

# **DEVELOPMENT MINDSET AS A CRITICAL EMPLOYEE COMPETENCE**

Unlocking the full potential at Global Business Services



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Liiketoimintaympäristö on muuttunut hyvin monimutkaiseksi ja vaatii joustavuutta ja nopeaa päätöksentekoa, joka vaikuttaa uudenlaisten työntekijöiden taitojen ja osaamisen kysyntään. Työntekijöiden ajattelutapa ja asenne ovat merkittävä tekijä yrityksen menestyksessä. Aktiivisten työntekijöiden on tutkittu olevan työssään tehokkaampia, sitoutuneempia ja tyytyväisempiä.

Tyypillisesti toimintoperusteinen organisaatio ei tue ongelmien ratkaisemista yli tiimirajojen jos vastuualueita ei ole selkeästi määritelty. Kirjallisuuden mukaan tavoitteet ohjaavat päivittäistä työskentelyä ja jos ne on asetettu organisaatorakenteen mukaan, tällainen kokoonpano edistää ryhmiä ja yksilöitä saavuttamaan omia tavoitteitaan yhteisten sijaan.

Tutkimuksen esimerkkiyritys on huomannut kehityskohteen työntekijöiden ajattelutavassa ja määritellyt toivotun ajattelutavan, jota kutsutaan kehitysjatteluksi, joka työntekijöiden tulisi omaksua osana yrityskulttuuria. Opinnäytetyössä selvitettiin, mitä toivottu kehitysjattelu käytännössä tarkoittaa ja miten organisaatiokulttuuri voi vaikuttaa siihen.

Eri teorioiden mukaan kehitysjattelu sisältää elementtejä kasvun asenteesta ja ketterästä ajattelutavasta. Ajattelumallissa erityisesti asiakaslähtöisyys ja tiivis yhteistyö tiimien välillä on välttämätöntä, jotta siilot eivät tukahduta ongelmanratkaisua ja uuden oppimista.

Opinnäytetyön empiirinen tutkimus osoitti, että organisaation nykyiset haasteet ovat olemassa. Vastaajat itse näkivät kuitenkin selkeitä parannuskohteita, jotka voitaisiin toteuttaa yhteistyön tiivistämiseksi ja viestinnän parantamiseksi. Johtopäätöksenä voidaan todeta, että organisaation vision ja pitkän aikavälin tavoitteet on oltava kirkkaita ja ne on viestittävä selkeästi. Kulttuurimuutosten esteet on tunnistettava ja päätös tulisi tehdä siitä, mistä kulttuurimuutos on aloitettava. Kulttuurin muutosohjelmiin ja muutoksenhallintamenetelmiin on lukemattomia teorioita, oppaita ja kirjallisuutta, mutta ei ole olemassa yhtä oikeaa mallia, sillä jokainen organisaatio ja sen kulttuuri ovat ainutlaatuisia.

Avainsanat Ketterä ajattelutapa, kasvun asenne, muuttumattomuuden asenne, organisaatiokulttuuri

Sivut 71 sivua ja liitteitä 2 sivua

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Abstract

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Current business environment has become very complex and calls for flexibility and rapid decision-making which affects on demand for new type of employee skills and competence. Employees' way of thinking and attitude are a major factor in the success of the company. Active employees are researched to be more effective, committed and contented in their work.

Typically, a strictly functional way of organizing teams does not support issue solving across team boundaries. If customer issues are not clearly in addressed area of responsibilities, they fall between the teams. According to the literature, when teams are vertically managed and target setting follows that structure, this kind of set up promotes teams and individuals to achieve their own goals instead of shared ones.

The case company has identified areas to be improved in the current employee mindset and defined a desired mindset, called development mindset, which should be embraced by the employees and incorporated into the company culture. This thesis studied what the desired development mindset means in practice and how organisational culture can influence it.

According to the theories, development mindset contains the elements of growth mindset and agile mindset. In particular, customer orientation and close cooperation between the teams is a necessity so that silos do not stifle the problem solving and learning.

The empirical research of this thesis proved the current challenges exist in the organization. However, clear areas for improvement were seen by the respondents which can be implemented for closer collaboration and better communication. As a conclusion, the organization vision and long term targets must be clear and it must be clearly communicated. The obstacles to cultural change must be identified and the decision from where cultural change should be started: from management or employees. There are a countless number of theories, guides and literature for cultural change programs and change management methodologies but not one size fits all solution, as every organization and its culture is unique.

Keywords Agile Mindset, Growth Mindset, Fixed Mindset, Organization culture.

Pages 71 pages and 2 pages of appendices

## Contents

1	Introduction.....	5
2	Business environment today .....	7
3	Purpose and objectives of the research.....	10
3.1	Case company background .....	10
3.2	The research problem and research questions .....	13
3.3	Research scope and limitations .....	13
3.4	Theoretical background and key concepts .....	14
4	Mindset.....	16
4.1	Agile Mindset .....	16
4.2	Agile Mindset through Powers' three mindset beliefs .....	21
4.3	Fixed and Growth Mindset .....	22
4.4	The impact of intrinsic motivation .....	25
5	Innovative thinking.....	27
5.1	A natural willingness to develop and innovate.....	28
5.2	Components that support innovative thinking.....	30
5.3	How to encourage to innovate? .....	31
6	The importance of organisational culture for behaviour.....	31
6.1	Levels of organizational culture .....	32
6.2	Trust – a solid foundation for a successful organization .....	34
6.3	Psychological safety within the organization.....	36
7	Change management and people .....	39
8	Methodological choices.....	43
8.1	Methodology and data collection .....	44
8.2	Data analysis method.....	46
9	The results .....	47
9.1	SWOT analysis .....	57
10	Summary and conclusions .....	61
10.1	Development Mindset as a critical GBS employee competence.....	66
	References.....	68

## **Appendices**

Appendix 1 Interview questions

Appendix 2 Data Management Plan

## 1 Introduction

*In a world of change, one thing is unchanging: relentless change. – Herakleitos*

The world is in many ways confused and in turmoil. Turbulence shakes countries, people and organizations from all perspectives. Mega trends are changing work life and life in general. Mega trend as a concept is a general trend consisting of several phenomena, like an extensive curve of a transformation and often seen to take place at a global level. According to Sitra, mega trends give a good idea of the extensive changes in the future, which is a good to start with more accurate trends, weak signals and a review of tensions. Learning and adaptation to the new are needed more than in a long time, both collectively in organizations as well as for individual people, not the mention of nations. (Dufva, 2019, p.6; Vartiainen, 2022, p.4)

Many organizations are either planning or already moving towards agile, customer-oriented, dynamic, flexible and quickly adaptive operating model to meet customers' requirements in a complex and fast paced business environment. The way work is done has changed over the years as a result of technological development. Digitalization has brought a great number of benefits and made jobs easier to a certain degree but at the same time new challenges have been arisen to employers to maintain a competent workforce to be able to respond to the competitive situation in the market. The world is global and many companies operate globally or at least multinationally and thus, the geographical location has lost its relevance.

What kind of employee competence and skills will be in the highest demand to survive the turmoil? Recent studies showed that at least capability of critical thinking, self-leadership and social interaction skills and various types of tech skills are just a few to mention. According to OECD three different main types of skills are required and expected of employees in the near future. Cognitive and meta-cognitive skills include critical and creative thinking. Social and emotional skills consist of empathy, responsibility and collaboration. Physical and practical skills include understanding how to use new information and communication technology devices. (OECD, n.d.)

Employees are required to be able to adapt and to learn quickly new things in changing situations, which may lead to a situation where the flood of changes may seem heavy and cause uncertainty. The pressure for companies to succeed and stand out in the market is intense, and the development of operations must be a daily thing in order for the company to keep up with the pace driven by the changing world, societies and the changing needs of customers. However, managing and implementing changes are not easy. The challenge or obstacle may be the culture of the organization, which needs to be changed in order to open up the way of thinking to meet the desired state and the demands of the future working life. People need to understand innovative visions and strategies and their contribution to the achievement of the objectives in order to commit themselves to them. Plans and objectives aimed at changing the organization culture are often clear but concrete measures may not be.

Employees' way of thinking and attitude are a major factor in the success of the company. Active employees are researched to be more effective, committed and contented in their work. The case company has defined the desired mindset among the employees, which should be put into practice and incorporated into the company culture. The adjectives that describe this desired change of thinking are;

- from reactive to proactive thinking
- from tunnel vision to broadminded way of thinking
- from working in silos to sharing ideas and collaborating with other teams and stakeholders
- courage and willingness to innovate and participate

The aim of this thesis is to study what the desired development mindset means in practice and how organizational culture can influence it. In addition, the goal is to understand how mindset change can be achieved by the means of change management. Studying the subject contributes to the organization reaching the target state where the development mindset is part of the organization culture. The study has been carried out by analysing and combining the results of the theory, previous studies and survey and interviews conducted within the case company.

The subject is of particular interest to the author, since organization culture and management are interesting themes due to their effectiveness in people's ways of working and the author is convinced that a strong organizational culture has a significant impact on customer satisfaction, positive employee experience, commitment and company productivity. Furthermore, current business environment has become very complex and calls for flexibility and rapid decision-making which affects on demand for new type of employee skills and competence. Mindset influences behaviour and the author claims that by changing the mindset an employer can steer the employee behaviour in the desired direction effectively. Eventually, continuous development is the lifeblood of the organization.

## **2 Business environment today**

*The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic. – Peter Drucker*

Recent years, the acronym VUCA (Volatility, Uncertainty, Complexity and Ambiguity) has been expressed in today's business environment to describe the various dimensions of this "uncontrollable" conditions. Initially, the acronym was presented by US military officers after the events of 11 September 2001 to describe the new era and the new operational environment. (Kraaijenbrink, 2018)

In VUCA environment, a problem solving and decision-making framework, called Cynefin, supports to categorize problems based on their complexity and to decide the best appropriate approach in that particular situation. The model helps to understand why planning, even careful one, does not necessarily bring results. Cynefin categories include five areas: obvious, complicated, complex, chaotic and disorder. In obvious and complicated problems cause-and-effect relations are valid and solutions can be made by the best practises, instructions or analysis. Complex problems are part of a bigger network with several interfaces towards other issues and the problem itself can change while trying to solve the initial issue. The cause-and-effect relations are understood after the problem has been solved. In chaotic situation, it is not possible to understand cause-and-effect relations at all as problem solving is surviving in crisis. In disorder, it is unknown what kind of



situation is in question and the problem has to be categorized into smaller elements and even so, unsuitable actions can be taken causing more damaging decisions. (Snowden, D., Boone, M., 2007)

Bob Johansen states in his book "Leaders Make the Future: Ten New Leadership Skills for an Uncertain World" that traditional leadership practises are not enough but new skills required to take advantage of VUCA opportunities, and make their way through chaos. Johansen encourages managers to lead through vision, understanding, clarity and agility. In addition to leadership and strategy, resilience is required in today's organizations. By increasing resilience companies improve their chances to survive the moments of strategy changes, delayed or inadequate leadership actions or even missing ones. Johansen emphasizes that resilience is not solely formal leadership responsibility, but belongs to all of us and can be learned. (Johansen, 2012, p. 25, 36-37)

According to Steve Denning, the game changing phenomenon in work life has been agile business management. Starting in 2001 in software industry, the agile way of working has started to spread in all types of companies and industries. Although agile management consists of many factors, including methodologies, tools and processes, the key element is agile mindset. Agile mindset is often being described as an opposite to bureaucratic mindset but as a synonym for delivering customer value, working in self-organizing teams by collaborating with other networks as well as possessing the capability to adapt quickly to market changes. On the contrary, bureaucratic mindset often equals making money for the company and its share holders, work being organized by company roles and rules in an organization led by top-down hierarchy consisting of multiple layers and chains of commands. These two different approaches have a strong influence on the behaviour of their own organization and can be considered in order to have an impact on the effective force of organizational laws. (Denning, S., 2019)

Shared Services and Outsourcing Network (SSON) has published an article of a few main drivers under the concept "Future of Work" regarding how modern Global Business Service centres (GBS) try to respond to the expectations of employees and organizational leaders after two-year global pandemic time and inevitable shift to remote work. Despite the fact

that Covid-19 accelerated the idea of doing things in a new manner, there has been a longer term trend of re-evaluating modern ways of working in a digitalized business environment as a result of the improved agility and transparency delivered by technology. Not only what kind of work is done and where, but also how and by whom. The key driver for "the new normal" is the need for *resiliency* and *reliability* given by the virtual environment most businesses and employees today operate in. Based on SSON research, resiliency goes far beyond business continuity planning having the focus on ensuring the business flourishes by implementing the foundational changes to evolve the way work is done as the business and society change. A resilient operating model redefines employee experience, supports new capabilities and skills, fosters a different sense of community and is agile. Factors, such as adaptive thinking, independent problem solving, creativity and ability to career management, impact resiliency. (SSON, 2022)

New skills and abilities can be established by redesigning the resourcing model from traditional employee and outsourced personnel, working full or part-time. Additional competence can be found by expanding the resource pool to gig workers, crowdsourcing and expert advisory teams, which brings flexibility to both workers and company, as well as personalized working arrangements. Organization, which is not location-dependent, is able to attract talents from anywhere, while a having a reduced need for real estate. The question of how to recognize and reward work and maintain company identity, values and cohesive culture in a virtualized and automated environment, that is a challenge companies need to consider. Individuals are expected to be highly energized, proactive-minded that don't require continuous motivation by manager or co-workers and adapt easily to changes. Problem solving skills are required with a focus on the customer outcome. Uncertainty will continue and by determining the critical employee competence and skills enables of the future business service operating models. (SSON, 2020)

### **3 Purpose and objectives of the research**

*Development is a mindset.*

The purpose of this study is to investigate the meaning of the development mindset described in the case company's presentations and discussions. The objective is to research and understand existing mindset theories and how organization culture can effect on mindset. Furthermore, the author is interested to get more insights of certain mindset as future employee competence, referring to several recent studies of the requirements of cognitive and social skills in a digitalized business environment. The whole study is built around this concept. The survey gives the chance to employees in the case company to describe how they experience the current organization culture is supporting them to achieve such mindset. Eventually, how we can embrace it in the whole organization, and what are the critical elements to execute such change. This has inspired the author to further explore what this targeted mindset is all about.

