course continued to develop the ideas, conceptualizing particularly impactful leadership in a way that can be showcased as a window display at Aalto EE.

### **Actively look for new signals and start experimenting actions**

The first set of “counteractions” towards creeping commitment is the conscious improvement of the ability of the management to attend to new and different directions instead of the traditional ones. Our two recommendations in this area are: 1) monitor emerging signals and 2) start experiments.



In monitoring of emerging signals the main challenge according to recent Finnish research (Kunnas, 2009) is the limited attentional capacity of top managers. Therefore one of the challenges is to systematically select the most relevant emerging issues for the decision-making by the top management. Usually the biggest challenge is not being aware of new developments, but to interpret them as relevant or to start the necessary action because of them. The typical new developments that are interpreted as less important are new business models by non-traditional competitors, so called disruptive innovations (which seem inferior to the traditional products in the beginning but gain importance through targeting new types of customers first).

In order to interpret new developments as relevant it is often necessary to check the existing assumptions and basic beliefs, which filter the information. Some of them may not be valid anymore.

You get what you measure – and the assumption is that the measured things indicate the successful implementation of the strategy. In prevention of creeping commitment it is crucial to evaluate the indicators measured sufficiently often. Indicators and incentives tend to live longer than the strategies. Therefore strategies are not necessarily implemented properly. You hear stories of managers saying that “I know we have a policy to look for new markets, but my bonus is based on quarterly profit.”

It is important to make sure that there are mechanisms in the company to regularly evaluate the strategy and to change it when the business environment changes. There need to be some new seeds growing all the time to allow for strategic changes when it becomes necessary. Change and renewal need to be rehearsed. This is not only the job of research and development people, but a broad requirement of all practices.

Experimentation allows serendipity. Serendipitous issues can be utilized if their strategic nature is recognized. For this new ways of thinking should be looked for – something outside the regular course of business, e.g. through discussions and cooperation with new kinds of partners, stakeholders etc. One of the challenges of starting experiments is to live with the fact that there are more assumptions than real knowledge about the possibilities of the experiments. The challenge is to know all assumptions, because with time all actors tend to forget that they were only assumptions – and they are not questioned any more. If assumptions are recognized well, they can be followed during the experiment and necessary adjustments for the experiments can be made.

Experimenting companies need also to be able to finish experiments – as soon as it becomes clear that they do not work out. In companies, which do successful experimentation managers are never punished for failed experiments.

### **Avoid stagnation - make a flexible strategy**

One of the hardest lessons for successful companies is to realize that the present success will come to an end one day. In order to realize this fact all companies should find ways to start discussion of this difficult issue within the

company in order to be alert of the risk. One example was the “Resilience ward” exercise organized in Best Buy, and American electronics retailer. With examples of failed companies on the “Ward” the employees started a discussion in which some of the insights were: “The failed companies on our ward also had clever ideas and clever people working for them... they only had become complacent because of their success...” (Välilikangas 2010).

Continuous evaluation of the strategy is crucial. In Table 1 we show some features of strategies and strategy work, which support this evaluation.

**Table 1. Strategy checklist**

Strategy that gives direction but is not a cage - checklist	
1	Can you test your strategy? Do you experiment continuously to evaluate its operationality and power?
2	Can you split your strategy into smaller parts which can be developed separately?
3	Do we openly discuss our strategy in order to evaluate the assumptions, beliefs and preferences around it? Do we have the courage to decide differently if necessary?
4	Has our strategy changed as much as the business environment? Do we have time to consider our strategy in different moods?
5	Are we able to ask really difficult questions of our strategy without compromising the credibility of the management and the career of many?

By looking backwards every now and then it is possible to recognize emerging strategies. It is by no means a failure of the management if they grab emerging – non-planned possibilities. It is possible to develop strengths of utilizing the creeping commitments through combining systematic action and serendipity. Strategy work in the management teams could do with a bit of humor – strategy is a too important and serious thing to be treated too seriously. Humor can be strategic, when it helps modifying the thinking. A healthy laugh at



yourselves prevents stagnation to single dogmas, assumptions that are not questioned any more, obsolete strategies or ideological excesses much more efficiently than many an established strategy tool (Välrikangas ym. 2008). Humor often helps formulating of complicated messages, which might otherwise be not understood. Humor can solve difficult situations and it is a sign of a shared commitment to a common vision in a healthy working community.

