



# **Turning a strategic capability into practice by co-creating an updated leadership development plan**

Katja Hautala  
MASTER'S THESIS  
May 2021  
Master of Business Administration  
Educational Leadership

## **ABSTRACT**

Tampereen ammattikorkeakoulu  
Tampere University of Applied Sciences  
Master of Business Administration  
Educational Leadership

Katja Hautala:  
Turning a Strategic Capability into Practice by Co-creating an Updated Leadership Development Plan

Master's thesis 62 pages, appendices 3 pages  
May 2021

---

The purpose of this thesis was to examine how to transfer a strategic capability into practice by updating the leadership development plan with participatory methods. This study is a small-scale study concentrated on the subject organization's director and manager population.

The research focuses on topics around capabilities, leadership development, practical strategic planning approaches and participatory methods.

The research used action research as the methodology and qualitative research as the primary data collection method. The data were gathered through observation, group discussion and written sources. The data collected in the research was confidential in nature, and for that reason, it was not published in this research.

The objective of this study was to co-create an updated leadership development plan together with the director and manager population of the subject organization.

As a conclusion of this research, can be claimed that through participative methods the creation of updated leadership development plan was successfully created in collaboration and first steps of transferring a strategic capability in practice was taken.

Recommendations for further research could include assessing the impact and efficiency of updated leadership development plan in practice, this would offer a continuum for action research cycle.

---

Key words: strategic capability, leadership development plan, practical strategic planning approaches, participatory methods

## CONTENTS

1	INTRODUCTION .....	6
1.1	Case organization .....	7
1.2	Research objective.....	9
1.3	Thesis structure.....	10
2	THEORETICAL FRAMEWORK .....	11
2.1	Capability framework.....	11
2.2	Leadership development.....	14
2.3	Practical strategic planning approaches.....	16
2.4	Participatory methods .....	18
2.4.1	Group Fair .....	20
2.4.2	Cumulative group .....	21
2.4.3	World Café .....	21
2.5	Conclusion of theoretical framework .....	22
3	ACTION RESEARCH STRATEGY .....	24
3.1	Action research as a methodology .....	24
3.2	Action research process.....	28
3.2.1	Pre-step: Context and purpose.....	29
3.2.2	Constructing .....	34
3.2.3	Planning action.....	37
3.2.4	Taking action .....	41
3.2.5	Evaluating action .....	47
4	UPDATED LEADERSHIP DEVELOPMENT PLAN.....	50
4.1	Description .....	51
4.2	Current state .....	51
4.3	Desired state .....	52
4.4	Competencies and skills .....	52
4.5	Gaps in skillset.....	53
4.6	Measurements .....	54
4.7	Key roles .....	54
4.8	Updated leadership development plan for 2021 .....	54
5	DISCUSSION .....	58
	REFERENCES .....	60
	APPENDICES.....	63
	Appendix 1. Capability building framework (Kilpinen Paula, 2013).....	63
	Appendix 2. One pager (Paula Kilpinen, 2013).....	64

Appendix 3. Leadership capability one pager of the subject organization (Kilpinen, 2013).....	65
--	----

**ABBREVIATIONS AND TERMS**

TAMK	Tampere University of Applied Sciences
HR	Human resources
RBV	Resource Based View
TQM	Total Quality Management
ROI	Return of investment

## 1 INTRODUCTION

Nowadays companies are competing of talent and individuals with specialised knowledge, skills, and expertise. HR professionals are recognised as key players in planning, developing, and building company's strategy. (Bartlett & Goshal 2002)

Covid-19 pandemic has increased the speed of change in many industries and building a sustainable competitive advantage has become even more important as companies are going through a playoff game. Strategic capabilities are not seen any more as lifeline for growth, but also for survival. Paula Kilpinen, Ph.D., and executive advisor is quoting Darwin's "survival of the fittest" thesis: "the competition is won not by the strongest or the smartest, but by the one that adapts best". (Kilpinen 2020)

Competitive advantages can be gained through three traditional means financial, strategic, and technological. Lower prices of goods or services, better products, and combination of technological innovations and manufacturing operations are strengthened by organizational capability. The business is required to adapt to changing customer and strategic needs by creating internal structures and models which enable its members to create organization- specific competencies. As a result, employees subside into critical source of competitiveness. (Ulrich & Lake 1991)

Strategic capabilities specify a company's competitive advantage and show what company does better than rivals and what its competitive advantage is. They also define the company's ability to implement its strategy and indicate what is needed to operationalise the strategy. Strategic capabilities are a combination of processes, systems, data, technology, and expertise. At best, each employee has an understanding how strategic capabilities are connected in individual level roles and competencies. (Kilpinen 2020)

This thesis examines a strategic capability of a multinational organization, which has defined its strategic capabilities in 2019 and has started to transfer capabilities in practice with participatory methods. This study concentrates on a leadership capability and how it is transferred into practice by co-creating an updated leadership development plan.

## **1.1 Case organization**

Strategic capability as its best produces added value and competitive advantage to the company. Strategic capability is a capability which is necessary for implementing the chosen competitive strategy of the company. (Viitala, 2007) However, it remains conceptual unless it is implemented to practice and cascaded to different roles and individual level competencies.

The interest towards this topic raised as the writer of this thesis operates as HR Director in the multinational technology organization. The company is originally from Japan but operates nowadays in all continents and employs globally 180 000 people. The company is considered as market leader in several fields and uses early 8% of global revenue to research and development. Creating new, continuous transformation and fast development are the words which describe company's ability to correspond on changing needs of markets, customers, and operating environment.

In Finland, the company employs 320 people across Finland, and it produces services and solutions for different information management systems in the fields professional and consumer imaging equipment and information systems. This thesis concentrates on the leadership and management population of the company. The company has nine people in the leadership team and thirty-three managers.

The company has strong models of strategy with must win battles which guarantees that strategic emphasis areas are linked to team and individual level roles and responsibilities. Mark Read, Director of Strategy and Member of the Boards, WPP PLC describes Must Win Battles in a following way. "Must Win Battles demonstrate the critical role that people play in delivering results and, hence, the critical importance of leadership and internal communications in galvanizing people not only to make successful strategies but also realize them in practice". (Killing et al. 2006).

The strategic atmosphere of the organization was illustrated well in Must Win Battles framework and this created a strong platform to proceed to a next step, where directors and managers deepen their understanding of strategic capabilities and how these are implemented in practice.

As a retrospectively look, the leadership team of the company had started to discuss in 2019 what are the strategic capabilities of the company and how these should be defined, lead and improved. It was clear that current competence management model did not fully support company's strategy implementation in terms of capabilities, skills, and competencies. The leadership team of the company decided to define strategic capabilities and learn more about capability building which eventually would build the competitive advantage to the company.

The definition of strategic capabilities was done in 2019 together with external partner Paula Kilpinen, HRM Partners Oy (Appendix 1). One of strategic capabilities is leadership capability, the leadership team decided that as this is the most important capability in terms of leading people towards a future change, this needs to be implemented first into practice and seen how it is transferred into updated leadership development plan together with company's managers and directors.

The writer of this thesis, the researcher decided to do implementation of strategic capability by including directors and managers to the planning phase and together define what are the needed development areas in leadership development.

Strategy implementation is traditionally done through “top-down” way, which means that strategic directions are communicated by directors to other levels of the organization and communicated to their teams. The researcher had experienced that this old cascading model does not necessarily engage people with best possible way and does not support the coaching leadership culture either which is the core of company’s leadership culture.

## **1.2 Research objective**

The objective of this thesis was to create an updated leadership development plan in collaboration with directors and managers. This research’s practical purpose was to strengthen the collaboration with managers, participatory planning and build more open and reflective culture among managers’ and directors.

The researcher assumed that participatory methods strengthen managers’ engagement in leadership development and create a shared understanding of leadership practises. Furthermore, implementing a strategic capability with collaborative methods supports the capability building of the organization and engages managers to competitive advantage creation through leadership practises.

This thesis concentrates on a specific timeline from August 2020 to January 2021. During this timeline the researcher conducted an action survey with different phases and the aim was to create an updated leadership development plan with directors and managers. Due to the nature of research and strategy development, the researcher uses retrospective description in the research part to create a clear understanding for a reader of the project and how it is linked with organization’s strategic planning and development.

This research aims to gain knowledge of capability implementation in practice with participatory methods and what kind of learning outcomes it brings both to the action research process and to the researcher in HR Director role.

The main research question of this study is:

- How a strategic leadership capability is transferred into practice by updating a leadership development plan in collaboration with directors and managers?

This thesis is written for human resource professionals and provides information how to implement a strategic capability into practice in director and managerial level with participatory methods in mid-size organization.

### **1.3 Thesis structure**

This thesis consists of 5 chapters. It starts with the introduction part and then proceeds to the theory part, to action research process and introduces the updated leadership development plan and finally discusses the research results and learning outcomes of this research.

Chapter 2, theoretical part, gives a theoretical framework around strategic capabilities, leadership development, practical strategic planning approaches, and participatory methods.

Chapter 3, research process, describes the methodology of this research, different phases of the research and data generation methods as well as results of the action research.

Chapter 4, updated leadership development plan, describes the outcome of the research and what were the biggest changes compared to old leadership development plan.

Chapter 5, Discussion, describes the main findings of the research results and discusses the learning outcomes and possible future research topics.

## **2 THEORETICAL FRAMEWORK**

A considerable amount of literature has been published around capabilities and strategy implementation and how these relate to firm's performance and competitive advantage creation. In this thesis the researcher shall introduce the well-known approaches influencing on capability framework, how capabilities are defined and understood to be able to transfer capabilities into practice.

In addition, the researcher shall present a distinction between leadership and leader development which illustrates the dimensions of leadership development plan.

The chapter of practical strategic planning approaches elaborates different steps in strategic planning preceding the execution phase. The modified version of VMOSA model is used in this thesis as the basis for one pager creation and PDCA and Hoshi Kanri methods resemblance with action research phases, both methods are used in the subject organization. Participatory methods describe well-known ways to participate people and by these methods practical strategic plans are transferred into practice.

### **2.1 Capability framework**

The literature approaches capabilities from several perspectives. In this study the company is transferring a strategic capability in practice. From this starting point it is important to understand what capabilities are in the strategic literature, how they are defined and what is a strategic capability.

The issue of firm performance has been central in strategy research for several decades and incorporates questions raised in the field, for instance, how firms choose strategies, how they are managed and how they differ (Bridoux 2005). Firm performance related theories and resource-based view give different perspectives on capabilities framework and how these create a competitive advantage for the company.

This literature review will focus on resource-based view, dynamic capabilities, and strategic capabilities to create an understanding of capability framework and what kind of role these play in organization's strategy.

A starting point for the resource-based view is that firms contend based on their resources and capabilities. (Petergraf and Bergen, 2003). However, the definition of resources and capabilities is multidimensional and it can be said, that resources and capabilities are not elemental, but something the firm needs to recognize and analyze in specific circumstances and situations to weight if it is strategic or not. (Groom and Batchelor 1997).

