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Humanizing Workplaces

HR executives' role in fostering systems intelligence in forerunning companies

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Abstract

As organizations' needs and operating environments are constantly changing due to increasing competition brought by globalization and digitalization, so must leadership. Diving into the humane aspects of workplaces and people management, the aim of this study was to gain insight about HR's role in tomorrow's thriving organizations.

This thesis presents a qualitative study that was conducted based on interviews with ten of Finland's top HR professionals. Adopting the methodology of abductive inquiry, the iterative analysis process of the study revealed results from two different angles, which are presented with the help of the theoretical framework of systems intelligence (SI), first introduced by Saarinen and Hämäläinen (2004) as a key form of human behavioural intelligence that enables intelligent behaviour in complex human systems involving interaction and feedback.

The results of the study were two-fold. First, all participants showed high capabilities in the eight dimensions of SI (systems perception, attunement, reflection, positive engagement, spirited discovery, effective responsiveness, wise action and positive attitude) and demonstrated these in their work environment. Second, the results suggest that in their organizations the participants play a key role in creating an environment that enables the personal growth of the employees and that potentially increases systems intelligent behavior of its employees, thus improving the performance and efficiency of the organization. This thesis therefore proposes that there is a link between successful strategic human resource management and systems intelligence, and that HR executives seem to play a key role in building and organizational environment that fosters the growth of systems intelligence.

Keywords

HR, Human Resource Management, Systems Intelligence, Qualitative Research

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Tiivistelmä

Yritysten toimintaympäristöjen ja tarpeiden ollessa jatkuvassa muutoksessa, esimerkiksi globalisaation ja digitalisaation kiristäessä kilpailua, myös johtamisen on muututtava. Tämä diplomityö syventyy työpaikkojen inhimillisiin puoliin ja henkilöstöjohtamiseen, tavoitteena lisätä ymmärrystä henkilöstöjohtamisen roolista tulevaisuuden kukoistavien yritysten rakentamisessa.

Tässä laadullisessa tutkimuksessa toteutettiin kymmenen syvähaastattelua, joihin osallistui alan huippuosaajiin lukeutuvia suomalaisten yritysten henkilöstöjohtajia. Iteratiivisen analyysimenetelmän tuloksena syntyi tuloksia kahdesta eri näkökulmasta. Tulokset on esitetty Saarisen ja Hämäläisen (2004) esittelemän systeemiälyn teoreettisen viitekehyksen kautta, jossa systeemiäly määritellään keskeiseksi ihmisten älykkyyden muodoksi, mikä mahdollistaa älykkään toiminnan monimutkaisissa systeemeissä, joihin liittyy vuorovaikutus ja jatkuva palaute.

Tutkimuksen tulokset ovat kaksijakoiset. Ensiksi kaikki haastateltavat osoittivat merkittävää kyvykkyyttä systeemiälyn kahdeksassa dimensiossa (systeeminen havainnointikyky, sanaton yhteys, reflektiivisyys, heittäytyvä mukanaolo, aikaansaavuus, kekseliäs mieli, viisas toiminta ja positiivinen asenne) ja osoittivat, miten nämä näkyvät työpaikalla. Toiseksi tulokset ehdottavat, että organisaatioissaan haastateltavat ovat avainasemassa sellaisen ympäristön luomisessa, mikä tukee henkilöstön henkistä kasvua ja mahdollisesti lisää systeemiälykäästä käyttäytymistä ja siten parantaa organisaation kykyä tuottaa tulosta ja tehokkuutta. Tämä tutkimus linkittää systeemiälyn ja henkilöstöjohtamisen käsitteet toisiinsa ja ehdottaa, että henkilöstöjohtajat vaikuttavat työnsä kautta siihen, tukeeko työympäristö työntekijöitä kehittymistä systeemiälyn osa-alueilla.

Avainsanat

HR, henkilöstöjohtaminen, systeemiäly, laadullinen tutkimus

“I have said that one of the distinguishing characteristics of a great man is that his active intervention makes what seemed highly improbable in fact happen.”

– *Isaiah Berlin*

Personal Preface and Acknowledgements

I want to start this thesis by telling the story of how this thesis came to be.

About four years ago, on a rainy Saturday, as I was entering the car with my dad in the supermarket parking lot, I looked at my phone and noticed that my best friend's dad had tried to call me seven times. I panicked a little, wondering if something bad had happened to my friend so, I immediately called him back. Turns out all the calls were pocket dials. I had not spoken with my friend's dad Peter for years, so he asked me how I was doing and I told him I had started my studies in Aalto a little while back and that I was looking for a part-time job. He on the other hand had just started as the CEO of a new Asset Management company. To cut the long story short, I was hired to this company to do the job of my dreams - thanks to those pocket dials.

I have worked in the same company ever since, and as the end of my studies came closer it was time to start thinking about a topic for my thesis. As Peter was my boss, naturally I asked him whether he had some topics in mind, and to my astonishment, he answered: "You know, Anna, I think that the best for this company is just that you graduate, so pick any topic you feel passionate about and you think you can learn the most from." I was astonished.

Feeling a bit nervous as that was not the answer I was expecting, for the first time I actually had to stop and think about what I wanted to write about, and more importantly what I wanted to do *after* I graduate, a time period that had until now seemed to be far away. I had spent a lot of my time surrounded by engineers and bankers, wonderful people, who are very skilled at their work, but I noticed a lack concerning the management of feelings and empathy. However, I could not shake off the idea that teams *must* reach better results when its members see each other as complex human beings rather than employees, and treat each other with empathy. Making workplaces more humane, I thought, what a fascinating topic! That is what I would write about, but I had no idea how.

The next morning at work Peter came to my desk super excited, as he often does. Turns out that as he had taken his car to the garage that morning and stepped into the elevator, he ran into one of the most distinguished HR leaders in Finland, who was the HR executive of one of the biggest, listed, Finnish companies. "I asked him to have lunch with you!" he told me. I was speechless and beyond excited. A few weeks later, we had lunch together and I could not be more grateful for the time this amazing person spent with me. As he shared his stories with me, it became clear that I wanted to study and learn more about the role of HR in thriving companies.

Next, I needed an advisor for my thesis. As so far the whole project seemed more like a fairytale than reality, so I decided why not follow my heart. Out of all the people in Aalto, if I could choose anyone, I would want to learn from and exchange ideas with the marvelous Esa Saarinen. Therefore, I sent him an email and he agreed to meet. I was excited about my topic, but still had no idea about the empirical study that I would actually conduct. Not only was Esa extremely supportive and enthusiastic, he also encouraged me to see where this road would take me if I continued to follow it. Next, I made a list of Finland's most distinguished HR leaders, and as surreal as it felt, I started dialing their numbers on my phone. I was astonished. First, every single person on my list picked up the phone. However not only did they all answer and listen to me, but every single person I called accepted to be interviewed. Not in my wildest dreams had I imagined this to be a possible outcome. These people were ready to give me some of their precious time, or as it turned out, a lot.

Writing this thesis has been by far my most inspiring and empowering journey so far. I cannot express the depth of my gratitude for all the amazing people I have had the honor to meet and all the stories I have had the privilege and pleasure to hear. If only you could see me smile as I write this, you would know. I sincerely hope I do these stories justice. Without them, mine would not have been possible.

I want to thank my advisors Esa Saarinen and Peter Kenttä for the time, reading tips and all the conversations we had, but mostly for pushing me forward and convincing me that I don't need to follow the traditional conventions of academic research and it's alright to follow my heart. Naturally, I also want to thank my former boss and hopefully lifetime mentor Peter Michelsson, a wild spirit who has taught me so much about life and work. Without those pocket dials I would not be here today. I will also be forever grateful to my parents for raising me to be the person that I am, believing in me and never telling me there was something I could not do. No matter what nonsense I have come with, they have always supported me and been constantly reminding that the world is my oyster.

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Anna Nousiainen

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List of Abbreviations

HPWS - High-Performance Work Systems

HR - Human Resources

HRD - Human Resources Development

HRM - Human Resource Management

HQC - High-Quality Connections

PB - Positive Psychology

POB - Positive Organizational Behavior

POS - Positive Organizational Science

SHRM - Strategic Human Resource Management

SI - Systems Intelligence

ST- Systems Thinking

CHAPTER 1.

Introduction

How can organizations and leaders attract and retain the best employees and help them to thrive? What kind of working environment supports the growth of its employees and thus enables them to reach their full potential and maximize the organization's performance? These were some of the questions that were the starting point of this thesis. As the nature of work is evolving and organizations are in a constant state of change, thriving in this environment can require new types of skills and leadership. More and more organizations are shifting their focus away from traditional management control, efficiency and cost reduction onto managing *human capital* - which is increasing its importance as a criterion of business success (Bakker and Schaufeli, 2008). This thesis dives into the humane aspects of workplaces and people management with the assumption that many organizations could increase their performance by starting to see their employees holistically as complex human beings, not as resources - and by acting accordingly.

In order to gain insight about Human Resource Management's role in tomorrow's thriving organizations, an empirical study based on interviews with Finland's top Human Resource professionals was conducted with the aim of learning from the best and discovering new knowledge. The HR Executives interviewed for this study work in global companies, which are arguably forerunners from the point of view of leadership and strategic human resource management. This thesis addresses the function of HR through the discourse of systems intelligence, taking into account perspectives from organizational research and positive organizational scholarship. The study aims to gain knowledge of the role of HR from the point of view of systems intelligence in organizations and proposes that there is a link between successful HR and systems intelligence.

The findings of this thesis suggest that the participants, Finland's forerunning companies' top HR executives, have high levels of systems intelligence and point out the possibility that they use these skills to increase the overall performance of the organization. A deep, holistic

understanding of the organization as a complex system allows the participants to make sure that preconditions are in place to support the personal growth of the employees, which also enables the development of systems intelligent behavior on an individual level. Before moving on to presenting the conducted study and its results more in detail, this report starts by a short introduction to the topic and the motivation behind this thesis, as well as a more detailed description of the aims of this study, followed by a theory review that introduces the key concepts of Human Resources and Systems Intelligence.

1.1. Topic and Background

Our working environments have changed substantially in a short time period, in part due to digitalization and globalization. All organizations live in an environment of constant change. As companies keep striving towards better performance and efficiency, questions regarding humane aspects of organizations have emerged to the spotlight. Yet the research done in order to understand these elements, in the fields of organizational behavioral science or positive organizational scholarship for example, is still relatively scarce.

Leadership trends and studies have pointed out the importance of a positive working environment and fulfilling employee's basic needs: autonomy, competence and relatedness (Self-determination theory: Ryan & Deci, 2000). Martela and Jarenko (2014) wrote a report for the Finnish Parliament's Future Committee about the future's work environment, where in their opinion productivity and enthusiasm will meet. They suggested that when employees feel that they are part of a supporting, safe and positive community where they feel that the organization's policies are just and fair, they will deliver the best performances and feel thrifty (Martela & Jarenko, 2014). At the same time, the Finnish media and various HR publications keep showcasing studies that show the increasing importance of organizational values when employees are choosing their employers. Based on my own observations especially young employees appear to see organizational responsibility and organizational values as increasingly important, and they have become important factors in employer brands as well as employee satisfaction.

Success stories such as Supercell, Netflix, IDEO or Google for example have paid special attention to their HR processes and their organizational culture. Patty McCord, who worked as Chief Talent Officer at Netflix between 1998 and 2012, has told that one of Netflix's HR strategy's main principle was to treat adults like adults and to remember that people understand and value honesty - even in difficult situations (McCord, 2014). Similarly, Ilkka Paananen, CEO of Supercell, has stated that his role as CEO is to find the best people, give them the best possible working conditions, and trust that they will do their jobs well (Martela & Jarenko, 2014).

Arguably, succeeding in the rapidly evolving and extremely competitive environment that we currently live in requires a certain type of skill set, but thriving in it seemingly requires much more. According to a study that explored the skills and expertise that the future will require, endurance and humanity were seen as key elements in the future work life (Salo et al., 2011). Salo et al.'s research (2011) points out the importance of having the know-how to moderate the hectic lives we live in order to make our working lives more sustainable.

Research regarding well-being has acknowledged the importance of human psychological factors for decades, but the impact of individual well-being in the organization has been downplayed to some extent in organizational science or it has been rather narrow, for example focusing on physical health or on certain individual factors such as employee motivation. Recent research in organizational psychology has become more diverse, and organizational well-being is increasingly associated with quality of life (Cojocaru, 2014). For example, more attention is paid to personality, lifelong learning, and flexibility in career development and to the organizational environment from the individual's point of view in order to provide relevant psychological solutions for improving organizational well-being and achieve organizational excellence (Cojocaru, 2014).

As one would expect, organizational science and HR are evolving with the changing environment. Companies appear to be thinking more and more about their values, employee well-being and impact on the society, which aims to create a sense of meaningfulness to the employees. In addition to HR strategies, which is about attracting, retaining and motivating talented employees, many leading companies talk about "People Strategies", where the focus is more on improving human performance by developing leadership for example. However, an organization's culture and values are slow to change and the harsh reality seems to be that newly hired CEOs most often have only a few years to prove themselves by successfully achieving measurable change. Unfortunately, the easiest way to achieve this is to reduce costs and focus on increasing efficiency, which actually reduces the organization renewal potential (Becker et al., 2001). It requires a strong conviction and courage to go through with investments that have long-term goals, such as improving organizational culture, values or employee well-being.

As the world and companies' operational environments change, so does leadership. Not only are employees expecting more from their employing organizations than a monthly salary (e.g. learning opportunities, mentoring, a sense of meaningfulness), but the competition for the best talents is getting increasingly challenging. The aim of this thesis is to approach this topic from the point of view of HR executives, who are often at the core of organizations' human activities and developing employee-centric processes as well as enforcing values through developing leadership. However, the focus of this thesis is not on HR's role as a function but rather on personal attributes of HR executives who have key roles in creating and managing

such change. Much of the current research on human resources and human resource management focuses on specific processes or models and sees the role of the HR executive as being responsible of that supporting function in the organization. However, as will be argued in this thesis, the role of the HR executive is much more complex.

1.2. Research Questions

The objective of this thesis is to find out what we can learn from the most distinguished HR professionals in Finland, who arguably work in forerunning companies from the point of view of leadership and strategic human resource management. This question is approached by interviewing and discussing about most meaningful or memorable events and moments that had happened during their career as HR executives.

***RQ1:** What kind of events regarding their career do Finland's most distinguished HR executives consider as meaningful or exceptionally memorable?*

The aim of the first research question is not only to find possible similarities between meaningful or memorable moments but also to assess how the participants talk about them and what could be learned from these moments. The rich data acquired showed two clear topics that called for further analysis, which became the two other research questions of this study:

***RQ2:** Do these HR executives demonstrate capabilities in the dimensions of systems intelligence through their behavior in their work environment?*

***RQ3:** How do the HR executives, through moments of interaction, aim to increase intelligent behavior in their organizations?*

The approach to answering the second research question is not to identify personal characteristics or skills that make good HR executives, but rather to investigate whether the executives who have an excellent track record and whose expertise is nationally recognized have common traits regarding systems intelligence. However, in order to better understand how the personal skills and attributes uncovered in RQ2 present themselves in their work and how they are used, RQ3 was formulated. This question builds up on the previous one by taking it a step further. Provided successful HR executives have some common attributes and/or skills in the area of systems intelligence, how are these transferred into added value from the point of view of the organization, i.e. what is the role of the HR executives and their aforementioned skills in the bigger picture.

1.3. Structure, Scope and Limitations of the Study

The main components of scientific research are threefold: 1) the data, which can consist of interviews, documents, observations or any kind of records, 2) the procedures that allow the researcher to organize and make sense of the data including different analysis methods, and 3) the written or verbal reports of the research (Strauss and Corbin, 1998). The structure of this thesis follows the convention of scientific research, but the research methodology itself differs from the structure of the report due to its exploratory and iterative nature. Unlike the traditional approach, where a research process usually starts with identifying a topic, familiarizing yourself with existing literature and then conducting the research, this research was data driven in nature, which means that the topic of the research emerged from the data acquired. The methodology and conducting the research is discussed more in detail in chapter 3.

Throughout this thesis, it has been kept in mind that the inner motives and worldview of the researcher have influenced conducting the study and potentially affected its results. This has been acknowledged, and throughout this report, the motives of the researcher are explicitly brought forward. Even though the empirical study of this thesis has been carried out aiming to be as unbiased as possible, the chosen topic, context, methodology and theoretical framework have been chosen by the researcher, which affects what kind of results can be achieved.

Producing scientific knowledge is regulated by strict standards and guidelines that the scientific community has set for itself, but the ultimate goal of research is to gain understanding and create new knowledge that enables taking useful actions that were previously not understood (Baert, 2003). The main motive behind this thesis is the will to bring forward the importance of the humane elements of work life and organizations. From my own experience, both as a student and as an employee, I have seen that core elements of humanity such as feelings and seeing humans as a whole are often neglected, and organizations are seen as closed systems not affected by their employees as humans. As organizations are striving for innovation, creativity and growth it is vital to start acknowledging workplaces and organizations as complex systems affected by elements that cannot always be controlled or measured according to our current worldview, which emphasizes reason and rationality. Making organizations and workplaces more humane could potentially have a significant impact on organizational performance, but such a shift in attitudes happens slowly and easily faces resistance.

This thesis is divided into seven chapters starting with an introduction to the topic and the background of the thesis followed by a literature review, which provides a basis for the findings of this thesis. First, in Chapters 2 and 3 the key concepts and theories from the fields

of Human Resources and Systems Intelligence are introduced. These topics are then presented in more detail and related to each other by discussing both HR's role in defining leadership in an organization, and systems intelligent leadership. Chapter 4 aims to build a theoretical framework around HR's role in fostering Systems Intelligent behavior within the organization.