As food for thought we developed five views of strategy work for prevention of creeping commitment (Table 2). They emphasize the following characters in strategy work, which are often neglected: 1) preparedness for major changes caused by changes in the environment, 2) successful combination of existing and new elements, 3) broad participation, 4) simultaneous appreciation of achievements and necessity to develop further, 5) continuous re-interpretation of the strategic situation.

**Table 2. Five ideas for strategy views**

Character of the strategy	Role of the strategist	What makes the strategy?
Newspaper	Editor in chief	Agenda made by the stories – changes continuously
Patchwork	Artist	Combination of existing and new elements
Wikipedia	Administrator	Broad participation – all have the right to make modifications
Training of a musician	Coach-teacher	Continuous development and change through continuous feedback and support
Discovery	Explorer	Search for new aspects – continuous interpretation and re-interpretation of what you discover

One of the main things is to develop passion for the future possibilities of the company. Passion and commitment show to the customers and make them believe in the company as well.

## **Question and let others question the strategic assessment**

The work against creeping commitments requires an active working community where everybody is prepared to take initiative, show curiosity towards new things and also criticize the existing practices and strategy.

### **Beware of commitment creep symptoms in the language used in the company**

- ❖ Result or outlook is explained through external reasons instead of considering company action because of these
- ❖ Company seems to be (passively) waiting for upcycle
- ❖ Action is reasoned through previous successes and a reputation based on them
- ❖ Company seems to have only one “politically correct” recipe for success
- ❖ All risks are said to be fully managed
- ❖ Market share is large on a very narrow market
- ❖ Recent decisions have been marginal, because big issues cannot be affected
- ❖ Seriousness and cynicism has replaced humor and merry laughter
- ❖ Employees lack curiosity
- ❖ Everything affects everything, which prevents from doing anything

People external to the organization are often able to challenge stable beliefs affecting unconsciously the decision-making. Concepts like “instant board” or “tea bag group” stand for arrangements to invite a group of different experts to discuss the strategy or some current issue. There are very good experiences of these methods in developing new ideas, evaluation of strategy or new energy for the organization.

Employees, citizens or customers can be said to express their dissatisfaction through exit-strategy or voice-strategy (or hide it using loyalty-strategy) (Hirschmann 1970). With customers we know that the exit-strategy is the least fruitful for the company and therefore companies award their complaining customers in different ways (for the benefit of getting valuable feedback). For some reason employees are often expected to exercise loyalty-strategy (or exit-

strategy) rather than voice-strategy. However the questioning "heretics are loyal to both their cause and the company" (Muller and Välikangas, 2003).

### **Different situations call for different managers – leadership is always needed**

We know that different situations call for different managers. The "project types" are sent to build factories and they seem to be happy to leave the everyday management to other kind of managers after the factory is finished. However in companies this seems to be difficult, mainly because membership in a top management teams seems to carry such an important prestige that most managers losing a top management position tend to leave the company. Instead companies should develop career paths where the best qualities of the managers could be used better. Most managers would be willing to "sit on the bench" for a while in order to spend more time with their families, in order to study or to just meditate and consider the future better. For this companies need a much better mechanism to ensure that after this kind of "battery-charging" managers would avoid to be pitied by the whole society for their "failure" and to have the opportunity to return to good positions again.

In some other contexts this seems to be possible. Take a jazz band. Different musicians gather for different music and the solo parts vary also during the pieces of music. Each member takes the leadership on his/her turn and the others listen carefully and take over after one solo improvisation comes to an end.

Finnish leadership is often criticized. Perhaps one of the things needed is a strong self-esteem, which would allow the managers to tolerate the challenges and draw-backs without hiding behind their power and its symbols.

Authenticity is asked for. The first step may be to learn to live with oneself in order to be able to really meet the members of the organization. The next step is to challenge oneself daily asking how leadership was earned today – to stop thinking that the position is self-evident. One possibility is to ask others.

# Engagement

## Case for engagement.

Competition in knowledge-based societies means that companies have increasingly become dependent upon human capital as a means of survival and success (e.g. Davenport et al., 2002): competition is based on ideas, knowledge and the effective utilization of talent. As a result, unleashing the employees' creative potential is gaining importance as a source of corporate performance and innovativeness.

It should thus not come as a surprise that over the recent years, the term 'employee engagement' has been gaining currency (Macey and Schneider, 2008). Globally reputed, high-performing organizations such as Nokia are taking engagement seriously: in their recent renewal of corporate values project in 2007, *'engaging you'* emerged as one of the four new corporate values to be implemented in the forthcoming years (source, Nokia corporate website).