In this study the company has chosen a leadership capability as one of its strategic capabilities. The purpose of the strategic capability is to create a competitive advantage. Organization possesses strategic assets such as complex competencies, capabilities, and skills and this forms the core capability of the business. (Hamel and Prahalad, 1990). The angle approach in resource-based view is that a company has unique skills and abilities which bring lasting competitive advantage. (Barney 1991)

### **Dynamic capabilities**

In a dynamic capability framework, the organization purposefully creates, extends, or modifies its resource base. Resource base can include tangible or intangible capabilities. These can be human assets as well as capabilities which are owned, controlled or preferentially accessed by the organization. Dynamic capability links always to a strategic change - virtually any research topic which include a strategic change links to dynamic capabilities and vice versa. (Helfat et al. 2007: 4, 127)

Another angle to understand a dynamic capability is to fill the gap between intention and outcome in a way that outcome is equivalent with the intention. (Dosi et al. 2000). Furthermore, management is required to create an evolutionary fitness to be able to answer to changing customer needs and build long term valued for owners and investors.

Dynamic capabilities link closely with this as well as with management's ability and activities to sense and capture possibilities, recognize threats, and combine and reconfigure assets to meet the changing client needs. (Teece 2013,54-57)

### **Strategic capabilities**

As mentioned earlier there is a great amount of different definitions and terminology around capabilities. Terminology around capabilities is multifaceted and same terms might mean different things in different contexts.

Deloitte (2015), a leading global provider of leadership consulting services defines "organizational capabilities are the abilities of an enterprise to operate its day-to-day business as well as to grow, adapt, and seek competitive advantage in the marketplace". Differentiating organizational capabilities is a helpful approach for this. Individual skills or competencies may be essential elements of organizational capability, but they are not synonymous. And vice versa, technology on its own does not produce an organizational capability, though it can be a critical enabler of organizational capabilities. Organization's performance is based on the combination of employees, processes, and technology which enables company to surpass itself. (Monitor Deloitte 2015)

According to Simon et al (2011) the concept of developing and competent using strategic capabilities to achieve success is well-known in business and management literature and there is clear concur with Hubbard et al. (1996) and Hubbard et al. (2007) that strategic (and dynamic) capabilities have three separable characteristics: they are difficult to copy, they are value to the customer and better produced or owned than rivals.

However, strategic capabilities may change over time and producing competitive advantage decreases. Therefore, rapidly changing environment requires organization rapidly to adapt to changing situations. (Toften & Hammervol 2009)

If the organization experiences internal or external changes, it is valuable to reconsider if strategic capabilities still hold or if there is a need for adding or changing strategic capabilities. (Kilpinen 2020)

How strategic capabilities are seen in practice? Implementing strategy in everyday work in a way that strategic objectives are achieved is a practical example of leading strategic capabilities. Strategic objectives are challenging, and it is expected that strategic capabilities are strengthened, and organizational learning is enabled through strategy execution. Leading strategic capabilities effectively is an indicator of successful strategy implementation and this generates added value and better productivity. (Oiva 2007)

Below is presented capability dimensions which illustrate the building blocks of strategic capabilities in organizations and how these dimensions play a role in strategic capability formation. (Monitor Deloitte 2015)

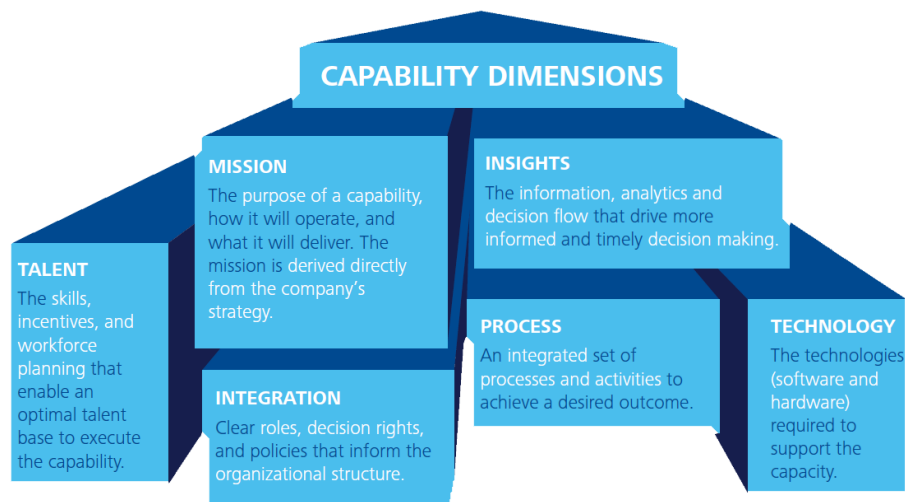


FIGURE 1: Capability dimensions of the building blocks in the foundation of an organizational capability. (Monitor Deloitte 2015)

## 2.2 Leadership development

Leadership development and leader development are easily mixed and treated in a same way. To create a distinction between these two terms, leader development is basically focusing on the development of individuals (leaders) and building individual capabilities. The emphasis in leadership development is the development of social structures and processes and shifting towards teambuilding and organizational development (Day 2000).

Developing and transforming individuals through leader development shapes organizations (Day 2000). Therefore, it is vital to understand the elements which effect on learning outcomes in an organizational setting. 70-20-10 learning model is widely used in organizations and indicates that employees learn 70% experientially in work, 20% socially and 10 % formally. Many times, leadership development programs are conducted through 10% formal classroom training and ROI of leadership development trainings can be poor. The ability to learn could be improved by increasing reflection (Adams 2017, 138).

Traditionally leadership development programs tend to follow “one-size-fits- all” model and the outcome of these programs should be a “perfect leader” for the specific organizational settings. From learning point of view, a human can change only one thing at a time, this fact supports the dilemma that when there are 10-30 things to develop for each leader the aim of completing all objectives is unrealistic ( Adams 2017, 165).

One angle to leadership development is the evolvement of leadership identity and how leadership is experienced by the individual. Each leader has an individual view of oneself as a leader, it is expected that the leader development shapes the identity and transforms from individual-level to collective-level identity. This development occurs in process of time. (Day 2000).

Leadership development is a multilevel process, the first level is the leader, second layer manages relationships with peers, superiors, and followers and the third level includes the organizational atmosphere and culture. Sustainable leadership development is depended on the second and third level considerations (Day & Harrison 2007).

In this study the researcher has created a setting, where managers and leaders planned the leadership development plan in collaboration, and they had a chance to reflect during the process in second and third layers. However, their individual leadership identity plays still an important role here and is covered in the individual leadership development plan.

### 2.3 Practical strategic planning approaches

There exist several strategic planning approaches which can be used in organization's strategic planning and implementation. In this work, the researcher introduces few of the well-known approaches largely used in different organizations.

#### **PDCA**

The PDCA cycle is established as part of Total Quality Management model. PDCA is practical tool for problem solving, continuous improvement and change. It is widely used in improving services, processes, and products. It has four chronological steps; Plan, Do, Check and Act and these steps create a simple and logical approach for solving quality- related problems (Cltookit 2020).

The PDCA cycle structure enables for continuous evaluation of management practices and adopt new or unsupported ideas when needed. This is a key for evolution of a successful company (Skymark 2005).

#### **HOSHI KANRI**

Hoshi Kanri has several translations and definitions. A common definition is strategy deployment in English. Hoshi Kanri is an element of Total Quality Management and it recognises five steps in strategy deployment process and has educed from PDCA model. (Kesterson 2015, 2, 25).

#### **Scan**

This first step incudes identifying a key objectives which support the strategy. It is expected that organization has done strategy formulation as well as examination of external and internal factors influencing on strategy. Such as industry attractiveness, competitors, value chains, capabilities, and competencies. (Kesterson 2015, 25)

The purpose of this step is to help to understand where the organization is currently and where it wants to be in the future. (Kesterson 2015,25)

## Plan

The second step is creating a plan according to S.M.A.R.T criteria. Goals need to be specific, measurable, achievable, realistic and time related. (Kesterson 2015, 40)

In this phase it is emphasized the importance of a dialogue between different organization representatives. One useful way to include people to the process is the Catchball process. Catchball is an interactive process of throwing ideas and opportunities back and forth like a play or “catch”. It sometimes changes proposed objectives, intentions and measures (Kesterson 2015, 40)

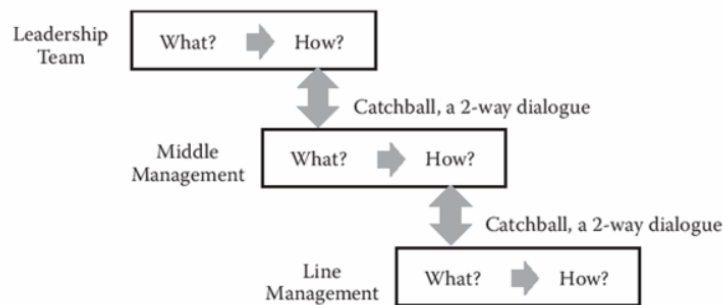


FIGURE 2. The cascade process, with Catchball ( Kesterson 2015, 41)

## Do

Do is the step where the plan is executed into practice. (CIToolkit 2020)

## Check

Check phase analyses the collected data and compares the actual results against the planned objectives. It evaluates how the solution was implemented and gives chance to make future improvements. In addition, this phase reveals unexpected issues and summarises the key learnings. (CIToolkit 2020)

## **Act / Adjust**

Adjust is taking an action based on what is learnt and implementation of countermeasures. (Kesterson 2,2015). In other words, in this phase the feedback and lessons learnt should be considered and making possible corrections. (CIToolkit 2020)

## **VMOSA**

VMOSA (Vision, Mission, Objectives, Strategies and Action Plans) is a practical planning tool for organizations to set and achieve short term goals as well as keep the long-term vision on mind. VMOSA planning tool supports groups to create a clear vision, building consensus and create a practical plan how to enact the change. (Community Toolbox 2021)

Vision communicates what is the ideal state and how this should look like. Mission describes what the group is going to do and why. Mission statements are more action-oriented statements than vision statements. Once mission phase is completed, the next step is to create specific objectives that enable achievement of mission and define clear what is accomplished by when. Strategies explain in VMOSA model how the objectives are reached and what is the specific area of concentration. Final phase is the action plan, which describes how strategies will be implemented in practice in detail. (Community Toolbox 2021).