Chapter 5 presents the chosen methodologies of this study, namely abductive inquiry as the basis for this qualitative study, interviewing with an open dialogue approach for data collection and grounded theory methodology for data analysis. After introducing this set of methods their reliability and ethics are evaluated, and finally the last section of this chapter presents in detail how the research was conducted. Next, in Chapter 6 the results of the study are introduced and discussed in a critical light, contrasting the findings to existing research and literature. Finally, Chapter 7 will present the conclusions and limitations of this study as well as present areas of future research.

CHAPTER 2.

Human Resources

21st century organizations that wish to succeed require people with innovative approach to tasks and problems that perform well in an ever-changing environment and are thus keen to learn and better their talent. In this chapter, we will discuss the concepts of human resources and human resource management in order to understand what they mean in organizations, how the perspectives and best practices around these topics have evolved during the past years, and what tasks HR executives are responsible for in their organizations today.

2.1. Human Resource Management

Even though academic research in the field of Human Resources (HR) has been steadily accumulating since the 90's, there is still no widely adopted discourse within the research, and even less so in organizations in practice. It is not the purpose of this literature review to bring forward a suggestion for such a discourse, but rather to form a general understanding of what HR's role is. In 2005, Boselie and his colleagues conducted an overview of all the empirical research articles related to the linkages between human resource management and performance that had been published in international journals between 1994 and 2003. They found that even within the academic discourse there was no consistent picture or definition of what Human Resource Management (HRM) is or even "what it is supposed to do" (Boselie et al., 2005). For the purpose of this thesis, we define HRM as an "interrelated set of activities aimed at systematically enhancing the task performance of employees in a manner commensurate with the strategic aims of senior management" (Johnson, 2009). The main notion behind this definition is that successful HRM, which requires that the HRM strategy be aligned with the business strategy, leads to better business performance and thus an increase in competitive advantage (Bird and Beechler, 1995).

The managers and leaders in organizations continuously face difficult decisions and events, regarding matters such as expanding the business, product or service development, recruiting or letting people go, innovation and renewal as the key to improve competitive edge. All of these are related to people management on some level since organizations are made up of people, and having trained, motivated and suitably skilled people doing the right jobs affects the success and efficiency of all of these processes. (Price, 1997)

The digital age has highlighted the importance of intangible assets in organizations, which has led to changing strategy- and leadership trends and new opportunities as well as threats for HR (Becker et al., 2001). Now, more than ever, there is agreement amongst managers and leaders that the employees in organizations have a critical impact to business success through affecting e.g. innovation, organizational performance and competitiveness (Bakker and Schaufeli, 2008). It is now also acknowledged that where organizations and work communities affect employee's thoughts, actions and feelings both in and outside the workplace, similarly employee's thoughts, actions and feelings affect the organization (Brief and Weiss, 2002).

Following this mind shift, the whole HR function is currently changing, as HR seems to be evolving from being a professional and administrative function to becoming a key element of the company's strategy. However, in practice the role of HR varies a lot depending on the organization. As the nature of work and business requirements change, new HR roles are being created. Similarly, depending on the organization the level of integration of HR with the business strategy varies. These kind of changes take a lot of time to achieve, especially in large, global organizations where change happens slowly. In addition, the technological advances and the emergence of e-HRM is also fundamentally changing the nature of HR, as new software and tools are emerging. However, due to the scope of this thesis, the focus is on HR's role in the organization and the development of e-HR is out of scope. The aim of the following chapters are an effort to map the evolution of HR and provide an overview of HR's role today, as a strategic asset.

2.2. A Brief History of HR

Research about people management and HRM draws from several scientific areas including psychology, sociology, philosophy and management theories. In order to better understand and create a common starting point for understanding how HR has evolved, this chapter presents a brief history of HR. Even though some forms of human resource management have existed as long as humans have been doing work in a structured way, for example through division of labour (Price, 1997). It is often acknowledged that HR as a function has existed for about a hundred years.

During the past century, the historical development of HR has happened reactively to changes in businesses' operational environments, needs and realities (Vosburgh, 2007). Table 1 below contrasts main historical events with different phases of HR. During the early 20th century, *scientific management*, a method and ideology largely developed by Frederick Taylor, was thought of as 'the best way to manage people'. Industrialization was happening fast and companies were growing bigger as higher-volumes needed to be produced. Scientific management included strict discipline and the underlying notion that people are lazy and employees should be prevented from taking it easy by dividing the job into carefully planned tasks. In essence, employees were objectified and turned into 'machines' on production lines. Not much later the concepts of *work psychology* emerged as an anti-Taylorist movement grew. Workers started to be seen as human beings, and universities were doing research in order to uncover the links between performance and working hours, the working environment etc. (Price, 1996)

As the research continued, somewhere around the 40's, large businesses started to form separate personnel departments. Due to the effects of mass labor, concentrated immigration and union organizing for example, and as businesses were gradually growing bigger, there was a need for personnel specialism (Conner and Ulrich, 1996). In these early days of personnel departments, their job consisted mainly of administrative work including recruit selection, record keeping, managing contracts, monitoring legislative requirements, organizing training etc. Personnel managers also played a key role as the intermediary between unions and line management. (Price, 1997)

In the 50's and 60's there was a broad behavioral science movement, which produced many new theories on human relations and human performance. Maslow's hierarchy of needs was introduced in his paper *A Theory of Human Motivation* (1943), which brought to light the reasons why people work and the need of self-actualization. Gradually organizations started talking more and more about human resources instead of personnel management and HR professionals were educated in universities. Soon after emerged the practice of Human Resource Development (HRD), which focused on training, education and development (Conner and Ulrich, 1996). HRD was simultaneously developing individual human potential as well as organizational effectiveness and productivity. During the 80's and 90's, the gap between the business and HR was slowly bridged as HR started to focus more on people and human relations in addition to administrative tasks.

Table 1. HR's main focus throughout history (Vosburgh, 2007)

Time period	Operational environment and/or business realities	HR's angle and focus
-1900	Small businesses	HR as a function did not exist yet
1900's	Industrial revolution	People seen as interchangeable parts
1920's	Civil Service and WWI	Worker's rights and more regulated processes
1940's	Scientific Management and WWII	Personnel administration and HR processes
1960's	Civil rights and compliance	Legal compliance, reporting and policies
1980's	Human Relations, the Knowledge/ Service Economy, and Mergers & Acquisitions	Focusing more on people, motivation and human relations
2000	Modern organizations	Human capital and organizational capabilities, transactional parts outsourced
2010-	Global economy, technology	Focus on talent, culture and capabilities

The emergence of HRM in the later 20th century underlines that the most successful organizations make the best out of their human resources. It was Dave Ulrich's groundbreaking book *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results* (1996) that created a big wave of change in modern HR, as he asserted that HR needs to add value to organizations by acting as partners with business management (Ulrich, 1996; Conner and Ulrich, 1996). Ulrich's conceptual model of HR's role (Figure 1.) presents four different roles: strategic partner, change agent, administrative partner and employee champion, all of which are situated on two main dimensions. The first axis depicts the difference between future demands (strategic) and the present focus (operational), and the second represents the differing demands between people and processes.

This model, one of many, clearly pictures the different expectations and needs of organizations regarding HR, and it highlights that even with a strategic focus HR is still responsible that the basic administrative requirements are taken care of. Nevertheless it should not be taken as an absolute truth of how HR should be organized, as after all different organizations have different needs, which should always be the main factor in deciding how HR should be organized (Laloux, 2014).

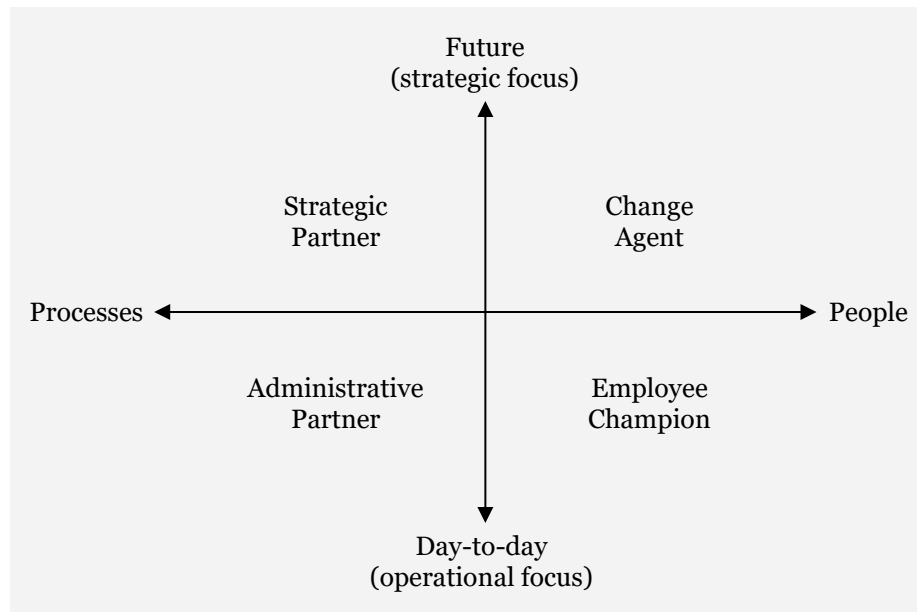


Figure 1. Ulrich's Framework of the Role of HR (1996)

2.3. HR's Role as a Strategic Asset

Next, we will look more deeply into what it means that HR is seen as a strategic asset. For one, it means that all the undertakings of HRM should be based on deep understanding of the business strategy, i.e. its plan for developing and maintaining competitive advantage. Strategic Human Resource Management (SHRM) refers to all the carefully planned HR practices that are theoretically or empirically related to overall organizational performance (Delery and Doty, 1996) and thanks to which the organization can increase its efficiency (Boselie et al., 2005). Taking this notion further, Becker and Huselid (2006) argue that SHRM differs from traditional, more administrative, HRM in two ways:

- 1) Instead of focusing on managing individual performance, SHRM takes a more collectivistic approach and sees the organization as a whole, and
- 2) Instead of individual HR *practices*, which occur in isolation, SHRM emphasizes the role of HR *systems* in solving business problems.

Following Ulrich's framework, not all HRM practices are strategic, but Delery and Doty (1996) have identified seven strategic HRM practices that are consistently considered strategic throughout theoretical work and research concerning HRM. These seven practices, which can also be viewed as critical characteristics of employment systems, are introduced in Table 2.

Table 2. Seven strategic HR practices (Delery and Doty, 1996)

Strategic HR practice	Description
Internal career opportunities	How much does the organization use internal labor markets? Does it prefer to hire from the inside or the outside?
Training systems	How much and what kind of formal training is given to employees? What is the organization's responsibility in employee learning and what is the employees'?
Appraisal measures	Are appraisals based on positive behavior of the individuals or on results (i.e. consequences of behavior)?
Profit sharing	How does the organization tie pay and performance?
Employment security	Is there a need to provide a greater sense of security to certain types of employees?
Voice mechanisms	How does the organization participate its employees in decision making? What kind of grievance system is in place?
Job definitions	How tightly or narrowed are employees job definitions? How much space are they given?

As comparison, in a more recent study Evans and Davis (2005) describe seven categories of HR practices, which comprise *high-performance work systems* (HPWS), which they define as “integrated systems of HR practices, which are both internally and externally consistent, i.e. aligned among HR practices as well as with organizational strategy”. In other words, HPWSs form a system of HR practices that influences organizational performance by investing into the organization's pool of human capital. These seven practices are introduced in Table 3.

These two presented models that attempt to define SHRM practices show several similarities, such as the importance of career opportunities, communication systems, employee training, job definition and compensation models. A common factor across literature appears to be that HR practices should focus on promoting workforce ability (capabilities and learning), motivation and opportunity in order to accomplish behavior consistent with organizational goals (Kehoe and Wright 2013).

Table 3. Seven HR practices comprising HPWS (Evans and Davis, 2005)

HR practice	Description
Staffing	Procedures related to evaluating relevant knowledge, skills and abilities for job and organization fit
Self-managed teams	Redistributing power downwards by granting authority and responsibility to team structures
Decentralized decision making	Empowering employees by increasing their access to resources and giving them greater responsibility
Training	Formalized programs to develop knowledge, skills and abilities
Flexible work assignments	Providing employees with opportunities to broaden knowledge, skills and abilities
Communication	Open communication channels providing access to information and opportunities to express own opinions
Compensation	Performance-contingent pay or other pay policies (e.g. comparison to market pay)

In an alternative attempt to redefine HR's role as a strategic asset, Vosburgh (2007) suggests that HR should be seen as internal consultants that "addresses talent and strategic, change-oriented issues" and whose task is to help its customers, the people in the organization, achieve their goals. The way to do this is not by pushing HR agendas, changing structures or trying to forcibly change how people work, but by helping the people to recognize and define their problem, help them find solutions to them without taking credit for it, and showing empathy as well as the willingness to 'invest' in helping people succeed at their jobs.

Thinking about the growing role of HR in business strategies, there has been surprisingly little research to answer the question 'What do boards and CEO's expect from HR?'. One study showed that HR meets the board's needs when "HR drives change management, has a human capital strategy that is integrated with business strategy, partners with line management in developing business strategy, and makes rigorous data-based decisions about human capital management" (Vosburgh, 2007; Lawler and Boudreau, 2006).

2.4. Summary

During its century-long history, HR in organizations has evolved from being an independent, purely administrative function into a significant strategic asset. Today HRM comprises all practices involving people that aim to achieve better performance and bigger competitive advantage. One of HR's biggest problems and strengths is that as its strategic role increases, it becomes very difficult to see and measure. However, it is precisely because of that, that it

can be a prime source of sustainable competitive advantage for 21st century organizations, who are competing for top talent (Becker et al., 2001).

The theories previously presented are not what is considered as an inclusive truth, but rather they aim to offer insight as to what is generally meant by HRM in order to provide a suitable context for this empirical study. As previously stated, it should be kept in mind that the research regarding (S)HRM is extremely fragmented and there is no unanimous discourse.

CHAPTER 3.

Systems Intelligence

This chapter introduces the concept of Systems Intelligence (SI), briefly discusses its origins and what systems intelligence means on a general level. Chapter 3 will then focus more on how the concept of SI could be introduced into organizations, leadership and (S)HRM practices. The concept of systems intelligence was first introduced by Saarinen and Hämäläinen (2004) as “a key form of human behavioural intelligence that enables intelligent behaviour in complex human systems involving interaction and feedback”. At the core level, systems intelligence is about successfully living in context, environments and situations with other people and subject to external factors that are unknown and uncontrollable (Hämäläinen, Jones and Saarinen, 2014). In order to fully grasp the meaning of systems intelligence, we must first begin by shortly introducing the concepts of systems and systems thinking.

3.1. Systems Thinking

A *system* as a concept has been adopted to our everyday lives a long time ago. Most of us talk about situations, circumstances, contexts, environments, families, networks etc. These are all systems that can differ in size, significance or by their purpose, and it is common knowledge that people act according to different roles in these different settings. The idea that all humans are constantly living in and creating new systems, all the time, and that all of us act with varying degrees of intelligence depending on the system we are in, is called Systems Thinking (ST), a widely studied field of literature (see e.g. Churchman, 1968; Senge, 1990; Richmond, 1994; Checkland, 1999).

If we adopt systems thinking, we begin to see a growing number of connections between others and ourselves beyond the connections that are obvious, like the ones we have with our family members or friends, but also a growing number of systems surrounding us (Hämäläinen et al., 2014). Even small, seemingly insignificant events can have large consequences. The culture we are brought up in affects how we think about ourselves, and

especially in Western countries, this often leads to us seeing ourselves as independent and autonomous individuals. Most of us do not actively try to see all the different systems around us on a daily basis, which means that our actions in those systems are often unconscious or not as justified as they could be based on the knowledge about the system (Hämäläinen et al., 2014).

However, acknowledging, feeling and sensing the systems we are surrounded by is key in being able to act intelligently within these systems. Sensing and reflecting on how the systems we interact with work enables us to assess our behavior related to these systems and see how we could act better, thus changing our attitudes. Taking it a step further, when we understand our behavior and thoughts better, we can change our behavior from being reactive to *proactive* and thus act more intelligently, with purpose. (Hämäläinen et al., 2014)

3.2. Systems Intelligence as a Higher-Level Cognitive Capacity

On the individual level Hämäläinen and Saarinen (2006) state that systems intelligence can be seen as “a higher level cognitive capacity, similar to the many forms of intelligence Howard Gardner identifies in his theory of multiple intelligences”. In his publication *Frames of mind: The theory of multiple intelligences* (1983) Gardner proposes that individuals possess eight or more relatively autonomous intelligences that enable them to live their lives: linguistic intelligence, logical-mathematical intelligence, spatial intelligence, musical intelligence, bodily-kinesthetic intelligence, naturalistic intelligence, interpersonal intelligence, and intrapersonal intelligence (Gardner, 1999). This theory of multiple intelligences (MI) got a lot of attention back then, since the traditional concept of intelligence used both in education and in work life had been quite restricted, especially to logical-mathematical intelligence that was measured by IQ tests.

Recognizing this shift in cognitive psychology in the 80's and the publication of Peter Senge's groundbreaking book *The Fifth Discipline* (1990), research around systems intelligence started with the goal of finding “some form of practical intelligence” that demonstrated itself in action and enabled humans to react, adjust to, and make use of changing circumstances or environments (Hämäläinen and Saarinen, 2011). After all, the world is full of examples of incredible survivals or thriving against all odds. Where systems thinking introduced the concept of systems, it took a very objective approach to knowledge and failed to acknowledge the dynamic action between the systems thinker and the system. Research in the field of systems intelligence suggests that as important as it is to know about the systems and understand them, in “actual conduct of life it is often even more fundamental to *sense the feeling of a system*” (Hämäläinen and Saarinen, 2008). This underlines the importance of understanding that humans' way of being and acting in the world involves much more

capacities than objective knowledge, such as different forms of awareness and connectivity for example (Hämäläinen and Saarinen, 2008).