Whilst companies need engaged employees, the current situation as regards employee engagement in many organizations is alarming. There is serious concern over employee engagement, reported at low levels in corporate surveys; despite the same organizations possibly reporting positive financial results (see e.g. Towers Perrin 2007-2008 work engagement survey). To take an example, Financial Times reports that 41% of employees surveyed in 3100 organizations feel demotivated by their managers according to a survey by Hay Group (Financial Times, August 5, 2008, p. 10, in an article titled "Keep up motivation levels through long summer days" by Stefan Stern). Not only is this situation unsustainable for the employees, having to work in jobs that are un-engaging or demotivating, it also represents corporate-wide potential losses in creativity, innovativeness, customer satisfaction and ultimately corporate performance (Britt et al., 2005; Salanova and Schaufeli, 2008).

In contrast to the term 'employee engagement' having gained societal and corporate currency, the term has to date received relatively scant research attention (Macey and Schneider, 2008). Based on an inductive, explorative approach using a theory-building research design (Glaser and Strauss, 1967;

Eisenhardt, 1989), our aim has been to start developing an appreciation of the dynamics of employee engagement in modern work contexts.

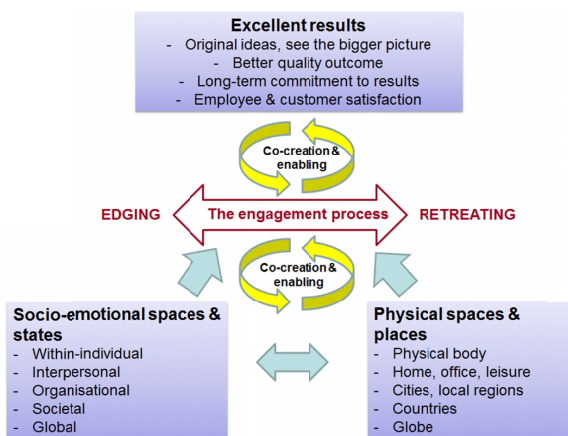
We approached engagement by taking a positive deviance perspective to seek to understand what is '*high* engagement', i.e. what happens when individuals are 'highly-engaged' to their work. We engaged into deep-dives of high engagement experiences to understand the dynamics of employee engagement. Our study is based on four consecutive empirical data gathering moments: (1) highly-engaged employees and their work environment in an IT corporation (performed by the authors), (2) a research-based design of a work space that invites, initiates and enables high engagement (Lönngren, 2010), (3) a study of highly-engaged individuals across different professions in the arts and economy (Rikkinen, 2010), and (4) a study of Chinese and Finnish young professionals regarding their experiences of high engagement and their future expectations of engagement at work (Yang, 2010). These four studies create a cross-disciplinary perspective to the study of engagement in that we draw on management studies, psychology and design in our exploratory research. These studies enabled us to understand engagement at the level of the individual. To approach engagement at the level of teams, we then studied two highly engaged teams in a global consulting firm. Finally, we conducted an experiment facilitated by Ms. Terhi Takanen and Mr. Simo Kuurne, wherein the aim was to link experiences of engagement with experiences of presencing.



In order to map our work onto existing theories, we conducted reviews of the existing literature on engagement, as well as deep dives into related literatures on ‘cousin concepts’ including commitment, meaningfulness, psychological presence, intrinsic motivation, positive psychology authenticity, and creativity. We also dived into literatures on virtual worlds and global organizations to understand the different ‘modern’ work environments wherein engagement might occur.

## Findings.

Based on our research on high engagement experiences across professions, generations, and work spaces, we have developed a set of propositions and a model on the dynamics of employee engagement. Our findings suggest that for engagement to be maintained sustainably over a period of time, there needs to be a creative tension between ‘edging’ and ‘retreating’ instances on the one hand, and supportive ‘physical’ and ‘socio-emotional’ spaces on other hand, see Figure 3 for the overall framework.