## **2.4 Participatory methods**

There are several orientations in science which link with participatory methods. Originally the use of participatory methods has started from development cooperation, but methods can be used in many groups or activities. In participative methods everyone can impact different stages of the operation. Participatory methods are practical exercises, aimed at facilitating people's participation in different situations or a way to lower the participation threshold and make it more understandable. (KSL 2017)

As a definition participation can involve meeting in person, group in one place or geographically and temporally separated but connected virtually. (Glenn, 2003). The idea of participatory methods is to consider different learning styles and different participants. Participative methods help concretize, activate, and engage participants. This enables to make everyone's voice heard also in larger groups. With the help of methods, everyone has an opportunity to participate, activities are richer and common goals are easier to achieve. (KSL 2017)

Participatory methods are tools or exercises that guide situations. It is essential to give space for expression and participation. The purpose is to help the group create a creative atmosphere, focus, develop ideas or create new perspectives. (KSL 2017)

According to Slocun (2003) participatory approach is particularly appropriate for addressing themes where the goal is to create a consensus through clearly defined set of possibilities. Sashkin (1976) applies four models of participative approaches in organizational setting. Participation can be the change implementation and development, solving problems, setting objectives and decision making. Participatory methods create specific outcomes such as improved quality as information flows better and clarifies tasks. In addition, it increases employee's engagement and acceptance of decisions, objectives, and solutions. It also creates better opportunities for effective implementation. The effects of participatory methods with the passage of time change the learning through behavioral process effect. When the development of shared values and norms is done through participatory methods, this can lead to more inter-dependency reviewing among organizations members as organizational processes are based on collaboration instead of win-lose conflict. (Sashkin 1976)

Group facilitation techniques are used in many participatory methods. There are some important considerations when planning a group facilitation session. First, choosing a right method defines the success of the implementation. It is important to define what is the criteria for success in the process and how many participants will participate and in what ways.

In addition, it is vital to lead conversation to future orientation as often time runs out if time is used to talk about past. Finally, planning the agenda with suitable contents plays an important role as it sets the structure for the conversation. (Slocun 2003)

Ensuring the integrity of the process is always a challenge – if the process is manipulated by pre-concluded decision, participants might feel betrayed and this might lead to disputes. From initiator perspective this challenges to understand the whole picture as integrity is a vital condition for consensus. A creation of steering committee can help in integrating answers to participatory process. Members in the steering committee should represent a variety of views and expertise relevant to the objective of the process. Once these questions are answered, the initiator should check how timid non talkers are involved, group communication is enabled and there is enough time for reflection. In addition, the initiator should create an atmosphere of interdependency by sharing a common ground and empower all participants equally in the process. (Slocun 2003)

There can be found several participative methods which support either individuals' or different sized groups' participation. As this thesis examines the leadership team and managers' population participation, a few participative methods for groups are presented below.

#### **2.4.1 Group Fair**

The group fair is a method developed by Innotiimi Oy. This method is suitable for large groups the size 30-100 people. The aim in the Group Fair is learning together and different topics are discussed together by circulating from one topic to another. Group fair is usually conducted in face-to-face meetings. The initiator decides how many groups there will be and what are the problems or issues to be solved. Groups choose the timekeeper and one who takes notes. First, for five minutes everyone thought their own proposals for the topic and after that the group discusses for half an hour about different perspectives and finally summarizes most important outcomes to a flap. ( KSL 2017)

After that groups are redistributed in a way that one of each old group member is included to the new group. The old group member presents the results of the first group and the new group further develops first group's ideas. This method of demolition and further development of ideas is repeated until all groups have visited different topics. Finally, all ideas are gathered and chosen what ideas will be implemented. (KSL 2017)

### **2.4.2 Cumulative group**

The purpose of cumulative group is to create a knowledge base, stimulate interest and find a common ground for commitment. Topics can be presented in various forms such as video, lecture or in written form. The initiator introduces the idea of cumulative group and creates goals for the session. At this point it can be discussed if group is divided in pairs and later to larger groups. (KSL 2017)

First everyone familiarises independently with the topic and take notes, then pairs discuss, compare their reflections and opinions and work ideas forward. Then pairs are combined into groups, views are compared, and ideas worked forward. Finally, each group puts together their thoughts on the whiteboard to other groups to see, after which a joint summary is done. (KSL 2017)

### **2.4.3 World Café**

World Café is an easy-to-use method for creating a collaborative dialogue around topics that matter in working life and it is nowadays used widely around the world. Cafés can be named in many ways to meet different goals, for instance: Leadership Cafes or Strategy Cafes. World Café format is created by the World Café Community Foundation. (The World Café Community Foundation 2015)

The idea in World Cafés is to discuss about specific topics in different tables and change tables after a certain time limit. This circulating method creates diverse understanding, new insights, and opportunities for participants to contribute on discussions around several topics.

Once each group has circulated in all tables, the final phase of the Café is gathering the most essential points of each topic of each table. (The World Café Community Foundation 2015)

In Word Café planning the first thing to consider is the context definition and defining why people are brought together, what is the goal of the Café and how discussion could be conducted. It is important to create interesting and persuasive questions, which help to create collective understanding and insights around the chosen topic or topics. The organizer needs to consider how to encourage all participants to participate and contribute to discussions but also practice listening when others talk. In addition, it is important to create a comfortable space where participants feel welcome and safe. (The World Café Community Foundation 2015)

## **2.5 Conclusion of theoretical framework**

During the theoretical framework phase, in the collecting and analysing part the researcher noticed that the literature around the topics is diverse and multi-disciplinaries exist. The objective of this thesis was to better understand how to transfer a leadership capability in practice by updating the leadership development plan in collaboration with directors and managers. This objective helped the researcher to narrow and find the frontiers of theoretical framework.

Capability framework and definitions of different capabilities is essential part of theoretical review, strategic capabilities are conceptual and transferring conceptual matters in practice and finding a common understanding is essential to reach the objective of the thesis.

Capability framework explained how capabilities can be seen in the organizational context and what they can be in practice. The subject organization had both internal and external need for defining and building strategic capabilities and theoretical framework supported different perspectives in this.

As the focus groups of this study were the leadership team and managers of the company, it was natural to create a link between leadership development in collective and individual level and understand how leadership development between these levels is conceptualised. This helped to create a distinction between the leader and leadership development and plan the leadership plan accordingly.

Before the actual planning could take place, it is important to understand a strategic dimension in the planning phase. Strategic planning combined the desired phase and formed the actual steps which lead to desired future state. It can be said, that planning without a strategic direction and understanding will not lead to a desired result.

The researcher chose practical strategic planning methods PDCA, Hoshi Kanri and VMOSA as these methods are widely used in the subject organization and business life in general.

In addition, there are several participative methods used in business life and organizations. The researcher introduced few of the famous ones which were used paraphrased methods in this study as Covid-19 pandemic changed the initial plans.

### 3 ACTION RESEARCH STRATEGY

#### 3.1 Action research as a methodology

This study was a qualitative research in nature. The study was an action research where the researcher was an active participant of the study. The action research can be used to develop individual's or group's development. It is best suitable for situations where group and its different operations are the target of the study. (Kananen, 2014, 15). Participatory methods make it possible to utilize actors' and employees' tacit knowledge, professional skills, and experience in the target organization. (Ojasalo et al. 2018,32) In this study participants of the action research were the researcher itself, directors and managers who relate to the matter.

Action research is a problem- based participatory research in which the aim is to solve together practical problems and achieve change. The purpose is to find solutions to practical problems, which may be for example technical, social, ethical or professional. In addition, one goal of action research is to create new knowledge and understanding about the occurrence (Ojasalo et al 29, 2018). In the traditional research the aim is at creating knowledge. In action research the aim is both taking action and creating knowledge or theory about the action. In action research outcomes are both action and knowledge outcomes (Coghlan 2019).

According to Coghlan ( 2019) "action research works through a procedural process, a) assessing a situation which is needs to be changed b) planning to take action c) taking action and d) evaluating action, proceeding to further cycles of planning on so on".

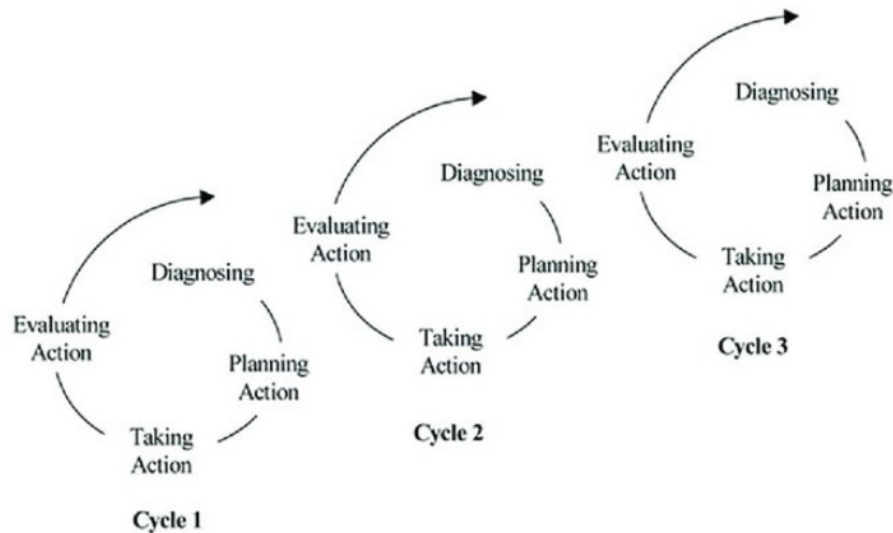


FIGURE 3: Spiral of action research cycles (Coghlan 2019,11)

Action research is collaborative in nature, it means that the members of the system which is under study shall participate actively to the cyclical process. This is contrary a traditional research where members are objects of the study (Coghlan 2019, preface).

One identifiable difference between the action research and traditional research is the audience. In traditional research, third person is in the focus. Research is done for third persons and reports are written for third persons. It has been stated that authentic third-person research integrates first- and second person voices. When research is done in the own organization of researcher, second-person practice is primary used. It is basically working with others in collaborative processes and engaging others different parts of the research process. In addition, first-person learning takes place as this learning creates actionable knowledge for second- and third person audience. (Coghlan 2019, 7).

In this study the actual problem was earlier experience of inadequate participation among managers in leadership development planning. The company has systematically and strategically developed directors' and managers' leadership skills for several years.

Leadership development programs had received good feedback from directors and managers, also employee satisfaction survey results indicated that the employees' experience of leadership practises was good. Nevertheless, Managing Director and the researcher, HR Director of the company had recognised the need to participate all people managers to future leadership development work as implementation of strategic capabilities would require participative methods and leadership practises play an essential role in this change.

In action research, it is essential to include people actively to the research and development process. (Ojasalo et al 2018, 29). In this study, all people managers were involved to the development process and they had a chance to contribute on leadership development work. Participatory development offers many advantages to the researcher and the developer. Many times, a solution that is created in collaboration is better, than externally created solution for a problem. (Ojasalo et al, 2018, 29).

In addition, continuous learning and reflecting are the essence of action research. When action research project aims to an academic accreditation, two action research cycles are operating in parallel. The first cycle is the cycle described above; constructing, planning, taking action and evaluating in relation to achievement of the project's aims. The second cycle is a reflection cycle, which is an action research cycle about the research cycle. The second cycle is called the thesis action research cycle. In practice this means, that the researcher needs to be aware of these parallel cycles and evaluate the project through both cycles. (Coghlan 2019, 12).