#### **3.1 Case company background**

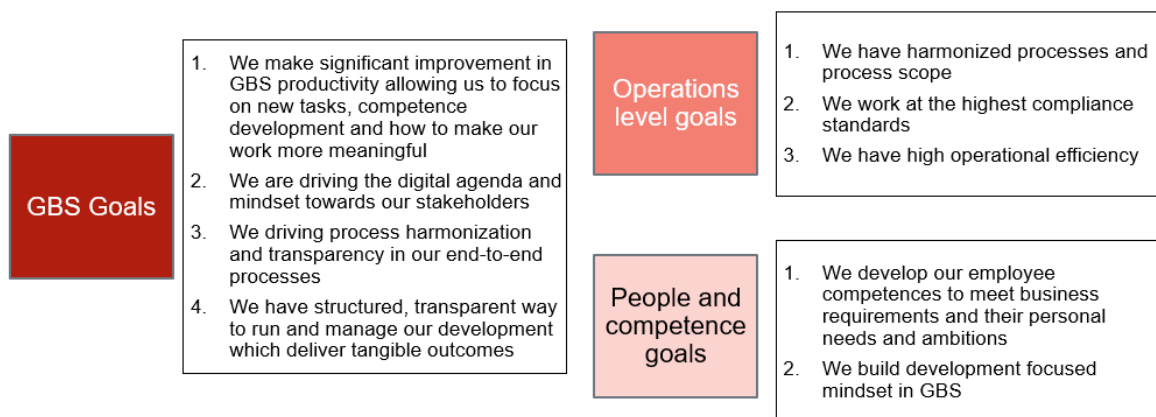
The case company, Company X, is a manufacturing industry company operating in more than 50 countries globally with its headquarters located in Finland. It employs about 15 000 people around the globe. The name of the company will not be published in this thesis, so it will be called a Company X. Besides heavy industry operations and services, Company X has two Global Business Service centres (GBS), in Europe and in Asia. GBS is an independent business unit, providing defined financial services to numerous entities within the group focusing heavily on internal customers. Tasks performed in GBS are not core business related but the services are driven with a cost efficiency and high quality focus. The portfolio of the businesses in the case company is so extensive, so it is important to provide defined services to all business and market areas. The study focuses on GBS located in Europe.

During the past couple of years GBS development work has been impacted by group-wide integration project, transition projects and several smaller projects. This has led to a situation where improvements and developments are mainly driven by functional priorities

or a need to resolve urgent issues. The target is to move development and operations in a common direction by setting clear targets, a common project and task prioritization tool and a standard development process which all the teams and functions would follow so that the outcome would be more transparent and measurable. GBS is moving towards a business partner role in supporting the customers in their decision-making process by strengthening the stakeholder relationships and communication, expanding analytical skills and deepening the business acumen.

GBS has three types of long term goals which are split to whole organization goals, operational level goals and people and competence goals. This study focuses on people and competence goals and more precisely on employees' development focused mindset as part of the future GBS development journey to meet the business requirements as well as employee's individual career ambition and targets. The target is to explore on how to reach the targeted mindset among the employees and what actions are required to reach the future state where the mindset change has become reality.

Figure 1: Long term goals for GBS Development (GBS Development Playbook, 2022)



The picture below illustrates the desired mindset change in the organization. The current state describes that development work refers to an additional effort done by "someone else in the organization" but not belonging to each employees' area of responsibility. Employees' attitude towards development activities is seen more reactive than proactive by focusing

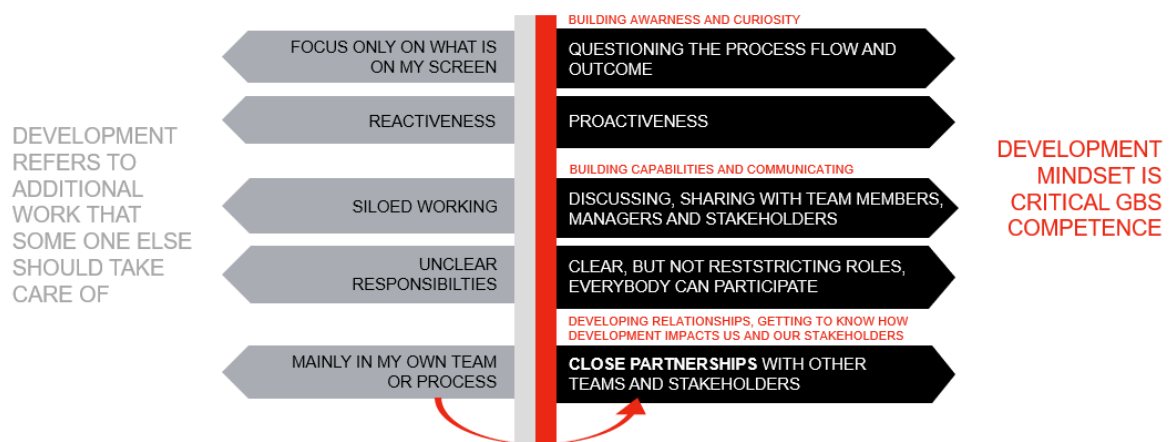
only on their own areas of "formal roles and responsibilities" described in the job roles but not communicating and sharing ideas with other teams and process areas. In other words, development work is not seen as an essential function for the success of all of us.

Development focused mindset is something that GBS wants to build and foster in the organization. It should be rewarding on all levels in the organization and is now, and will be the critical competence in the future - everybody can contribute as part of a daily work. It is driven by key attributes such as "Development is for everyone", "Development is transparent", "Development is something we encourage our people to participate, and we celebrate!"

Figure 2: A targeted mindset change as a critical GBS competence (GBS Development Playbook, 2022).

### Mindset change

Making development as part of our daily work requires change in mindset from development being either additional burden or solely belonging to certain roles to development being part of our responsibility



The study aims to provide extensive insights and common understanding of what is actually meant by such mindset and how GBS Management can support to reach the targeted mindset as one of the strategic tools enabling to reach the long term goals for GBS. In addition, GBS long term target is to build a competitive advantage in a local labour market as well as maintain the talented employees in the workforce as well as attract new future

talents. Eventually, what actions should be taken to reach the desired vision of talented, motivated employees working in a company executing the strategic goals.

### **3.2 The research problem and research questions**

This study concentrates on certain, desired mindset change in the case company. Future employee competence and skills are under focus in order to move services from transactional processing performance to a business partner model. Mindset, which guides employee behaviour, is particularly the focus area in this study distinguished from technical or analytical skills.

Secondly, the aim of this study is to give an overview of what kind of change management activities are required in order to change employee behaviour and furthermore, what kind of company culture supports such behaviour in daily work.

In order to support the study to meet the objectives the following research questions have been placed:

- What are the characteristics of development mindset?
- What does mindset mean in theory and how does it impact on individual's behaviour?
- Can mindset be influenced through leadership?
- What kind of impact company culture represents on mindset?

The thesis may suggest ideas for mindset change activities to achieve the targeted state, however it is not the main objective of the work but rather to provide an outlook and understanding about the way forward.

### **3.3 Research scope and limitations**

The focus of this study is on the overall concept of mindset instead of any practises, tools or processes. In other words people and culture are at the heart of this study. Furthermore,

despite the case company is a globally operating company, the study doesn't focus on multicultural phenomena or context. The following areas have been excluded from the study:

- Theories of organization culture and leadership in their full concepts, yet they touch the research area closely
- Change management methodologies as a full concept but the study refers to required change management activities based on study results
- Resilience as a person's capability to adapt to change despite it is a close to the research area and a topical aspect

Organization culture and leadership are both extensive areas of topics and covering those would comprehensively exceed the study dimensions and for that reason only a few viewpoints have been described creating a baseline understanding before the actual survey has been conducted. This is a case study and therefore the validity and the scope are limited to the case company. Suggestions, ideas or conclusions can not be transferred to any other case study as each organization's current state and suggestions for improvement have to be individually researched and analysed.

The survey has been conducted to ten participants located in GBS in Europe. The author of this study has not been working closely with the interviewees. The evaluation and analysis of the interviews have been done without the author's own opinions.

### **3.4 Theoretical background and key concepts**

The theoretical framework provides a basis for research. The main literature is based on Carol Dweck's theory of Fixed and Growth Mindset, Agile Mindset concept, Edgar Schein's organization theory. In addition, theories and articles of psychological safety and change management have been studied to get more insights. In relation to the research problem, the author has striven to open up the theory of the abstract concept of mindset and how organizational culture affects behaviour and thinking.

Key concepts in this research are the ways of thinking that effect on individual's behaviour, social interaction in the working environment and how individuals integrate into organization and start to follow invisible, unwritten behaviour patterns particular to a certain organization. Change management is a broad concept which describes how change can be steered in the desired direction. The subject of change can be for example people, process, technology, organization structure or an operating model.

<b>Development mindset according to case company presentation</b>	Proactive approach, critical thinking, maintaining close relationships within the organisation and with stakeholders, active participation in development initiatives
<b>Agile mindset</b>	Target to deliver steadily more value to customers. Small, autonomous, cross-functional teams working on relatively small tasks in short cycles. Asking continuous feedback from customers.
<b>Fixed and growth mindset</b>	Belief that individual's intelligence can grow through hard work, good strategies and experience. Takes challenges. Persistent. Ability to learn from the success of others. See opportunities instead of obstacles.
<b>Intrinsic motivation</b>	Autonomy to choose and accept shared values, competence to perform tasks and achieve targets, sense of belonging in a group.
<b>Natural willingness to develop</b>	Innovative orientation as individual's core value



## 4 Mindset

On Wikipedia, mindset is determined as “an attitude, especially regarded as typical of a particular group's social or cultural values; the outlook, philosophy, or the values of a person; the frame of mind, attitude, disposition. A mindset may also arise from a person's world view or philosophy of life. In cognitive psychology, a mindset represents the cognitive processes activated in response to a given task.” (Wikipedia, 2022)

Why do people think and act differently? According to Carol Dweck, individual's self-image plays a significant role in the way one lives his life. It may also determine whether one becomes the person he wants to be and whether he achieves the things he values. Dweck's theory proposes that people hold different implicit beliefs about the malleability of human attributes, such as intelligence and talents. In contrast, Dweck continues that if one believes that his own qualities are permanent, set in stone, there is a pressing need to prove their existence to oneself over and over again. (Dweck, 2006, p. 25-27)

Some researchers refer to individuals' various backgrounds, experiences, education and methods of learning. Also, genes and head's physical factors have explained the way people think and view things according to some studies. (Dweck, 2006, p. 23)

An entrepreneurial mindset refers to a comprehensive perspective and the ability to understand, act and take the initiative even in uncertain circumstances in all aspects of life. It is based on cognitive adaptability and adaptation, i.e. the ability to be dynamic, flexible, adaptable, renewable and creative in front of changes and uncertain environments. (Helsinki term bank for arts and sciences, 2015)

### 4.1 Agile Mindset

Agile Manifesto was published in 2001 by seventeen software developers gathered together to find better ways to develop software and serve customers. The Manifesto for Agile Software Development determined a completely new way of working which takes into account the uncertainty and complexity in the business environment. It is considered a

revolutionary one for software development and today the way of thinking, agile mindset, is widely known in all kinds of organizations. Foundation of the agile mindset is the four values, which are

1. Individuals and interactions over processes and tools
2. Working software over comprehensive documentation
3. Customer collaboration over contract negotiation
4. Responding to change over following a plan

Ahmed Sidky presented in 2010 in his version of Agile that an agile mindset is a fundamental factor and prerequisite in conjunction with four agile values and twelve principles for a successful implementation of agile practices, tools and processes. Thus, becoming agile is not only about following certain practises and methodologies like Kanban or Scrum or even agile principles if certain mindset is missing. In order to fully benefit from agile it is crucial to emphasize why the work should be done in a new manner, what leads us to search for the new practices as well as what the agile mindset means for the whole organization and what the organization can achieve with the new mindset. (Agile Alliance, 2001; ICagile, n.d.)