**Figure 3: Overview of findings on engagement.**

In terms of managerial implications, we note (see also Tables 4-7):

The experience of high engagement consists in: authenticity, presence, intuition and intensity;

1. Engagement can be sustained over long periods of time, if a creative tension between 'edging' (i.e. instances of reaching beyond through far-reaching goals or tasks) and 'retreating' (i.e. resting) is maintained. Both edging and retreating are required if engagement is to be maintained;
2. Engagement is enabled by the physical and socio-emotional spaces that surround us. As engagement is created in interactions, a supportive and rewarding socio-emotional space is critical. High engagement is also enabled through empowerment, serendipity, significant others, and meaningful tasks/work;
3. When employees are engaged, their work outcomes tend to be more creative, fit the task, and further result in contagious enthusiasm as well as commitment to the results.
4. In a broader perspective, we argue that our findings on employee engagement bear consequences for the way in which innovation occurs in organizations, as well as for the types of routines that organizations need to nurture in order to thrive in an increasingly competitive global landscape.



**Table 4: The experience of high engagement**

**The experience of high engagement**

**1-1. Authenticity:** People are fully engaged when they are authentic and bring their true selves and their personalities fully into the activity and roles that they are performing. *Image: Opera singer e.g. Pavarotti singing vs. factory worker on an assembly line.*

**1-2: Creative presence:** People are fully engaged when they are creatively present during their work performance. *Image: A researcher in a lab vs. people walking busily on big city's street.*

**1-3: Intuition:** Engaged individuals act out of their gut feeling and intuition rather than relying solely on rational reasoning.

**1-4: Intensity:** People are fully engaged when they are intensively focused on their activity whilst the performance appears seemingly effortless (to observers). *Image: Ice skater doing difficult pirouettes.*



**Table 5. Dynamics of sustainable engagement**

<b><u>Dynamics of sustainable engagement</u></b>
<p><b>2-1. Engagement</b> is a fragile state of mind sustained over time by an ongoing movement between 'edging' and 'retreating' instances.</p> <p><b>2-2. Edging</b>, the experience of being in a boundary state, is a prerequisite for an experience of high-engagement, as it forces the individual(s) involved to exhibit their authentic selves and to self-organize to find the solution best fitted to that situation.</p> <p><b>2-3. Retreating</b> enables the maintenance of sustainable and healthy engagement on a long-term basis through occasional withdrawal and detachment from work. Retreating also provides opportunities for presencing, for drawing from the moment to reach creative insights.</p>

**Table 6. Spaces that enable engagement**

<b><u>Spaces that enable engagement</u></b>
<p><b>3-1. Physical spaces.</b> High engagement is continuously co-created in our interactions with our physical work- and non-work related environments that vary between individuals in their nature and requirements.</p> <p><b>3-2. Interactions.</b> Engagement is a continuously changing state of mind that is co-created on an ongoing basis through one's work- and non-work related interactions.</p> <p><b>3-3. Supportive socio-emotional space.</b> High-engagement, a fragile, fleeting, exposed, authentic, risky and intense experience, is enabled, sustained, nurtured and developed by a supportive, positive and rewarding socio-emotional space.</p> <p><b>3-4. Empowerment.</b> Engagement occurs, when individuals are empowered to be involved in decisions and to work autonomously on their task. When working autonomously, individuals are allowed to create the socio-emotional space they require to best organize for and complete their work task.</p> <p><b>3-5. Serendipity.</b> High engagement experiences are enabled in a non-linear way by accidental sporadic co-creation encounters.</p> <p><b>3-7. Significant others.</b> Sustainable, lasting engagement benefits from 'significant others', that is, the supportive presence of individuals that are important to the person in question.</p> <p><b>3-8. Meaningful activity.</b> High engagement experiences occur when one's activity bears meaning toward others, we term this an indirect co-creative feedback mechanism.</p> <p><b>3-9. Survival at stake.</b> People are fully engaged when something important or critical (for example, their survival, their success, or competitive victory) is at stake.</p> <p><b>3-10. Life passion.</b> Engaged individuals have identified a passion in life they wish to fulfill and strive for.</p>

**Table 7. Outcomes of high engagement**

<u>Outcomes of employee engagement</u>
<b>4-1. Creativity.</b> High engagement results in creative solutions and insights.
<b>4-2. Contagious enthusiasm.</b> High engagement results in contagious enthusiasm, it engages others.
<b>4-3. Commitment.</b> High engagement results in solutions to which everyone is highly committed to.
<b>4-4. Best fit solutions.</b> High engagement results in solutions that best fit the situation at hand although they might seem otherwise counter-intuitive or even 'absurd'.



In the following, we provide syntheses of the case studies made as part of the research project.

## **ENGAGEMENT TEASER: Innovation through engagement, passion, and involvement**

Imagine driving to work eyes sparkling. You hold onto the wheel, and cannot wait to get to the office to continue yesterday's brainstorming. You describe such experiences of high engagement as feeling similar to 'falling in love'. It's a peak moment. Your emotions flow, your ideas travel far, you just got a fantastic insight (a'haa moment) about how to solve a customer issue. You feel like you could conquer the universe.