Analysing steps during the process is central to actionable knowledge. Reflection between steps incorporates the learning process of the action research process phases and enables learning about learning. This called meta-learning. There are three forms of reflection: content, process and premise. In content reflection, it is about thinking the issues and what one think is happening. Process reflection handles strategies and procedures and how things are done in practice. Premise reflection is criticizing latent assumptions and perspectives. (Coghlan 2019,14)

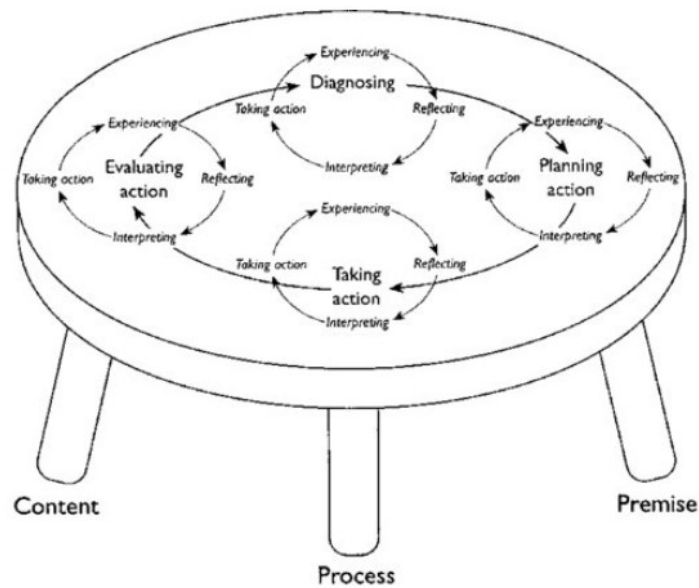


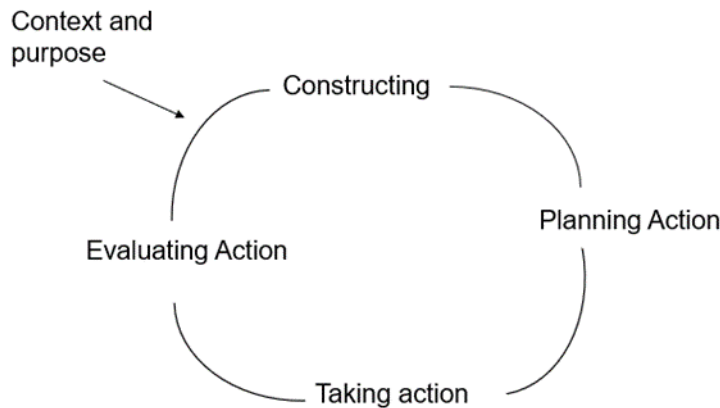
FIGURE 4. Meta-cycle of action research (Coghlan 2019,14)

As these cycles are not identical, the researcher has reflected her own learning during the research process in “*Reflective pause*”- boxes. As Coghlan (2019,174) recommends, own reflections can be inserted to a reflective pause boxes and this way tell a story of what have just happened. This is a useful technique for inserting first-person narrative alongside the second-person narrative.

This method helped the researcher to gain insights from different perspectives, reflect events, feelings, comments and decide what are the appropriate next steps in the research process. In this work these forms of reflections helped the researcher to understand how different cycles and stages are formed and shaped during the process.

### 3.2 Action research process

According to Coghlan (2019) "the action research cycle consists of a pre-step and three core activities: planning, action, and fact-finding".



The action research cycle ( Coghlan 2019, 9)

FIGURE 5. The action research cycle (Coghlan 2019,9)

The pre-step includes defining the common objective. Planning phase comprehends having an overall plan and a decision regarding what is the first step to take. The first step is taken in action phase and the first step is evaluated through fact finding in evaluating action phase. This way there is a non-stop spiral of phases which is consisted of planning, action, and evaluation circle (Coghlan 2019,11).

In this study, the research problem concentrated to examine how leadership capability is transferred into practice by updating the existing leadership development plan with participatory methods. Data collection and data sources provided information of practical examples such as information of leadership capability in the subject organization, participants' comments, behavior during the research process and different written sources.

In this research following data collection methods were used:

- observation
- written sources (research diary, minutes of meetings, company materials)
- group discussion

### **3.2.1 Pre-step: Context and purpose**

Action research takes place in real time and starts with defining a comprehension of the project. Why project is needed? (Coghlan 2019,9). In this project the purpose is to understand how to implement a leadership capability into updated leadership development plan in collaboration with organization's directors and managers. There can be found two angles from where the development needs emerged. First angle is the need for organizational development and creating strategic capabilities for the future and other is building a link between conceptual capability and what it means in practice.

As mentioned before, the leadership team had created strategic capabilities together with external partner HRM Partners in 2019. The initial plan was to complete capabilities in spring 2020 and create organization and team-level development plans based on strategic capabilities. Due to Covid-19 pandemic the leadership team of the company decided to postpone this project and concentrate on business continuity planning. Regardless, the leadership team discussed that leadership development needs to be re-assessed due to Covid-19 and how the pandemic will change companies, ways of working and leadership practices. Another initiator for this development need was earlier feedback, conversations and results of employee satisfaction surveys which indicated specific leadership development areas to be improved and managers' own experiences of leadership trainings that were not anymore suitable for all managers due to differences in managers' managerial experience, roles and responsibilities.

Previous leadership development plans were done based on the strategy but only a few internal contributors such as managers had been involved in the planning process. The internal need to change arose from the conversations HR and managers have had together.

Outcomes of the conversations revealed that the amount of different trainings of managers had been adequate and comprehensive. However, several managers experienced that they don't have enough time to implement new skills and practises to daily work due to a busy schedule and many manager trainings. Managers highlighted that among the manager population their experience of being a manager varies and therefore it would be beneficial to create different managerial development paths. This development work of different paths had already started in 2019 and the feedback of managers helped the researcher to make further improvements.

Based on these observations and experiences the researcher started to form a context and purpose for this project. In addition, financial perspective was an important initiator as the company uses early notable amounts for leadership training.

External context assessment is a part pre-step phase. External context is for instance, economic, political, or social forces which drive for the change. For the internal forces, cultural and structural forces can be drivers for the change. Assessing the external and internal forces and finding answers on these, may involve qualitative or quantitative data gathering methods (Coghlan 2019, 9). In this project, the researcher recognised both cultural and economic aspects which supported the concentration on this topic.

Once a desirability for the project is identified, the most useful focus for attention is to define a desired future state. This phase is critical, as it creates limits for the purpose of the project and targets focus and energy for later phases (Coghlan 2019,9). The desired future state in this project is the cyclical leadership development planning process which supports the strategy implementation and takes into consideration fast changing business environment.

The collaborative planning process and contents of the plan will engage the directors and managers of the organization and they will experience that development plan supports their leadership development both collectively and individually.

After defining the future state, another critical point in pre-step phase is the creation of collaborative relationships with those who have or need to have proprietorship of chosen topic. (Coghlan 2019,9). The researcher considered what are the groups inside the organization she should collaborate with. The core leadership team is the one who sets the strategic direction and speed for change. Choosing this group as a steering group for the project was therefore clear as the strategic direction is essential in capability building. Another group to be noted was the manager population of the company. The number of managers in the organization is 33 and their background, skillset, experience, and roles vary across the organization.

The researcher considered whether she would involve the whole group or just few managers based for example on their role, experience, or motivation to participate. In terms of group activities and workshops, the group size of 33 would set some boundaries and it would be easier to operate with smaller groups. Despite of this, the researcher decided to engage all managers to this project to attain comprehensive and solid understanding of future development needs. This decision supported the purpose of this project as the development plan will be created in the collaboration with managers. As noted by Coghlan (2019,10) the outcome of the pre-step should be an analysis of organization's challenges based on scientifically gathered facts and pointing out guidelines for action.

## **Survey**

The researcher had started in her role in spring 2018. She conducted a survey for managers to find out how leadership development practises could be improved. These survey results were used as a part of pre-step process.

The question in survey was:

- What are the areas in leadership development you would like to learn more?

The survey was conducted in Forms and sent by e-mail to all managers. Managers had one-week time to respond. The response rate was 66%. Although the survey is not official part of this project, the results gave good insights for context and purpose planning phase. The survey results indicated that continuous change, more time on leadership development and leading a team in practice were themes that majority of respondents pointed out.

### **Group Discussion**

Managers of the company gather every six weeks and discuss together about topical subjects. The researcher chose that one meeting dealt with a question of leadership development and how Covid-19 situation had changed the need of leadership development. This meeting took place in spring 2020 when Covid-19 pandemic situation was active. The objective of this meeting was to discuss how Covid-19 pandemic has impacted on business and how managers as a group can start to stabilize and revive the business. In addition, the purpose was to find out how managers feel about the new situation and what are the priorities in leadership development.

Covid-19 pandemic had brought new needs of skills and practises as most of the teams were working remotely and previous leadership practises did not work as before. This meeting was held through Teams, the researcher conducted meeting together with the managing director who was responsible of business situation and how Covid-19 had impacted on different areas of business. The managing director started by explaining what the status in business is and how important it is to discuss together how situation will be balanced.

After this part, the researcher showed a crisis management model and how different people might behave in this kind of situation and how Covid-19 might impact on performance in work. The purpose of presenting these materials was to give ideas for group discussion. Once the introduction part was completed, the researcher divided managers randomly to smaller teams to ensure that everyone had a chance to speak up. The number of participants was 36 in this meeting and managers were divided in 5 groups of 7-8 members.

The questions they discussed about were:

- what recovering from Covid-19 situation means in practice?
- what kind of elements should be included to team level recovery plans?

Groups discussed 20 minutes and presented their discussion outcomes to others after that. Each team had prepared a one slider where they had gathered the most important points. To summarize the outcomes discussions, following points were brought out:

- Ensuring that critical functions (sales, services, support functions) will work, and managers need to build short-term, mid-term and long-term plans to recover
- In addition of the organization level business continuity and recovery plan, the organization needs a solid team level recovery plan which is done in collaboration with team members
- Communication across the organization in this situation is critical and managers need to be very close to their team members. In addition, they need to find new ways of keeping touch and collaborate
- Managers need to know how their team members feel and react about this new situation
- Managers need new skills leading their teams in Covid-19 pandemic

To conclude the pre-step phase, the need for the project had emerged already in 2019 but the Covid- 19 pandemic changed the initial plans and future needs were re-assessed against the changed situation.

**Reflective pause:** Pre-step phase took longer than first planned and the top-level objectives and timelines changed several times due to Covid-19 pandemic. From research's perspective it raised the need to modify plans and take external factors more deeply into account. At this stage, the researcher had started to keep journaling and her journals of this period indicate that the research plan was continuously shaping, and this was frustrating as it did not fit with the initial plan. However, it showed well the impact of external forces in internal development planning and how important is to consider these changes.

### 3.2.2 Constructing

Constructing phase is a collaborative in nature and it is a dialogic activity where all stakeholders of the project are engaged to the project. It is important that action researcher engages relevant others in the constructing process and is not an expert deciding without others contribution (Coghlan 2019).

As described in a previous chapter, the pre-step phase was a mixture of current and future development needs both in organization and manager level. In addition, the current time and Covid-19 pandemic brought new demands to this project. These elements changed the initial plan of defining three strategic capabilities of which leadership capability was one of them. In the initial plan the leadership development plan would have been completed together with managers before summer break 2020.