What does it mean for an organization to embrace agile mindset? The word agile is not often associated with a big corporation which typically focus on their own internal processes. According to Denning, the organizations that have embraced agile mindset, have three core characteristics: the law of the customer, the law of the small team and the law of the network. The objective is to work in a smarter way; more value from less work. Not about doing more work in less time. One common misunderstanding also is that agile management is being seen as a means of digitalization rather than running an organization. The competitive advantage is not the use of technology that makes a difference but how clever and skilled companies are using that technology. The driver behind that is an agile mindset. (Denning, S. 2018, p.13,17)

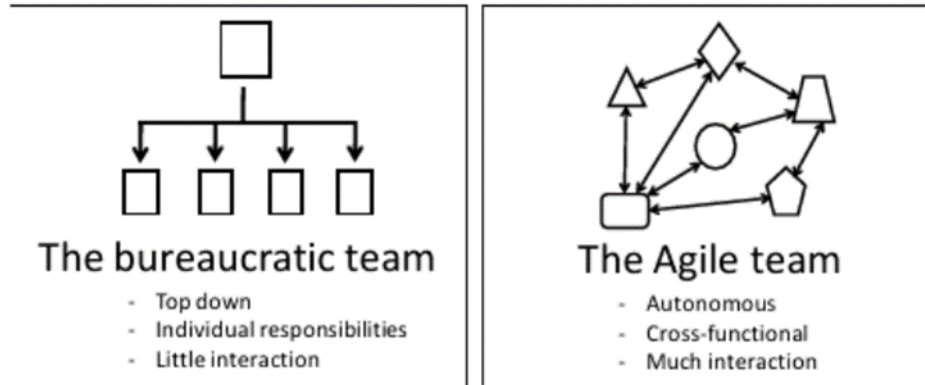
Figure 3: The differences between agile and bureaucratic mindsets impacting as organizational laws (modified from Stephen Denning, 2018)

	<b>The agile mindset</b>	<b>The bureaucratic mindset</b>
<b>Target</b>	<i>The law of customer</i> – target to deliver steadily more value to customers.	<i>The law of shareholder</i> – a primary focus on making company profit and maximizing shareholder value.
<b>How work is being done</b>	<i>The law of small team</i> – a prerequisite that all work done in small self-organizing teams, working in short cycles focused on delivering value to customers.	<i>The law of bureaucracy</i> – individuals report to leaders who define roles, rules and performance criteria.
<b>Organizational Structure</b>	<i>The law of the network</i> – organization operates as an interactive network of teams.	<i>The law of hierarchy</i> – organization operates as a top-down hierarchy with multiple layers and divisions

Work should be done in small, autonomous, cross-functional teams working on relatively small tasks in short cycles receiving continuous feedback either from the end users or customers. All bigger challenges and problems are divided into smaller parts to solve them. In an ideal situation, the team works like a unified orchestra without having no one to tell what to do. There is trust within the group which is rewarded by performance. (Denning, S., 2018, p.14-15)

For agile practitioners, the value to customers is high in order of precedence. Globalization, deregulation and evolving technology has provided customers with various choices, background information of those choices as well as connections with other customers. At the end, instant, frictionless and customized value describe the customers' expectations towards suppliers. Customers do not expect to hear "take it or leave it" nor "our next model will be introduced in the near future" responses from their suppliers but find a one that can deliver fast. In the organizations that have embraced agile in its full context, customer focus means totally different, than in traditionally led organizations. All team members identify the ultimate customer and understand how their work either add or doesn't add value to the customer or the end user. If not, then question should be asked whether the work is being done at all if no contribution to the customer can be produced. However, it does not mean that bureaucratic organizations ignore customers, but they are more tied to their own processes, systems and targets. (Denning, S.,2018, p.15 )

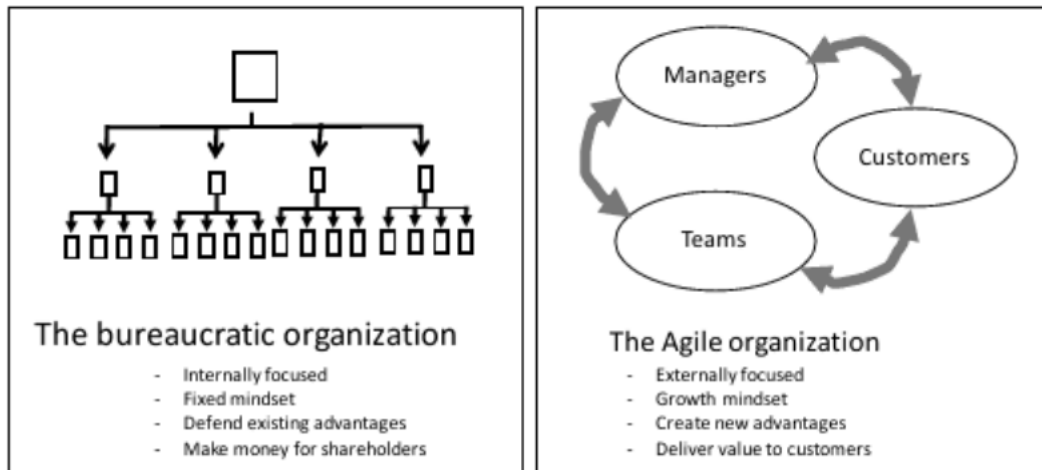
Figure 4: Agile vs. bureaucratic team (Denning, S. 2018, p. 15)



The law of the network can be interpreted as transparent networks of players collaborating towards a common objective, customer delight. A common mindset is that the whole organization is a network of high performance teams. All teams and functions should follow agile ideology: principles, values, targets, processes, systems, practises, data structures and incentives. Traditionally, organizations are built to minimize risks and keep employees in their silos doing their jobs repetitive instead of organic living networks of high-performing teams. Competence resides throughout the organization and innovation can arise from anywhere. (Denning, S., 2018, p. 18)

Agile teams take initiative and solve problems independently with other teams with radical transparency and peer-to-peer accountability which drives the teams to perform high. The target is always to add value to the customer. Agile organization is not non-hierarchical despite working in teams. The top management sets the direction and leads towards the vision. The hierarchy is of competence, not of authority. Communication is internally dynamic, both vertically and horizontally and ideas can come from anywhere, also from the customers. If agile way of working has been implemented the right way, organization would become a living organism that grows, learns and adapts in identifying new opportunities that add new value to customers. Ultimately agile is about to understand and interact with the world with a completely different mindset and mindset does things work, not tools, processes or practises. (Denning, S., 2018, p. 18-21)

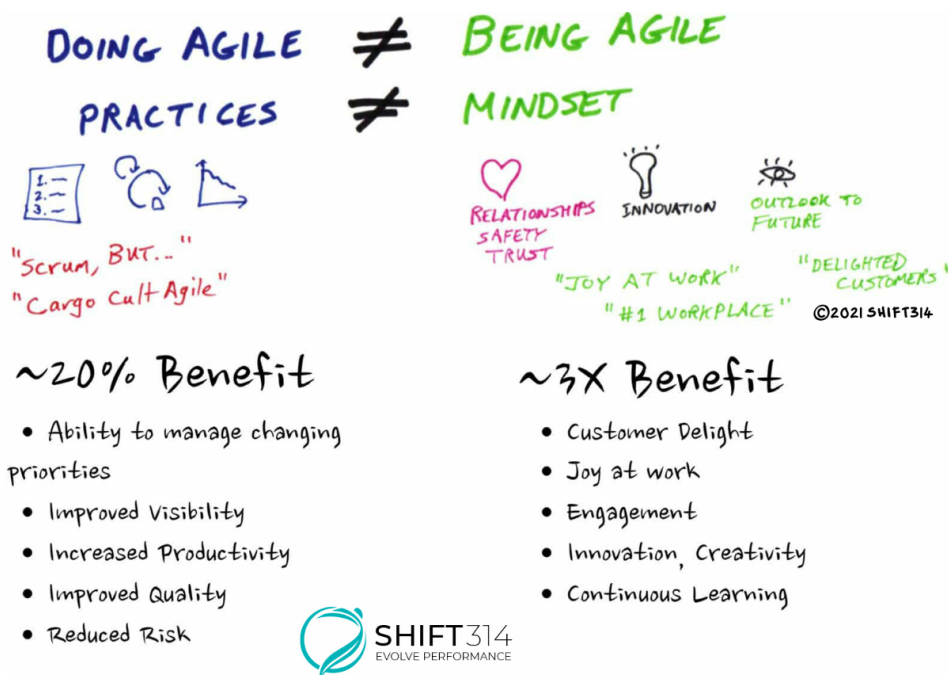
Figure 5: Bureaucratic vs. Agile organization (Denning, S. 2018, p. 18)



The agile mindset is said to acknowledge the requirement for learning, experimentation and continuous improvement which enables organizations to be more flexible in how they meet their customers' needs and operate in a customer-centric way. It considers failure as a learning opportunity, it is crucial to success in the world of uncertainty and creates the ability to mix agile methods and frameworks to meet the emerging need of new value to customers. (ICagile, n.d.)

Sahota has illustrated differences between “doing agile” and “being agile”. According to him, it is relevant to distinguish these two. However, both are needed in the success of agile transformation. He explains doing agile is about practices which lead to benefits, like a common sense of getting the work done. However, being agile is the way of being, how we see ourselves, relate to each other, behave or what we value. Being agile brings benefits such as customer delight, creativity and innovations as well as continuous learning whereas doing agile impacts on increased visibility, productivity and quality and ability to manage continuously changing priorities. In order to be agile organization, agile mindset has to be embraced, especially by the leaders creating the right environment. That can also be referred to a company culture, which has been considered as the most challenging to be changed during the agile transformation journey. (Shift314, n.d.)

Figure 5: Michael Sahota (Shift314, n.d.)



## 4.2 Agile Mindset through Powers' three mindset beliefs

Powers has determined agile mindset through three beliefs which are

- The complexity belief
- The people belief
- The proactive belief

Many of the challenges we face are complex problems of adaptation, which means that by trying to solve these problems we change the nature of the problem. The characteristic of complex adaptation problems is that the solution is not predictable from the outset. A successful solution to complex challenges can be achieved effectively by bringing together experts to optimize knowledge and coherence. In an organization, the individuals are interdependent and by offering the right environment and a motivating purpose, a trust can be achieved. This requires everyone to be treated in an absolute positive way. The preconditions for self-organization and self-government, which are the critical features of successful teams to solve complex adaptation problems, will only happen when leaders

properly delegate so that the teams meet the challenges with full awareness of what they are trying to achieve. The proactive belief is a consequence of the other two beliefs. Proactive and continuous effort is required to collect feedback and data on what works and what does not, at all levels of an organization. By understanding the true nature of the challenges which are to be solved, committing people in the right way, and trying proactively to find the outcome, should lead to an agile mindset amongst the employees and a chance of success in an organization. (Powers, 2017)

### **4.3 Fixed and Growth Mindset**

*Having a growth mindset is essential for success – Carol Dweck*

Carol Dweck has studied learning and motivational issues from the point of view of social and development psychology for decades. The focuses in her studies have varied from failure and target orientation to the quality of motivation and implicit beliefs. She has been interested in the impact of people's beliefs, whether conscious or unconscious, on efforts to achieve different things in the areas of life and how simple-minded beliefs can guide a large part of life and influence the realization of their own potential. Much of what we consider as our personality, is actually a result of the way of thinking, a mindset. Dweck continues that what prevents us from realizing our potential is due to our beliefs. The view people adopt of themselves has a significant impact on the way they live their lives. Success is not only determined by talent and abilities but rather by the individual's mindset. By believing that one's abilities are permanent, set in stone, there is a compelling need to prove their existence again and again.

People with fixed mindset typically consider the individual's intelligence is something one either has or hasn't. In their belief everyone can learn new things and study, but still some people are smarter and more talented than others, so effort and hard learning is for those who can't make it by their talent alone. They put themselves in a position of superior to less smart people and don't see the need to be challenged or learn. According to Dweck, it is possible that they want to avoid risks and challenges because of the fear of failure. Failure can be seen as a measure of individual's value and identity determination. According to this

logic it is more convenient to protect oneself from getting discouraged. In that case, individuals with fixed mindset typically oppose any changes and developments and give up quite easily. (Dweck, 2006, p.15-16, 25, 27, 41, 55, 63, 91, 364)

People, who have adopted the attitude of growth mindset, flourish in the face of challenges. They are ready to work hard and believe talent can be gained through effort. The fact is that one person can have more intelligent than the other but growth mindset stresses the power of meaningful practice. Growth mindset includes a belief that skills can be developed but there is no evidence on how much or how big change is possible nor it tells how much time and effort it will take. It does not mean that everything that can be changed should be changed. The growth mindset requires an individual's own decision on which areas their effort for change is the most valuable. (Dweck, 2006, p. 49, 61,78, 96-97)

A common misunderstanding is to equate the growth mindset with effort. Effort is substantial for achievement but it is not the only thing and effort shouldn't only be rewarded. The key to success is to try new strategies, find support from others and not get discouraged in front of challenges or setbacks. That approach will lead to learning and improvement. (Dweck, 2015)

Figure 6: The characteristics of fixed and growth mindsets based on Dweck's research findings. (modified from Dweck, 2006, p. 435)

<b>Fixed Mindset</b>	<b>Growth Mindset</b>
Individual's intelligence remains always the same. Either one has it or doesn't.	Individual's intelligence can grow through hard work, good strategies and experience.
Avoids challenges due to fear of failure. Failure means all has been wasted.	Takes challenges. Despite the outcome the work itself is valued.
Defensive mode in front of obstacles. Confidence in own skills easily lost after mistakes.	Persistent, doesn't give up. Confidence is achieved from mistakes.
Other's success is a threat.	Ability to learn from the success of others.
Everything is about the outcome.	The work and effort towards the target is the most important.



In conclusion the core of Dweck's concept of the growth mindset is on people be able to develop their abilities. The process involves much more than trying and making an effort. If a chosen strategy does not work it is of great importance to change the strategy. Collaboration and support from others make the best end result. Growth mindset is based on believing in change and especially in front of challenges. Despite these categories, it is not a case of either or, in the meaning of that there is neither pure growth mindset nor pure fixed mindset but something between them. Leaders with growth mindset focus on "us" instead of "me". They are willing to listen to their employees regardless of job title or status. In a transition or change process, leaders show the way through growth and passion instead of a belief in their own expertise and brilliance. (Dweck, 2006, s.359-361, 373, 400)

Jim Collins has researched the characteristics and factors that distinguish the most successful companies which he presents the research results in his book "Good to Great". One of the key factors in each company was the type of leader that led the company to success and based on his research Collins has divided leadership at five levels. The leaders of the best organizations (level 5) understand the importance of the right people: "First Who, then What" referring to an idea that the most important thing is who builds the future success and after that comes the company direction. The five leadership levels are called

1. A highly capable leader
2. A contributing team member
3. A competent manager
4. An effective leader
5. A self-realizing leader

Level 5 leaders are described as modest and humble, they face boldly good and bad news but still keep faith for a future success. They believe in individual development and do not see the need to prove to be more intelligent than others. They surround themselves with the talented people who have the knowledge and keep asking questions and are able to withstand setbacks. These leaders have a growth mindset.