You arrive at the office: the interdisciplinary team is involved in a huge, high-risk, high-stakes project with a major multinational customer; working with colleagues of differing backgrounds is surely not always easy, yet so far the rewards have by far exceeded the costs. You can't wait to share your newest thought with the software engineers. Could it be coded?

You are engaged to your job, passionate about the current project you are participating in and excited that you can majorly involve yourself in decisions concerning your work. Recent company internal polls showed that you are one of the most innovative experts at your workplace. It so happens that the teams you have worked with tend to score high regardless of measures used, be it project performance, customer satisfaction or team members' commitment.

Hang on a moment ...

.. what happened to the others?

Why is it that such passionate, innovative individuals, not to mention engaged and committed teams are considered largely missing from today's corporate arena? Where are they? Do we care, should we care? Let's imagine for a while that we should care.

Let's play with the idea that all the talk thus far be it regarding employee satisfaction at work or the need to be constantly innovative for a company to thrive have missed a point: what is the single, simple, daily driver behind innovative, creative work? What happens in instances when we come up with innovations - be it ideas, insights, solutions, frameworks in solo, in teams, or together with the customer? We argue that there is a need to bring back the

creative individual to the discussion. We see that there are three fundamental elements to cater for in order for the workplace to become sustainably innovative by engaging its core innovators, its employees.

Employees need to be affectively committed to their work, engaged to what they are doing. This means that they enjoy their work, fit the firm or team they work for, by and large believe that this is the best place to be, and moreover are satisfied with the status quo of their career and work/life balance. They have a hunch of what their mission in life is, what brings meaning to their life. When engaged, an emotional, affective link between oneself and what one does is created – this is a significant element behind creative work: our innovator does not work from a neutral position, but from a feeling of commitment. In our work on highly-engaged current-day knowledge workers, we found that individuals that are highly innovative tend to be engaged to what they do: it can be a lifelong mission, current career, current project, one's profession. This sense of engagement brings a sense of meaning to them. Their work matters.

The second key point is that when experiencing innovative instances, what we call high-engagement peaks, we tend to be in so-called 'edge' or 'non-routine' situations. Experiences of high engagement exhibit a characteristic of being in a 'non-space', i.e. a space in between, that we term being 'on the edge', or 'edging'. Such edge experiences are critical from an innovation perspective because they open up a creative space for novelty to occur. One is forced out of one's daily routines, similarly as when a kettle starts to boil and water turns into vapor. It has no choice, it edges.

What are examples of edging? Non-routineness might relate to the mission impossible that your project team is involved in – it requires such a stretch from the entire team that you need to leap forward, you need to edge, move into a novel space, a space you haven't been to before. You 'travel', yet you 'remain' at the office. Martin Luther King's famous words 'I have a dream' provide an example of edging. The dream is so far beyond the current state that it requires the collective stretching of all who wish to be involved in fulfilling the dream. For this reason individuals that have a life-long mission e.g. 'to save the hungry African children' have set themselves onto an 'edging' career orbit. They have forced non-routineness into their career path. Individuals interviewed in our research project note that a good book, traveling, doing

sports, being in a vehicle be it a car, train or plane, also provide edging instances. How about a hike in the Himalayan heights? Or taking a dip in the cold lake on a March morning in Kittilä?

It's not only enough to edge every now and then. Highly-engaged individuals seem to be 'continually on the move' – as are football or basketball players on the field during a match. You cannot stop lest you wish to lose the game. Animals living in the savannah are also continuously on the move – lest they wish to get caught by the higher level predator in the biological food chain. We highlight here that edging and being on the move are natural states rather than collective frenzies of hyper-activeness and over-effectiveness that we as today's global knowledge workers easily slip into.

The mirror component of edging is retreating. Individuals highly innovative and satisfied with their work not only report instances of edging, they likewise report instances of retreating be it in the form of rest, exercise, sauna, time off work, playing with kids, holidays, naps, meditation, or relaxation. These are moments of retreating away from the intensity of the task(s) to be done. We see there to exist a rhythmic nature to an innovative individual's engagement process consisting in a sufficient and mutually balanced amount of edging and retreating - as in a radio band wave. What if it were all about tuning our mind frequencies to the right level for us to be sustainably innovative?