The leadership team of the company decided that based on the current business situation, Covid-19 pandemic effects and turbulence in business, it is better to postpone the capability project until autumn 2020 and re-assess the situation then. Concurring phase in this study consisted of two group discussions held in autumn 2020.

### **Strategy workshop: Group discussion with the leadership team**

The leadership team gathered in early August 2020 to discuss the strategic direction and how Covid-19 possibly impacts business and development projects. The duration of the meeting was two days and the group handled several strategic topics and defined the future strategic direction. In this work, the researcher concentrated to describe outcomes of the leadership capability related discussions.

The first day of leadership meeting was used for going through the business results, ongoing projects and each leadership team member presented the status of their responsibility area. The second day concentrated on strategic development projects, constructing the strategic capabilities project was one of the topics.

The researcher had planned the contents beforehand and the main objective for the day was to achieve a common understanding and engagement for this project. The leadership team went through all three capabilities and discussed how the group understands capabilities.

A starting point for the first meeting was somehow challenging. The group had had a long summer break, there was a new member in the group and Covid-19 pandemic had delayed this project from spring 2020. The management team had discussed after the summer break, if a face to face meeting is appropriate during the Covid-19 pandemic, the group finally decided that the nature of strategic projects required a face to face encounter.

In the meeting the researcher started by reminding why this project was initially started, what is the objective of the project and why management team members need a wider community to brainstorm and define strategic topics. The group discussed if covid-19 pandemic has changed the importance of this project.

Finally, participants concurred that it is even more important to re-evaluate and update company's leadership development plan in a new situation. One challenging part in discussion was to engage people and create a shared understanding. Some members were more familiar with topics than others, this was clearly seen in commenting and how participants dealt with topics.

In the first meeting participatory observation was used amongst the researcher and senior managers. Observation can be used in the beginning of the study, when implementing the change and assessing the results. Typically, the actor is physically present and actively participates to the research (Kananen, 2014,79-80).

One minor, but simultaneously critical thing was a terminology around the topic, and this issue was raised during the first meeting. The group had disagreements how words “strategic capability” and “knowledge management” differ. The group finally agreed that strategic capability is an organizational level capability, which creates added value to the organization and knowledge management is role-based knowhow including competencies. This clarification helped the group proceed further and create a shared understanding of the terminology.

Overall, the discussion in this group was active, honest and participants shared their views openly. As a result, the group concluded the leadership capability is the capability which needs to be defined first and its outcomes will support success with other capabilities practice transferring.

Constructing and selecting an action research project is a demanding phase. The researcher attends to researcher’s own process of constructing and is simultaneously engaging others to construct of the issues. The phases in constructing stage and selecting the action research project are actions learning cycles themselves (Coghlan 2019,120)

To summarize the constructing phase, the strategy workshop clarified what is the actual objective of this project and desired future state. It is essential to define the desired future state of leadership together with managers to create an updated leadership development plan with them. As a next step, the steering group agreed that the researcher shall prepare a research plan for this project and others will transcribe the process with other capabilities.

**Pause-reflection:**

The researcher wrote her observations to research diary and the first reflection was very different than the one written during the evaluating phase. As mentioned in the research diary, the researcher had expected more straightforward discussion and easier engagement phase than it turned out. However, it can be said that the objectives of first phase were met and group members understood the idea of the project and their roles in it. At this stage, narrowing the subject, breaking the objective into research question, and creating a research plan was a rewarding experience.

**3.2.3 Planning action**

According to Coghlan (2019, 10) planning action should be consistent with the exploration of the context, purpose, and construction of the issue.

In the planning action phase, the researcher had identified following perspectives to be considered.

- The type of change the researcher is trying to achieve and the research question
- Participative nature of action research and how it is considered in different research phases
- Learning mechanisms which reflect on action research processes in parallel
- Level of structuring and directing the project
- Data generation
- Research plan updates

Planning action phase urges to consider what kind of change the researcher is trying to achieve in the organization. The type of change plays a critical role when the planning of action phases is made.

There are recognised three types of change: Directed change is directed by the leadership and goals are precisely defined. In planned change, the leadership creates a plan of action with a clear goal and vision of the future. In guided changing the direction is not tightly described and the leadership watch over the process and just points the way. (Coghlan 2019)

In this study there was a clear goal and the vision for the future, and it can be interpreted as a planned change as the researcher's objective was to create an updated leadership development plan together with managers and directors. According to Coghlan (2019, 125) "the planned change approach is based on a "from-to" process, that is, the change involves moving from one state to affairs to another and such a movement involves those who are affected by it".

As mentioned earlier, action research is collaborative in nature and it invites organization to create a change project built in participation and engagement to the project as well as collaborating with colleagues and other stakeholders to realise why change is needed, co-creating a shared vision of outcome and implementing both change and learning together (Coghlan 2019, 124) . Based on these premises, the researcher planned the action research process where selected groups in development project had a chance to interact several times during the process both formally and informally.

According to Coghlan ( 2019, 130) " a good deal of reflection is reflection on action": this is to say, it is a reminiscent overview what has happened so that retrospectives can move from being a review of the past to a current practice that presumes issues and processes ascending learning-in-action (Coghlan 2019).

In practice this meant, that the researcher planned workshops and reviews between the workshops in a way, that participants, the steering group, and the researcher itself would have several possibilities to reflect, discuss and evaluate proceedings during the project and learn from previous stages.

As Coghlan (2019) points out, discussions in groups and reflection on action cumulates learning. This presumably generates new ways of thinking leadership development through participatory methods.

There are recognized three core learning mechanisms which reflect with the three core processes in the action research cycle. In the first person-process cognitive learning mechanism engage how the researcher thinks, experiences, understand, judges and decides. In the second-person processes structural learning processes go beyond of individual knowing and engages to collaboration and shared action. In the third person processes, learning is procedural, extended beyond the action researcher and the groups which work on the project (Coghlan 2019).

During the research project it is relevant to pay attention how the project is structured and directed as it is interpreted as an intervention. Participants may understand structuring either a directive manner or a non-directive manner where participants adopt their own programme and processes (Coghlan 2019). In this action research, the researcher decided to use a directive manner. In practice this meant, that research phases and steps were pre-planned but there was space for changes and reconsiderations. In addition, the contents of workshops and discussion topics were structured based on the objectives of this thesis to guarantee managers' input and insights for each phase.

Data collection is somehow different in action research than in other qualitative researches. Engagement with others generates data in action research cycles. This means that acts which purpose is to gather data are interventions themselves. So, asking questions or observing is more than collecting data, it is producing learning data for both the researcher and individual concerned (Coghlan 2019, 134). Accordingly, it is more suitable to speak of data generation than data gathering.

Based on these elements, the researcher noticed the need for updating the research plan as she gained more understanding. The updates concerned the reflection cycles (first- person and second- person) in the research plan and she added reviews with the steering groups between workshops to ensure reflections in both groups.

To conclude the planning action phase, this step crystallized phases in the research project, narrowed the objective and formation of precise timeline gave a better focus for future steps.

**Pause-reflection:** This phase gave a broad understanding of different elements in planning action phase. From one hand, the learning outcomes of this stage made the research project more complicated and multidimensional but, on another hand, it illustrated deeper levels of action research elements and how all these elements influence on the research objective.

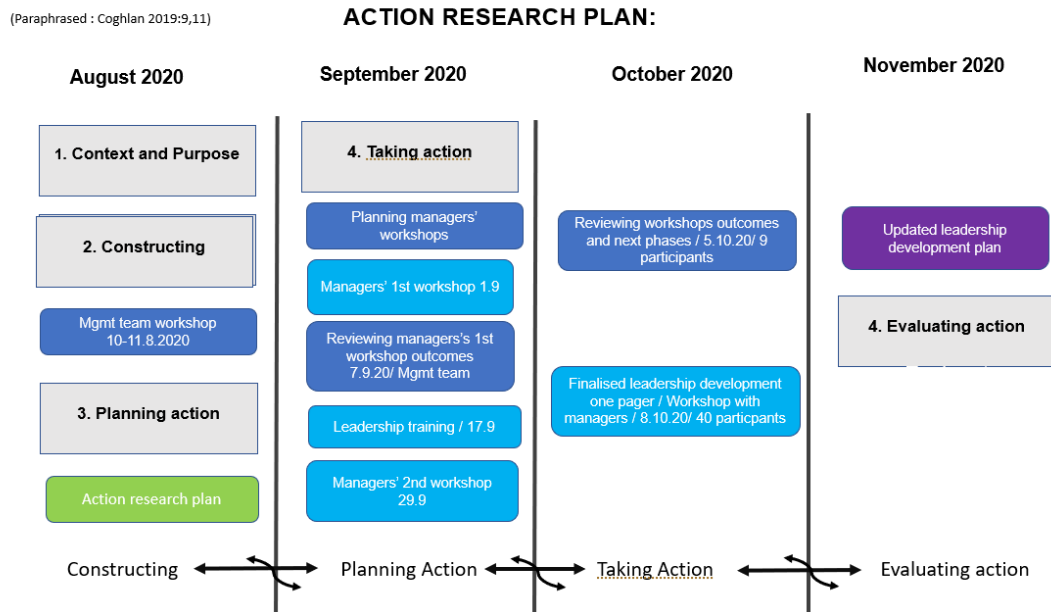


FIGURE 6. Final research plan (Paraphrased Coghlan 2019, 9-11)

### **3.2.4 Taking action**

This phase basically describes the stages in the action research cycles described in the FIGURE 5 and how the implementation was made. Taking action phase started in September 2020 and ended in November 2020. Based on the literature around theory, the action research, and the organizational development the following actions were implemented during this phase.

#### **Steering group meeting: Planning the first managers' workshop**

A meeting with the leadership team took place before the first workshop with managers. In this meeting the purpose was to gain common understanding how to create a state of urgency and development need for managers, break down the project objectives in smaller pieces and create intermediate goals for each phase. The researcher had prepared a suggestion of the implementation phases and the group discussed about it. The objective for the first workshop was to create a shared understanding to participants and gain a common way forward.

In practice, this meant that the Managing Director started by describing what is current business status and created the state of urgency for managers. After that researcher introduced the overall project of strategic capabilities and how these built company's future success and supported the future change. In succession to that, the researcher introduced the one pager (Appendix 2) and explained the purpose of the workshop.

As a participatory method, the researcher suggested that managers would be divided into smaller adaptive cumulative groups to discuss about leadership development, how they find the status and what future demands they recognize, and this would enhance them to create one pagers in teams. As a result of discussion, the researcher decided to change initial plans and added one management team member to each group to guarantee that the objective is attained.

**Pause-reflection:** The biggest learning outcome in this phase was to realize that both the leadership team members and managers were each in different phase understanding the objective of this project. The researcher had planned the contents of the workshop based on her own level of understanding of the project without remembering that the managers could not have the same level of understanding yet. Therefore, adding the management team members in each group was a very good change for the initial plan.