According to Collins, in these companies there is an unshakable belief that in the end they will succeed and achieve their goals, regardless of what challenges they face along the way. (Määttä, 2016; Pusenius, 2019, p. 36)

It is possible to start practising our minds by understanding these two mindsets and believing in change. Brains change and strengthen when using them by learning something new. Change is difficult. It requires that people give up the former way of thinking although it is not easy to let go of something one has held onto for years and on which self-esteem has been built. Many of us may also think that *the world* must change, not us. The learning process takes time and effort as well as requires the new courses of action to proceed. That is what growth mindset is all about; seeing opportunities instead of obstacles. (Dweck, 2006, p. 373, 382, 390-391, 399-400)

#### **4.4 The impact of intrinsic motivation**

*Strive not to be a success, but rather to be of value - Albert Einstein*

In 1977 young researchers Edward Deci and Richard Ryan published their theory about self-determination which revolutionized the old theories of individuals as “puppets” in a cross-pressure between external conditions and environmental factors. At the core of their theory about self-determination is the view of human as a functional being who seeks to do things of interest and significant to himself. Deci and Ryan distinguished two forms of motivation. Extrinsic motivation is reactive and activity is a means to achieving an external objective but doing in itself is not necessarily rewarding. Intrinsic motivation is seen as a proactive form of motivation where an individual experiences a desire to perform a task regardless of whether there is an external reward available. The task is not forced to do, but the energy to do it flows naturally and does not burden the individual in the same way as externally motivated doing. (Jarenko, Martela, 2014, p. 12,14)

The concept of intrinsic motivation is interesting in terms of work life where targets and tasks, duties often come from outside. By reducing control, a supervisor has a chance to increase employee’s focus, creativity and initiative in order to achieve the best results by

using the full potential of employee skills and competence. An enthusiastic and motivated employee is more productive and more efficient on a more sustainable basis. (Jarenko, Martela, 2014, p.15-16)

The three basic elements of intrinsic motivation are *autonomy, competence and sense of belonging*. Autonomy means individual's experience that doing is not "dictated" by external force but by himself. Autonomy plays a vital source of intrinsic motivation, enthusiasm and higher productivity. At the same time, it can be easily destroyed by micromanagement and controlling. An individual can be fully autonomous as part of the bigger group of people but shares employer's values and targets and has made a choice to follow rules and guidelines. In other words, it is not the origin of the objectives that is essential but if an individual experiences them as his own. Competence includes the experience of success and capability in doing things and is linked to a better outcome and productivity. Sense of belonging emerges of two elements: the individual's experience of being in contact with others and possibility to collaborate and support other people and get supported by them which creates the positive and inspiring atmosphere. (Jarenko, Martela, 2014, p.16, 29)

High level motivation in the work life concept can also be called an employee engagement which creates various positive consequences for employer. An enthusiastic employee invests more his own energy, has a proactive approach and is more willing to learn new and develop his skills and competence. An intrinsically motivated employee does not use self-control to be able to work but is more attracted by the tasks and responsibilities and has broad perspective on new information and possibilities. Positive mindset and motivation correlate with innovativeness and creativeness. Positive mindset and attitude also have a major importance of customer experience. By strengthening the employees' intrinsic motivation, it will have a long-term impact on the company's innovation and performance. (Jarenko, Martela, 2014, p.25-26,28, 32)

## 5 Innovative thinking

*Everything begins with an idea.*

People's ability to innovate and develop is huge but only a small part of this capacity is in use, though it should be an important part of the thinking and activities of individuals and communities. Innovative thinking develops people's inner world and broadens their mindset. In most cases, the contribution of innovation is concentrated on the external process of innovation, i.e. what is happening in the process visibly outside the human thinking. A visible process can strengthen innovation capacity, but it will not be enough to invest fully in innovation and development. (Ranne, 2015, p. 7-8)

Typically, perceptions of one's own capacity for innovation are flawed, either over or underestimated. The underestimation reduces the use of innovation and the opposite is false self-satisfaction, which is a major obstacle to innovation. By finding the weak points, it is possible to begin to explore a range of means to improve. Innovative thinking should always be linked to a surrounding culture and context, it should be long-term and should not be hindered by different structures or professional groups. Good skills and methods do not produce the best results if deeper understanding is incomplete or the importance of innovation is not sufficiently understood. (Ranne, 2015, p.16)

Innovative thinking has four main characteristics. First of all, **a significant part, at least one fourth, of a person's time or group's activities should be focused on innovative thinking and its concrete implementation.** Real innovative thinking and action are widely reflected in concrete actions. Not just words, action plans or job roles. Furthermore, the number of projects is not convincing, but essential is how thinking and practice change as a result of development. Items that are anchored in individual's or group's core values are not neglected, not even in a hurry or tired state, but sent out a message of sustained motivation for innovation. If innovative thinking is a visible part of the activities, it gives a reliable picture of how the mindset is understood and adopted. (Ranne, 2015, p.17)

**The subject of innovation is examined from new, various and broad perspectives. Also, given the strange and unexpected points of view.** If new solutions are not sought from many angles, the options for solutions will narrow down and be limited to familiar areas and thus no value-generating development will take place. (Ranne, 2015, p.18)

**When searching for new ideas, the approach should take place from inside by letting go old familiar concepts and operating models at the same time.** Innovativeness becomes modest if things are viewed from the outside as an observer, when mindset is normally strongly guided by old thinking patterns, viewpoints, attitudes and beliefs. In this case, only those parts of the new model that meet the old criteria will most often become accepted on the basis of the evaluator's previous perceptions. In this way, the possibility of adopting something new and different is excluded only within the limits set by old ideas. (Ranne, 2015, p.19)

**New ideas and suggestions are taken with curiosity and interest regardless of who presents it, what is presented or how it is presented. Always be willing to learn new things.** This criterion generally affects the ability to acquire new knowledge, evaluate things and activities and learn new. The knowledge acquired is narrower and incomplete when it focuses only on those who agree, those who have accomplished similar type of education, those of a certain age and those who are in favour of a particular theory. Even a long experience does not guarantee that views are innovative. Innovatively thinking focuses on what people tell and not on whom or what kind of position the presenter has. (Ranne, 2015, p. 20-21)

## **5.1 A natural willingness to develop and innovate**

The roots of innovative thinking lie in people's fundamental values and human perception. Without them, the development efforts are often weak and the result is modest. These fundamental values and "roots" give a strong will and basic willingness to look at things in a broad way and looking for new perspectives. They are an important part of people's inner mindset and are also strongly reflected in external activities when motivation is intrinsic rather than external. However, innovation can be developed, promoted and targeted from

outside. More superficial means, such as structures, systems and methods enable and support innovation. Deeper and stronger instruments are methods that shape basic values and the inner mindset of people, which have the greatest impact. Fundamental values form the core of human values which directs life and activity in a holistic manner. Intrinsic motivation is based on core values. Core values can be traditional in content, such as honesty, goodness or dignity, but also practical, such as creativity, efficiency, customer orientation, development or innovation. If fundamental values are basically innovative orientation, they become an integral and continuous part of individual's mindset and attitude. (Ranne, 2015, p. 25-26)

Complementary values refine and complement core values. They guide everyday decisions in different areas of life and are usually more superficial and practical. These may include solution orientation, customer orientation, efficiency, cooperation, determination or openness. Core values can be considered as the main engine of actions, then the complementary values are the guiding principles of the more precise processes and content. The line between the core and complementary values is vague but the most important distinguishing factor is the extent and overall direction of the individual's mindset, attitudes and daily activities. (Ranne, 2015, p.28-29)

The desire for knowledge and the willingness to learn affect, but their impact is based more on the quantity and ambition of innovative thinking, which means that the desire for knowledge alone does not automatically create innovative thinking while can lead to the collection of existing solutions. (Ranne, 2015, p. 121)

The ability to understand that no concept, perspective, knowledge or good theory describes the reality 100% perfectly, brings us closer to the development and innovative thinking as well as creates a desire to learn something new and something that neither the individual nor the community has yet seen or understood. The community defines what is considered acceptable, what is encouraged and what is punished. (Ranne, 2015, p. 121-122)

The layers that guide mindset, behaviour and experience can be described by setting different levels in hierarchical order with their importance related to mindset and behaviour.

Changes can be made to each level and each level regulates the level of information and activity above it. The effects of the levels are the strongest from deeper levels to more superficial but also from top to bottom. The more accurate the knowledge about the impact of different levels on behaviour, the more specific the different means of influence can be. (Ranne, 2015, p. 124-125)

## 5.2 Components that support innovative thinking

In order to ensure that development and innovation do not remain isolated from other community activities or occasionally implemented by some individuals, certain **models** are needed to help to understand what innovative thinking is all about, what is important for the community and how it can be supported and promoted. **Structures, facilities and time reserved** to enable innovative thinking to be carried out. **The implementation process** guides the innovations to take place in practice. **The guidelines** define how the outputs of innovative thinking are highlighted and evaluated. **Steering and follow-up procedures** are needed to guide and evaluate development work. The above structures, processes and control and monitoring systems are implemented through **skills and methods**. (Ranne, 2015, p.33)

One of the basic skills is to encourage other members of the community to think innovatively. For effective encouragement, it is important to know what the most essential things are and processes that need to be influenced to achieve the greatest benefit. Encouragement is essentially linked to the ability to adapt core values to support development so that mindset, attitudes and action can be taken in the desired direction. It is necessary to take ideas through evaluation and processing phases into practice and continuous evaluation to ensure completed implementation. (Ranne, 2015, p. 33-43)

### 5.3 How to encourage to innovate?

Encouragement has an important role in innovation and development. Even if the foundation is good, there may be other factors that prevent innovative thinking, such as past failure experiences, incompetence and inexperience to present one's own ideas, low self-confidence, or energy-consuming anxieties of life. However, there are some proven ways of encouraging new thinking and mindset. (Ranne, 2015, p. 47-48)

- a positive and interested view of ideas that are out of line
- encouragement to propose and comment on new ideas and to receive ideas in a positive way
- a positive attitude towards the creator of ideas despite the fact that ideas prove to be ineffective
- analysis of new ideas through criteria and methodology agreed in accordance with the evaluation process
- proceeding with the idea forward if it turns out to be promising and effective ideas should be put into practice
- talking about the importance of innovation and behaviour in the situations mentioned above must be consistent

## 6 The importance of organisational culture for behaviour

As a concept, culture has been studied by many sociologists and anthropologists over the years. From organizational perspective it can be considered a solid foundation for member identity and the "psychosocial glue" that keeps the organization together. Thinking habits and other cognitive frames that steer group members' thoughts, way of communication and other behaviour norms are being taught to newcomers during the induction process. (Schein, 2016, p. 3-4, 234)

By understanding the group's "cultural journey" as a shared learning process, it is possible to describe the reasons behind the unconscious behaviour pattern within the group. The



duration, stability within a group as well as emotional intensity of the shared learning experience influence on the strength of that culture in question. The fundamental element in the creation of culture is leadership which cannot be ignored. (Schein, 2016, p. 14-15)

Company culture can also be described as corporate DNA; something that affects everything a company is today and how it evolves. Culture can be learned and taught and it affects and unites a group by values, behaviour and assumptions. Finally, culture is always stronger than the individual. (Luukka, 2019, p. 23-25)

A strong culture starts from the recruitment process by selecting the applicants who share the company's beliefs and values and succeed in that particular culture and get rewarded for demonstrating the company values. As a consequence employees are motivated, know how to react on any situation and what is the expected behavioural norm. If culture is aligned with the individual's own values and beliefs, it can release enormous amount of energy for a common purpose and promote an organization's ability to succeed. (Cheng etc., 2018).

## **6.1 Levels of organizational culture**

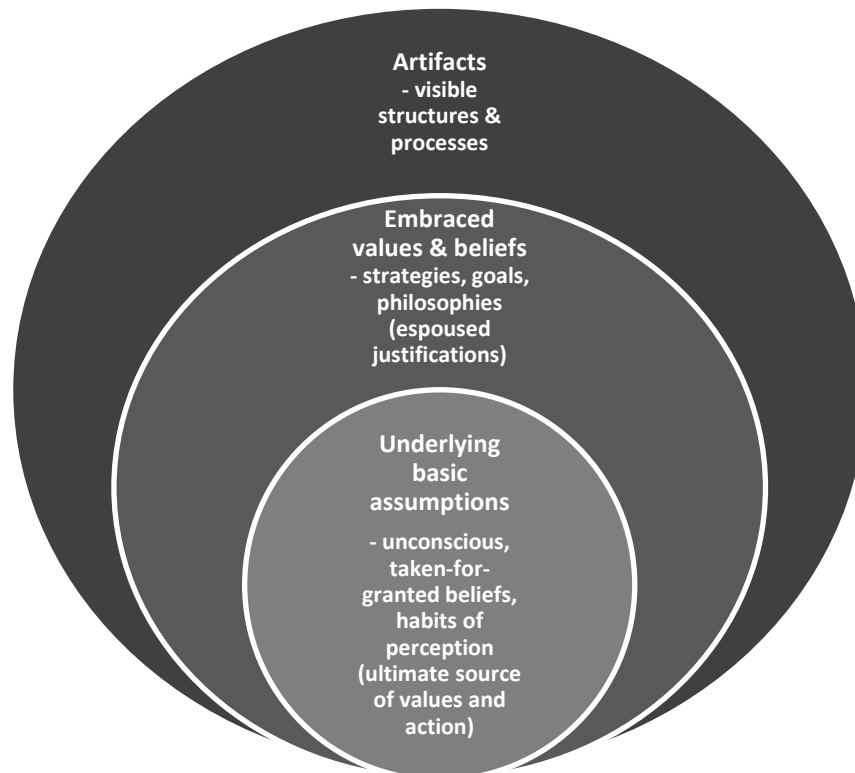
Schein has presented a three-level cultural model which needs to be understood to be able entirely understand the meaning of the culture as well as its implications. The first level of Schein's cultural elements consists of the items that are both visible and can be tangible as well but at the same time extremely difficult to construe if acting only as an observer or newcomer without any background information from a group member. Artefacts include e.g. group's products, technology, physical premises but also myths and stories of the organization. The second level consists of embraced values, beliefs and ideologies which guide the group when dealing with the uncertainty of unexpected or uncontrollable events. Embraced beliefs and ethical rules are conscious as they serve the normative behaviour guiding group members to manage certain situations. They also act as a training model for newcomers on how to behave. In order to achieve such position values and beliefs require a certain transformation journey. Beliefs and values can be in contradiction between what a company claims to be and what is the reality due to the reason why there is so much behaviour which is not explained leaving the feeling of understanding a piece of the culture

but still missing the entire, deeper level understanding. To interpret the current and predict the future behaviour correct there has to be a full understanding about the basic assumptions. The third level is underlying basic assumptions which are so obvious through shared learnings that they are typically taken for granted. They are being encouraged by positively implemented beliefs and after repeated several times group members learn and know how in this organization particularly is supposed to be act in various situations. Culture as a set of basic assumptions determines for us how to react and which actions to take in different occasions. (Schein, 2016, p. 18-23)