Acting systems intelligently involves successfully and productively engaging with holistic feedback mechanisms in our environment, perceiving ourselves as part of a whole and acknowledging the influence the whole has upon us as well as our influence upon the whole (Saarinen and Hämäläinen, 2004). By their actions, words or unconscious behavior, all people affect each other whether they want it or not. This effect can either be intelligent, i.e. help achieve a certain goal, or the opposite, in which case the effect is not what was planned or does not bring one any closer to the targeted goal. A person who acts systems intelligently is able to function productively in the system that he finds himself in, by taking into account all systems relevant and their characteristics (Törmänen et al., 2016).

3.3. Dimensions of Systems Intelligence

In their attempt at discovering a way to measure a person's capabilities regarding systems intelligence, Törmänen et al. (2016) introduced the *systems intelligence inventory*, a tool that measures the skills that are important for efficient behavior in systemic settings (Törmänen et al., 2016). This SI inventory divides our capabilities regarding the aspects of SI into eight factors according to 32 items, presented in Table 4. These eight factors or *dimensions* overlap and feed into one another, enabling us to effectively and successfully engage with systems (Hämäläinen et al., 2014). This chapter presents each of these dimensions in more detail.

Humans often suffer from systems blindness, as we react to stimuli without understanding the bigger pictures behind them. **Systems perception** is our ability to grasp and understand the systems around us, which enables us to identify connections between things that seemingly have none. In practice, systems perception can mean having the ability to quickly assess situations and their meanings in the bigger picture or having discretion in certain situations. However, systems perception is more than just seeing the systems; it is about our ability to understand how they function and being able to attune to them. (Hämäläinen et al., 2014)

The intuitive capability we have to feel and tune into systems is called **attunement**. The skill of attuning can be divided into three categories: emotional, cognitive and physical attunement, which all play different roles in the main goal of accurately and holistically sensing what is going on around us (Hämäläinen et al., 2014). Emotional attunement refers to our ability to form emotional connections to other people or systems, which requires for example emotional intelligence and empathy. Being able to truly understand another person's feelings requires an openness and receptivity to what happens in our surrounding (Kanov et al., 2004).

Table 4. Dimensions of systems intelligence (Törmänen et. al, 2016 and Hämäläinen et al., 2014)

Dimension	Meaning	Items
Systems perception	<i>Our ability to understand the systems around us</i>	(1) I form a rich overall picture of situations (2) I easily grasp what is going on (3) I get a sense of what is essential to a given situation (4) I keep both the details and the big picture in mind
Attunement	<i>Our capability to attune to systems, situations and other people</i>	(5) I approach people with warmth and acceptance (6) I take into account what others think of the situation (7) I am fair and generous with people from all walks of life (8) I let other people have a voice
Positive Attitude	<i>Our approach to life in general</i>	(9) I explain away my mistakes (10) I have a positive outlook on the future (11) I easily complain about things (12) I let problems in my surroundings get me down
Spirited Discovery	<i>Our open-mindedness to new things</i>	(13) I like to play with new ideas (14) I look for new approaches (15) I like to try out new things (16) I act creatively
Reflection	<i>Our skill of reflecting upon and assessing our own thinking and behavior</i>	(17) I view things from many different perspectives (18) I pay attention to what drives my behavior (19) I think about the consequences of my actions (20) I make strong efforts to grow as a person
Wise Action	<i>Our ability to make good decisions in the long run</i>	(21) I am willing to take advice (22) I take into account that achieving good results can take time (23) I am wise in my judgments (24) I keep my cool even when situations are not under control
Positive Engagement	<i>Our ability to engage in quality interactions</i>	(25) I contribute to the shared atmosphere in group situations (26) I praise people for their achievements (27) I'm good at alleviating tension in difficult situations (28) I bring out the best in others
Effective Responsiveness	<i>Our ability to make actions that have a positive impact</i>	(29) I prepare myself for situations to make things work (30) I easily give up when facing difficult problems (31) I'm able to put the first things first (32) When things don't work, I take action to fix them

Cognitive attunement refers to our ability to connect with our own thoughts. For example we are often guilty of dismissing or misunderstanding elements, for example other people's emotions, when they differ from our own. Being able to avoid snap judgements and thus build deeper connections is increasing attunement to people and systems surrounding us. (Hämäläinen et al., 2014)

Reflection is the human capability to reflect on our thoughts and think about our thinking, also called meta-level thinking. Understanding how our thought processes work and what

drives our behavior empowers us in social systems and enables us to transform from reactive to reflective behavior, also called a growth mindset (Hämäläinen et al., 2014). In a growth mindset, one is seeking not only to improve their behavior and make better actions but also their thinking by understanding how the unconscious works. In other words reflection makes it possible for us to understand what influences our thinking and how (Hämäläinen et al., 2014).

However, not only does increasing reflectivity enhance our understanding and behavior in systems, the neuroplasticity of the human brain enables reflection to actually change how our brain functions. By ‘rewiring’ our brains to be more reflective and being more attentive to how our mind operates versus how it could operate, we begin to see new opportunities around us and more efficient ways to induce change in our systems. (Hämäläinen et al., 2014)

One factor determining our efficiency in creating an impact in our systems is our level of **positive engagement**, i.e. the character of our communicative interactions. How we interact or engage with other people within the systems has a great impact on whether we contribute positively or negatively to achieving the desired goal. Paying attention to how we communicate is key in building and sustaining an atmosphere that is uplifting, supportive and beneficial to the system. Attuning helps understand the system, the people and their goals, and thus enables us to make choices regarding how we communicate. (Hämäläinen et al., 2014)

In order to induce change and make actions that improve systems, we have to acknowledge that the way things currently are is not necessarily the best. Being receptive to and actively engaging with new ideas can be called **spirited discovery**. Open-mindedness can be seen as a cognitive skill that enables us to think about alternatives and be receptive to new ideas, thus preventing us from becoming stuck with a single way of perceiving and doing things. Having an attitude of spirited discovery and being willing to experiment and act based on new ideas helps us avoid biased opinions or assessments that hinder for example our adaptability or potential to grow. (Hämäläinen et al., 2014)

As we have previously discussed, our actions in systems are often reactive and our behavior intuitive unless we put significant effort into it. It is therefore easy to let the systems around us dictate our behavior or act based on unconscious impulses. If we wish to make actions that have an impact and positively affect the system, we must develop our talent at taking timely, appropriate actions, also called **effective responsiveness**. This requires both understanding the system and the role of our actions in it, but also being alert to and recognizing opportunities for intervention. What makes this difficult is the dynamic nature of systems, as we cannot plan far ahead or know the future for sure. All we can do is make likely assumptions about the future courses of action. Therefore, the skill of effective responsiveness

stems from being able to constantly adapt our perception and our thoughts about system, and thus spot the emerging moments that call for intelligent actions. (Hämäläinen et al., 2014)

In order to be able to make **wise actions** on the long run, one must behave with understanding and a long time horizon. The impact of our actions in systems are often delayed but even more frequently they occur indirectly through unexpected pathways. In addition, achieving significant change often requires multiple steps that can be scattered throughout the system. Naturally, this requires time and patience. However, the key in consistently making wise actions is in recognizing the need for constant adjusting and adapting to ever-changing systems. This includes openness to change course when required and learning from mistakes by reflecting upon them. (Hämäläinen et al., 2014)

Finally, our overall approach to life affects the course of our lives. According to research, having a **positive attitude** benefits physical health (e.g. the placebo effect, reducing stress), but also psychological performance. For example positive emotions have been found to increase *creativity* as the brain feels more relaxed (e.g. Raami, 2005), or *luck* as a positive attitude changes how we react to setbacks and spot opportunities even from unexpected, seemingly negative outcomes (e.g. Wiseman, 2003). When we are positive, we see more and we are more curious and open to new things, which then enable us to see opportunities and take actions we otherwise would not. (Hämäläinen et al., 2014)

Although through our personal predispositions and the environment we have grown up in play a big role in our competences in these dimensions, all of the eight dimensions presented above can be trained and practiced. The following chapter focuses on how systems intelligence can be developed.

3.4. Developing Systems Intelligence

Even though some aspects of the eight dimensions of systems intelligence presented in the previous chapter seem obvious, such as the fact that treating others with respect enhances communication and positive engagement within systems, this chapter aims to briefly sum up some of the main measures that increase systems intelligence. According to Saarinen and Hämäläinen (2004) systems intelligence can be developed by increasing systems thinking, by changing how we see the world and react to it, and by actively working towards achieving personal growth and learning.

Living and moving from one system to another is so natural, that changing our behavior according to the context often happens subconsciously, following our instincts. Often minimal effort would enable us to increase the number of intelligent choices we make with respect to the context, but it requires active reflecting. If we do push ourselves to the limits of our

capacities in particular systems and increase reflection about those systems, we can learn to see, think and behave more intelligently and thus our actions will have a bigger, better impact on the systems, i.e. the communities we live in. (Hämäläinen et al., 2014)

Systems thinking can be increased for example by practicing to “perceive the world through the eyes of another person” or by practicing to “see beyond isolated linear cause-and-effect chains for interconnections and interrelations” (Hämäläinen and Saarinen, 2004). Once we start to actively think and reflect about what kind of systems we are involved with on a daily basis, about the connections between people and systems and how the systems function, we start seeing more and more systems around us. It is because changing our thinking always occurs within our minds, that it is usually accomplished by self-reflection. However, reflection is not only about changing our beliefs, but also about understanding how and why our current thoughts and worldviews have come to be (Hämäläinen et al., 2014).

Our worldview has a great impact on our actions and thought processes. A person’s worldview and beliefs, or more specifically their “deeply held internal images of how the world works” can also be called **mental models**, which directly affect our behavior as they have an impact on the things we actually see and pay attention to (Senge, 1992). Mental models can be assumptions, stories, generalizations or complex theories that we believe in and that determine how we act and how we perceive what is happening around us (Senge, 1992). These mental models are unconsciously influenced by our personal experiences, the social systems we belong to and by idiosyncratic coincidences that have led us to have particular beliefs, which would have not emerged without those particular incidents (Hämäläinen and Saarinen, 2004). Our beliefs about other people for example could be completely different without certain singular interactions or events.

Mental models affect how we “understand experiences and are comprised of our ingrained assumptions and the spontaneous generalizations that we make” (Hämäläinen and Saarinen, 2004). Changing them requires both, skills of reflection, i.e. becoming aware of how we perceive the world and more importantly why, and skills of inquiry, i.e. looking for new insight and ideas by interacting with other people (Senge, 1992). Not only do these two skills contribute to developing our mental models, but they are also key elements in striving towards personal growth.

The honest and sometimes painful self-assessment is a prerequisite for developing personal growth, as in order to gain knowledge about oneself one must reflect about their inner motivations, emotions and behavior (Ericsson et al., 2007). After all, a person’s actions are always a function of their thinking (Hämäläinen and Saarinen, 2004). The concept of **personal mastery** includes two complementary philosophies: self-awareness (the clarification of personal goals and principles) and the will to see current reality more clearly (Senge, 1997). In an attempt to characterize personal mastery, Hämäläinen and Saarinen

(2004) define it as the “ability of an individual to use her unique potentials as fully as possible to the enrichment of a good life”. By working and constantly learning in order to become best possible versions of ourselves we not only improve our own lives but also the systems we live in and thus potentially all the other people’s lives who are also part of the same systems. In their work *Being Better Better* (2014), Hämäläinen et al. argue that people should extend their personal growth from ‘getting along better with others’ to ‘creating better systems better with others’ when striving to increase systems intelligence. This ideology underlines the powerful impact that systems have upon our lives, for example to our behavior or performance, but also empowers us as it shows how to instigate change and enable us to truly make a difference both in our own lives and our communities.

3.5. Summary

The aim of this chapter was to introduce the concepts of systems intelligence and systems thinking, and discuss them on a general level. Systems intelligence is our capability to assess and calculate our options, different alternative actions and their future implications in the systems we interact in. Fundamentally, systems intelligence is the human capability of inducing and implementing change. The challenge is that systems are not physical entities with set boundaries, nor are they stable. They are shaped by all the decisions and actions of its members. Hämäläinen et al. (2014) define eight dimensions of systems intelligence that each contribute to how we perceive the world, behave with respect to other people and the systems we live in, and how we strive to develop and adjust ourselves relative to systems. Next, we will discuss more about systems intelligence in the organizational level and discover what systems intelligent people management could mean.

CHAPTER 4.

Systems Intelligent People Management

The aim of this chapter is to tie together the previous chapters about HR and systems intelligence. However, before diving into systems intelligent behavior in the organization setting, a brief introduction to positive organizational scholarship is necessary, as it shows the great shift in mindset that has occurred in organizational development during the past decades, which has also been the basis for the emergence of systems intelligence.

4.1. Short Overview of Positive Organizational Scholarship

For decades, the approach to achieve better employee performance was to focus on preventing poor performance and to diminish negative factors such as low motivation, unwell-being and disengagement. Focusing on the negative has been an area of criticism also for psychology in general, as for a long time the science of psychology was dedicated to researching and understanding mental illness and its causes as opposed to wellness (Bakker and Schaufeli, 2008). It is only a recent advance that now a more positive approach is taken to people management and leadership in general.

The term *positive psychology* started to gain momentum in 2000, when *The American Psychologist's* millennial issue was devoted to this emerging science (Seligman & Csikszentmihalyi, 2000). Building on pioneering work (e.g. Maslow, 1954; Jahoda, 1958; Deci and Ryan, 1985; Ryff and Singer, 1996) positive psychologists focus their studies on mental health and well-being, striving to increase our understanding of the conditions under which positive emotions, positive character, and the institutions that enable them flourish and why (Seligman et al., 2005).

However, the main ideology behind positive psychology had already emerged some time before, but under a different name: appreciative inquiry (Cooperrider and Srivastva, 1987).

Appreciative inquiry was described as a form of organizational action-research and it emerged as a concern addressing the need to reexamine the nature of theory and its role in social transformation. Its main principles underline the same aspects as positive psychology: 1) that organizational research should acknowledge that all organizations have a “positive core” and seek to understand the factors that play a role in increasing the potential and the positive energy of that core, and 2) that there is a need to “re-awaken the imaginative spirit of action-research”, which requires adopting a different perspective towards our perception of the social world. (Cooperrider and Srivastva, 1987)

Taking positive psychology into the organizational world, the field of *positive organizational science* (POS) is primarily focused on the research of especially positive outcomes, processes, and attributes of organizations and their members, such as *thriving*, *flourishing*, and *resilience*. In other words, positive organizational science can bring us new ways of looking at existing phenomena, thus unleashing new capabilities or elements of competitive advantage built on human relationships (Cameron et al., 2003).

4.2. Applying Systems Thinking to Workplaces

As can be seen from chapter 2.1. about HR, the idea that workplaces are not just production facilities but places where people go to interact, connect and live is surprisingly new. After all, people who experience human emotions form all organizations. Therefore failing to acknowledge how these experiences affect employees and the working environment and the organization on a holistic level can lead to systems idiocy (Hämäläinen et al., 2014).

Peter Senge’s *The Fifth Discipline* (1990) brought greater attention to thinking about systems in organizations. Even though there had been research about systems in organizations before (e.g. Stafford Beer’s viable system model introduced in *Brain of the Firm*, 1972), individuals in organizations were previously seen more as objects rather than active agents creating the organization itself. Similarly, learning was considered as a process of knowledge transfer activated from the outside, either by pressure of managerial enforcing (Törmänen et al., 2016).

Human connections, whether brief or long-term, are vital in organizations and their quality affects how these organizations function (Dutton & Heaphy, 2003). If we adopt systems thinking to the work context, it means acknowledging that the people surrounding us at work are active players in the co-creation of who we are and how we act. Likewise, each of us affect all the people around us. Therefore, the connections and ways of connecting between people can determine whether we flourish or struggle on an individual level, which is why a lot of attention should be brought to how people engage and discuss with each other.

Even though behavior such as showing respect, being open, showing interest and listening obviously increase the quality of communication, employees' behavior at work is unfortunately often quite different. This brings up the obvious question: why has systems thinking not been adopted wider in organizations and leadership if the evidence has been there for decades? In his research note (2006), Ackoff argues that there are two main reasons. First, that very few organizations truly accept or refrain from punishing mistakes, which makes it hard to learn or make anything new. Second, Ackoff argues that very few managers have any knowledge about systems thinking, and even less about how they could use it to improve their employees' and organizations' performance.

The first of these reasons is more general, as it applies to almost all transformational ideas that require a fundamental shift in the ways organizations think and act. A culture that does not accept mistakes, whether implicitly or explicitly by punishing employees from making mistakes quite logically leads to the fact employees refrain themselves from taking even minor risks that could cause disapproval. The best way then to minimize this disapproval is simply to do nothing, even actions that could immensely benefit the organization and its growth. Ackoff's explanation as to why this type of culture is still frequent, is that we learn that thought pattern early on as children, as our school systems teaches us that mistakes are wrong and that often it is better not to even try if we are unsure.

The second reason presented by Ackoff is more specific and targeted criticism towards research in the field of systems thinking, as he claims that the research field has failed in marketing itself and that the theory is in fact too far away from practice and real life. Understanding the concept of systems thinking is not enough for managers, who are more interested in action and creating change. To answer this, the systems intelligence approach follows the same path in acknowledging the systems idea, but takes it further by saying that most of the success-generating elements go beyond *knowing* about systems, and include intelligent *interaction* within the systems (Hämäläinen and Saarinen, 2011).

The following chapter aims to discuss how the philosophy and ideology of systems intelligence can be beneficial in leading an organization's human capital and people strategies, and what systems intelligence is on the organizational level.

4.3. Why Strive Towards Systems Intelligence in Leadership

Since Hämäläinen and Saarinen proposed the idea of systems intelligence in 2004, it has been applied to different fields and branches, including for example merger and acquisition issues, classroom pedagogy, rewarding and compensating issues, conflict management and management and leadership issues (Saarinen and Hämäläinen, 2010). Even though the concept of systems intelligence is relatively recent, and perhaps because the theory was born

from a pragmatic starting point, intuitively it makes sense that there is yet a lot to discover in the area of systems intelligent leadership. This chapter aims to shed light to what systems intelligent leadership is and why it is important in organizations.