### **First managers' workshop**

First managers' workshop took place in early September. All managers participated and the meeting was conducted through Teams and few participants took part from the office. All participants were informed of the agenda beforehand, so they had a chance to prepare for the meeting. The researcher started the meeting by describing what is the purpose of this workshop. After a brief introduction part, the managing director started to describe how the business environment had changed due to Covid-19 situation, how important is to remember company's vision and strategy at this situation and how these things relate to current leadership capability implementation.

The purpose of this meeting was to create a clear understanding for participants where the company is now and how participants can influence on company's future by developing leadership practices. Participants commented and told their own views and reflections through round table discussion. After this, the researcher explained the objectives of the workshop and how teams were divided. HR Business Partner divided managers to 5 teams and each team had one management team member to assure that the objective remains clear in the workshop.

Each team had the same task, their objective was to create one pager of leadership capability and discuss together about each area and what is the current experience of each area. The contents of one pager was planned by an external partner HRM Partners, who has a long experience of developing companies' capabilities.

One pager content was following:

- The description of leadership capability
- The desired state / vision of leadership capability
- The status of leadership capability currently
- The biggest gaps recognized based on the difference between the vision and the current state
- Key knowledge, skills, and competencies in leadership capability
- Measurements how to assess the quality of leadership practices
- Key roles contributing to leadership practices

Teams gathered once the time was up and teams shared their own pagers. The researcher had estimated that filling up one pagers would take less time than it did. Groups commented that they would have needed more time to complete the one pagers and they told the discussion had taken more time than the actual filling up. The researcher decided to give a homework for each group and complete one pagers in teams before the next workshop took place.

**Pause-reflection:** The overall agenda of the meeting was successful, and managers had good discussions in smaller teams. However, the researcher gave too short time for discussion and completing the one pager, this led to changing the schedule and research steps accordingly.

### **Leadership training: Vision, purpose, strategy, and the desired culture**

As mentioned before managers' managerial experience varies in the subject organization, therefore the researcher and the Managing Director decided to hold a leadership training about company's vision, purpose, strategy, and the desired culture.

The timing was significant, as managers came back from holidays and the company faced a new situation in Covid-19 recovery phase. The objective of this training was to strengthen the message of company's future and what are the important elements in that. This training gave both new and more experienced managers a chance to learn more and deepen their understanding of the strategy.

The leadership training took place in Mid-September and all managers and management team members participated on training. The training was fully conducted by Managing Director, he introduced the global and local vision, mission, and strategic emphasis areas. The training was done through Teams and participants sent their questions to chat and commented when they felt like that. The feedback of training was gathered verbally, and overall score was good. Participants felt that their strategic understanding deepened, and it is easier to explain strategic emphasis areas to their own team members.

**Pause-reflection:** The role of the researcher was different in this training and therefore it was easier to observe managers reactions and comments than being in presenter's role. Managers commented actively strategic directions and based on their written comments in the chat box this training gave a clear understanding of strategic direction.

### **Steering group meeting: Review of the first workshop**

In this meeting the leadership team members discussed what were the outcomes of the discussions in workshops and if participants were engaged with the development project. Each management team member who had participated to facilitate the workshops told their views and reflections. To summarize the steering group meeting, it can be said that the objectives of the first workshop were accomplished and managers had understanding why this project is done and what is their role in it.

## **Second workshop of managers**

The second workshop took place in October and the managers and leadership team members participated. The homework between the first and the second workshop was to finalize the leadership one pager in the teams. In the second workshop each team presented their one pager.

After each team's presentation the group discussed what are the biggest similarities, differences, and areas to reconsider. The discussion was open and honest, but only a few managers expressed their opinions without researcher's facilitation. Discussion in this workshop was conducted through ground table discussion form. The activity level in the workshop clearly showed that Teams' meeting as collaborative development tool is not yet fully adopted.

As a result of second workshop, the researcher informed that she would summarize the one pagers' as one and introduce the result in next managers' meeting.

**Pause-reflection:** Facilitation of discussions is different through Teams and this meeting clearly showed that this group is not yet fully familiar with this tool. The researcher experienced few "silent moments" when nobody commented anything, and this raised a question if something was left unsaid. The contents of one pagers were very similar between groups and it was interesting to hear that managers raised similar topics for improve.

## **Steering group meeting: Review of the second workshop**

In this meeting the leadership team discussed how the second workshop had gone. All agreed that the discussion of leadership development was more open than the first time and it was clearly seen that each manager has their own "learning curve" with this topic. The group shared the challenge with Teams meetings and agreed that practicing Teams meetings in workshops will probably increase the activity levels of participants.

### **Managers' meeting: Presenting the one pager**

Presenting the final one pager took place in October 2020 in managers' regular meeting. The researcher went through the contents and explained how the summarizing was done and how the topics were selected. All themes which were recognized as same were gathered under the same category and assessed against the strategic goals. Some themes which appeared rarely were gathered and assessed in the management leadership meeting if these themes will be considered in the final version. The meeting with managers went quite well and discussion was open, and everyone had a chance to suggest final corrections and changes the final version.

A short time frame between the definition of one pagers and the final version presentation guaranteed that participants remembered well what was done, what was expected and what was the purpose of this workshop. The researcher concluded the meeting and informed the updated leadership development plan will be done based on this information.

**Pause-reflection:** This meeting showed that managers had understood what was expected and it was fruitful to have a group discussion of future leadership demands and training needs to achieve the desired state. Still, the researcher contemplated if managers should be involved more deeply to actual planning process than was initially planned. The researcher decided to proceed according to the initial research plan and complete the planning and timing by herself.

### **Creating an updated leadership development plan**

The objective of this thesis was to create an updated leadership development plan in collaboration with directors and managers. Earlier versions of leadership development plans were the basis for updated leadership development plan structure.

The updated leadership plan consisted of four different managerial paths where each path has individual training needs but also mandatory trainings for all groups. The final one pager content indicated the core training needs of directors and managers and these subjects were included the plan. The researcher introduced the initial leadership development plan to the Managing Director, and they agreed that it will be presented to managers in Q2-2021.

**Pause-reflection:** Creating the actual updated leadership development plan was the fastest part of the project, because the basic information was already gathered, analyzed and reflected. However, the timing matters regarding managers' year clock changed initial plans, the updated leadership development plan would have been presented already in January 2021 to managers.

### **3.2.5 Evaluating action**

Evaluating action phase includes examination of outcomes of the actions – both intended and unintended. It is essential to reflect if the original construction matched, and if the actions taken fitted with the constructing and if taken actions were implemented in an appropriate manner and what kind of building material it produced to the next cycles of action research phases. (Coghlan 2019, 11)

In this work the researcher has evaluated her own learning reflections during the research process and the secondary research cycle evaluation is conducted in this chapter.

Original construction fitted well during the taking action part. There was enough time between the different actions to evaluate each steps' outcomes and possible changes. The researcher wrote a minutes of meeting of each workshop and in addition she held a journal.

The construction became even stronger and more consistent as the Covid-19 situation became worse and this impacted on the business in several ways. The external factors encouraged the researcher and participants of the survey to carry on discussion and actions of future leadership development.

Due to Covid-19 all actions were conducted through Teams. This significantly impacted to participative methods used and revealed the learning curve participants had in virtual meeting sessions.

From this perspective can be said, that if actions would have been conducted in live meetings, the outcomes would probably have been different. However, the overall outcomes of Teams workshops were fruitful, but the level of active participation was not that high as in live meetings previously within same groups. Taken actions matched well with the constructing part and the plan of actions was clear to follow and conduct. During the action phase, the researcher noticed that one-to-one discussion or interview between the actions would have brought more deep understanding how individual manager experiences participatory methods and the project itself. The researcher decided to skip this idea due to limited time resources and this data gathering method was not directly answering to the research question. The amount of actions was adequate, the researcher noticed that it was beneficial to conduct actions within short time frame to keep the objectives of the project clear and consistent.

As mentioned before, probably the Covid-19 and lock down activities significantly impacted to participants level of participation and learning as this was a new way to develop and collaborate. However, from broader perspective all actions conducted through Teams taught new ways to collaborate, interact and develop organization in co-operation.

The researcher received a good amount of information through different data gathering methods in action phase. The data analysis along the project was somehow challenging as the methods of data analysis varied from traditional data analysis methods.

When reflecting the action research phases through three forms of reflection, earlier introduced in previous chapters, following things arose.

**Content reflection:**

The content itself with constructing and action phases fitted well to the original purpose and objective of the thesis. The researcher had initially planned quantitatively more participative methods to activate participants. However, due Covid-19 the initial plan was updated and less methods used.

**Process reflection:**

The research strategy and methodology used matched with the research question. Reflection between the managers and the leadership team during the action phase was important as the researcher had a chance to compare how process is proceeding and if the objectives of the thesis are met. The researcher recognized her own expectations to be much higher regarding the progress of the thesis than what happened.

**Premise reflection:**

This study is concentrated on second-level audience and targets to leadership development plan update within specific organization and groups mentioned earlier. The participants have discussed about conceptual matters such as different areas of leadership and what is needed in the future. They have had discussions about practical examples to form a solid understanding how each concept is understood. Still, each participant has their own understanding of each concept based on their history, experience, and personality. This shall impact on individual's future learnings and changed behavior which is a next phase with the updated leadership development plan implementation.

Another angle to this same reflection, is though leadership team and managers have actively participated on this project, it is unclear what is the actual change in the individual level with leadership practices.

This is to say, that even though the primary objective of the thesis is met, there is no clear indication how new updated plan is transferred to practice by individual leaders and managers. This could be a topic for future action research and encourages to continuous organizational development.

#### 4 UPDATED LEADERSHIP DEVELOPMENT PLAN

The purpose of this study was to create an updated leadership development plan in collaboration with managers. As mentioned earlier the quality of previous leadership development had been in adequate level in the company. The need for improvement rose from the lack of co-creation in the planning phase. The earlier leadership development plan had been based on company's strategic emphasis areas and plans regarding the leadership development had been planned by the HR team.

The biggest change regarding the updated leadership development plan compared to the previous version was the creation of one pager. The purpose of the one pager was to define a common definition of strategic leadership in the company, what is the desired state and what is the current state in leadership development. In addition, the key skills and competencies were defined as well as methods of measurement. Finally, managers in different workshop teams recognized the biggest gaps in skillset. HR Director gathered all the information together and chose the topics that most often occurred in the data. The updated leadership development plan was based on all these different areas in one pager.

The idea of one pager and the contents of one pager were created by the external partner PhD. Paula Kilpinen, HRM Partners Oy. Paula Kilpinen has long and extensive experience of capability building in companies and the definition of strategic capabilities was done in collaboration with her. One pager was used in the strategic capability process among the leadership team in 2019 and the leadership team experienced this tool as effective and clear way to define complex, abstract, and ambiguous topics.

One pager contents are described below and the development plan for 2021 is in the following chapter. One pager creation phases followed the VMOSA practice.