The third level, the deepest structure of culture is the part of organizational culture that is the most challenging and time-consuming to change. It is also difficult to approach as it is not easily explainable or expressible. However, it is the most interesting part of the organizational culture as it creates the initial source of social capital. Furthermore, understanding that, is a key to identify and solve many problems that exist within the organization. In a psychological sense, the working community can be thought of as a collective entity with a common consciousness, jointly embraced courses of actions and a subconscious mind which seem to strongly control individuals' thinking and behaviour models. The collective subconscious of an organization is not based on rational, conscious thinking, but can only be felt and this explains why the organization does not work the way it is supposed to work, or as it is led by the management. Very often it is assumed that what has sometimes worked still works and such assumptions become visible, particularly in transformational situations such as mergers or organizational changes. (Mäkipeska, Niemelä, 2005, p. 74-77)

Individuals' emotions and needs are the whole motivational basis and hence also the forces driving the organization forward and in the recent leadership studies, the emotional base has been identified as a means of the employee engagement. In hierarchically organized organizations, everyone is subordinate to someone else, and they provoke dependencies, tension and aspirations that are completely subjective. Despite the emphasis is put on subordinates' self-direction, responsibility and activity, the image of the exercise of power may still be controlling. (Mäkipeska, Niemelä, 2005, p. 80-81)

Figure 8: Three levels of Schein's organizational culture analysis



## 6.2 Trust – a solid foundation for a successful organization

In the business context, a word *capital* traditionally refers to the financial prosperity accumulated in the organization. Later, the concept of *human capital* emerged referring to employees' competence and skills in which the organization has invested. Human capital determines and is the organization's fundamental factor in achieving its' targets, improving the competitiveness and renewing itself in the face of continuous changes. Typically, organizations have a lot more human capital than can be utilized which has created new challenges; how to use the capacity as widely as possible, how to increase and develop it to serve organization targets and not only to be kept as a means of production. This kind of thinking excludes human interaction and behaviour of how the capacity of the competence and skills are being used as ultimately the individuals decide how to use their capacity. The decisions are made based on the social environment where the individuals are part of, and

based on the personal values and motives. If company values are in contradiction to individuals' ones, it is likely that the use of the capacity is being minimized. The concept of human capital is not enough but a community perspective is required; how the community works, how the capacity of individuals is used and what kind of added value is created from the various combinations of individuals' skills. (Mäkipeska, Niemelä, 2005, p. 13-15)

Third concept, *social capital*, has been embraced from the context of society. That describes the characteristics of the social environment such as the closeness of social networks, commonly adopted norms and individuals' trust in their functionality. Its value can be seen as social networks, channels and connections create prerequisites for communication, innovations, trading and other activities producing value between people. It can be considered as an engine for financial and human capital to produce an increased amount of value, such as innovations, financial wealth or physical or mental well-being. Social capital arises in interpersonal activities, social interactions as well as in the systems maintaining those, nowadays typically in work communities and includes at least following dimensions:

- relations and networks between people in the working community
- clarity of management and leadership relations and systems
- clarity and general acceptance of norms
- commonality of values
- active communication
- mutual interaction

Each of these components creates value for the organization and accumulates its social capital and therefore should be evaluated and strengthened in operations and leadership. The essence of social capital lies in the trust between individuals. Communication between people, the framework and norms set for it, create a sense of security for members of the work community and an opportunity to relate to the group.

Trust is based on the openness and honesty of interaction and the perception that members of the work community share a common interest. At the same time, it requires reciprocity between members of the working community. Increasing confidence increases openness

and courage to seek new, creative solutions which lead to a potential to increase not only social but also human capital. (Mäkipeska, Niemelä, 2005, p. 15-16,25-26)

The literature of trust has distinguished two different dimensions of trust; interpersonal trust (trust) and trust towards institutions and systems (confidence) and a combination of these can be called a structure of trust. Trust as social capital is not only based on interpersonal relationships or characteristics, but is integral to the management systems, culture, structures and processes of the organization. All factors form the social capital of the organization. (Mäkipeska, Niemelä, 2005, p.27-29)

Figure 9: A structure of trust as a social capital (Mäkipeska, Niemelä, 2005, p. 29)



### 6.3 Psychological safety within the organization

According to Google's research, success in a demanding and fast-paced work environment depends on the ability to take risks and the ability to be vulnerable in front of peers. When the work environment is challenging but not threatening, and a sense of psychological security can be felt, a person becomes more open, motivated and persistent and puts him/herself on the line more holistically. Humour and solution focus on increases and thinking expands, which is the cognitive process underpinning creativity. When the work

environment is challenging but not threatening, teams can maintain a constructive and broad-minded approach instead of a “fight or run” mode. (Rinne, 2021, p.70)

As written in the beginning of this study, a modern business environment is unpredictable, fast paced and consisting of uncertain and complicated matters. According to Nina Rinne, the writer of *Rohkea organisaatio – Turvallinen työyhteisö menestyy*, the success of today’s companies is determined by human competence. Those organizations which are able to make employees flourish and collaborate well, will succeed. Psychological safety and courage aren’t just targets but more like a lifeline and necessity in order to achieve success in a complex and rapidly changing world. Harvard professor, Amy Edmonsson also claims that psychological safety is a critical factor for the learning organization and the team performance; it is not a target or an intrinsic value but a necessity for a team or company striving for excellent results to achieve the set goals. (Rinne, 2021, p.13-14,32)

Psychological safety is the individual’s feeling and experience that everyone can bring up new ideas, talk about unfinished thoughts, ask questions and for help, confirm things, challenge each other and tell about failures and mistakes without having to fear being embarrassed, punished or put under a magnifier. It is the appreciation of the experience and the feeling that others think well of them and that no one’s ability is questioned. The concept of psychological safety is by the professors from MIT, Edgar Schein and Warren Bennis, in 1965 when they published their study on the factors affect the organization's ability to change. They found out that psychological safety was a prerequisite so that individuals can feel they are able to change their behaviour in response to the changing challenges of the organization. Later on, in 1993 Schein claimed psychological safety allows people to focus on common goals instead of protecting themselves. (Rinne, 2021, p.31)

The researcher Timothy Clark has created a four phased model of psychological safety. Certain conditions must be met before the following phase. In the first phase individuals build relationships and interact socially with others before they dare to take social risk and surrender to vulnerability. After that, it is easier for individuals to throw themselves into learning or challenging. As value creation requires learning, producing that is easier and comes naturally through learnings. Finally, individuals can reach a level where they dare to

challenge old structures and operating models, if it is needed in change and development targets. Challenging requires the highest level of vulnerability and ability, which is supported by psychological safety. (Rinne, 2021, p.33-35)

Figure 10: Phases in development of psychological safety (Rinne, 2021, p.35)



The key question is that how an organization, community or team can support an individual to act in the manner described above as well as what it requires from an individual. It goes both ways. The individual must confront his/her own obstacles to courage in order to understand his/her own behaviour and in turn, the organization must support courage behaviour so that it does not die as a result of unintelligent structures or incomprehensible actions. It is a lot of dialogue and doing, not so much of a state of being. Individuals should help and support each other and be supported when needed, they need courage to meet their own uncertainties, develop the ability to confront challenging issues and learn by experiencing those, as well as develop the ability to recognize own prejudices. The organization can focus on developing the learning culture, diversity, concrete and clear target setting and ensure that the organizational structures does not prevent the collaboration between the teams. (Rinne, 2021, p.38,44)

Psychological safety does not mean lowering demands and goals or decreasing discipline or effort at ourselves and each other. Safety and comfort are not equal. According to Amy Edmonson psychological safety sets the bar higher in terms of increased transparency and honesty as it also increases the quality standards higher in the team work thus increasing the productivity. By encountering new things and a lot of different thinking, our ability to confront new thoughts and ideas is strengthened. (Rinne, 2021, p.79,81)

## 7 Change management and people

Two types of sources have been categorized which demand organization to make changes: *external and internal*. Internal sources of organizational change are easier to control from the management point of view. They are linked to employees, processes or organizational structure. In the course of time, structural changes have to be done to respond to the need to improve the efficiency and effective way of working or put more focus on core competence and skills, to change the organization culture or to develop a customer centric performance. Besides, the decision-making process, communication process or technological processes are typical sources of internal changes. (Sutevski, n.d.)

Each culture is based in some larger culture and reflects the elements from that. When implementing something new in order to change organization's structures or processes, the primary criterion should be to explore in which degree the embraced values, beliefs and the underlying basic assumptions are aligned with the macro cultures where the organization is to function. In case the leaders do not reflect how basic assumptions will fit into the macro culture, changes will not be embraced. (Schein, 2016, p.181-182)

The research from Center for Creative Leadership identified three necessary skills to combine the transformation process and people. In communication, poorly succeeded leaders tended to focus on the question of *what* in the background of change, while better successful leaders also signalled that *why* the change necessary. Managers who were able to explain the importance of the change and combine it with the values of the organization and explain the benefits, were able to stimulate the need for change and the desire for an organization better. (Center for Creative Leadership)

An employee's motivation for change requires experience of the need for change individually. It is easier to motivate the change through when understanding the reason why it is needed. The supervisor plays a key role in the trading of change to its subordinates. It is essential that the supervisor informs his subordinates of the underlying factors and benefits that the change will achieve. Raising the background to employees will facilitate understanding the reasons for decisions and decisions taken by management. This will



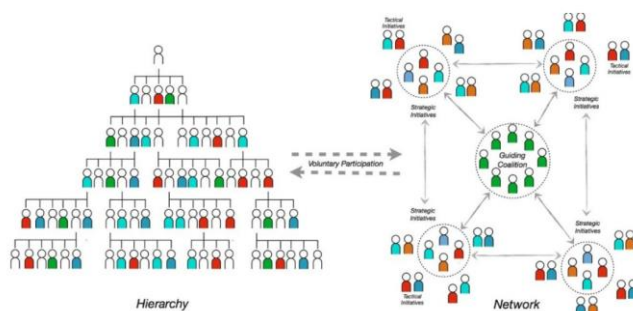
increase the transparency of decision-making and increase the experience of the need for change in staff. (Laurila, 2017, p. 166)

The involvement of employees in the planning and implementation of change is important. Successful managers work across borders and encourage employees to get away from their silos. Involvement strengthens the employees' motivation when having a possibility to be involved in planning and influencing their own work and thus having a feeling that the change project is their own. (Center for Creative Leadership)

It is always difficult to make changes, but successful leaders are resilient, determined and able to enter out of their comfort zone through the process. They are also focused on the big picture and give more of their own time to change their efforts. (Center for Creative Leadership)

Kotter's "legendary" eight-phase theory of change management may not work any more, as he has admitted. He notes that the current hierarchical approach does not help to seize opportunities, which is essential in a world of constant change. He suggests that organizations should implement a second operating system; a management-led hierarchy working together with a strategy network with five principles: many change agents throughout the organization, having a mindset of *want-to and get-to* instead of *have-to*. More discussion through company values, including empathy. A lot of competent leadership to focus on vision, opportunities, agility and learning instead of project management, budget reviews, compensation and reporting. Both the network and hierarchy should be inseparable and have continuous communication and information sharing between them.