Before moving forward, we must remind ourselves that at its core systems intelligence refers to *personal* skills and abilities in a system setting (Luoma, Hämäläinen and Saarinen, 2011). A person acting with systems intelligence “engages successfully and productively with the holistic feedback mechanisms of her environment. She perceives herself as a part of a whole, the influence of the whole upon herself as well as her own influence upon the whole. By observing her own interdependence in the feedback-intensive environment, she is able to act intelligently” (Saarinen and Hämäläinen, 2004). At this point, before moving on to discuss systems intelligent leadership and people management in organizations, it is important to make the clear distinction between the *individual level* (i.e. the leaders’, managers’ and executives’ personal skills and attributes) and the *organizational level* (i.e. the functioning of a complex system formed by individuals, that is constantly changing through interaction).

On the business level, one could ask *why* it is important to strive towards a systems intelligent organization, and why it is important to strive towards increasing systems intelligent behavior within the organization. These questions are answered the easiest by first looking at what such organizations look like. According to Hämäläinen and Saarinen (2006), systems intelligent organizations:

- Empower people to share their mental models of the organization and to consider the effects of their own actions on the whole
- Foster and sustain inquiry mode and reduces advocacy
- Keep down fear factors
- Help people be responsive to flourishing initiatives
- Build trust in the goodwill of others
- See that its production capacity is not restricted to the measurable variables but is extended to the world of emotions and well-being
- Elevate innovation within an environment where emotional variables do not limit performance

First, one critical element of business is problem solving, whether it is solving the client’s problems and thus creating value, or solving problems within the organization that increase the ability to create more value. Now, if we look at systems intelligence as a human intellectual competence, it encompasses skills in recognizing, understanding and resolving problems in systemic settings (Saarinen and Hämäläinen, 2010). In other words, it enables efficient and intelligent problem solving in the long run. A systems intelligent organization is able to adapt to the changing environment more quickly, solve problems more efficiently and intelligently,

and by encouraging a positive attitude towards discovery also potentially find new areas of growth with more ease.

Second, systems intelligence presents many opportunities from the point of view of organizational learning. Systems intelligence highlights the greatness of human potential (Hämäläinen and Saarinen, 2007) and humans ability to learn and develop their intelligence through experience and interacting with the system. This ideology, in many organizations, is not in the center when thinking about ways of improving performance.

Third, based on the previous chapters, it seems obvious that effective leadership, which aims to create any kind of change within the organization, is likely to involve processes of systems thinking. Literature about leadership points out that leader's tasks involve seeing the bigger picture, understanding the functioning of the whole, the way in which different structures interact with one another and possible outcomes of these interactions that may be visible only gradually or after long periods of time (Hämäläinen and Saarinen, 2007). Therefore, the leader needs certain abilities to be able to understand the functioning of the organization and more importantly to be able to effectively direct its direction and the relations within the system. After all, when a business's strategy hits a spot where the organization's fundamentals, ways of thinking or ways of working have to change, the leader's systemic thinking abilities and systems intelligent, effective actions are required to produce the desired, positive change within the system. If not searching for actions that lead to results, what is the point of leadership? This perspective of effective actions is equally emphasized in systems intelligence. (Luoma, Hämäläinen and Saarinen, 2011)

Even though systems intelligence appears to play a key role in improving human performance and the positive effect of all human interactions, unfortunately the key characteristics of systems intelligence, adaptability and flexibility, tend to not be characteristics businesses look for when they are recruiting and choosing leaders. Throughout history, favored characteristics of leaders have been for example confident action, the ability to influence others and get things done (Senge, 1992; Hämäläinen et al., 2014). However, this kind of behavior does not *necessarily* seek to truly improve the system as a whole.

Leaders and managers must find ways and tools to induce positive change within their organizations and employees, which requires strong systems thinking capabilities and the ability to act systems intelligently. The starting point for systems intelligent leaders should be to understand and always keep in the mind the significance of their actions in mediating knowledge and affecting the behavior of others (Hukki and Pulkkinen, 2004), in other words the effect of every interaction they have within the system. Often they must also break existing mental models, for example so called *systems of holding back* (Saarinen and Hämäläinen, 2004) where one could for example be holding back positive feedback because the other is holding back as well. By becoming aware of the bias in human thinking, for example that one

is more aware of the contributions other fail to make to him rather than the contribution he fails to make to others, one can break such cycles of holding back (Hämäläinen and Saarinen, 2008). However, it requires awareness of one's actions and their significance in the system.

4.4. SHRM and Systems Intelligence

This chapter aims to shed light to what could be considered as systems intelligent people management. Taking a more practical approach to developing systems intelligence organizations, first we will discuss the ways in which HR particularly can make an impact within the organization. Merja Fischer (2004) argues that the key elements to enable and increase systems intelligence in the business environment are:

- 1) Sharing the company's vision and strategy
- 2) Adopting and supporting an open-minded culture or atmosphere that allows different perspectives and thinking outside the box
- 3) Ensuring that the employees have a strong self-image and courage to express their comments and opinions regarding the company's best possible future development even if they are opposite to the leader's opinions.

All of the above are integrated into SHRM practices, the first enforcing the role of openness, communication and intrinsic motivation and the latter two focusing on developing organizational culture through leadership. Looking more in depth into the first point, sharing an organization's vision and goals increases communality, i.e. the feelings of belonging, affiliation, resulting into we-spirit and trust in everyone working for shared interests (Hyypä, 2002). Communicating visionary messages requires emotional intelligence (EI) competencies such as empathy, transparency and self-awareness (Goleman, 2002). As far as current research goes, humans seem to be the only species on earth with the ability to discuss things that do not exist or that we have never seen, touched or felt in any way (Harari, 2015). Good, sensing leaders must have a high level of emotional intelligence to be able to foster a strong people orientation (Uusi-Kakkuri, 2017) and use their communication skills as a tool to create an emotional climate that nurtures positive engagement (Humphrey, 2002).

What comes to points two and three, an organization or system where the members, first and foremost its leaders, frequently engage in actions with the aim of elevating others is likely to be more nurturing. Elevating others also creates a positive spiral as the more elevating actions we witness, the more likely we are to elevate others in turn (Hämäläinen et al., 2014). A strategic system approach sees HRM as an integrated, coherent 'bundle' of mutually reinforcing and interrelated practices which affect performance at a whole (Boselie et al., 2005).

Reminding ourselves of Vosburgh's (2007) comparison between HR and internal consultants, he takes this analog further by underlining the following coveted qualities of good HR-professionals; they

- are predisposed to focus on the organization's employees, rather than on themselves,
- focus on each employee as an individual, not as a person fulfilling a role,
- believe that a continued focus on problem definition and resolution is more important than technical or content mastery,
- show a strong competitive drive aimed not at competitors, but at constantly finding new ways to be of greater service to the employees,
- are motivated more by an internalized drive to do the right thing than by their own organization's rewards and dynamics,
- view methodologies, models, techniques, and business processes as a means to an end; they are useful if they work, and are to be discarded if they do not; the test being their effectiveness for the employee,
- believe that success in employee relationships is tied to the accumulation of quality experiences; as a result, they seek out (rather than avoid) employee-contact experiences, and take personal risks with employees rather than avoid them, and they
- believe that both selling and serving are aspects of professionalism; both are about proving one's dedication to helping employees with their issues.

These characteristics clearly emphasize the role of HR as an enabler, that sees the employees holistically as individuals and is able to recognize their needs. It is hard to make a distinction between systems intelligent leadership and systems intelligent SHRM, as the latter is also leadership. However, one could suggest that HR's are *enablers* of systems intelligent leadership in their organizations. It is clear that as HR's role, with an emphasis on the word *human*, includes being in charge of a wide range of practices involving people, with the aim of achieving better performance, efficiency and competitive advantage. From the systems intelligence point of view, they are in charge of improving the functioning of system by enabling the people to reach their potential.

4.5. Summary

This chapter aimed to bring together the concepts of HR and systems intelligence by discussing systems intelligent leadership. As HRM continues to evolve and becomes an increasingly important factor in determining an organization's success and a source of competitive advantage, leadership and managing human capital is shifting towards a more positive approach, following the ideology of positive organizational scholarship. This new approach brings the leader's' attention to their organization's and their employees' positive outcomes and attributes and shifts the focus from trying to solve what is wrong to enabling outcomes that are desired. This requires a nurturing environment where attention is paid to

others and that promotes actions that elevate others and thus increase performance. What we could call systems intelligent people management would involve all four roles of HR defined by Ulrich (strategic partner, change agent, administrative partner and employee champion), but fulfilling these roles with systems intelligence.

CHAPTER 5.

Research Design

This chapter presents the research design and method of analysis in detail. In order to answer the research questions of this thesis, ten dialogic interviews were conducted with carefully chosen, high profile participants, all of which are known Finnish HR professionals who have worked in large, Finnish companies which are forerunners from the perspective of leadership and strategic HR. However before describing how this empirical study was conducted in practice, the underlying questions related to qualitative research in general are discussed, and abductive inquiry as the means for conducting qualitative research is presented in more detail.

5.1. Qualitative Research

Traditionally conducting science has been divided into two research types: *quantitative* and *qualitative*, which differ in terms of research methods. Where quantitative research is a well suited approach for research that aims to generate or validate mathematical models or quantify relationships, qualitative research is primarily exploratory in nature and is a good approach for research that attempts to create understanding about humane phenomena such as feelings, experiences thought processes or personality traits that cannot be quantified. Where quantitative research emphasizes the measurement of quantity, amount, intensity, frequency and causal relationships between variables for example, qualitative research underlines the socially constructed nature of reality and seeks to understand how these experiences are created and given meaning. The word qualitative itself refers to assessing the *qualities* of the elements, processes and their meaning. (Denzin and Lincoln, 1994)

Characteristics of qualitative research include that the actual topic and the research plan can, and often do, change during the research process. As Maxwell (1996) puts it: “To design a qualitative study, you can’t just develop or borrow a logical strategy in advance and then implement it faithfully. You need, to a substantial extent, to construct and reconstruct your research design. It does not begin from a predetermined starting point or proceed through a

fixed sequence of steps, but involves interconnections and interaction among the different design components”. This was the case in this study as well, as the research questions were still unknown in the beginning of the data collection phase due to the exploratory nature of the study.

In addition to seeing the research process as adaptive and changing, qualitative research recognizes that behind the ontology, epistemology and methodology of the research, there is the personal biography of the researcher, who has a specific background, culture and gender that undeniably affect the research act (Denzin and Lincoln, 1994). The researcher therefore plays an *active* role in the research. This means that instead of being an external and objective appraiser, the researcher’s observations, knowledge, discussions and perceptions play an equally important role as the gathered data itself. The researcher’s active role in this study is discussed more in detail in the following chapter.

5.2. Abductive Inquiry as Means for Qualitative Research

Qualitative research is often connected with inductive reasoning, which aims to draw new theories by finding strong enough evidence from the data. The first approach to this thesis was to attempt a purely data-driven study, but given the nature of the topic, it became clear that in order to interpret the data as accurately as possible, something more than pure induction was necessary. Therefore the third form of reasoning, abductive reasoning, introduced by American philosopher Charles Peirce (1839–1914) was taken under consideration.

Abductive reasoning or abductive inquiry is “an approach to research where the researcher proceeds from his own pre-understanding and puts it into an active interplay with the data as well as with various theoretical frameworks, with the aim of constructing the most trustworthy and practically beneficial understanding of the phenomenon under scrutiny” (Martela, 2012). This approach to creating knowledge includes using imagination and creativity to find connections between things or phenomena that have not been previously connected to each other, to form a hypothesis that best explains the data (Josephson and Josephson, 1994). The process of abductive reasoning is described in Figure 2.

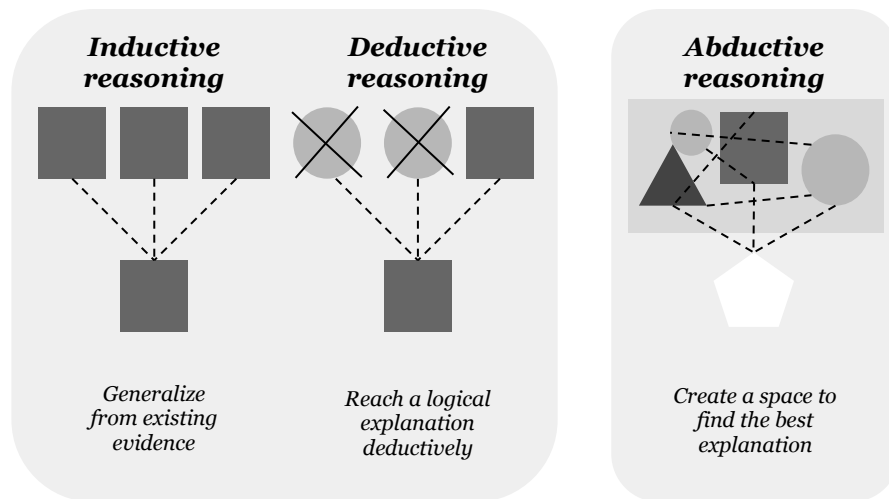


Figure 2. Abductive reasoning

Whereas the inductive and deductive approaches aim to generate new theory through generalization from existing facts or by logic, the abductive approach is more interactive and holistic, as it takes a wider range of sources of information into the equation. In addition to acknowledging existing theories, abductive reasoning also emphasizes the active role of the researcher, as its aim is to end up with the best possible explanation taking into account all available material including existing theories, data, observations and pre-understandings, and putting all these facts together. In this case, *best* does not necessarily refer to an objective truth but to the best explanation from the point of view of the particular research (Martela, 2012).

5.3. Dialogic Interviewing as Means of Data Collection

Interviewing is one of the key research methods in qualitative studies, as unlike questionnaires or observations it enables the researcher to explore in detail the experiences, motives and opinions of those who have knowledge or experience with the problem of interest. Interviews enable researchers to examine complex phenomena from different angles and perspectives, thus building overall understanding about the phenomena. (Rubin and Rubin, 2005) However, it should be remembered that the data created during the interviews is constructed together with the participant as a result of the interaction between the researcher and the participant, so interviews should not be seen as simple data collection events but rather as processes of *co-creation* (Kvale and Brinkmann, 2009). A number of external factors affect what kind of data is generated and how rich it is, so the data created is always contextual.

There are a number of different interviewing methods that each suit different kinds of purposes. Generally, they can be divided into three categories according to their structure: structured, semi-structured or thematic, and free interviews. Structured interviews, sometimes also called standardized interviews, are most often used in quantitative studies, which require collecting data for statistics. In structured interviews, all the questions are predetermined and there is almost no possibility for the participant to affect the course of the interview or divert from it. In semi-structured interviews, the predetermined set of questions acts more like a guide, and the interview itself is open and allows discussion beyond what was expected, but still within certain limits. (Tuomi and Sarajärvi, 2002)

For the purpose of this study, the chosen structure is thematic, i.e. some predetermined frames are defined to start the interviews, as the aim is to be able to understand the participant and his worldview as thoroughly as possible. Due to the scope and time-limitation of the interviews, an entirely free approach was not possible. The chosen interviewing technique for this empirical study is dialogic interviewing, sometimes also called conversational or responsive interviewing. Unlike traditional interviewing practices, which often see interviewing as a reporting process where the truth is there to be discovered, dialogic interviewing sees the participants as “stakeholders actively involved as research collaborators, rather than subjects from whom to squeeze knowledge” (Kemmis and McTaggart, 2000; Way et al., 2015). During dialogic interviews, participants can engage in spontaneous self-reflexivity about their responses, which offers great potential to understand the richness of the data as the participants explicitly work through their own sensemaking processes (Way et al., 2015). Following the adopted social constructionist ontology of this thesis, it is logical to treat interviews as opportunities to (co)create knowledge and meaning.

Way et al. (2015) have underlined three strategies associated with dialogic interviews that increase interaction and reflectivity during the interviews. These are 1) *probing questions*, which encourage the participants to reflect on and further explain their previous statements thus bringing up new information about the participant’s way of thinking and constructing the world, 2) *member reflections*, the process of sharing and discussing the study’s current findings with the participants, and 3) *counterfactual prompting*, i.e. encouraging the participants to imagine the situations differently than they originally express them. In this empirical study the first two strategies were actively used during the data collection phases of the abductive process.

As an interviewing method, dialogic interviewing requires more skills from the interviewer as the interviews can never be fully planned ahead, and a lot rides on the interviewer’s ability to build a trusting and open atmosphere where the participant feels comfortable even though being challenged to reflect. Building the required atmosphere of trust and respect usually requires either a lot of time, or a well planned interview setup that first focuses on developing the desired climate (Way et al., 2015). All possible elements that could cause psychological

distance in the one-on-one interview situation, such as a formal way of talking or paying attention to taking notes should be minimized, and the interview place should be chosen so that it is as comfortable and safe for the participant as possible.

To conclude, the aim of the interviews is to gain holistic understanding of the HR Executives as well as their role in their organization by creating a co-creation space with a climate of trust and respect, where the participants are challenged to reflect upon and further assess their experiences through dialogue. This climate is built by carefully preparing for the interview situations and by conducting a test interview, which allows to practice.

5.4. Conducting the Research

As we have now discussed the theoretical basis for the research approach used in this thesis, this chapter describes the execution of the empirical research in more detail from preparation to sampling, conducting the interviews and analyzing the data. The aim of this thesis is to shed light to and discover common characteristics of high profile HR Executives and their roles in forerunning companies, and suggest a possible link between successful HRM and systems intelligence.

As this research was abductive, the structure of the research process differs from traditional, linear research approaches, where the researcher begins by identifying a research problem, defining the research questions and building a theoretical framework before planning and conducting the actual study, after which the data is analyzed and results reported. This study started by identifying an interesting topic, gaining insight about Finland's top HR executives and their roles in their organizations, with the aim to learn more about the role of HR in organizations' thriving, performance and success. As the topic was defined, it set motion to a spiral of individual loops, described below in Figure 3, from which the research process began.