## 4.1 Description

As mentioned earlier it is essential to form a common understanding what the company means with the leadership capability. Leadership forms as a result of process where a shared meaning is created, both in terms of relevance and in terms of value added (Day 2000). Each team discussed about the description part in workshops and what it means in this company. Basically, it can be said that they were formulating the mission of the leadership capability and how it is seen in the company among managers. As a summary, all participants experienced the quality of leadership good and it is important to maintain the current level and develop it further. This shared understanding is seen a starting point for description creation part.

The description of leadership capability is following: High-quality leadership and management practices create a good working atmosphere and enable the clear direction towards the strategic goals. This ensures the construction and continuous development of a growth culture. Every employee has clear goals, up-to-date skillset, and motivation for self-development and customer-oriented operations.

## 4.2 Current state

After defining the description part, it was natural to discuss about the current state. Where are we now? What are the strengths and possible development areas? This should be an honest and realistic assessment of our key factors in the organisation from the subject groups point of view specifically. Earlier discussions, interviews and employee satisfaction survey results helped managers to continue discussions about the current state.

The current state is following: Rapid transition to a more self-directed environment with an emphasis on the need for new ways of communicating, stronger community, creating positivity and a good atmosphere. More time is needed for people and less time for excels.

The leadership style must be appropriate to the situation and more positive rigidity is needed to follow common practices. The importance of communication in the current situation at the center - a realistic vision, security and a common way forward.

### **4.3 Desired state**

What is the vision of strategic leadership capability? this part of one pager handled the desired future state and what it could be. All managers had participated to the strategy workshop and training where the status and future strategic directions were gone through and discussed. This helped managers to form a link between the current and desired future state and what it requires from a leadership perspective.

### **4.4 Competencies and skills**

What are the most important skills and competencies for managers and leaders? The company has the competency framework for each role and role definitions. Despite of this it was important to engage managers and directors to share their views of required skillset of the company and if present definitions are still correct.

Collaborative planning of required skills and competencies enabled managers to discuss about complexity and different levels of manager and leadership roles and choose the most essential areas for the one pager. The skills and competencies of leadership capability are following:

- Strategic thinking
- Customer focus
- Business and substance competence as well as outlining the tasks of teams as part of big picture
- Remote and virtual team management and mastery of collaboration tools
- Effective communication skills
- Decision-making skills and the ability to communicate decisions in good manner

- Self-direction and encouragement / empowerment skills
- Coaching leadership culture
- Networking internally and externally
- Understanding basics of psychology in leading people
- Situational management skills

#### **4.5 Gaps in skillset**

This part formulates the skeleton around near future leadership development plans. Managers now had a clear understanding what is the definition, desired state and the current state. Gaps in the skillset revealed what things should be developed to reach the desired state eventually. How to harvest to the essentials of lacking skills?

The researcher had created supportive questions to each part of the one pager to support managers' thinking process. As Magzan (2011) states there lies power in asking right questions – When inviting participants around common topic, it is essential to have a general question that illustrates the purpose of the meeting. “This is the “calling question” and is best formulated together with key stakeholders” (Magzan 2011).

High-quality questions ensure that participants are engaged, and the focus is on right matters. In addition, high quality questions also generalize curiosity and encourage to explore more. The following areas were recognized as gaps in skillset part:

- Understanding the big picture / business acumen and knowing the basic tasks of teams
- Communication skills, an active and trusting way to communicate things and how things are progressing
- Remote working and remote leadership practices
- Increasing the self-directive way of working among teams
- Performance management and identification of motivational factors

## **4.6 Measurements**

Measurement part answers to a question, how do we know if we are successful with the leadership capability building? Due to a limited time in the workshops this part was not treated as precisely as other areas of one pager.

The owner of the leadership capability in the leadership team is the HR Director, so she will be responsible of measuring the success of capability implementation and she got the approval from the steering group of the measurements. The measurements of leadership capability are:

- Employee satisfaction survey – engagement index
- Feedback received from 360-degree reports
- Health and sick leave rates
- Retention percentage

## **4.7 Key roles**

Key roles identify which roles in the organization significantly impact on leadership capability building. The leadership development plan shall cover all different roles to enhance the required trainings and learning paths for each role.

## **4.8 Updated leadership development plan for 2021**

Updated leadership development plan is a practical tool for managers and directors for planning individual leadership development. Each manager is personally accountable of planning an individual leadership development plan based on individual development needs. This thesis created an updated leadership development areas of common topics and areas to improve. Some of the recognized areas are included to leadership development plan 2021 based on strategic relevance and importance and rest of them will be included plans 2022-23.

Leadership framework is the skeleton of leadership development in the company. It describes clearly how leadership development is structured in the organization. The leadership framework has been created earlier and was not a topic in this thesis.

#### FRAMEWORK FOR LEADERSHIP DEVELOPMENT



FIGURE 7: Leadership Development Framework of the subject company

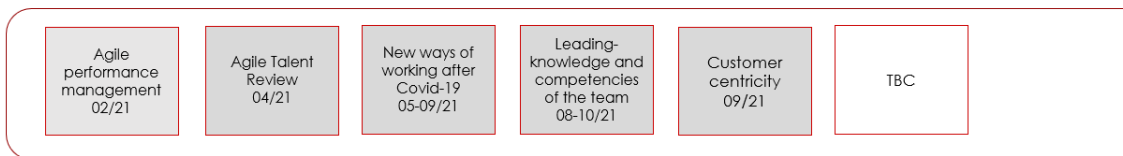
Updated leadership development plan is built based on different manager paths earlier defined together with managers. This way each manager has a chance to follow their own path and create individual development plan which best serves the development needs of the one. There are four leadership paths in the company: New manager, managers without official manager flag, manager, and director. Managers without official manager flag are a new group and recognized in 2020 and their development paths are not defined as a part of this thesis.

The updated leadership plan consists of mandatory trainings common for all and role-based trainings based on a specific manager path. In addition, each manager chooses trainings from areas they want to develop themselves further. This updated leadership development plan is a top-level summary of different manager and leadership trainings and each manager creates an individual development plan based on this.

The leadership development plan is updated yearly, and leadership capability is lead as a part of strategic management activities. The researcher shall create a management system for leading capabilities as a part of strategic management but at the point of thesis construction it is not completed.

### NEW MANAGER FY21

#### MANDATORY TRAININGS



#### PATH COURSES

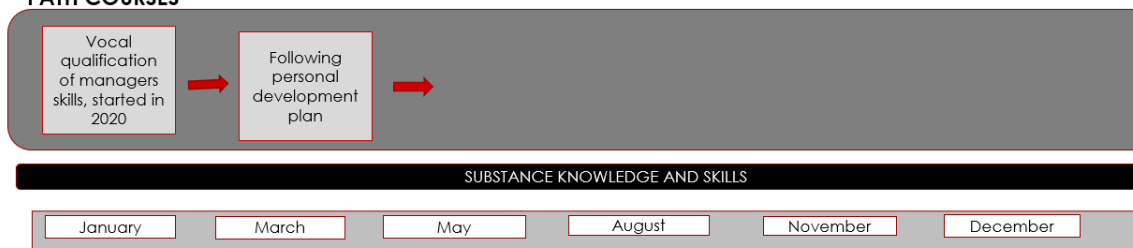
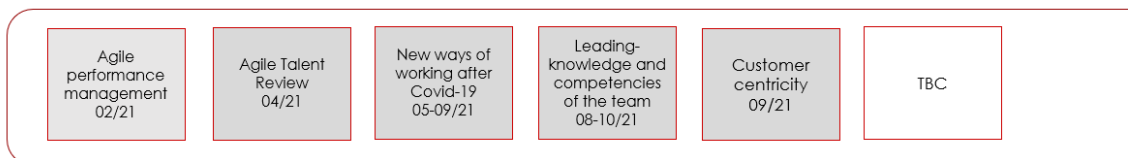


FIGURE 8. NEW MANAGER DEVELOPMENT PLAN

### MANAGER FY2021

#### MANDATORY TRAININGS



#### PATH COURSES

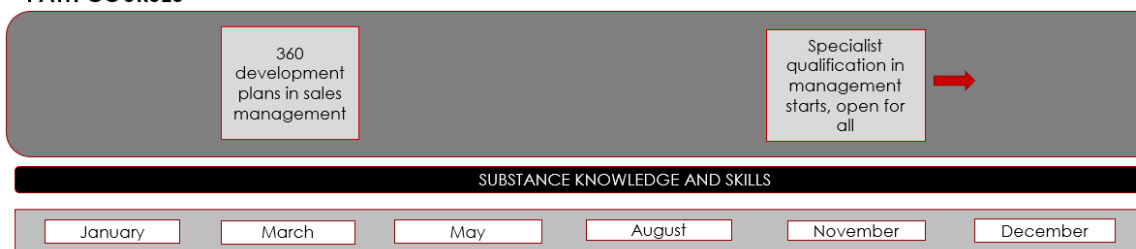
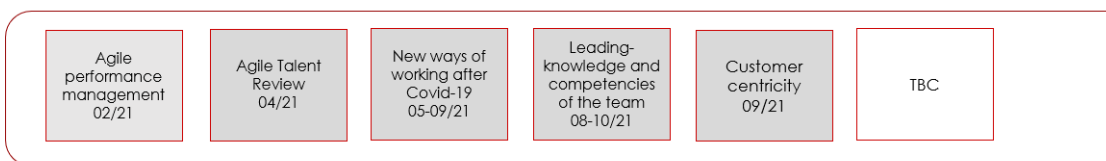


FIGURE 9. MANAGER PATH DEVELOPMENT PLAN

## DIRECTOR 2021

### MANDATORY TRAININGS



### PATH COURSES



### SUBSTANCE KNOWLEDGE AND SKILLS



FIGURE 10. DIRECTOR PATH DEVELOPMENT PLAN

## 5 DISCUSSION

Transferring a strategic capability into practice is a long-term journey and through this thesis the researcher and the subject organization have taken the first steps. The learning outcomes of this journey at this point can be analysed through different angles.

The first angle is the objective of this thesis and how the objective was met. The goal was to co-create an updated leadership development plan with directors and managers and transfer a strategic capability into practice through the process. As mentioned in the theory part and pause-reflection part, each director and manager have their own perception of individual leadership development and where one is now.

In collective level, leadership development is much broader and diverse area to improve and is tightly linked with company's values, strategy, and culture. The updated leadership development plan has gathered views of 9 directors' and 33 managers' perceptions of future leadership development needs and considers both aspects in developing - individual and collective development paths. Though all these development needs are captured in the written plan, it is more substantial what has happened in directors' and managers' thought processes, perceptions, and behaviours after this project.

Creating a common desired state for leadership capability is a new way to participate managers and directors in the subject organization, and this will probably increase the engagement level of manager population. The researcher claims that through this process the implementation of strategic capability in practice has happened through several discussions, reflections and learning together.

Other angle to reflect is the increased level of understanding capability building in the leadership team and how it produces a competitive advantage to the company. As mentioned in the theoretical part, the nature of strategic capability invites the leadership team of the company to define its strategic capabilities, recognize relevant members in the organization to develop capabilities and eventually build a competitive advantage for the company.