Figure 11: Kotter's dual operating systems (HBR, 2012)



Schein has listed various mechanisms which can be used as tools to embed the values, beliefs and basic assumptions within an organization. First are the primary mechanisms which are the most effective daily behavioural things that leaders can apply and the secondary ones are more formal but less effective that can be used as a supportive means to reinforce the primary mechanisms. (Schein, 2016, p. 182-183)

Leaders can use the primary methods to influence in their subordinates by perceiving, thinking, feeling and behaving through their own conscious and unconscious beliefs. The primary mechanisms are not in the order of importance but to be used in parallel. They are visible and build a so called *organizational climate*. If leaders are systematic and consistent in paying attention to certain things, it will be an effective way of influencing others. The activities can be anything that they notice, comment, control or measure and even informal questions and remarks which are pointed to a certain topic or area, play an important role and are powerful. The key factor is to be systematic. In case leaders give inconsistent, variable signals in what they pay attention to, or what they do, it may create emotional challenges to subordinates. In turn, subordinates also notice the situations and things that leader does not react to, such as their values. (Schein, 2016, p.183-188)

Organization members typically learn from experience what the employer values and what is to be punished. The learning process happens with promotions, discussions with leaders and through appraisal reviews and the learning happens quickly by subordinates by reflecting the rewards and punishments on the leaders' behaviour. Sometimes the written and "declared" values are in contradiction to the behaviour and newcomers are forced to find out themselves what really is rewarded. Then the only way is to observe the leaders' behaviour and experience through promotions and performance reviews. The informal communication is the most effective teaching and coaching mechanism. (Schein, 2016, p.193-195)

All secondary mechanisms can be considered as items that are concrete and visible but still difficult to decipher in a role of an outsider without any observation of leader's behaviour. However, the secondary mechanisms can get a very strong position of maintaining the assumptions even after new leaders step in and prefer to change them. Organization structures are strongly based on leaders' experiences and assumptions on how to reach the

maximum effectiveness. The way of controlling can be either highly centralized with a tight hierarchy or decentralized pushing the authority low as possible. One model is in between a matrix organization where solutions and decisions are made through negotiations. On overall, it is the relationship quality that makes a difference, varying from emotionally distant, transactional, to more open and trusting. Both primary and secondary mechanisms reflect the organizational culture at the newcomers, and they don't need to be particularly decided to be communicated but the key is on how to communicate. (Schein, 2016, p. 196-198, 205)

The company culture is created by its leaders, and they are responsible for managing environmental, economic, technological or political changes that cause threats to business. However, in addition, the company leaders have to realize as well as manage the dynamics in the organization to function well. On the contrary to a common belief managing the company culture cannot be outsourced to Human Resources or external consultants due to the reason why the subcultures are not able to coordinate themselves. (Schein, 2016, p. 229)

Brent Gleeson lists five key elements for a successful cultural change and if any of these is missing, the end result will not be what was planned and expected. The targeted *vision* has to be clear and aligned between all organization members, especially within senior leaders to keep parallel the story of success to employees. *Benefits* have to be clearly communicated. If, cultural change program doesn't have full *sponsorship* from leadership the resistance most probably occur. Besides, without adequate *resources* and lacking *methodology*, confusion is complete. (Gleeson, 2018)

Mindset is one of the impacted areas in cultural transformation which affects behaviour, creating culture that either succeeds or fails in strategy execution. Even if initial momentum is gained, regression almost always occurs without consistent involvement and leadership communication. In order to develop a mindset change, Gleeson advises leadership to create an organization-wide feedback channel and data-driven approach to get insight on employees' motivational factors. He continues of the importance to be transparent with the work which has to be done but also to take note of enjoyment of early successes which

balances the discomfort that comes with change. Once everyone is aligned on the mission ahead, behaviours begin to change. (Gleeson, 2018)

A cultural change requires the identification and awareness of existing culture. That insight helps in finding the elements which are worth strengthening and maintained. If it is found that the objectives are not supported by organizational culture, it is worth considering how to change culture in order to maintain company competitiveness. Furthermore, it is important to acknowledge, what the readiness of the prevailing culture for change is, and whether the change should be started from the management or from the employees. The factors that may hinder the culture change, must be recognized. They can be organization structures, processes, attitudes or everyday habits. (Markkinointi-instituutti, 2014)

Schein emphasizes the importance of "learning away" which gives place to new creative learning. Change typically always causes resistance, confusion and uncertainty. The reasons behind these kinds of emotions are conscious or unconscious fear which is created by the threat of change to one's own position, work, ability or competence. The role of management in change process is to behave as an example. Management build commitment and harmonize culture through their own actions. Culture change is mediated through superiors who communicate new ways of working, strategy and goals in an understandable manner and acts as a coach in the transformation process. A key factor is daily management and encounters with subordinates. (Loman, 2016, p. 19-22)

## **8 Methodological choices**

Qualitative research helps to understand the subject and the reasons for its behaviour and decisions. The qualitative study is generally limited to a few subjects. The aim is therefore to understand and describe the phenomenon in depth, not to determine the amounts.

Qualitative research is well suited for example, to the development of activities or the search for alternatives. The data is often collected through deep interviews or group discussions and focus is to seek answers to the questions starting why, how, what kind of. The results are legitimate interpretations. (Heikkilä, 2014)

To gather valid data from humans is not an easy task to do. The researcher needs to intervene in the organization's "life", has a lot of different options to choose from and presumably the most difficult part is to get valid and accurate research data. When researching humans, there is a tendency for the research subjects to hide information they don't want to reveal or the opposite, to overstate to impress the researcher. (Schein, 2016, p. 258)

In this study, the theoretical framework answers and gives the insights of the characteristics of the development mindset which has been presented in the case company's Development Playbook. The empirical part gives the employee insights of current GBS culture; more precisely the ways of thinking impacting the individuals' behaviour on their work environment and how today's organization culture is perceived by the interviewees and furthermore what is the role of the development in their daily work and whether the teams' way of working support the desired change journey in the employees' mindset. Through the interviews it can be understood how certain employees evaluate the as is situation and by providing their voice, what type of change management activities are needed to achieve the target state of problem-solving, closely connected, proactive company culture.

## **8.1 Methodology and data collection**

According to Schein when deciding the method of how to study organizational culture, the purpose should be a driver. There should be a clearly defined issue or problem for which the information is to be gathered. The assessment process can't be standardized but Schein advises to think like anthropologist, do a lot of observation and continue with different surveys. The idea is to concentrate on the items that cause confusion to avoid confirming researcher's own assumptions or stereotypes of the particular organization and to keep the surveys "clean" and receive information as accurate as possible. (Schein, 2016, p. 255, 257)

The interview is one of the most popular ways to collect material as our culture in general is based on discussion and speech. Research interview is a socio-cultural practice that sets the roles, relationships and positions between the interviewer and the interviewee that may have an impact on the content of the interview. Therefore, it also poses a challenge to the

interpretation of material. It is incorrectly assumed that the discussion will provide authentic data on the reality, experience and meanings of the interviewees but the whole context of that specific moment and the roles which need to be understood. The roles between interviewer and interviewee may also change during the interview which then impacts on "power" relationship and how the discussion proceeds. However, it does not mean failure but needs to be solved during the phase of analysis. (Vilkka, 2021, Tutkimushaastattelu - luku)

Unstructured interview, which is also called in-depth or open interview, can be described as every day life discussion where interviewee has a lot of influence on describing his own thoughts and experiences in a way he feels comfortable. It is a unique experience to both parties and can provide experiences of understanding and seeing things from a different perspective than before the interview. Semi-structured interview is typically used in the thesis in relation to a certain theme, an event or subject as there is a limited amount of time which can be spent. (Vilkka, 2021, Tutkimushaastattelu -luku)

In this study, a semi-structured theme interviews were used. The study focuses on organization culture, mindset and leadership which are experienced in a subjective manner on an individual level. I found a semi-structured interview by themes the most appropriate way to collect information. The invites to the thesis interviews were sent to 12 people, out of which 10 accepted the invite and answered 16 open questions. The participants represented different roles in the company; managers, team leads, senior positions and regular positions. All participants had at the minimum one year working experience in the company. The time spent on interviews varied between 45-75 minutes during the working hours and interviews were held by using Microsoft Teams virtual meeting channel. One interview was held as face to face interview. All interviews were held in February 2023.

The target was to keep the questions as concrete as possible and connected to daily work and organization culture to keep the questions in a practical level and avoid misunderstandings. The baseline of the interviews was to find out the reasons behind the presented current mindset, i.e. what is their opinion and view of how they see the situation today and if the interviewees are able to think of any improvements in order to reach the

desired mindset called development mindset. Furthermore, the focus was to get understanding of employees' experiences regarding the development work which is closely connected with targeted mindset. The questions were categorized into 6 groups: GBS organization culture, leadership, daily collaboration, understanding of their contribution to the company and value to customers, organizational trust and individual mindset / attitude. All categories consisted of 2-4 questions each. The interviews were started by presenting the slide called "Mindset change" from GBS Development Playbook with the background explanation of GBS development and operations to move in one direction by setting clear targets, common prioritization and a standard development process which all teams would follow. Mindset is part of the performance culture which leads GBS to success.

## **8.2 Data analysis method**

Answers of the interviews were analysed by dispositioning the single observations on different entities based on their six sub-themes. Finally a SWOT -analysis was done as a conclusion based on the answers. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The answers were categorized into these four groups accordingly. Typically, strengths and weaknesses are seen as topics people have some control and able to change. Opportunities and threats often relate to some external factors and are harder to change, at least not by individuals. After the responses were categorized, it was possible to identify areas which should be maintained and strengthened or put more focus on.

When evaluating the reliability of the empirical part of the research, following items should be considered. The researcher was not a close colleague to any of the interviewees to avoid any pre assumptions. Secondly the study author's education and work experience not directly related in the field of people management or human resources but enthusiasm and interest of employee behaviour and organization culture instead. The author has worked in the case company for 18 months but permanent location in another country than the interviewees. Maturity in the interpretation of interviews was reached according to the author of this study as new cases with high probability would not have brought new information to the questions asked.

In this study, the research method chosen was well suited to the object of the study as the results strengthened the understanding about current as is situation. Different job positions were represented as the sample, consisting of four level job roles from manager to regular. The empirical part results are described carefully with details and by examples. It can be stated that the validity of this study is sufficient.

## **9 The results**

The results of the interviews are presented in this chapter. The focus was to share the results simply and clearly to keep the same structure as during the interviews. The identities, their position or job roles of the interviewees were not published in the analysis to ensure the anonymity. Appendix 1 includes the interview questions.

### **1 GBS organization culture**

All respondents consider the working culture is dynamic, non-stagnate, open but still well organized. The atmosphere was said to be friendly, relaxed and easy going. Few respondents emphasized the multicultural work culture which provides new perspectives for the social relationships and provide the possibility to learn from people from different nationalities. Furthermore, comments were given to the culture being still young, using the words "not yet mature", and that the culture is still evolving. These comments support Schein's (2016) theory of organization's cultural journey as a shared learning process which enables employer to understand the unconscious behaviour pattern within a group.

*... "The best thing is that people are not put in strict rules and can think outside the box"...*

Multicultural work environment was seen as an advantage to learn from different nationalities and backgrounds on how to react on new things and how to behave in front of changes or challenges. It was said to have a "calming" consequence when having other nationalities in the team that emotions are not that aggressive when solving issues. Several respondents considered that low hierarchy and informal working culture are important factors in their job satisfaction.



*"I really like to work in the international environment where different people with different experience and attitudes"*

Managers can easily be approached and there is no need to discuss in a formal manner but in a similar way than would talk to a colleague. Furthermore, the respondents added that managers provide their help and support always when it is needed. Flexible work culture was mentioned which meant a possibility to work remotely also after the pandemic and employees are not "forced" to come back to the office daily. However, also as a consequence of pandemic time still keeps remote working hours quite high which was considered in order to prevent employees getting more connected with each other.

Almost all respondents mentioned that there is a need to improve the communication. To be more precise, communication is internally partly seen either inadequate, lacking completely or typically communication comes "too late" which means in practice by the respondents that sometimes would be more appreciated receiving some shared information despite all details not yet 100% certain.

Respondents mentioned they would like to have more collaboration with other teams which eventually would support them to be more open-minded and improve their problem solving skills. It was called "narrow minded" attitude, which strengthens one of the attributes listed in the Development Playbook. Furthermore, the connection between GBS and customers is not seen that close as it should be. The opposite opinion was also said that the team is working closely with the business but not focusing on keeping a good relationship with other teams in GBS.

## **2 Leadership style at GBS**

In the recent leadership studies emotions and motivational factors have been proven to be a significant factor in the success of the company as to how individuals use their own competence and skills as a resource to their employer.

When the interviewees were asked to describe the current leadership style in GBS, the words flexible, low hierarchy, friendly and supportive were raised. No distance was seen

between managers and employees which was highly appreciated by the respondents. Managers are easy to approach and have a talk with. Also, no micromanagement was seen happening in any of the respondents which was considered very positive and made the respondents feel they are trusted in their own area of expertise. In addition, small scale improvements can be made without asking a permission which was considered create the feeling of autonomy in the respondents' own area of responsibilities.

*... "I feel I'm a human and not a resource here ...for me it's very important...."*

*... "I can always ask an advise"..*

However, it was said by the respondents that they would like to have more frequent discussions on a company level of GBS vision and strategy. In their opinion whole organization should be aware of what are the GBS long term plans in order to increase the awareness among all the employees.

*.... "missing talk and conversation of our vision and strategy: where are we going?"*

The topic of internal communication was mentioned again as it was seen as a significant area of improvement. Clear, proactive information sharing was seen important. In addition, the respondents mentioned they see sometimes communication is only one-way in the meaning that some rules or requirements are implemented but not asked from the team leads though touching their area of expertise. According to the respondents, team leads should have more power to make aligned decisions in their respective process areas as they have the best knowledge of what works and what does not.

It was experienced, that the communication related to many projects and their order of priority was said to be unclear. Also, the targets of the individual projects were mentioned not communicated clearly. The question *"what should we prioritize?"* which was raised in the interviews describes that feeling.

Decision making by the management was said to take much time which was seen an opportunity to create unclarity in the teams. It was thought it may be due to fear of making decisions or making things too complicated than they really are.

*"Sometimes, you know, like afraid to decide what to do or something..."*

The recently implemented regional face-to-face meetings from several process areas were seen as an improvement. However, it seemed not to be clear what is expected of those meetings. It was also mentioned that meetings on overall should have a clear target or reason why those are being held as in some cases it was considered that they could be more productive.

### **3 Team collaboration and attitude**

According to Jarenko and Martela, the individual's experience of being in contact with others and a possibility to collaborate and support as well as get supported creates a positive atmosphere and sense of belonging. This was described in detail by many of the respondents so that can be understood that there is a sense of belonging within the teams.

The majority of the respondents consider the collaboration in their own teams is good and working well. They described the interaction within their own teams as open, active, close relationships and supportive way of working. Colleagues were described being willing to help each other and issues can be solved quickly. Furthermore, weekly team meetings provide opportunities to share topics that require improvement as well as asking for help, when needed. One responded mentioned more face to face meetings are needed to improve problem solving and issue resolution.

*.... "Supportive team culture, nobody is being left alone and issues can be solved with the help from other colleagues in the team or superiors."*

A couple of comments mentioned also that there is room for improvement in their own teams to start working in the team level instead of the individual level. One reason behind in their opinion is the remote working model which does not support the team bonding.