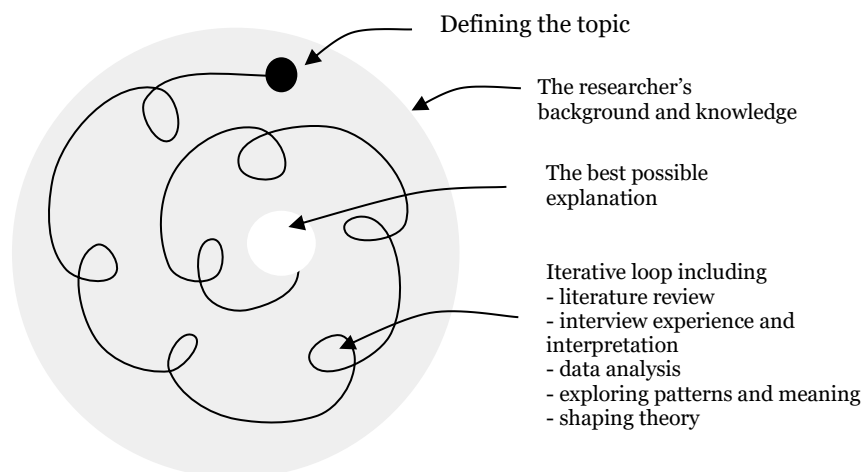


Figure 3. Research process

Each individual loop in the spiral was incrementally built upon the increasing knowledge based on the previous ones. These loops consisted of 1) new literature reviews, 2) interviews, including both new data, new experiences and interpretations of the interview situations and the participants, and 3) a data analysis round, in which the new data of loop was analyzed individually, and with respect to the previously gained data. In other words, the more research process advanced the better understanding the researcher had of the topic, the better the interviews could be planned and orchestrated, and the better the data could be analyzed. The phases of this process are reported more in details in the following chapters, starting with the preparation before the first interview.

5.4.1. Preparation

The actual interviews started before the formulation of the research questions or the literature review presented in Chapters 2 and 3. However in order to prepare for the first interview a preliminary and multidisciplinary literature review was conducted, including existing research from the topics from human resources management, strategic human resource management, employee well-being, organizational culture, leadership, employee thriving etc. The aim of this preliminary literature review was to familiarize with the topic on a general level without focusing on any particular theories, in order to be able to plan the first interview.

In order to keep the scope of the interviews as wide as possible, it was decided to approach the participants from a very broad starting point. The aim of this qualitative study was not to generate comparable data between participants, but for the researcher to gain as much insight about the participants' backgrounds, their points of views, work experiences and views about HR and people management. Therefore, the interviews were designed to be open discussions about the participants' careers, focusing on meaningful events or situations experienced from both their personal- and their organizations' point of views. A preliminary interview structure and questions (Appendix 1) were formulated based on the preliminary literature review and the aim of this study, however no hypotheses were formulated. The interviews were designed to be flexible and open, their only purpose being to reach understanding the participants' thinking processes, behavior, meaningful experiences, personal strengths and roles in their organizations.

A test interview was conducted before the first actual interview for two reasons: first in order to test the preliminary interview skeleton and to find out if it had major faults or shortcomings, second in order to practice the open dialogue approach. The questions were then slightly updated based on this test interview, in order for the first actual interview to give as much relevant data as possible. The interview design was evaluated and tuned after each interview in order to make sure the right questions were answered.

Before the interviews, each participant was sent an email with a short description of the aim of the interview and what kind of things were going to be discussed. The purpose of this message was not only to serve as a reminder as most of the interview dates had been agreed upon several weeks before, but also to help the participants tune in to the tone of the interview and enable to think about the meaningful situations or experiences that had occurred during their careers beforehand, consciously or unconsciously.

5.4.2. Sampling

As in qualitative research sampling has a strong impact on the data that will be acquired, the sampling method should be designed so that it supports the research questions. As the purpose of this study was to discover or develop new theory rather than test existing ones, in order to get new theory-based understanding the choice of participants was made through discretionary sampling. The participants were handpicked based on the criteria of the research and the research questions. In order to achieve quality sampling and reach data saturation, a snowball-technique was used, which means that during the interviews the participants were asked for tips on people who would be well suited to participate in the research (Saaranen-Kauppinen and Puusniekka, 2006). Using this method made it possible to find out the most relevant participants beyond the researcher's own knowledge and network. The first three participants were chosen by the researcher and the other participants were chosen based on recommendations by the previous participants. All participants were initially approached by phone, and much to the surprise of the researcher all the HR executives that were reached agreed for an interview, which was in itself a first result in this study.

The participants of this study are not be limited to any specific business branch, sector or organizational type. They are Finland's top HR executives, including both men and women, who have had long careers in HR and experience from large, global organizations ranging from 4.000 to 50.000 employees in 3 to 70 countries. All the participants are also members of their company's Executive Boards and have varying backgrounds and work experiences from different kinds of organizations, before their current roles. What they have in common is deep expertise in the area of human resources, leadership and high performance, regardless of their varying educational backgrounds (see Table 5.). In order to ensure the participants' anonymity, unfortunately their backgrounds cannot be further discussed.

5.4.3. Interviews

In total 10 interviews of HR executives were conducted from April to June 2017 (Table 5). Due to the qualitative nature of the research and the chosen open dialogue interview method, the interview skeleton was used more as a tool to help the interviewing when necessary rather than as a questionnaire. All the interviews were therefore different, varying in duration, topics discussed, number of meaningful experiences considered and depth of the discussions.

Many of the discussed topics and meaningful events were sensitive in nature or brought up emotions, which emphasized the importance of a psychologically safe interview environment and building trust between the participant and the interviewer. In order to enable a free, open and natural discussion the interviews were conducted in Finnish, the participants' mother tongue. All quotations presented in this report have been translated by the researcher.

Table 5. Conducted interviews

Code	Educational background	Duration
HR1	International HR and marketing	2:42:00
HR2	Political science, communications and sociology	2:04:00
HR3	Industrial engineering	3:30:00
HR4	Psychology	2:17:00
HR5	Business administration and law	1:30:00
HR6	Pedagogy and adult education	1:25:00
HR7	International Business and Leadership	1:27:00
HR8	HR and Business Administration	2:55:00
HR9	Economics, international marketing and HR	1:40:00
HR10	Economics and HR	1:45:00

The interviews lasted from 1.5h to 3.5h, depending entirely on the participants' schedules and how much they were willing to share about their lives and experiences. The extended length of the interviews was unexpected and it was perhaps due to the open nature of the interviews and the chosen open-dialogue approach. Several participants mentioned that they were positively surprised that there were no specific questions decided beforehand, and that the open dialogue structure helped them generate data. Another possible factor is that all of the participants appeared to have extrovert personalities, which is common for transformation leaders (Uusi-Kakkuri, 2017) and most certainly affected the data collection.

All the interviews were recorded with the permission of the participants and after each interview, the recordings were fully transcribed. Before the next interviews, the previously

gathered data was read and analyzed in order to generate new insights that enabled to make required changes to the future interviews and ensure quality data. As the data was analyzed after each interview, taking into account the previous data, the results started to form as the process went forward. The last two interviews were several months away from the first one, and their purpose was more to validate the results instead of generating new data. This practice follows the two key principles of grounded theorizing: ‘constant comparison’, namely collecting and analyzing data simultaneously, and ‘theoretical sampling’, deciding what data should be collected next based on the theory that is being constructed (Suddaby, 2006).

By alternating data collection and analysis, meanings and connections that can first seem made-up start to become clearer as the process goes on. As Strauss and Corbin (1998) put it, “immersion in the analysis leads to those sudden insights, “aha” experiences so familiar to those of us who do qualitative research. But insights do not just occur haphazardly; rather, they happen to prepared minds during interplay with the data.” Following this technique resulted to the fact that the further the interviews went on, the further some models and theories had already been developed based on the previous data. This offered the possibility to actively discuss these findings with the participants in the later interviews, with the aim to validate or question the forming theories.

5.4.4. Analysis

Reminding ourselves of the research method of this thesis presented in Figure 3, the data collection and analysis process happened gradually during the empirical research in a spiral that approached new theory-based understanding, i.e. new insight. Through each iteration loop, more and more insight was gained through several literature reviews, an increasing amount of collected data, experiences and interpretation, but most importantly through the web of connections and patterns recognized between them.

The gathered verbal and later transcribed data consisted of memories of specific meaningful situations and cases, recollections of past events and relationships, as well as of personal reflections regarding these incidents and the participants’ own reactions to them. If the aim of this research were to analyze these situations as such, this would pose a great problem when it comes to the verification and reliability of the data (Bruner, 1987). However, the aim was not to analyze the past events or situations, but the HR executives - their skills, personal strengths, ways of thinking and acting, relationships with co-workers, role in the organization etc. In this objective, and following the principles of abductive research, the researcher’s interviewing experiences themselves generated a different kind of data, including remarks and observations of the interview situations and about the participants. The data of this study therefore consisted of two elements:

- 1) The interview recording and transcriptions, and
- 2) The personal observations and notes of the researcher regarding the interviews and the participants.

Following the exploratory nature of the research, which aimed at generating new insight, the choice of data analysis method was guided by the underlying question - how to get as much out of the rich data as possible. In the beginning of the research phase, i.e. during the first iteration loops, the main analysis method was derived from the grounded theory methodology, which is often used in social sciences and organizational research where data from an interesting phenomenon without an explanation is used to try to discover theory behind it (Suddaby, 2006). Grounded theorizing as an analysis method also works well with abduction, as it allows for the active 'discoverer' role of the researcher (Suddaby, 2006). The later analysis stages were based on abductive inquiry. The analysis was divided into three distinct phases, each drilling a little deeper into the meaning of the data. Next, each phase of the analysis is presented in more depth, following by an overview of the overall analysis.

Phase 1: Open coding and categorization

The first round of analysis consisted of the individual analysis of each interview transcription right after the interview was conducted. The analysis happened by open coding, where all the different situations and events brought up during the interviews were assigned codes at a very high level, with the aim of categorizing them according to the nature of the event. Table 6 shows examples of how the codes were assigned to the situations.

As the individual analyses of the interviews were conducted while the interviews were ongoing, the main goal of this stage was to ensure the high quality of data collection, as changes could still be made to the future interviews if necessary. The first round of analysis of the first interviews proved to be extremely valuable, as it provided direct feedback of the nature of the interviews. For example in some cases the time spent discussing a certain event or situation proved to be quite short, which meant they were very hard to code or accurately analyze. During the first few interviews a lot of time was also spent on covering the background, upbringing and advancement of the participant's career, which was valuable data but perhaps was covered in too much detail. This was taken into account in future interviews, where the focus was kept on singular meaningful events more than on the career in general.

Table 6. Examples of codes given to events in the first coding phase

Excerpts from example situations	Code
“I tried to advance some things with an HR-approach, but it just doesn’t work unless the business management is onboard. For example at some point sales wasn’t doing very well because the salesmen didn’t have proper training and management didn’t understand the importance of customer segmentation. In a situation like that it doesn’t matter how much HR does work, sales aren’t going to improve.”	The role of HR
“[The new CEO] had just started and after some event where he held a speech I told him ‘that went well’. He looked at me with a little doubt and I told him ‘look, I will never seek favor by flattering you. If you do well I tell you, and if you don’t I will tell you that too’. After that we gained mutual trust and that’s where our relationship started.”	Relationship with the CEO
“That’s when I truly had to start thinking about what I really wanted to do with my life. Until then I had only known that I wanted to be a leader. But when I started thinking about the question seriously I even questioned whether I wanted to be a leader at all because I started seeing ideological problems in how companies are managed.”	Self-reflection

When coding and analyzing the discussed events four categories of meaningful and/or memorable moments clearly emerged the most often from all interviews:

- 1) *Layoffs*, especially when having to fire a close co-worker or someone who does not understand why he is being laid off
- 2) *Change leadership*, especially when trying to change the attitudes of the executive board for the best interest of their employees and in the case of significant strategic shifts
- 3) *Cultural leadership and enforcing organizational values*, especially the experienced difficulty of being and convincing others of being consistent in all decisions and interfering in behavior contrary to the values
- 4) *Own relationship with their superior*, especially experiences of high-quality trust relationships and feeling supported in difficult situations

However the aim of this thesis was to dig deeper into the meaning and reasons behind the discussed moments and why they were seen as important, as well as what they could tell us about the participants’ personality, behavior and role in the organization. Therefore, a second round of analysis was conducted with the aim of categorizing the codes into fewer units.

After all the interviews had been completed, all the transcriptions were further analyzed by conducting a second coding phase where the codes of the first round of analysis were reviewed and updated if seen fit. The aim of the second round of analysis was to categorize the experiences and situations into groups in order to be able to search for their deeper meaning as well as recognize common themes or behavioral patterns across interviews. Table 7 presents a list of all the codes assigned in the first round of analysis. All together 8 categories

were identified, consisting of 72 codes in total. Some codes had more occurrences than others, and some categories clearly stood out in the number of occurrences.

Next, the categories previously assembled were further examined, and each event or situation in those categories was further analyzed in order to understand the occurrence at a deeper level and understand its meaning from the point of view of the participant. It was kept in mind that having sensitivity was paramount in order to be able to give the right meaning to the discussed situations and discussions in the data. Sensitivity is a quality of the researcher that allows him to be able to see beneath the obvious to discover the true meaning behind the data (Strauss and Corbin, 1998). In the case of this research it meant reaching beyond the actual events that were discussed, e.g. a difficult situation with a subordinate, to find the true meaning of the occurred event, why it occurred, why it was perceived as important and what it actually meant from the point of view of this study.

Table 7. List of categories and codes in the second round of analysis

Code	Category
Helping others solve their problems, empathy, sympathy, emotional support to others, set yourself in another's shoes, caring, consoling, recognizing others emotions, recognizing people's strengths, teaching empathy, joy from others' success, empowering others, taking others' problems seriously	Showing empathy
Good experience with superior, bad experience with superior, high level of trust in someone, coaching, teamwork, giving chances, interest towards other people	Relationships
Perseverance when it comes to doing the right thing, putting others benefit before your own, putting the company's needs before your own, breaking norms when seen fit, fighting for the right choices, fighting for your values, well defined set of values, unconditional moral code, careful in making promises, leading by example, assuming the responsibility of your actions, fighting for others, joy from giving	Principles and values
Challenging yourself, forcing yourself to do unpleasant things, critical thinking, challenging own thinking, wanting to learn from others	Challenging yourself to learn
Dealing with disappointments, positive attitude towards challenges, positive attitude towards the unknown, saying yes to unexpected suggestions or ideas, self-reflection, gratefulness, ability to set own emotions aside, ability to recognize own emotions, sense of achievement from building something new	Attitude and own emotions
Straightforwardness, openness, honesty, discussing things, making sure you understand the other correctly, giving feedback	Communication
Broad thinking, thinking ahead, planning sets of actions ahead, seeing the bigger picture, recognizing opportunities, approaching situations from the other's perspective, understanding own thought process	Understanding connections
Facing hard situations straight on, questioning opinions, questioning behavior, seizing opportunities, committing to what you do, always interfering when seen necessary, systematic actions, pointing out when someone acts wrong, making others see the bigger picture, doing together, result-oriented actions, adapting to changing situations	Engaging in situations

During this phase, each participant started to be seen as an individual with certain characteristics and aspirations, and it was noted that certain categories were emphasized by the data. These included elements such as empathy, a deep relationship with the CEO, and the ability to perceive big ensembles and predict long chains of actions, so a literature review was conducted in the areas of empathy and leadership as well as around the empathizing-systemizing -theory.

Phase 2: Connecting findings to systems intelligence

The data showed what the participants perceived as meaningful events during their career and included a rather detailed discussion about those events. Combining these discussions with the second type of data, i.e. the researcher's personal observations and notes regarding the interviews situations and the participants, a reconstructive claim was formed: while discussing personally meaningful situations the participants were actually bringing up events, which demonstrated their personal characteristics, skills, and ways of thinking and interacting in those situations.

Quite quickly, a possible framework to further analyze and be able to understand the data and the people behind them as well as their behavior was the framework of systems intelligence. As the data was analyzed and the assigned codes to each meaningful event were categorized, similarities to the SI-framework were recognized. When looking even deeper into the data and the reported actions, thinking and mental models of the participants, the eight dimensions of systems intelligence were identified from the behavior and thinking patterns. The data was then analyzed and coded again from the point of view of the eight dimensions of SI. Simultaneously a deeper literature review was conducted in the field of systems thinking and systems intelligence. After this, the data showed itself again in a new light, and the final interpretations of this thesis started to build.

The interview excerpt below shows the depth of the data and displays how a single event can demonstrate multiple dimensions, and its aim is to explain how the interview data was analyzed:

“It was about my first week [in the new job] and of course I went to eat at the canteen, because I wanted to eat like everyone else in the factory. Most of the other members of the executive team often ate in restaurants and had long lunches. Well anyway, it was then that I realized that these employees who operated heavy machinery at work were drinking quite a lot of wine during lunch. They could easily drink a whole bottle during their lunch break. I quickly established that that wasn't safe and that I had to do something about it. One of these workers came to tell me 'you know, your predecessor tried to take away the wine, and... you know what happened to him' and laughed. Well, then we started to talk together and wondered, how we could find a solution to this. I asked them, what would seem reasonable to them, because a whole bottle wasn't quite reasonable, after all you wouldn't drive a car after that either. In the end, together we ended up at half a bottle.”

Through this particular short memory, the participant demonstrates several significant behaviors through which he displays many SI dimensions. First, the fact that unlike his colleagues or the prevalent norm, i.e. what was expected of him as an HR executive, he decided to go have lunch at the factory canteen, because he wanted to eat like any other employee. We can speculate about the exact reasons behind this decision, but remembering that these moments are memories and the participants own interpretations of past events, it is not seen relevant from the point of view of this study. What is relevant, however, is that the participant de facto did go to the canteen instead of what was perhaps expected of him, and this decision allowed him to make an important discovery from the point of view of the organization and its performance - that the employees were drinking a lot of wine during their lunch breaks.