When looking back to 2019 where the definition of strategic capabilities was done a lot has happened after that. The leadership team has formulated a common way of leading strategic capabilities and understands the link between the strategic capabilities and how these are executed in practice with participatory methods. The discussion among the leadership team of strategic capabilities has changed and nowadays the leadership team is communicating naturally how it is creating a competitive advantage through capability building and development.

Action research process itself has been a great learning journey for the researcher itself but hopefully also for the participants of the research. Discussions, reflections and learning together have brought new dimensions of collaboration, continuous development, participatory methods and how each participant plays a significant role in leadership development and capability building.

#### **Research validity:**

This study was limited to the manager population in a specific company. The company is a multinational company with the corporate structure, processes, and reporting lines. These together with company's industry, values, culture, and strategic emphasis areas impact how the research was planned and conducted.

The needed change was to create an updated leadership development plan with directors and managers and transfer a strategic capability into practice. This change was achieved as results of the study and can be interpreted that validity is reached.

To conclude, based on this action research, participatory methods enabled the participative way to plan future leadership development needs together with directors and managers and reach understanding what it means in practice. For future research proposals the impact and efficiency in practice of updated leadership development plan would offer a continuum for action research cycle.

## REFERENCES

- Adams, L. 2017. HR Disrupted. 1st edition. Great Britain. Practical Inspiration Publishing.
- Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management* 17(1),99-120.
- Bartlett, C. & Ghoshal, S. 2002. Building Competitive Advantage through people. *MIT Sloan Management review*. 43 (2), 34-41.
- Bridoux, F. 2005. A resource-based approach to performance and competition. An Overview of the Connections between Resources and Competition. Institut d'Administration et de Gestion, Université catholique de Louvain.
- CI Toolkit. PDCA Toolkit. Read 6.5.2021. <https://citoolkit.com/articles/pdca-cycle>
- Community Toolbox. VMOSA model. Read 2.5.2021. <https://ctb.ku.edu/en/table-of-contents/structure/strategic-planning/vmosa/main>
- Coghlan, D. 2019. Doing Actions Research in your own organization. 4th edition. SAGE Publications Ltd. London.
- Day, D. 2001. Leadership development. *Leadership Quarterly*. 11(4), 581-613.
- Day, D. & Harrison, M. 2007. A multilevel, identity-based approach to leadership development. *Human Resource Management review* 17. 360-373.
- Dosi, G., Nelson, R., Winter, S. 2000. The nature and Dynamics of organizational capabilities. 7th edition. United Kingdom: Oxford University Press.
- Glenn, J. N.A. 2003. Participatory Methods. The Millennium Project. *Future Research Methodology* v3. 1-48.
- Groom, S. & Batchelor, J. 1997. The development of strategic capabilities- an interaction view. *Integrated Manufacturing Systems*. MCB University Press. 299-312.
- Hamel, G. & Prahalad. 1990. Core Competence of the corporation. Accessed 1.5.2021. <https://hbr.org/1990/05/the-core-competence-of-the-corporation>
- Helfat, C., Finkelstein, S., Mitchell, W., Petegraf, Singh, H., Teece, D. Winter, S. 2007. 4th edition. *Dynamic Capabilities; Understanding strategic change in organizations*. United Kingdom: Blackwell Publishing.
- Hubbard, G. 1996. *Practical Australian Strategy*. Cambridge University Press.

- Kananen, J., 2014. Toimintatutkimus kehittämistutkimuksen muotona. Jyväskylä: Jyväskylän Ammattikorkeakoulu
- Kesterson, R. 2015. Basics of Hoshin Kanri. Digital edition. Taylor and Francis Group. London.
- Killing, P., Malnight, T., Keys, T. 2006. Must-Win Battles: How to win them, again and again. USA: Person Education.
- Kilpinen P. Phd and executive advisor. 2013. Strategic capability model for the subject organization. Power Point presentation. Leadership tem Workshop of capability definition. 6.6. 2019.
- Kilpinen P. Phd and executive advisor. 2020. Strategic capabilities in uncertain times. Read 1.5.2021. <https://www.ssjs.fi/toiminta-ja-tapahtumat/strategiablogi/paula-kilpinen/>
- KSL- Kansan Sivistyön Liitto ja KSL- opintokeskus. 2017. Osallistavat menetelmät: vinkkejä ja virikkeitä kouluttajalle.
- Magzan, M. 2011. The Art of participatory leadership: A Tool for Social and Organizational development and change. Journal of Engineering Management and Competitiveness (JEMC). 1(1/2), 21-26.
- Monitor Deloitte. 2015. Strategic capabilities: Bridging strategy and impact. Deloitte Development LLC.
- Oiva, A. 2007. Strategiakeskeinen kyvykkyyden johtaminen ja organisaation strateginen valmius. Teknillinen tiedekunta. Oulun yliopisto. Pro Gradu tutkielma.
- Ojasalo, K., Moilanen, T., Ritalahti, J., 2018. Kehittämistyön menetelmät, uudenlaista osaamista liiketoimintaan. 5th edition. Helsinki: Sanoma Pro Oy.
- Sashkin, M. 1976. Changing toward participative management approaches: A model and methods. Academy of Management review. 1(3).75-86.
- Simon, A., Vanya, K., Schoeman, P. Moffat, P., Power, D. 2011. Strategic capabilities and their relationship to organisational success and its measures. Management Decision, 49(8).1305 – 1326.
- Skymark. 2005. PDCA Model.  
Read on 6.5.21. <https://www.scribd.com/document/430179360/Walter-Shewhart-The-Grandfather-of-Total-Quality-Management>.
- Slocun, N. 2003. Participatory Methods Toolkit, A practitioner's manual. Belgian Advertising (BA. D)
- Teece, J. 2013. Dynamic Capabilities and strategic management. 4<sup>th</sup> edition. London: Oxford University Press.

The World Café Community Foundation. 2015. A Quick reference Guide for hosting World Café.

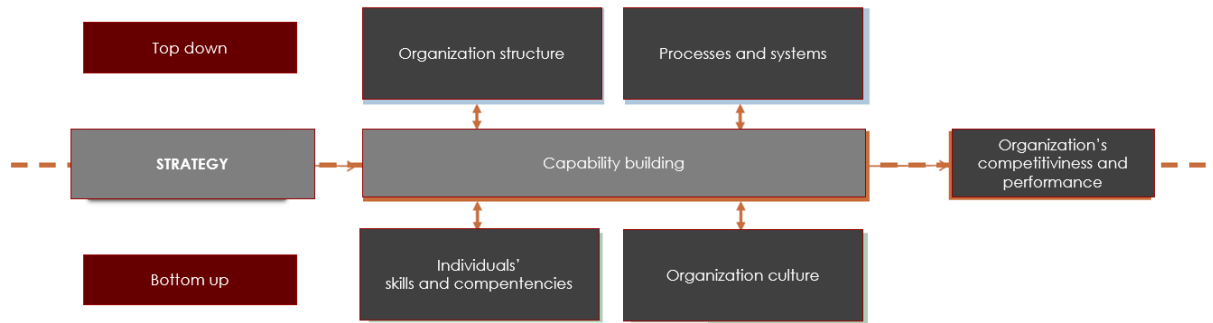
Toften, K., & Hammervoll, T. 2010. Niche marketing and strategic capabilities: an exploratory study of specialised firms. *Marketing Intelligence & Planning*. 28(6). 736-753.

Ulrich & Lake. 1991. Organizational capability: creating a competitive advantage. *Academy of management*. 5 (1). 77-92.

Viitala, R. 2007. *Henkilöstöjohtaminen, Strateginen kilpailutekijä*. Helsinki: Edita Publishing Oy.

## APPENDICES

### Appendix 1. Capability building framework (Kilpinen Paula, 2013)



© HRM Partners Oy | Paula Kilpinen

## Appendix 2. One pager (Paula Kilpinen, 2013)

**Leadership capability one pager****Description**

What is achieved through strategic capability? What it is in practice?

**Desired state**

What is our desired state? How it looks, feels and how people talk about it?

**Measurements**

- How we measure our success in leadership ?

**Current state**

What is our current state with leadership?

**Core competencies and skills**

- What kind of skills and competencies are needed to be successful in leadership?

**Gaps in skillset**

- What kind of skills or competencies should be developed to gain the desired state?
- What are the biggest skills gaps in leadership development?

**Key roles**

What are the key roles in leadership?

---

Questions added by the researcher

## Appendix 3. Leadership capability one pager of the subject organization (Kilpinen, 2013)

### Leadership capability one pager

<p><b>Description</b></p> <p>High-quality leadership and management practices create a good working atmosphere and enable the clear direction towards the strategic goals. This ensures the construction and continuous development of a growth culture. Every employee has clear goals, up-to-date skillset, and motivation for self-development and customer-oriented operations.</p>	<p><b>Desired state</b></p> <p>Self-directed and creative employees who know their roles' responsibilities and work seamlessly between different stakeholders. In everyday work, operations are agile and solution-oriented. Communication is positive, honest and respectful to others. Working is enthusiastic, inspired and the teams are motivated to pursue a common goal. Every employee has the opportunity to build a career appropriate to their own skills and motivation that will support the success of the company.</p>
<p><b>Measurements</b></p> <ul style="list-style-type: none"> <li>• Employee satisfaction survey – engagement index</li> <li>• Feedback received from 360 assessments</li> <li>• Health and sick leave rates</li> <li>• Retention %</li> </ul>	<p><b>Current state</b></p> <p>Rapid transition to a more self-directed environment with an emphasis on the need for new ways of communicating, stronger community, creating positivity and a good atmosphere. More time is needed for people and less time for excels. The leadership style must be appropriate to the situation and more positive rigidity is needed in order to follow common practices. The importance of communication in the current situation at the center - a realistic vision, security and a common way forward.</p>
<p><b>Core competencies and skills</b></p> <ul style="list-style-type: none"> <li>• Strategic thinking</li> <li>• Customer focus</li> <li>• Business and substance competence as well as outlining the tasks of teams as part of big picture</li> <li>• Remote and virtual team management and mastery of collaboration tools</li> <li>• Effective communication skills</li> <li>• Decision-making skills and the ability to communicate decisions in good manner</li> <li>• Self-direction and encouragement / empowerment skills</li> <li>• Coaching leadership culture</li> <li>• Networking internally and externally</li> <li>• Understanding basics of psychology in leading people</li> <li>• Situational management skills</li> </ul>	<p><b>Gaps in skillset</b></p> <ul style="list-style-type: none"> <li>• Understanding the big picture / business acumen and knowing the basic tasks of teams</li> <li>• Communication skills, an active and trusting way to communicate things and how things are progressing</li> <li>• Remote working and remote leadership practises</li> <li>• Increasing self-directive way of working among teams</li> <li>• Performance management and identification of motivational factors</li> </ul> <p><b>Key roles</b></p> <ul style="list-style-type: none"> <li>• All manager and leadership roles</li> <li>• Project managers</li> <li>• HR</li> <li>• Managing Director</li> </ul>