The third key point we wish to raise relates to the type of environment that allows one to be engaged to one's work and to attune oneself to the afore-describe engagement process of rhythmic edging and retreating. Owing to the fragile and fleeting nature of edging experiences, the novelty and risk involved, our research on highly-engaging work environments and teams purports that a supportive, rewarding, fair and positive socio-emotional space is imperative to enabling engagement, and innovativeness at work. Engagement occurs in interaction, in our daily encounters – we create and co-create engagement around us through the ways in which we interact and treat one another. Also work and non-work spaces count.

Let us take an example of a highly-engaged knowledge work team in a global consulting firm – let us call it anonymously team INSPIRE. What makes this team an engaging work experience for those involved, be they internal project members or customers? What makes it a continuously innovative experience?

What is there to learn from this story? Key success factors behind the INSPIRE experience are summarized below:

- **ALIVE:** the INSPIRE product or service offering by definition does not exist but lives, breathes and is being constantly developed. In engagement terms, this is an example of a workplace the core concept platform/product of which lives. No wonder the work teams live as well! They need to stay put to keep up with the concept itself.
- **RENEWAL:** The platform and work teams seem built on the notion of continuous renewal: experts need to develop and grow to keep up, team composition changes continuously, a healthy staff rotation is sought, diversity is forced into teams. There is no space for staying static in INSPIRE, one needs to be on the move, awake for opportunities.
- **EDGING:** INSPIRE work is based on dreaming big. Taking on shoes that seem impossible to walk with, yet the long hike succeeds.
- **SPACE:** Leadership is based on involving everyone and providing individuals with space to move and create.
- **INSPIRATION AND MEANING:** Individuals are inspired by their work, by working together, and by having an impact on customers. Their work matters, and they care about their customer.

What an interesting batch of words – alive, renewal, edging, space, inspiration and meaning! Recipe for success for tomorrow’s innovative organization and innovative work? Maybe. More important than following a recipe blindly is asking oneself – what elements in my career and in my workplace can, through minor alterations in behaviors, interactions, rhythms, spaces, dreams start to make a major impact on the innovation and engagement levels in your and your fellow colleagues’ daily lives.

There has been years of talk about work satisfaction and the need to be innovative. Yet it can be claimed that we have not come far enough, we possibly haven’t even started the journey seriously. We believe that one reason behind this state of affairs is a seeming neglect to the core element behind work satisfaction and innovativeness at work: the engaged individual, the violin player in the organizational orchestra, attentive to one’s own and others’ engagement and wellbeing. If engaged employees are the instruments of innovation – what novel levers to pull on to enable this instrument to flourish, edge and innovate to create a team or organizational context where we can invite the best of each of us to be present?

The dialogue needs to continue. What is your next move as the ‘chef d’orchestre’?

## **Case 1: Spatial dimensions of engagement - design guidelines for the creation of engaging work environments (by Mr. Mats Lönngren)**

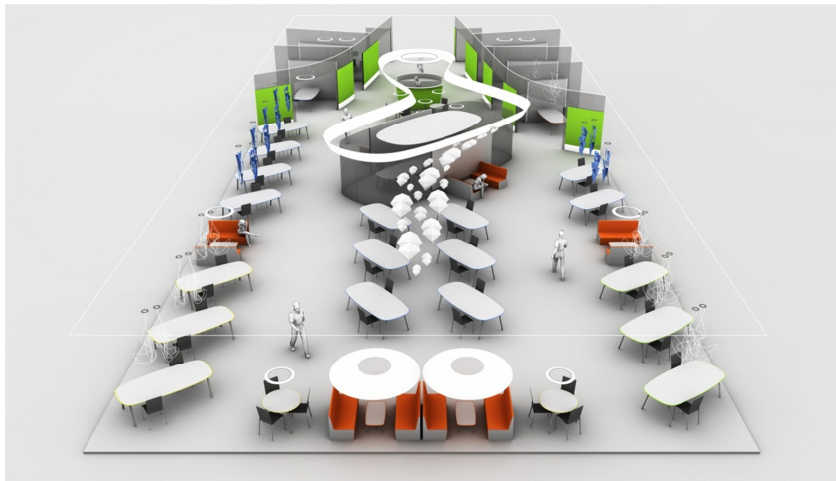
Economies have shifted from being driven by manufacturing of goods to the creation of knowledge. The role of human capital has become ever more important as competition is driven by creativity, ideas and the effective utilisation of talent. As the competitive edge of organisations has shifted towards competition based on talent and ideas, organisations seek ways to enable engagement. Why? Because engaged individuals are highly productive, committed, energetic and enthusiastic motivated, creative and above all enjoy their work.