Second, by observing his surroundings in the canteen and processing information, he made notice of the fact that several employees were drinking a lot of wine, and that these same employees operated heavy machinery - a clear problem with possibly dreadful consequences. Instead of rushing into making a decision about how to solve this and opting for the first option that would come to mind (prohibiting the consumption of alcohol during work hours), he thought about the best way to solve the problem as efficiently as possible with *positive* long term effects. In order to make up his mind about the best course of action, he looked at the problem from different points of views, discussed with the other side and tried to understand their stance. In addition, once he was convinced this problem needed fixing, he was not provoked nor did he withdraw from solving the problem as he was facing threats, rather he tried to understand the complexity of the problem and the effects of possible solutions in the system. Clearly the employees would have been highly unsatisfied and even angry, had alcohol been entirely prohibited.

Third, by aiming to solve the problem by communicating openly, by explaining the importance of the matter, and by working together with the counterpart in finding a compromise that would leave both sides happy instead of using his authority, he aimed to commit the workers to the change and kept in mind the long term effects of this decision, aiming to make an *intelligent* decision. To conclude the breakdown of this excerpt, this single memory shows that the participant demonstrates capabilities especially regarding spirited discovery, systems perception, attunement, positive engagement, effective responsiveness and wise action.

This sort of event, that clearly displayed systems intelligent behavior were frequent in all interviews. Gradually, as will be shown more in detail in the following chapter, it became clear that the participants exhibited strong capabilities in all dimensions of systems intelligence. The next step was to investigate *how* the participants were using these skills within their organization and what impact their behavior had on the organization as a whole, with the aim

of discovering the possible role of HR in increasing systems intelligent behavior within their organizations.

Phase 3: Effective interaction within the organization

Looking one step further into the role of the participants in their organizations, the data was analyzed one last time, this time focusing on moments of interaction. The aim was to examine the participants' thought process and behavior in interactive moments within their organization, see how if the SI factors were present in these moments of interaction and further assess the effectivity of the interaction. A hypothesis was formed, that through these interactive moments the participants played a key role in increasing the understanding and/or occurrence of the eight SI factors in the person they interact with. The aim of this round of analysis was to gain insight about whether or not, and if so, *how* the participants could amplify the eight SI factors in the people they interact with and thus increase systems intelligent behavior within the organization. Below is an example excerpt from an interactive moment followed by an analysis of its effectivity:

"I hadn't been there for long, when the local CEO, who was very appreciated in the small town, had to be laid off. Of course we provided him the opportunity to say goodbye, so he held a speech on the factory's floor for 350-400 people, who were very sad to see him go. I went along even though I didn't understand [the language], but I didn't want to hide in my office because I was the one who had dismissed him. The look on people's faces when they saw me was so frigid that I had never experienced anything like it! At the end of the speech the secretary of this former CEO, who was standing a few meters away from me, started crying so I spontaneously took a few steps and hugged her, as 300 people turned around to stare at me. After that I had no problems whatsoever with that culture of the people. None. It really emphasized that you have to be human, listen to your instincts and sometimes act spontaneously."

This powerful moment of interaction, which was somewhat unexpected, shows how big of an effect even a short moment or a small gesture can have from the point of view of the system. First, the participant could have decided not to go to the gathering. After all, the excerpt shows that in addition to the layoff itself being a difficult situation, it was even more difficult as the people and the small town were on the CEO's side and saw the participant as responsible for the change. *"The look on people's faces when they saw me was so frigid that I have never experienced anything like it!"* This reaction came in response to the fact that the participant attended the gathering and dared to be present, even though he did not even understand the language and he was seen as the culprit for this whole situation and the negative feelings it brought up. *"I didn't want to hide in my office"*. By attending, the participant delivered a clear message. For example, that he stood behind his actions and took full responsibility for them, that he wanted to be part of team as opposed to someone from the outside, and he set an example that however hard the situation, you had to confront it.

Second, the fact that the participant spontaneously took a few steps and showed a public demonstration of affection by hugging a person clearly upset but whom he barely knew, and who was upset in a way *because* of him, turned out to have a monumental effect on the organization. One can imagine that this gesture was quite unusual in that setting, and even less expected. The action and its effect, spontaneous as it was, was not calculated nor planned. The participant acted based on his instinct, showing his humane side and through this gesture revealed the purpose and intention of his being there, assuming his new position as the HR executive. *“After that I had no problems whatsoever with that culture of the people. None.”* He was there for the people, and saw them as humans with emotions rather than as resources or subordinates. This excerpt shows how the HR Executives, through small moments of interaction, can influence the attitudes of the people in the organization and perhaps by leading by example can affect the behavior and attitudes of others and change the behavioural norms of the organization.

These three phases of the analysis, summarized in Figure 4, lead to the final interpretations of the study.

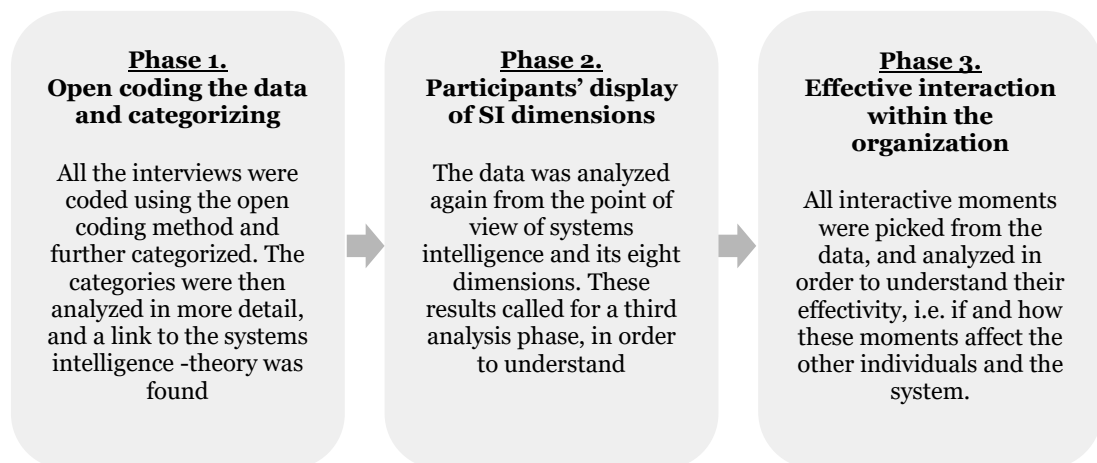


Figure 4. Three phases of analysis

In the first phase, the focus was on analyzing and understanding the meaningful events brought up by the participants and their deeper meaning. This included several coding iterations of both open coding and categorizing. In phase two, the focus was on linking the data to the theory of systems intelligence, and phase three took this further by aiming to discover how the participants aimed to improve the system through their behavior and using their capabilities in the dimensions of systems intelligence.

The overall structure of the data based on these three phases of analysis is presented in Figure 5, which demonstrates how the findings evolved in each stage of analysis. The final interpretations and results of this study are presented and discussed in the following chapter.

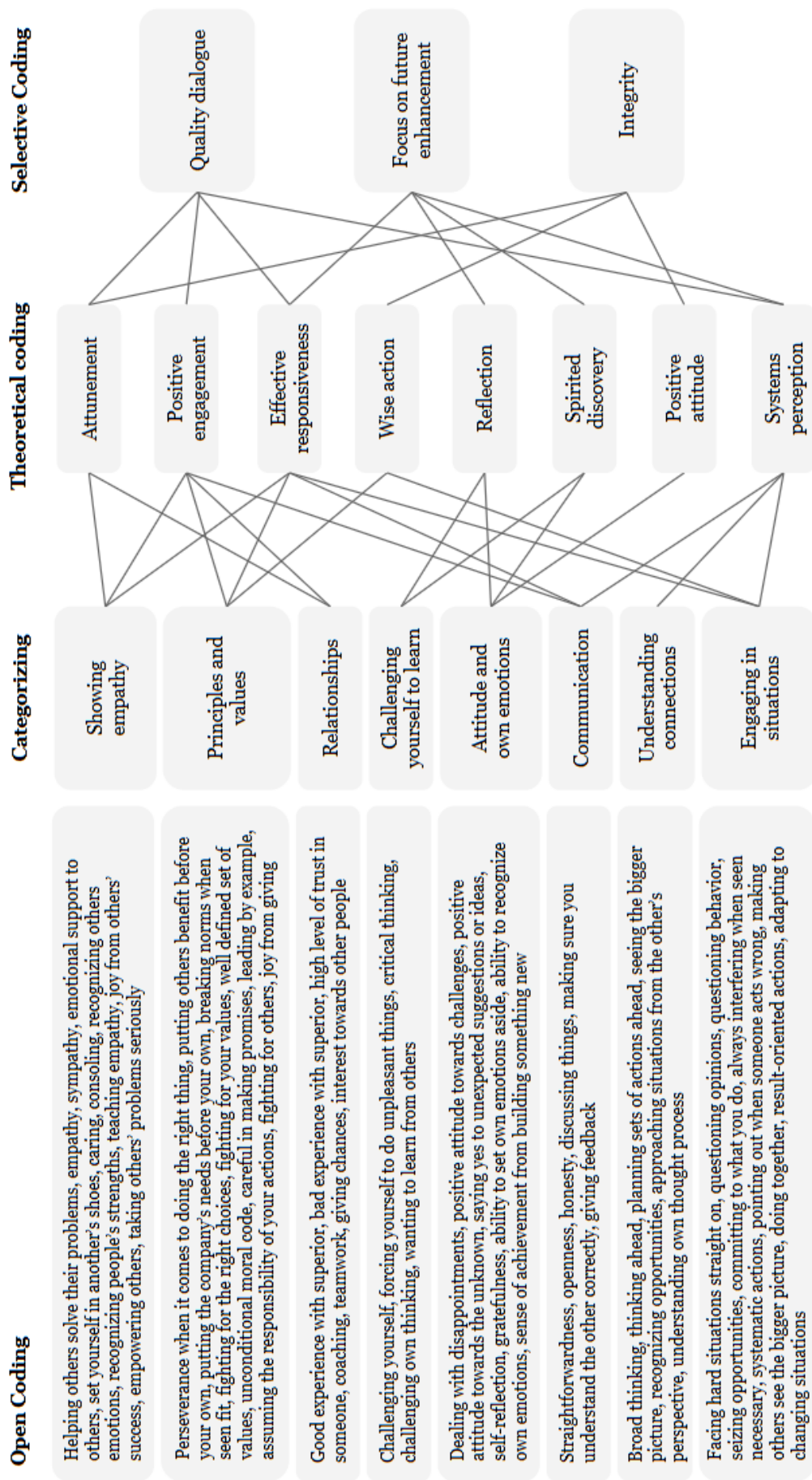


Figure 5. Overall analysis

CHAPTER 6.

Results and Discussion

This chapter presents and discusses the findings of this study, which brings up several key findings about high profile HR executives as well as their role in their organizations. First, the results indicate that these HR executives appear to have high levels of systems intelligence overall, which will be demonstrated mainly by presenting direct quotes from the interviews. Second, the participants appear to play a significant role in developing their organizations' employees' behavior and world-views, with the aim to improve both the individual employees' success and the organization's performance as a whole. This appears to be achieved mainly by striving to create and sustain an environment that enables personal growth, and by actively creating moments of interaction and being mindful to their effectivity from the point of view of increasing systems thinking, allowing personal growth and broadening the other's worldview.

6.1. HR Executives Demonstrate High Levels of Systems Intelligence

The results suggest that the participants have a high level of systems intelligence overall, as the interview data consisted of meaningful events through which the participants displayed high levels of systems intelligence. Each participant and how they conveyed their abilities in the eight dimensions of systems intelligence was addressed separately. The occurrence of all eight dimensions of SI are presented and elaborated in more detail below. However, it should be kept in mind that as many of these dimensions overlap, most of the cases presented in this chapter demonstrate several dimensions (as shown in the previous chapter), and are categorized based on the interviews and the participants as a whole rather than as single stories.

Systems Perception

All the participants showed exceptional systems perception, and the importance of ‘understanding the bigger picture of the organization’ came up numerous times, as did the ability of the participants to always think several steps ahead within the systems. As the following excerpts point out, the participants make decisions based on a thorough understanding of the system(s) and their subparts as well as on the decisions’ effect on these.

“I always try to think about a certain element’s role in the big picture. Maybe it is that I always look at things from several perspectives. Sometimes answers come directly from my backbone, but sometimes I have to really think about the process, how it actually goes, and ask around from different people. It is not wisdom, but recognizing that you have to understand the situation.”
-HR2

“Every time I make decisions I look at how it appears from different angles, make a sort of sanity check. For example you have think ‘if we do this, is it aligned with our policies, values and politics? What will I find ahead, if we make an exception?’ I really don’t like exceptions. Decisions have to be aligned and coherent.” - HR5

“I personally like to concept of ‘insight’. It develops all the time with increasing experience, but not necessarily to everyone. For example when I came here, if I hadn’t had insight, how would I have started to build and organize the whole HR function? You have to understand what needs to be done first so you can build the next thing on that. You have to understand how the big picture is built, especially the lower layers. The same things applies to statements: if you have to take sides or make your statement about any matter you have to understand its implications far into the future from several angles. Who will do it? What all elements does it affect? Who is in charge? In decision making the most important is not to make the decision, but to be able to fully understand the ripple effect far away. Otherwise you easily end up making decision which are not aligned.” - HR4

“Nowadays there is a lot of discussion about agile strategies and agile doing, with the idea that ‘just start doing something’. It’s true, you learn and you redirect. But there are also decision that are so fundamental, that once the decision is made you can’t go back and undo it. You just can’t fix them, and they can destroy your whole company. Those decisions are the ones you should put a lot of effort into and really think about them profoundly. And of course in those critical cases you also have to make sure, that at least in those you have your absolute A-team playing the game.” - HR3

Without exception all the participants showed both exceptional skill and will to fully understand the system(s) they work in and how they function, and not only when it comes to decision making but also in communicating or in understanding why something works or does not work and how it could be improved.

Attunement

In addition to being able to see and understand the systems surrounding them and their organization the participants also showed exceptional abilities regarding attuning to those

systems and to other people. Not only do they adjust their behavior according to the situation and system, but they also have high emotion recognition abilities and show good capabilities in reading people and their feelings.

“We all had the responsibility to host guests, show them around the factories and such. Once with our CTO I was co-hosting a group which was quite unfamiliar with our business. With the CTO we had decided that I would be the one to make the presentation about our company, business and how things work. I was quite good at explaining, on a very concrete level, what the factory would actually do with the components and gadgets that we produced and was good at explaining the process as a whole. After my presentation the CTO gave me one of the best feedbacks I have received. He said to me ‘that was by far one of the best presentations I’ve heard in a long time, because engineers always go to the small details and by that time they have lost the interest of their audience ages ago.’ Normal people aren’t interested in the most technical aspects, but many engineers have difficulties to approach the subject from the audience’s perspective rather than from their own interest.” - HR4

“[My previous organization] was very conceptual and had a strategic culture. There you could easily present some generic concept and the board of directors would evaluate whether it could work for us, and then they trusted the leaders to implement it right. I tried the same approach here, but when I was presenting a raw process of succession planning I could see that only a few members in the room were with me, and the rest were constantly asking ‘what does this mean in practice?’ In the beginning, I had to tell them that in that moment I couldn’t say what it would mean in practice, but that if we accepted the model I would work on the process to refine it and define an action plan for its implementation. But this way of working was completely strange to them. The culture was highly operative and my approach to take things forward was wrong. Pretty fast I realized that I had to change the way I brought new ideas forward. The culture does not change for you, but you have to find the way to do things in that particular organization. You have to understand the culture inside out. It is not up to others to change or try to understand your way of working or expressing yourself, it is your task to find the way to convey the message to them so that they understand it. For example if someone is very data drive, give him data to prove your point!” -HR6

“It was interesting. From the beginning of my career, even though I didn’t have any official power, starting from my first workplace people always came to ask my opinion on things ‘hey, what do you think I should do?’ I think maybe it’s because I truly want to help others, not steal clients or glory. I always tried to work as well as I could, and that must have shown to others.” - HR1

The participants seemed to demonstrate a high level of connectivity to their own emotions and the ability to recognize others emotions, which enables them to attune to people and systems. However, in addition to understanding situations and people, these people also systematically act upon that knowledge with the aim of being an example to others and encouraging others to develop their innate skill of attunement as well.

Reflection

The participants showed high self-awareness, which arguably has stemmed from active and regular self-reflection. Without exception all participants demonstrated excellent skills in meta-level thinking and most mentioned reflection as being the key tool in developing their skills and accomplishing their goal of improving the systems they work in. Below are few

examples of the participants' individual-level reflection and how it has impacted their work and careers:

"When I had [worked in several functions] I realized two things. First, I was clearly being trained to become CEO. You never know for sure of course, but I was part of a small group that was being raised so that one day they would be part of the executive team or even steer the whole ship. That is when I really had to start thinking what I actually wanted to do with my life. Until then I had just been going with the flow and known that I wanted to be a leader. But when I started to think about it seriously I started even questioning whether I wanted to be a leader at all, because I was starting to see ideological problems in how companies are lead." - HR3

"One Friday a team came to my door and wanted me to make a big decision. We went through all the facts and I was already making up my mind, but something just felt wrong. I asked them to step outside of my office and tried to solve a hard Sudoku. I couldn't. Then I took the team back inside and told them that I just can't make the decision right now and I suggested that we make the decision on Monday at 7 before the week starts, but that right then I couldn't make the decision. They were disappointed of course, but that's what we did. During the weekend I relaxed, met with my friends and exercised. On Sunday I took out the same Sudoku and I finished it under two minutes. Then I made up my decision and told it to the team on Monday. It was clearly the right decision, but not the one I was about to make on Friday. That's when I learned I should never make decisions when I'm tired or have a rough week behind me." -HR1

"I realized when I came here [back to a HR role after having spent years in other positions including business manager], that if I was analyzing myself honestly, it took me a while to accept my new role. I was clearly missing the business-side of it and in the beginning it felt like my position didn't allow me to do business and be the one making decision, and I felt like I had lost the customers and something that I really missed. I felt like I had lost something, and it took me a while to get over it and find the role of the HR executive in me, and understand what my added value to the organization was. I couldn't just go and tell the business manager to do something - I had to learn out of the role of the business manager." -HR8

Pushed forward by their will to learn and their wish to improve themselves and the system, the participants knowingly make themselves vulnerable in order to receive feedback and achieve better understanding of their mental models, a critical element in learning and developing personal mastery:

"Even if you experience status or whatever, you should always preserve a healthy humbleness to things and phenomena. If you don't, there's the risk that one will stop listening and evolving, which is when learning stops. If you are unwilling to listen to others, there is not much development ahead. This made me think of a good quote: 'to be a good leader you better interact with the people you lead'. You better be interested about them and interact with them and not just assume." - HR4

"The most important thing is that you manage to gather people around you who are honest and whom you allow to be honest. They act as mirrors, because it is hard to see your own behavior very objectively. Without feedback it is hard to learn and develop yourself, but before you can honestly talk about things you have to establish a certain level of trust. Once the other side feels that you have his best interest at heart and are always on his side, you can talk about anything!" -HR3

Not only do the participants see the value in reflecting, but they see it as a critical tool in learning and improving one's performance.