The responses were opposites when respondents were asked to describe the collaboration with other teams than their own. Almost every respondent answered they clearly see a lot of room for improvement when describing the collaboration with other teams and other process areas. As concrete examples were given that teams do not know what is happening in other teams, teams are not trying to find a common solution to issues that have arisen but responsibility ends up at that part of the process each team is responsible for. In practise the work is done in silos. Teams are not willing to adapt their thinking according to the needs of the customer, in the worst case pointing fingers without any effort to try to understand each other. Several respondents mentioned clearly of attitude problems when something needs to be fixed which impacts other process area daily work. The lack of collaboration and common understanding were said to create really stressful situations from time to time.

*...“Complex, all departments are linked with each other but no connection with each other”...  
“We should encourage creative way of thinking.. ” ..... “we are not working closely. We are working with the business but we are not focusing to keep a good relationship between GBS teams”*

*“Biggest area of improvement in GBS. Teams not trying to find a common solution” .....“at the end of the day we are one company, one big team, trying to find solution to our customer.”*

*.....“sometimes I get help but it depends on the person”*

According to agile practitioners, a trust between the team members is a necessity and value to customers is high in order of precedence which means in practise the ultimate customer is identified and the work either add or does not add value to the customer. If not, then it should be carefully reviewed what is the contribution to the customer. (Denning, 2018, p.15,18)

#### 4 Individual contribution as part of GBS value proposition

Most of the respondents answered they have a clear understanding about their individual and team contribution to the services they are providing to customers. However, it was quite clearly seen through their annual targets what is expected of them. It was also emphasized by them that the annual targets are set at very detailed level which makes it easy to follow and measure. The overall contribution was also seen from process perspective, such as reducing time spent on certain activities by implementing small improvements in the process flow or larger scale enhancements by RPA or automation projects.

*"I have a big impact but only my impact is nothing, but could be higher if work closely together with more collaboration with others"*

A few of viewpoints were presented that more interaction and initiatives would be needed into this area to start the customer-centric thinking to encourage the teams to take more responsibility in identifying process gaps and to increase the collaboration with other teams in different process areas. One respondent mentioned about the willingness to take small scale projects in order to learn and grow professionally.

The interviewees were asked to tell their understanding about the benefit of having development team concentrating solely on development. On a high level the work from development team was appreciated and recognized. However, the responses were quite superficial-like and somehow distant. The comments were related to RPA, automatization, PowerBI and Python and the benefit was seen either as an improved quality by avoiding human errors or increased efficiency by working smarter and reducing manual work. One sentence which was said a couple of times was "make our life easier".

There was one respondent though who considered development team's role is a key function in GBS creating more value to customers. According to the respondent it is a link between all projects we have for process standardization, harmonization and transitions. However, the respondent also added that there is a gap between daily operations and

development team as operational teams most probably are not exactly sure what is expected of them.

*"As far as I know, that is the team working with the improvements, they are creating some robots"..... "We can then work smarter and avoid human errors"*

*"It reduces our overtime. We can keep life work balance.It's very important and then it brings healthier work environment."*

*"...actually I am very happy about this approach and our company approach in general, how much they are investing into development team and of course into process development."*

*"In development there is a lot of talk of frameworks, how we will do things, how we should follow the rules and methodologies. But it changes so much that I think most of the people get lost, you know, they do not understand what is the correct process that they have to follow, what kind of concrete expectations they have and so on."*

As said, it was brought up that not all clearly understands what their role should be regarding development or more precisely, what is expected of them. By having a separate development team is a good thing but the outcome or benefit is not yet visible to them. One respondent mentioned GBS is too dependent on IT function which creates delays in the development initiatives.

*"The idea was good but I don't see a lot of results from the team because they need to collaborate with IT"*

*"If you don't understand that nitty gritty details you may lose the interest in developing things"*

When discussed of encouragement to participate in the development by sharing new ideas and suggestions, it was experienced that it depends on personality and the actual workload how much effort is being put to new ideas or suggestions. If the workload is heavy, no additional tasks from development are appreciated. However, all respondents told that new

initiatives and ideas are set in annual target review discussions. One respondent mentioned regular team meetings that concentrate purely on new ideas and improvements within a team.

*"Encouragement is being done annually during target setting discussions"*

*..."previously we had hackathon. It was a good chance to take part and put aside daily work and focus on development work. Also a good opportunity to share ideas and also from mindset perspective. Hopefully it will be renewed."*

*...."depends on workload and motivation. If loaded with work then don't want too much additional tasks from development."*

If ideas have been provided, it was appreciated that those are not rejected straight away but investigated first and if not possible to proceed due to a technical reason, then it is fine and does not discourage when having the feeling that one's suggestions and ideas are taken seriously. In the literature, Ranne has presented that encouragement is essentially linked to the ability to adapt core values to support development so that peoples' mindset, attitudes and actions can be led in the desired direction. Structures, guidelines, methods, processes support but not making the development happen if mindset is not ideal. (Ranne, 2015, p.33-34)

On overall, it seemed there is not an aligned and systematic way of sharing ideas or even the methodology was not familiar with all of the respondents. One respondent mentioned there is not enough discussions and brainstorming sessions and sometimes even feeling left out from the projects.

## **5 Trust in the organization**

As Rinne described, an increasing confidence between individuals increases openness and courage to seek new creative solutions. When the work environment is challenging but not threatening, teams can maintain a constructive and broad-minded approach instead of "fight or run" mode. (Rinne, 2021, p.70)

The majority of the respondents answered they feel accepted and can behave "natural" in various social situations at the workplace. One respondent mentioned having obstacles to speak up if a negative topic should be raised within a team. Few answered they are not able to be full 100% themselves as have to adapt to others. They consider their genuine opinions might scare other people or create conflicts, so that is the reason why they are holding back their opinions. One respondent admitted they are not yet good enough in their team to give feedback if noticing for example that a colleague is struggling with work. The personality characteristics was also noticed pretty well by the interviewees and pointed out as factors affecting on how people communicate and interact in the organization. Also, a comment regarding challenging situations taken as a good opportunity to develop oneself referred exactly the desired development mindset as well as how Dweck has described a growth mindset.

*... "I feel accepted and trusted... It's also one of the biggest motivator to me"*

*"I feel safe to express my opinion but I don't know if others feel the same."*

*... "for me it's a little bit more complicated to say I disagree, but I am always trying to be heard"*

The sense of trust and safety was mostly described as the autonomy that prevails to a certain extent to arrange how the daily tasks are the most suitable being done and if you prefer working remotely or at the office as well as the liberty given by the line manager, for example, to visit a doctor or to choose a lunchtime for yourself.

What is worth mentioning is that, in order to allow the sense of trust in the organization and how it is reflected in day-to-day behaviour and especially in more challenging situations, this type of interview does not give a complete picture of the situation and I do not think that it is possible to draw the conclusion that trust is deep in culture, as theoretically confidence has been dealt with. My view is that studying it would require longer-term observation and wider interviews.



## 6 Individual mindset

Lastly the interviewees were asked to tell some motivational factors they consider of which would support the case company to reach the desired development mindset. It goes without saying that the change in mindset is not an easy "project". According to Dweck, all starts by believing in change. Brains change and strengthen when they are being used by learning and experiencing something completely new. The fundamental prerequisite is to give up the former way of thinking and let go of thinking habits, the ways of working which been held in years. The learning process takes time, effort and patience as well as the new courses of actions to proceed. Seeing opportunities instead of obstacles. (Dweck, 2006, p. 373, 382, 390-391, 399-400)

According to interviewees, as is situation should be recognized and understood and based on that start building close partnerships cross-teams, with stakeholders and customers. As a fundamental item it was mentioned that clear communication and what are the expectations from employees would clarify and bring visibility to all.

The importance of cooperation was understood as a resource for all development. The literature supports this, according to Dweck (2006), collaboration and support from others make the best end result. Leaders should show the way through growth and passion. Collins emphasizes the importance of the right people: "First Who, then What"

According to some respondents, a work culture that encourages all to share ideas and initiatives in a way that also "crazy" ideas are welcomed and appreciated. Ambitious targets and managed risk-taking were presented as a means to increase coherence between individuals while sharing common objectives supported by management. Professional growth and new learning outside the working hours was seen as an individual feature if employee has a strong willingness for that. Not only employer should be responsible for providing trainings and individual growth but some part of curiosity could be encouraged by the support from company culture.

Development can't be done isolated but partnering with other teams and that requires building the "fundamentals" first to explain the bigger picture of what GBS tries to achieve in

a long term plan and what are expectations by individuals. In other words the development "program" should be implemented and communicated by simple wording and in a concrete level and not only once but when repeating "the development story", the employees possibly start to absorb the idea of continuous learning.

More face to face meetings with other teams were seen essential to increase learning and understanding different roles and responsibilities in other teams. Previous hackathons were missed as they provided a good opportunity to leave the daily tasks aside and just concentrate on development topics and collaborate with others.

*"Mindset is narrow and teams only collaborating within their own teams"*

*... "we can reach the desired mindset but we are going baby steps"....*

*"Mixing up the team with each other is good a thing to sit with different team members and learn what they are doing"*

According to interviewees, communication would need first priority. Establishing a culture where all are responsible for development would need the nomination of ambassadors for cultural transformation, as one of the respondents presented. Diversity should be promoted to find new talents for the company with different backgrounds. Personal development as part of continuous discussions supporting the professional growth of individuals.

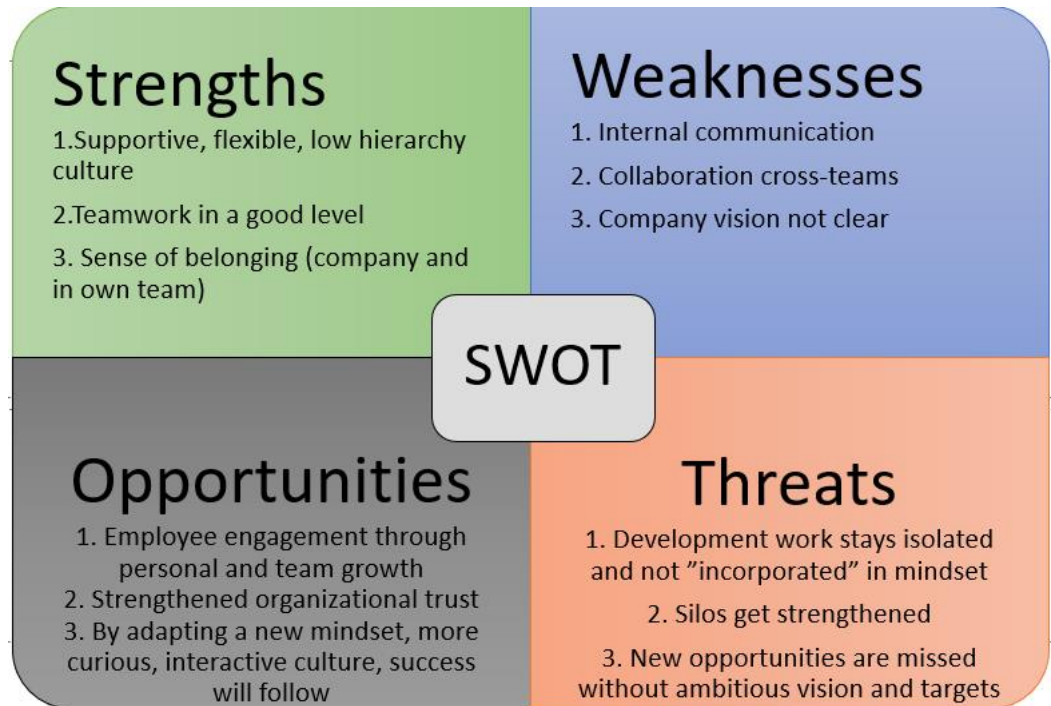
*"What is the problem? Let's investigate what is it about!"*

## **9.1 SWOT analysis**

In the SWOT analysis each of the four groups sums up various topics that were most strongly raised in the interviews. The topics are not in the order of priority with each other but emphasizing the subject matters either were repeated by the interviewees or observed by the study author to be highlighted. Strengths show the elements related to organization culture and practices that create a positive environment. They tell about things which are valued and are not wished to change. Weaknesses highlight issues that have been

recognized that could be improved and of benefit to the whole organization. These factors may be seen as strangling or slows down the organization going forward and reach its full potential. Opportunities show the topics which can bring success both to individuals, teams and the organization. Threats are derived from weaknesses or concerns raised by the interviewees, which may have a negative impact in the longer term for the organization.

Figure 11: SWOT analysis based on the interviews



### Strengths

Previous studies show that the low hierarchy has a positive impact on many things. Increased job satisfaction, higher motivation, better quality and efficiency of work, success and results, well-being, and better performance and strong commitment are themes that are proven to be the results of a low hierarchy. The respondents described GBS culture as flat organization, supportive mindset within the teams and no distance between employees and management which can create tensions at the workplace. The relaxed work environment described being a big advantage instead of employees put under strict rules.

The interaction within the teams was described working well, like "an open channel", according to the majority of the respondents. Employees get supported from each other and can share new ideas. Colleagues in senior positions help others when needed. Few of the respondents mentioned that when they joined the company, it felt already like home or second family to them as they were nicely welcomed to their teams. That shows a sense of belonging from these interviewees which can be considered as one of the motivational factors based on literature.

### **Weaknesses**

The responses which can be categorized as weaknesses are clearly linked to internal communication; it was said that communication was either missing completely or it was slow, in other words that communication was not well-timed. Furthermore, if things are presented too theoretical level, the message does not get full attention and/or will not be understood. Lack of communication often creates unclarity among employees and raises more questions and sometimes rumours, people start to make their own assumptions. It impacts also to collaboration as the understanding of what happens in other teams is missing. The overall feedback shows that attention should be paid to communication.

The second topic considered a weakness is collaboration cross-teams, which has been a source of inspiration for this study and made as a developmental target in the GBS Development Playbook. It was seen the biggest improvement area is GBS. Furthermore, not only within GBS organization but room for improvement was seen in collaboration with customers. Visibility is needed to improve understanding what other teams are doing and dependencies between the process areas.