My master thesis, which was completed in 2010 as part of my studies in industrial and strategic design at Aalto University, School of Art and Design, examines engagement in relation to work environments and defines design guidelines influential to engagement: user influence, emotional experiences, interaction and detachment, and spatial diversity. The design guidelines can be used to design work environments that account for individual as well as organisational needs. They, in essence, complement the organisational and leadership related methods to achieve engagement. These guidelines aim to provide a framework for workspaces that are both emotionally stimulative and functionally productive.

In my thesis, these design guidelines are used in a conceptual solution that enables users to co-design environments that generate personalised, diverse and experientially rich places to work. Co-designed environments mean that individuals and organisations together with designers design a specific work environment for their needs. By doing so, individuals can influence their immediate work environment and improve their collective spaces as well. This process enables organisations to discuss and define their individuals' needs and generate solutions that are suited for their specific requirements.

The conceptual solution of my thesis takes into account various individual needs and describes how they could be implemented in a physical office space. The conceptual space I created describes that spaces can be designed for specific needs and that a large variety of solutions is possible when taking into account the design guidelines outlined above.

The role of human capital is increasingly important for organisational performance and individuals demand more of the quality and content of their work. The physical environment in which work takes place can influence creativity, ideas and the effective utilisation of talent. When the physical work environment is used as a strategic tool, it can have far reaching effects on motivation, creativity and engagement.



**Figure 4. Conceptual space designed to be emotionally stimulative and functionally productive**



## **Case 2: Head, hands, and heart – a study of highly engaged individuals (by: Mr. Petri Rikkinen)**

The aim in this Master's thesis completed at the Department of Industrial Engineering and Management at Helsinki University of Technology (2010) was to study highly-engaged individuals. The work was based on qualitative research: a total of 16 interviews with 'highly-engaged individuals' from a variety of background including the arts, research, corporate life, and sports, aged between 27-56 years, were conducted.

The findings point to high work engagement being a complex phenomenon, which should not be observed in isolation from the other life areas of the employees. In addition to engagement itself, recovery and moments of disengagement are also important.

Understanding engagement is made more difficult by the fact that engagement levels are not always observable from a person's behaviour. Moreover, engagement levels fluctuate. Whilst at time an employee's behaviour might indicate high engagement, they might not be engaged, and vice versa.

Also, high engagement might have side effects, which have been neglected in existing literature. Thus, a highly engaged employee can become the worst worker if not handled with care by management. Furthermore being highly engaged does not automatically, by itself, provide instant measurable benefits or results.

Based on the research, I would argue that everyone has the potential to be highly engaged. I see engagement as a relationship; it needs to be nurtured. How to enable engagement? Pay, career opportunities, job security, supervisor and co-worker support, team climate, job role clarity, participatory decision making, work task challenges, variety and autonomy are concrete suggestions that the earlier research (Bakker & Demerouti 2007) and the findings from my research suggests. When considering high engagement, three factors need to be taken into account:

1. Employees know themselves and what sides of themselves they want to express;
2. Employees realize that their work has an effect on others;
3. Work consisting in meaningful projects: autonomous, interesting, challenging, and timely limited entities.

The managerial implications for supporting these three factors are the following. Being highly engaged requires active thinking. A manager cannot force employees to become highly engaged. However, a manager can provide correcting and repairing feedback. He knows, at best, how to negotiate, persuade and how to support a community. In other words, a manager can give structures and resources whereby employees can become themselves at work, integrate their life interests with work, and sustain a community where employees are responsible for each other. Some helpful questions for managers based on this study are presented in Figure 4.

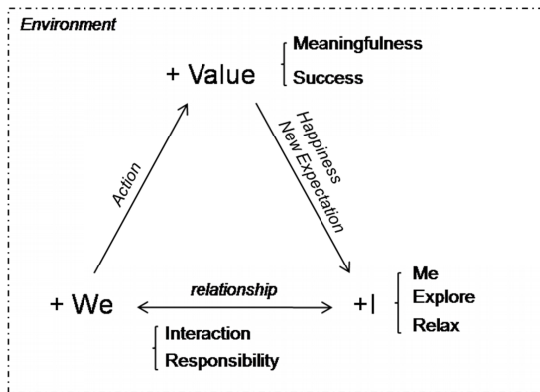
	Think	Feel	Act
Self	Who do I want to be?	How would I feel then?	How do I become that person?
Other people	What difference do I want to make?	How does it make me feel?	How can I have an effect on what I want?
Work	What do I want from work?	How do I want to feel at work?	How can I change my work?