Positive Engagement

Positive engagement with other individuals within the system involves creating uplifting, open, and mutually beneficial interactions and connections (Hämäläinen, Jones and Saarinen, 2014). In order to achieve this, communicating with respect and empathy is key. Positive engagement is also apparent from the amount the participants seem to spend communicating with their team and employees, their willingness to support others, and their attunement to others' needs.

“We had a deal [with the CEO], that whenever he had to let someone go, even big managers, he always left the door a little open. I had always prepared all the documents, told him what to do and what I thought was relevant from the point of view of that particular person, and he was really good at listening. We agreed that he would always leave the door a little open because he wanted to deal with those situations by himself, but in case of a tight spot I was ready behind the door to come to the rescue. I never had to enter.” - HR1

“I have had the pleasure to work with CEOs who can handle and want to get feedback. I have had extremely open relationships where we have never had the need to decide ‘okay, now I will give you some feedback’ but the communication is always transparent and continuous. [...] When I left my previous job, in his farewell speech the CEO said that if we looked at minutes spent on the phone, he has spent the most time talking and discussing things with me, which I’m sure is true.” -HR2

“We have to offer interesting jobs [to our employees] and make the change fun. And we also have to respect and value the employees who do more traditional work. [...] When I started, digitalization was seen as a ghost and nobody really understood what it meant. We have worked hard so that everyone would see it as an opportunity rather than a threat.” - HR9

This dimension is apparent in the participants' behavior, not only from the interview data but also from the researcher's personal observations and from the way the participants interacted with the researcher. For example all participants were extremely open, positive and humble during the interviews and when contacting them before the actual interviews.

Spirited Discovery

The participants demonstrated having an open-minded approach to new things, but also the ability to recognize in themselves whenever this attitude was lost. If this was the case, the participants were ready to take action and make a change, as they wanted to be looking for new things and approaches. Several participants also brought up that the reason they had advanced to their current positions was their habit of saying yes to new things and suggestions.

“I had been working there for a long time and I knew everyone and how everything worked. So I started thinking that I had to leave, because if you stay for too long in any organization your learning just stops and I wanted to learn new things. Not far after a contact called me and asked

if I wanted to be the CEO of this one company he had bought. I said ‘absolutely! Sounds really interesting!’ When I transitioned [from being the HR in a big company] to being the CEO of a small company, in the beginning I felt like I didn’t know anything! I had been used to lead a large organization and I always had many people doing the things and I was leading them. All of a sudden I had to do everything myself in that team of 45 people! There were no assistants or IT-department or anything. In the beginning, I felt like I didn’t know how to do anything. I had to learn to do everything myself and that was really good for me!” -HR9

“I was headhunted there and I was SO excited! I went there to be in charge of HR in an organization of 50 people, that had a subsidiary of 40 people in London [after having worked in a large corporation]. When I went there their business plan said that they would expand substantially [during the following years], and that they would for example found subsidiaries in Italy, Singapore, and France I think... So the idea was to conquer the world and that the staff would grow. I think I remember that the staff was supposed to double each year or something. That vision was absolutely exhilarating!” -HR8

“I usually say yes to suggestions. I have always made decision by saying yes to things. And if I see that I click well with a person and I feel I would like to work with them, I have always said yes to anything.” - HR7

The participants’ open-mindedness seemed to be a key factor not only in being able to interact effectively, but also in the development of their careers.

Effective Responsiveness

All participants showed mastery in being able to adjust their behavior so that it creates an effective response.

“People often wrongly think, that for example we don’t want to discuss about this with the whole organization because we don’t want to change the strategy any more. But that’s not the point! The point of communication is not to change it but to help everyone understand it. And on the other hand if you are asked something and you are forced to articulate the answer, it usually starts making even more sense to you, you often learn new things, especially if [someone who hasn’t been part of the process] doesn’t understand it. The one who owns the decision and is committed to it has to be able to explain it understandable without a single powerpoint slide and be able to answer questions!” - HR4

This example shows that the participant is very aware of the characteristics of the systems and people surrounding her, is able to assess her own behavior related to that system and attune to it by adjusting her behavior accordingly.

“The most important question you should ask [in order to create change] is always ‘why’. You should always ask yourself and tell others why something is important. Why it is important that you want to make this change. The other person has to understand, for example that the company will go bankrupt if we don’t do this. All decisions have a reason or explanation, and for example in mergers it is that you have the will to do something together. Then you have to do it for real. It’s important that everyone understands the business logic. Everyone has their own thoughts and ideas, so you have to discuss and talk about them to be on the same map. Communication and dialogue is the key, not just telling other how something should be done.” - HR5

“[When I started in the position] I was naturally pulled into all sorts of things, in a positive way, and it took a long time for me to actively discover and figure out what they had been thinking and doing and if something had already been done, whose ‘child’ it was. Because when you want to improve or change something, you really have to acknowledge that.” - HR4

“They were used to a strict management style, where they were just told what to do. I, on the other hand, wanted to ask them how they would solve the problem or what they would do, and they must have thought that I knew nothing. But I had previously learnt that I wanted to encourage people to think for themselves, and it was quite hard to teach that to them. They had to start taking responsibility for their actions, and it took a long time to break their pattern because it’s not easy to learn. And I also realized that I had to meet them halfway.” - HR9

The participants showed on numerous occasions that whenever they had determined whatever change they had to achieve, big or small, they systematically thought about the best way to achieve it. This sometimes also required flexibility in their own thinking, as reaching the end goal sometimes requires breaking the problem into smaller steps or trying to induce change in a way that was not ideal but effective.

Wise Action

During most interviews, the participants brought up the fact that their job was to enable the organization to succeed on a longer time-range, no matter what changes the business faced. All participants also brought up several examples that showed that they were dealing with long lasting projects that would reveal themselves only years after, particularly culture change projects or projects involving learning.

“These days most companies reduce their training costs. What this leads to, is that the business suffers in the long run - if you do that, you can’t be sustainably good! You can’t build success 5-10 years forward if you don’t invest in it now. [...] I have seen this too often, that first you try to cut all surplus expenses that aren’t employees, which means that in fact you are cutting the doing, because you are removing the tools that the employees use to do their job. So you end up with having people, who in the end can’t perform. When you’ve cut everything that you can easily cut, you start to cut from the renewal-side. What you should do instead is for example if you have to let go 5 % of the staff, let go 10 % and invest the 5 % back into the renewal. People don’t usually think like this, which is bad. You have to understand your industry and competition and know, how much you have to invest in the renewal to be able to succeed.”- HR3

“In the previous culture project we had thought about values together with the employees, but now we decided to do it in the management team. Based on that assessment we noticed, that urgency, accountability and empathy were all wrong and missing [in the everyday working life]. You can’t decide your values so that you pick values that you don’t have. The culture and values are what they are, so we started talking about behaviors and behavioral patterns that we were lacking and that we wanted to develop and increase. We did a big cultural change project that took several years. We measured, gave feedback and trained managers and teams.” - HR3

“When I started here, the vision and the future outlook were set, but we starting building our strategy and thinking about what we had to do to succeed in that world. In the beginning I had to push really hard in the executive team before I even got People on the whole agenda! HR had been put together with IT, and that’s no good. Nowadays People are in a really big role in our company strategy, but luckily time has also played in my favor. We have understood, that how

well we succeed in this change depends largely on leadership and especially on our people. But developing culture is such a long process... it doesn't change in an instant. On the other hand you can't just sit around and wait either - you have to start going.” - HR9

The participants showed that in the case of each project they kept their eyes on the long-term goal and contrasted everything to that, for example what could be the potential pitfalls and how they could be avoided, which often required a long-ranging approach and a set of measures. What several participants also brought up was that it does not matter whether something is not perfect, as long as it is the right thing and it follows the right path. Seeing the bigger picture and where it was going was considered more important than any single process or task.

Positive attitude

Finally, the participants demonstrated an exceptionally positive worldview and approach to all events that happened to them or their organizations, including towards the most surprising or seemingly dreadful situations. Most participants directly stated that they try to find the upside in all situations, no matter how bad they initially or intuitively appear.

“It determines quite much how you see difficult situations, whether you take them as threats or possibilities. Even though we had hard times we decided to see it as an opportunity, whereas all our competitors saw it as a threat. Whenever there is a change, even if it is perceived as negative, it can be turned into an opportunity. We saw that the growth would continue despite the crisis, and because we had been growing so fast for a long time already our internal processes were in a pretty bad shape. So as sales went down we did a massive in-house cleaning and focused on internal development. Second, we decided that we would win every single deal out there, so during the recession we actually raised our market share from 20 % to 40 %. This shows that in bad situations your attitude is crucial, how you react to it. Also you really have to thoroughly understand the situation at hand.” -HR3

The participants' open-minded, systems intelligent approach to adversity and disruptions shows that they believe there is always a way to turn everything into positive outcomes. Not only has this attitude proven to work for them in their personal careers, as most interesting projects or new jobs had just appeared to them without actively seeking for them, but also for their organizations, which have achieved unlikely success in unfavorable circumstances.

6.2. Discussion on HR Executives' Systems Intelligence

These results indicate that at their work the participants consistently demonstrate high capabilities in the eight dimensions of systems intelligence. However, this study was not designed specifically to measure the level of systems intelligence of the participants, rather this finding presented itself during the research process. Therefore these results are not

quantifiable and would benefit from performing a second study specifically designed for this. However, if we do consider the presented results in the light of existing literature, intuitively it seems right that HR executives, who together with the CEO are responsible for the development of an organization's human capital and its people, must have high levels of systems intelligence in order to succeed at their work and be able to induce change.

Previous research in the field of systems intelligence has discovered that in general people in managerial positions score higher than other employees especially in systemic perception, spirited discovery, positive engagement and effective responsiveness (Törmänen, Hämäläinen, Saarinen, 2016), which seems to be somewhat in line with the results of this study. The obvious question of which came first is left unanswered; have the participants always been exceptionally skilled in the aforementioned areas, which has led them to these particular careers in HR, or have they been actively working to improve these skills in order to succeed at their jobs? Nevertheless, considering the key tasks of the HR executives and their role in the executive board, being able to understand the organization from the human perspective and act intelligently in it seem like crucial capabilities.

These results bring forward the question of how these strengths and systemic intelligence are used within the organization, and what the HR executive's role is in increasing systems intelligent behavior throughout the organization. The following chapter presents the results of this study to this question.

6.3. Fostering Systems Intelligent Behavior within the Organization

The definition of systems intelligence introduced in Chapter 3 underlines the active role of the person in influencing the system in a positive way. As Chapter 6.1. showed that the participants demonstrated high skills in all eight factors of system intelligence, this study proceeds to suggest that the participants play a key role in developing the organization and the working environment with the aim to improve both the individual employees' success and the organization's performance as a whole. It is proposed that this is achieved by consciously guiding the employees to develop their thinking and behavior, by actively engaging in and creating moments of interaction, and being mindful to their effect; do they enable personal growth? Do they broaden the other's worldview?

Before discussing in more detail how this is done, and more importantly in order to better understand *why*, first it is important to examine what motivates the participants in their work, what excites them and gives them the feeling that they have succeeded. What motivates the participants is an important question as it enables us to better understand the interview data, the meaningful moments and why the participants acted the way they did. The next chapter aims to answer this question.

6.3.1. What Seems to Drive HR Executives Forward

The results of this study show that the participants, successful HR executives, are highly committed to their organization's people and strategy. They play a key role in their organizations and executive boards when it comes to implementing strategy and achieving goals, as well as in enabling the employees' personal growth in order to be able to perform better and more efficiently. However when digging deeper into what drives these people forward in their work, this study brings forward three explanatory factors, that allow us to better understand these people and their actions:

- 1) Conviction - *a well-defined set of values and principles*
- 2) Determination - *relentlessness and perseverance in being faithful to their conviction*
- 3) Selflessness - *the will to see other succeed*

These three elements are not exclusive nor does this thesis suggest that these factors are the only elements that motivate the participants in their work. However in the light of the results of this study they are relevant observations when forming an understanding of the phenomenon at hand and assessing the moments of interaction brought up during the interviews.

First, possibly as a result of self-reflection and introspection, all participants demonstrated that at work they had and valued having a well-defined set of values and principles that guided their decision making and behavior, as well as a vision of how things should be in the organization and on a higher level. This includes for example honesty, openness, fairness, consistency and always putting the needs of others or the organization first.

"I often tell HR people who are in the beginning of their careers, that you shouldn't worry if you don't know any fancy processes, if you can follow two principles: fairness and being consistent. With those two you get pretty far along. That's what's expected of HR processes: everyone needs to know that from A follows B. However, justice is a hard concept because what someone thinks is fair may not seem so from someone else's point of view. But I would argue that most people do have an innate ability to tell right from wrong." - HR2

"I believe and I hope that I am an honest, fair, and clear leader. I talk about everything openly, prefer to tell everything rather sooner than later and set clear goals that I communicate clearly. The most important thing is that everyone knows where we're going." -HR1

Before making decisions, the participants looked at them from different perspectives and seemed to mirror them to their values and principles, as can be seen from several excerpts from the previous chapters. Second, the participants demonstrated that they were relentless and unwilling to give up on their principles and certain values, no matter how much resistance they had to confront:

“When you are facing a manager who says ‘hey, I have been doing this job for 30 years, I think I can handle it’, it takes a lot of self-confidence for the HR to keep pushing and say ‘yes, I realize that but I would like to discuss this with you’. The HR person’s wit and way to approach these kinds of people have to be that they are trying to help and actually bring added value. Sometimes it means starting from trivial things to gain trust, after which you can start building bigger changes.” -HR5

“The HR leader’s role is such that that person is often the only one who dares to be straight and honest with the CEO. That’s just how it is.” -HR2

“It was almost comical when I confidently joined the executive board, they were not used to having an HR that could comment anything or even open their mouth in the meetings. I remember, the CEO was very leadership-oriented and we had already been talking before the board meeting that we should start a value process after reorganizing. In the meeting, I was trying to paint how it could be done and what elements should be recognized and I could see the terrified look on some business managers’ faces [laughs]. They must have been thinking ‘what the hell? Is this what I am going to have to do now?’ To them it must have felt like I had started discussing relationship problems on the board and it was so strange to them. Well I had completed several change management programs so I knew, that I shouldn’t waste a lot of time on the laggards but put all my energy to the eager ones and the rest will follow.” - HR6

“I pick my fights. There are things that I believe in so strongly that I cannot give up or even bend about them. I will fight for them as long as it takes to get them through. If I feel something is critical and the right way to do it from the organization’s point of view, I find the strength to repeat and repeat myself as long as it takes.” - HR7

Third, the data indicated that what drives the relentlessness of the participants is their inner motivation to see people succeed and learn:

“The best feelings of success and achievement are often related to when we manage to solve bigger problems or realize, that some things have gone forward. Often it means that you have to take perspective and look at it from distance, because change in people doesn’t happen in a month or six months. For example at some point we measured that only 30 % of our employees felt that their ideas and views are valued. That was terrible! Now we are at 70 %, over all benchmarks. That shows that when you believe in something and consistently work to take things forward, they do change. The development and success of individual employees also feels really rewarding.” -HR2

“At some point when you advance in your career, the motivation shifts from learning and accomplishing things to helping others learn and succeed. Of course learning never stops if you are curious and listen to people around you, but at some point I came to the realization that my role was purely to give. I have to make sure that my people are competent and can learn the right things with respect to the organization’s strategy. [...] The transformation of the organization is always the goal, in which you as the HR executive are an enabler.” - HR6

“I have a very negative person in mind whom I had to tell that nobody had given him the permission to hurt other people’s feelings or kill their motivation. When we discussed this, it turned out that he just felt he was passionate in protecting his thoughts and convictions. Anyway, I suggested that he take some actions to change this behavior, and at some time after this person spontaneously came to me to thank me and tell me how much he has benefited from what that discussion started, and how he had been able to use the gained knowledge in other aspects of his life as well. He had learnt to acknowledge his feelings and observe his behavior from the outside.” - HR4

The participants reported that the best feeling of achievement comes when the people in the organization learn and start seeing the things that were unclear to them as self-evident, such as understanding the systems around them on a bigger scale, understanding their influence on the system and the importance of communication and positive engagement in making smart decisions and actions.

As we have now established that the participants show high levels of systems intelligence and that they seem to have a well-defined set of principles and values that they are unwilling to compromise in their work, next we will focus on how this motivation and these skills are used within the organization, with the aim of improving said system.