The unclear company vision and long term targets can also be part of the communication issue that it has been communicated but not repeated enough or the way it is presented, is not clear and concrete enough to reach full attention and understanding among employees. All the above weaknesses can be turned to organization strengths in the future.

## **Opportunities**

Opportunities are typically categorized as external factors which are likely to lead to success but in this study opportunities are seen as chances for the organization to grow and get to the "next level."

Almost all business-related theory today emphasizes the importance of cooperation and trust within the organization between employees. If the components, such as relations and networks between people, the clarity of leadership relations and systems, accepted internal norms, shared values and active communication, are in place, that should create a solid base for embrace learning, development and innovation by encouraging employees to leave their comfort zone and explore new ways to think; seeing opportunities and having the look for the future. It was also notified among the respondents that the sum of individuals is less than the achievement of cooperation, so in that sense there already is the willingness to collaborate more closely.

Agile mindset, growth mindset, curiosity and intrinsic motivation are all invisible factors but with huge impact if the environment is optimal as listed above. Organization culture with desired mindset is in the core, not the visible tools, methodologies and processes. By adopting a new mindset supported by trust between the individuals, the rest will follow. The current culture is still young, as respondents commented "not yet mature" without many years of entrenched habits.

## **Threats**

As the starting point for this study was a mindset change from reactive to more proactive way of working and closer relationships, it does not happen without an effort and focus on it. As a threat in this study is seen that development work stays isolated and will not be "incorporated" in employee mindsets which would lead to visible actions in daily work.

As a consequence of that, new opportunities might be missed without more ambitious vision and targets which "force" everybody to find new ways to provide service to GBS customers. Eventually, the silos may continue to strengthen. The interviewees expressed their concern

but do not have enough control over these factors. If the workload is heavy, then no additional time will be put on development but just getting the work done which is considered as the main priority.

## **10 Summary and conclusions**

The target of this study was to investigate the meaning of the development mindset described in the case company's presentations and discussions, increase the understanding about existing mindset theories and in which way organization culture can effect on mindset. The empirical part gave the chance to certain employees in the case company to describe how they experience the current organization culture as well as what are their thoughts towards the development initiatives and projects. Furthermore, one organization culture theory was presented to understand the connection between company culture and employee attitude and behaviour. The author had the assumption that both areas were required to investigate due to dependencies between mindset and company culture.

### **Why change is needed?**

The world of VUCA is here. As said, we live in an information society where competence and skills are factors for success. ICT applications are used to enable business models and processes. Globalization and networking are essential. Many organizations realize problems which are adaptive and complex of their nature and the logic which have been used to problem-solving, does not work any more. Leaders are expected to make their way through chaos and lead through vision. Understanding and clarity as traditional leadership methods do not work any more. Resilience is required from both leaders and employees. I happen to remember one sentence some time ago by one company executive, which describes the importance of talented employee competence and skills really well: our only way to generate value for customers walk out the door every day and decide every morning if they want to come back.

The research problem of this study was to understand the concept of development mindset used in the case company presentation. Did the theory provide answers to the research

question? First question was "What are the characteristics of development mindset"? Second question was "What does mindset mean in theory and how does it impact on individual's behaviour"? The theory was able to provide answers to the questions. To be more precise, for the first question the theory was able to provide support to understand what kind of attitude through mindset would be appreciated by the case company. The number of mindset theories without a real psychology terminology was not very high but those available and found by the study author, responded to the second research question. The most famous mindset theory is Carol Dweck's theory of fixed and growth mindsets which can't be left out. In addition, the concept of agile mindset is more ambiguous than the term agile which is widely used with various of meanings, from management practises to agile ways of working, expanded from original software development to a multi industry approach to supporting business objectives.

According to Denning, agile mindset has three main characteristics: the laws of the customer, small team and network. The main objective is to work smarter, not harder. As said previously, the customer is a priority in everything that is done. If the work does not create value to the customer or the end user, according to agile practitioners it should be questioned if that work should be done at all if there is zero contribution to the customer. Agile teams work in networks, collaborating towards a common objective, customer delight. Teams work with full transparency and accountability to each other which drives them perform high. Communication is internally vertical and horizontal and ideas are welcomed everywhere. Tools and processes are to support, not to be followed in a way that they prevent development. Mindset makes things work. Sahota has presented that being agile is the way of being, relating to each other, behaving and what we value. Powers has presented agile mindset through different beliefs which are in sync: teams work as a network, trusting each other, proactively putting effort on providing value to the customer only if having a full understanding of what should be achieved. All these theories emphasize employee interaction and a shared objective, customer value. At the core of agile mindset is the people and culture of close collaboration.

Growth mindset is believing in change and developing mind fully. It tells how we respond to challenges and setbacks. Having a growth mindset, feedback from others can be taken as

learning opportunity and failures are not frightening but seen as important learnings. According to Dweck, people with growth mindset learn from others and make the best end result when collaborating with others towards a common goal. When listing the attributes of the growth mindset, there are various of positive features which can be linked to a desired mindset of an employee: persistence, willingness to learn, embrace challenges, find inspiration in the success of others, value effort and learn from criticism.

Some agile practitioners consider the agile mindset and Dweck's growth mindset are identical. This viewpoint does not include the main elements of agile management "revolution" - the focus on customers, small teams and networks. Dweck's research is more concerned with individual education than management.

How does mindset affect behaviour? According to Dweck's theory, what is thought to be part of our personality, is our thinking. How we react and act in the company of others. Many times fear or failed attempts prevent us from doing things. It is not easy to change behaviour. People often do not change because they focus too much on behaviour and not on the main inhibitor — mindset.

Based on these theories, I would see that the development mindset contains the elements of growth mindset and agile mindset. They are useful, if not necessary, for the case company goal to be achieved as described in the Development Playbook. Although the agile concept is a wide-ranging concept and is based on the way to work and manage the organization, there are features in the agile mindset that describe the desired thinking model in the case company that can be supported. In particular, customer orientation and close cooperation between teams is a necessity so that silos do not stifle the problem solving and learning. The desire to learn new things and apply them in practice, curiosity, sharing ideas, critical thinking and proactivity are all elements described in the Development Playbook as critical future competence for employees. Future vision should be clear to all to have an understanding and the clarity of the direction in which GBS is heading.

In theory, internal motivation is also described as part of behaviour. Autonomy may sound like a completely independent way of implementing itself and doing things at first, but the



theory says that autonomy is also achieved in a large group and in this case in a large organization, as a member of the group, when the individual has the right to choose whether to belong to the group and follow its rules and guidelines and share the values of the organization. Ability is realized when you learn new things, perform your tasks and can perform as expected. Sense of belonging creates a positive atmosphere and the feeling of being an accepted member of the group. One might ask of what makes you go to work every morning?

However, I do not believe that these factors are yet producing the energy and commitment that the development mindset is supposed to have. There is more to it than that. Referring to literature, organization's management have a possibility to "release" the full potential of employees' skills and competence for company benefit by encouraging, coaching, supporting and providing the right environment.

The case company had already recognized certain types of challenges in communication and cooperation, and the study was to find out of whether the situation really is what has been described and what the employees think about it. This was done through interviews.

The interviews confirmed what was already described in the Development Playbook and based on the interviews it can be interpreted that:

**Focus only on what is on my screen** – An employee does what he/she is measured to achieve as goals and makes his/her contribution within a dedicated area of responsibility.

**Reactiveness** – is linked to the above-mentioned limited areas of responsibilities and, possibly, to the lack of an overall picture, i.e. the performance of its own work does not 'reach' the customer and the value it produces.

**Siloed working** – insufficient communication, no understanding of end-to-end process as value-generating entity. Conflict situations have remained in place, may not have been dismantled and it is possible to continue to act. Personal goals lead to work and any other 'external' that does not contribute to achieving your own goals is tried to eliminate. The silo has created 'grey areas' of responsibilities that fall between the teams.

**Unclear responsibilities** – not all employees clearly understand what their role should be regarding development and what is expected of them. A lot of variance between the teams of their practises on how to share ideas and suggestions and is it systematic or not.

**Mainly in my own team or process** – good collaboration, idea sharing, issue solving and brainstorming in the own teams but not beyond that.

When talked about collaboration cross-teams, the interviewees' viewpoints focused very much on problem-solving and issues from customers which sometimes are challenging to deal with. Despite the fact that it is not intended to build an agile organization in the case company, some lessons from their practises can be taken into account in creating closer cooperation between different teams. Typically, a strictly functional way of organizing teams does not support issue solving across team boundaries. If customer issues are not clearly in addressed area of responsibilities, they fall between the teams. It could be evaluated if current set up of teams promote collaboration cross-teams and if there is tension between teams, what is causing that. According to literature, when teams are vertically managed and target setting follows that structure, this kind of set up promotes teams and individuals to achieve their own goals instead of shared ones. Each individual optimizes his own actions over "the big picture".

I assume it is natural for teams to start building their own sub-cultures. The team members know each other, they have their own working methods and identity as a team. It is typically said that silos should be dismantled. However, instead of dismantling, networks could be built by communication as I consider it is the only way to create connections between the teams. More transparency and information sharing should also lead to increased understanding among employees. Conflicts are part of life and one proposal is to consider how conflict resolution can be used as a means to free up the energy and reveal hidden conflicts. Tools for dealing with difficult situations so that they do not remain hidden in the organization and in the minds of people.

How to encourage employees for change then? It should be clear what good and valuable things change would bring to daily work, to customers or organization more widely.

Terminology used, such as efficiency, customer experience, user-friendliness often do not bring a genuine desire to change, but must strive for deeper and concrete meanings. The reasons for the change must be discussed in teams frequently so that everyone will find for themselves "what's in it for me" justification and thus their own work and the contribution it brings, will be important. Furthermore, when discussing the desired target, it is important to speak in plain language, which everyone understands. With clear communication, more commitment and engagement can be achieved.

### **10.1 Development Mindset as a critical GBS employee competence**

Mindset change is most probably the hardest thing to change as it requires a cultural transformation. As said, change cannot be outsourced to Human Resources or consultants as the sub-cultures have to be taken into account in cultural transformation. Employees' motivational factors should be carefully investigated to get full understanding about existing culture. That way can be identified which areas are worth strengthened and maintained.

Schein has presented primary and secondary mechanisms as management tools for influencing on employees. Primary mechanisms are visible and through those an organizational climate can be built. All visible actions that are done, and not done will be noticed, so it should be noted that communication and actions are not incompatible. The impact of informal communication is greater than formal info sessions which are held to the larger audience of employees.

Gleeson lists five key elements for a successful cultural change. The vision must be clear and it must be clearly communicated. The obstacles to cultural change must be identified and the decision from where cultural change should be started: from management or employees. Learning away is an important part of the transition and the message must not change along the way but stay aligned.

There are a countless number of theories, guides and literature for cultural change programs and change management methodologies but not one size fits all solution, as every organization and its culture is unique. While investigating mindset theories it became clear

that more thorough understanding about people change management and employee motivational factors needed in order to move towards desired mindset. As examples, customer orientation and human interactions are important viewpoints in understanding the relationships between teams. The daily work is done human to human and what ever organizational structures in place and which stakeholders teams relate to, the social interaction between individuals stay. Organizational culture forms a framework and a fertile soil to employee interaction and can act as an enabler to change mindsets. Without trust, the organization is just a collection of individuals. I believe, employees may be readier for change than we imagine.

*It's us who need to change – not the world - Carol Dweck*

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## **Appendix 1: Interview questions**

### **GBS ORGANIZATION CULTURE**

1. How would you describe a current organization culture at GBS?
2. What are the good things you see in today's culture?
3. What are the things you would change in the current culture?
4. Where would you start first?

### **GBS LEADERSHIP**

1. Describe current leadership style in GBS?
2. What are the good things you see in the current GBS leadership style?
3. What are the things you would change in the current GBS leadership style?

### **TEAM COLLABORATION AND ATTITUDE**

1. How would you describe the interaction in your own team?
2. How would you describe the interaction with other teams in GBS?

### **INDIVIDUAL CONTRIBUTION AS PART OF GBS VALUE PROPOSITION**

1. Do you think you have a clear understanding of your individual contribution to an overall MO GBS targets? If not, why is that?
2. What is your opinion of development function in GBS, i.e. why do we have that in place and what are the benefits?
3. How are you being encouraged to participate in the development work?

### **TRUST IN THE ORGANIZATION**

1. Do you feel natural and accepted as a team member and in various social situations in the workplace?
2. Can you be "yourself" and comfortable at the workplace and say, for instance, your dissenting opinion? If not, what prevents that?

### **INDIVIDUAL MINDSET**

1. What can you do yourself for GBS to reach the desired target state of development mindset?
2. Can you propose any actions that could be introduced?

**Appendix 2: Data Management Plan**

The thesis has been completed independently without a assignment or agreement. The data for the empirical research of this thesis has been collected by interviewing ten persons in the case company. The permission to collect data and interview employees has been asked from the case company human resources representative, who collected the group of interviewees and to whom the invites were sent to. Participation to the interviews were volunteer and by accepting the interview invite in the MS Outlook calendar, the acceptance was received. The interviews were held remotely by MS Teams meetings system and they were recorded. The permit for recording was asked in the beginning of every interview. One interview was held face to face in the interviewee's office. The thesis work author and interviewees were located in different countries and that was the reason for virtual interview sessions.

During the thesis process, the collected data was stored in MS Teams shared file and only thesis author and interviewee had access to the recording and written transcription. For analysis phase, the transcriptions were moved to an excel file which was stored in the personal MS One Drive file. Only the thesis work author had access to the file. All recordings were set to expire after 60 days from the interview. All written transcriptions have been deleted after completion of this thesis work. Names of the interviewees were known to the interviewer and company human resources. No sensitive data was collected. In the thesis, no names, job positions or roles were published. The research data belongs to the researcher and there is no specific reason to store it after completion of this thesis work.