**Figure 5. A support tool to enhance work engagement.**

### **Case 3: Forms and Dynamics of Engagement in Generation Y (by: Ms. Luyi Yang)**

This study aimed to enhance our understanding of the dynamics of engagement by approaching the young generation across educational, work and cultural backgrounds. I hope that the study casts light for companies as to how to engage the young generation better. The study is based on 24 interviews. From the analysis of the interview data, engagement is understood by the young generation as a serious and open term involving individual values, interactive relationships and positive results.

The study led to identify eight patterns of engagement: sense of me, sense of exploring, sense of long term, sense of relaxation, sense of change, sense of interacting, sense of success and sense of meaningfulness and responsibility. These themes are represented in the 'engagement wheel' (see Figure 5) that illustrates the engagement process as it pertains to the younger generation. Within a certain environment, 'I' as an individual is highly engaged with finding 'myself', exploring and relaxing. 'My' ultimate happiness comes from adding value to the society through meaningful activity and success. In order to create this value, 'I' need to interact with people, be acknowledged for 'my' work, and act together with people in 'my' network. Every time 'I' achieve value, new expectations launch a new round of the engagement wheel. Meanwhile, the entire wheel is continuously influenced by the environment. Engagement can be enhanced by any one element of the engagement wheel.



**Figure 6. Engagement wheel.**

High engagement not only happens momentarily, it also lasts. I found that the young generation is still on its way to finding what it believes in and values, its long-term relationships (relationships, family, friends), and sustainable career platforms fostering engagement. In other words, they are working on their ‘engagement wheel’.

The findings show that those with a vocational background tend to become engaged at an earlier age, and at a higher level as compared with those with a non-vocational background. Also, Finnish interviewees, in general, had a higher expectation of engagement than the Chinese; this was especially marked as regards their expectation of engagement after the middle age. There was no difference, however, as regards students and graduates.

The results bear implications on leadership. The findings suggest that managers should pay more attention to listening and aiming to understand their young employees. Further, the young interviewees noted that they seek guidance and mentoring, help with developing a sustainable career path, and clear communications. They also appreciate if managers keep their promises, have a sense of humour, and keep a positive attitude.

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2. Bonnani, S. 2009. Meaningfulness and the meaning of work – a research review. A working paper.
3. Doyama, Y. 2009. An overview of research on patterns of human behavior in virtual worlds. A working paper.
4. Fischer, P. 2009. Working in globally-dispersed organizations – a research review. A working paper.
5. Heikkilä, T. 2009. Creativity at work – a research review. A working paper.
6. Vertesy, J. 2009. Psychological presence – a research review. A working paper.
7. Wing, L. 2009. Linking positive psychology to engagement – a research review. A working paper.

### **Bachelor and Master's theses**

1. Heikkilä, T. 2009. *Intrinsic motivation – a research review*. Bachelor's Thesis. Helsinki University of Technology.
2. Lönngren, M. 2009. A place for engagement – seeking ways to enable and manage engagement in the workplace of organizations. 'Design Lab' – A place for engagement. Master's Thesis. Helsinki School of Arts and Design.
3. Rikkinen, P. 2009. *Highly-engaged individuals*. Master's Thesis. Helsinki University of Technology.
4. Yang, L. 2009. *Patterns of engagement in Generation Y – comparing Chinese and Finnish students and graduates in vocational and non-vocational careers*. Special Study. Helsinki University of Technology.

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A group of top managers of Finnish companies identified in 2007 two major top management challenges 1. How to prevent lock-in situations, which severely limit the future strategic choices and which have been caused by many decisions during the course of time? 2. How to engage people in a company in today's world where a lifetime commitment to a company is no more the rule and where an increasing input is expected of all employees? Both these problems were translated into research streams 1. 'Commitment Creep', looking into: How and why does creeping commitment (causing a strategic bind or lock-in situation) develop? How could creeping commitments be prevented in organizations? 2. 'Engagement', looking into: In the context of globally dispersed organizations, getting people to respond to aspirational challenges prior to, or without a manufacture of, a crisis and engaging their full creativity for contribution. This project was funded by Tekes – the Finnish Funding Agency for Technology and Innovation as part of LIITO program.



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