6.3.2. Effective Interaction as Means to Increase Systems Intelligent Behavior

The participants seem to actively use and benefit from their own skills in the eight dimensions of systems intelligence in order to induce change within their organization. The results of this study suggest that when examining moments of interaction brought up during the interviews (phase 3 of the analysis, described in Figure 4), in addition to the elements of intrinsic motivation discussed in the previous chapter, three underlying principles guide the participants' behavior when engaging with other people:

- 1) Integrity - *being true to oneself as a human being, no matter the consequences, i.e. living according to the drivers presented in the previous chapter (conviction, determination and selflessness)*
- 2) Quality dialogue - *personally undertaking and teaching effective communication*
- 3) Focus on future enhancement - *seeking to understand, and help others understand, the functioning of phenomena and how they could be improved*

These three principles were strongly present in the interviews with all the participants, and demonstrated themselves through the moment of interactions that were brought up. As the first principle was discussed in chapter 6.3.1., this chapter focuses on the latter two; making sure of the quality of communication during moments of interaction, and keeping a focus on improving the organization, mainly by personally seeking and helping others understand how it functions.

The participants seem to act as facilitators helping others widen their world-view by bringing up different perspectives and helping others reflect on their opinions. Most often, the moments of interaction brought up during the interviews involved talking or discussing with someone. However, the key element in this dialogue is its focus on effectivity, i.e. the outcome or change that follows, not the actual content of what is said. Simultaneously, by example,

they show the value of dialogue and open discourse to the people they interact with thus encouraging them to engage in quality communication as well.

“Once we had been delivering unpleasant news with a manager. We had to start cooperation negotiations, and in front of us was a big hall full of people who weren’t expecting that news. After a person hears that, they don’t anything else. After the speech, the business owner said to me ‘well that went well, there weren’t any questions.’ In that moment I had to bring up to him that the reason why there weren’t any questions was the people were in shock and were just waiting to get out of that situation to process it with their colleagues or spouses. Who would want to hear anything from the business owner in that situation, especially about the future strategy?! It’s completely useless to discuss strategy in that kind of situation! What’s important is to talk about the layoffs afterwards in smaller teams of colleagues, and that the closest managers are available. It doesn’t matter whether you have answers to questions, but at least you have to be listening. The questions always come with a delay when people recover from the initial shock, and when they do the managers have to be listening to them. Otherwise they have no idea what’s going on in the organization.” - HR4

In this case, pointing out the manager’s mistake and incapability to read the situation correctly and explaining the reason behind it. It is not possible to assess the change, or this particular moment’s effect in any quantitative way, but pointing out mistakes in the case of such fundamental misinterpretation and making the person aware of the bias in his thinking is the first way towards change.

“I recently got feedback that I have a way of being able to solve problems by asking questions. More often I ask questions rather than comment on things, which usually point the conversation to the right rails. Nobody expects me to have the same knowledge or expertise as a R&D manager or the CFO, but I can still help them do their job better by asking questions, trying to understand them or by looking at things from an entirely different perspective than they ever would.” - HR6

On several occasions, participants brought up concepts such as ‘awakening ideas’, ‘coaching’, ‘pointing to the right direction’, ‘giving spontaneous feedback’, ‘acting as mirrors’, ‘engaging in dialogue’ or ‘helping someone find the right way to act’, all of which refer to helping others improve, not only for themselves but for the greater good of the organization.

“For example, we have launched the idea that a managerial position should be earned and that it is a position of trust. We are trying to awake the idea that it is through these people that you achieve your results, and that they function better if they are excited and feel they can influence their jobs. Our employees are very smart people who know how the systems and processes should work or how they could be improved. They should be encouraged to execute those ideas and the managers should be able to utilize them to achieve their goals. If [the company’s] strategic goal is growth, then new kinds of thinking is required. Innovations require a different type of leadership.” - HR5

“Maybe it’s even harder to get people to learn or renew themselves, when the business is doing well financially. Crises are sometime good, because they force you to stop and think. If we produce good results, it’s hard to get people to make the ‘extra mile’, when you don’t necessarily ‘have to’. But right now for example we are using a lot of time to learn how to learn relevant things. It’s mostly about attitude. And you can’t teach anyone attitude, but people do learn when they are given certain inputs, for example during open discussions. You can’t force anyone to be motivated, but it does usually follow when you believe in the story” - HR9

The results show that in their organizations, the participants tend not to make statements or processes in order to change the organization even though they have a vision of how they

should be, but rather they aim to induce change in others' thinking models by paying close attention to their behavior and the quality of the communication in moments of interaction.

6.4. Discussion on How HR Executives Foster Systems Intelligence

Leaders, regardless of whether it consciously or unconsciously, affect the organizational culture and all the employees decision making and behavior as they set the moral code of the organization, defining desirable behavior as well as unacceptable behavior (Schein, 1985). If the aim is to improve the performance of the people and the organization itself, at an individual level, the HR executives and the organization's highest leaders must exhibit actions that contribute to creating an environment where such change is possible.

The results of this study suggest that in their organizations, HR executives actively aim to induce change by consciously guiding the employees to develop their thinking and behavior, and by actively engaging in and creating moments of interaction and being mindful to their effect. In these moments of interaction, the HR executives appear to focus on three principles: holding on to their true human selves in all situations, engaging in high quality discourse and keeping the focus on enhancing the organization for a better future. The basis for acting according to these principles in order to induce change seem to involve the use of the dimensions of systems intelligence, especially systems perception, attunement and effective responsiveness, which lead to wise actions.

Perhaps the principle that is most obvious in the data is, as stated earlier, that the participants hold onto their values, principles and true selves at all cost. They appear to have a strong understanding of human nature, a vision of how humans should interact in organization and a strong determination not to bend or compromise in certain questions, regardless of the consequences or external pressure. According to Hämäläinen, Jones and Saarinen (2014) having a certain vision is often the key to induce positive actions, as vision often causes us to act in the same way that we would if the imagined future was already here. As pointed through the data, no matter how much resistance or rejection the participants receive, they work hard to prove their value and carry out their vision anyway.

One possible reason that arguably increases their determination even more is the fact that these people are truly motivated by helping others and their greatest sense of accomplishments, according to the interviews, comes from seeing others learn or succeed. These findings are in line with previous research (e.g. Organ, 1997; Mann, 2006; Vosburgh, 2007), that emphasizes the role and motivation behind human resource management as helping others. Perhaps this inner motivation and good intention is even one of the prominent reasons behind their successful careers, as the ability to read people's intentions is a human core competence (Hämäläinen and Saarinen, 2008).

Looking further into the moments of interactions and their effect in the organization, the importance of high-quality dialogue and effective communication cannot be emphasized enough. The participants actively try to help other people understand and improve their skills as well, by explaining and justifying *why* it is important for example to reflect, listen to others, think about something's consequences on a bigger scale or change their behavior in some way.

Following previous research in the field of systems intelligence, even the smallest changes in the systems are important and can have pivotal consequences, as they can enable other thoughts or aspirations to arise, which can then cause a snowballing effect (Hämäläinen and Saarinen, 2006). Even though in large corporations of thousands of people one could argue, that a single moment of interactions doesn't up to much on the scale of the whole company and its culture, small changes in the thinking and behavior of a single person can have a surprisingly large influence on the daily lives of the person's closest circle. After all, most people in organizations spend most of their time at work surrounded by the same people, in smaller teams.

CHAPTER 7.

Conclusions

As Chapter 6 brought forward the results of this study, this chapter aims to highlight the contribution of this thesis, ensure that the research agenda has been fulfilled and evaluate the validity of the results as well as the limitations of the study. Before critically examining the implication of the presented results, we must remind ourselves that all the participants of this study belong to the group of most distinguished HR professionals in Finland, who arguably work in forerunning companies from the point of view of leadership and strategic human resource management. The organizations they work in consider HR as a critical strategic asset and their HR policies and drivers differ greatly from the average in any industry. Therefore the results of this thesis cannot be generalized to HR executives or HR functions in general, but rather enable us to understand the role of HR in these forerunning companies and learn from the best high profile HR professionals.

7.1. Contribution of this Thesis

The significance of this study stems from the fact that it aims to point out the link between systems intelligence and HR. The presented results suggest that the importance of humane behavior and empathy, along with systemizing, should be emphasized when aiming to increase a company's performance and competitive advantage. The shift from a problem-based approach to a positive approach in human capital management can be groundbreaking, as this broader way of thinking can uncover entirely new ways of improving performance. As the results of this thesis suggest, when it comes to strategic human resource management, the forerunning companies in Finland have already embodied this approach and started to integrate it to their cultures. Based on the results of this thesis the following propositions are presented:

Proposition 1: *Successful HR executives demonstrate high levels of systems intelligence and appear to use these skills in order to induce positive change within their organizations.*

As all the participants of this study, successful HR executives of large, Finnish companies demonstrated high levels of systems intelligence overall. It is proposed that these results could be extended to successful (S)HRM in general, providing follow-up research.

Proposition 2: *If the role of (S)HRM is to create and uphold a working environment that enables higher performance of its employees and the organization as a whole, then fostering systems intelligent behavior can help achieve said environment.*

Proposition 3: *Effective moments of interaction, which aim to increase other's systems thinking, broaden their worldview and enable personal growth, can increase systems intelligent behavior in organizations,*

Following the first proposition, it is also suggested that fostering systems intelligent behavior within the organization as a whole could be seen as a key role of (S)HRM in helping the organization and its employees achieve higher performance. Furthermore, systems intelligent actions could be increased by paying attention to such moments of interaction, which aim to increase the other's ability to perceive and think about systems, by trying to broaden their worldviews or mental models, and by enabling personal growth for example by encouraging to reflect or increase self-awareness.

In judging the contribution of this study, it should be kept in mind that the scope of a thesis is limited. In addition, there are theoretical limitations that arise from the lack of existing research combining systems intelligence and human resource management, as well as the lack of a universal discourse for HR in general, as was discussed in chapter 2. Therefore, more research is required to validate these propositions beyond the scope of this thesis.

7.2. Evaluation and Limitations of the Study

In this chapter, the present study is evaluated through criteria of qualitative research: credibility, transferability, dependability and confirmability (Guba and Lincoln, 2005). As was discussed in chapter 5.2., in the case of abductive inquiry the aim of the research is to come up with new theory-based understanding, or “the best possible explanation” for the phenomenon under examination. Unlike in quantitative research there are no statistical methods to ensure the validity of the results acquired from the data. In order to address this issue, the research process in abductive inquiry should include reflectivity, transparency and

iterativity in all stages of the research in order to ensure the confirmability of the study and the dependability of the results. This has been taken into account when writing this report.

This study should be critically evaluated, as several distinct limitations apply. First, the main contribution of this thesis is to suggest that there is a link between the concepts of systems intelligence and (S)HRM. Understanding how these are linked more in detail still requires further research and validation. A wider and broader sampling is required to confirm the results beyond their current context and to deepen understanding about this link. One should caution when transferring these results beyond the context of the interviewed HR professionals and their organizations. The limited sample of participants and the fact that the participants were chosen with discretion enabled to get better results, but questions the transferability of the study.

The credibility of the results presented in this this thesis, i.e. whether its results reflect the context or participants' experience in a believable way (Whittemore et al., 2001), has been tried to achieve through several methods, however the limited scope of a master's thesis must be emphasized. This thesis has been written keeping in mind that the reader has to be able to follow and understand the research process and how the results have been drawn. In addition, instead of ignoring or trying to eliminate the influence of the researcher's pre-existing knowledge, this influence is acknowledged as it should be in abductive inquiry and the researcher's motivation is communicated transparently. Abductive inquiry as a research method emphasizes the role of the researcher as a co-creator of knowledge, whose impact on the generated data and its analysis cannot be underestimated. Even though throughout this report it has been tried to be as transparent as possible in emphasizing this and minimizing the researcher bias, it should be kept in mind that the results are presented are based on the researcher's interpretations and influenced by her background, previous experience and existing lenses.

Similarly, the interviews hold many limitations, as they were instances of co-creation between the participants and the interviewers. Not only were all the held interviews different in length, environment and topics discussed, the general moods of both the participant and the interviewer at that time, e.g. what they had done just before, how much they had prepared for the interview, were they in a rush or were they completely focused in that moment, affected the course of interviews and the data created. The connection and building relationship between the interviewer and participant was also unique in each case, but was found to have a great impact to the interview situation.

The data analysis process also had several other limitations, such as the fact that the interviews were conducted in Finnish, whereas the study was written in English, which means there is a possibility for inconsistencies originating from translation, and that the researcher had very limited experience in conducting abductive inquiries. However, it should be kept in

mind that the aim of this study was to put forth new insight and present avenues for future research in the topic of HR and systems intelligence, which has been achieved.

In addition to striving towards truthlike results, this thesis has also been conducted following ethical guidelines related to scientific research, namely the Code of Conduct for Research Integrity (published by ALLEA, 2017). Before conducting the interviews the subjects were familiar with the topic of the research and to what purpose the data would be used. All participants were volunteers who gave their permission to use the gathered data anonymously and permitted recording the participants knowing that all the material is confidential and will not be distributed or used for any other purpose than that of the present study.

What comes to the ethical questions related to the effects and usage of the results, as the research has been conducted following the previously presented principles and keeping in mind that the aim of this thesis is merely to increase discussion and new perspectives on the topic of humane aspects of workplaces and the role of HR in organizations, there are no major ethical issues.

7.3. Fulfillment of the Research Agenda

The objective of this thesis was to gain insight about HR's role in tomorrow's thriving organizations. The approach to answering this question was three-fold. First, by interpreting and analyzing the HR executives' careers' meaningful moments it aimed to discover whether there were similarities between participants and whether certain distinct types of events emerged. Second, it aimed to investigate whether Finnish HR executives with an excellent track record, and whose expertise is nationally recognized, have common skills regarding systems intelligence. Third, it aimed to shed some light to how these skills are transferred into added value from the point of view of the organization, i.e. what the HR executives' and their aforementioned skills' role is in the bigger picture.

The results presented in Chapter 6 indicate that this study has, to some extent, managed to shed light on these questions. The chosen qualitative, abductive research methodology together with the chosen dialogic interviewing approach in gathering data enabled to gain substantial knowledge about the role of HR in these particular companies, as well as an understanding of the HR executives as individuals. However, acknowledging the narrow scope of the thesis, future research is required to further investigate the role of HR in developing and supporting systems intelligent leadership, as well as the underlying mechanisms behind systems intelligent leadership and thriving organizations.

7.4. Conclusion and Future Research

During the following years organizations, which cannot part from the traditional, purely objective, logic-based and quantitative decision-making and leadership approach, will risk losing their competitive edge. As digitalization and globalization amongst others continue to change the world we live in, all organizations must learn to operate in an environment of constant change.

All organizations are systems made of people, and the more humane aspects of organizational life and performance are becoming more and more critical in achieving competitive advantage and being able to operate on a long-term basis. Nevertheless HR's shift from being a purely administrative function to becoming a strategic asset is shockingly new, and there is still no consensus about *what* human resource management's role is in the big picture or *how* exactly it affects organizational performance. The focus of this thesis has been to approach HR from the point of view of systems intelligence in trying to understand its role in the big picture.

This thesis has been a humble first attempt in proposing a link between human resource management and systems intelligence. Even though this study presents a proposal by answering its research agenda, the main goal of this study was not to generate new inclusive theories about HR's role in fostering systems intelligence but rather to suggest a connection between the role of HR, systems intelligence, and thriving organizations, as well as explore this connection and present a tentative proposal. As stated earlier, further research is required to validate the proposed findings beyond the context of the participants of this thesis and to further investigate the nature of the connection between thriving organizations, the HR executives' personality and skills, the role HR in the organization, and systems intelligence. Possible avenues for future research are two-fold: from the individual or the organizational point of view.

First, with a focus on successful HR executives, future research could focus on bringing light to whether the people who get into HR already present the skills discussed in this study, and that is why they are attracted to human capital management in the first place, or whether they develop excellence in those areas during their careers because they recognize that they are required in order to succeed at their jobs. Second, future research could focus on the organizational point of view, for example uncovering in more detail what measures and practices help increase systems intelligent behavior on an organizational level and examining the relationship between systems intelligence and organizational performance.

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Appendices

Appendix 1. Interview Skeleton (in Finnish)

I. Alustus

Toivon, että sinulle sopii, että tämä haastattelu tallennetaan. Tämä helpottaa huomattavasti sekä haastattelutilannetta, että tulosten käsittelyä. Tässä haastattelussa on tarkoitus keskustella urastasi ja kokemuksistasi suuryrityksen henkilöstöjohtajana. Tavoitteena on tuoda ilmi ja ymmärtää urasi kannalta merkityksellisiä kokemuksia ja tilanteita sekä sinun, että organisaation kannalta sekä pyrkiä ymmärtämään, mikä näistä tilanteista teki mieleenpainuvia.

Ensin pyytäisin sinulta suostumuksen siihen, että tämän haastattelujen tuloksia saadaan anonymisti hyödyntää tieteellisessä tutkimuksessa. Kaikki antamasi tieto on luottamuksellista ja tullaan käsittelemään siten, että henkilöllisyytesi tai organisaatiosi eivät paljastu.

II. Haastattelurunko / esimerkkikysymyksiä

1. Voisitko aloittaa kertomalla taustastasi ja työurastasi?

- Minkälaisen koulutuksen kävit?
- Minkälaiset asiat kiinnostivat sinua urasi alkuvaiheessa?
- Miten olet päätenyt nykyisiin työtehtäviisi (työhistoria)?
- Miksi vaihdoit työpaikkaa? Miten koit työpaikan vaihdot?
- Mitä ajatuksia esimieheksi tuleminen sinussa herätti? Uusia tuntemuksia, haasteita, omia persoonallisuuden piirteitä jne.
- Minkälainen esimies olet/haluat olla?
- Mitä pidät tärkeimpinä oppeinasi johtajana?

3. Voisitko kertoa hieman työstäsi/työnkuvastasi nyt (tai viimeisimmäksi)?

- Kuvaile hieman organisaatiota, jossa olet töissä
- Mitä tehtäviä päivittäinen työsi sisältää?
- Minkälaisten ihmisten kanssa työskentelet päivittäin?
- Mitkä ovat työtehtäviisi liittyvät suurimmat haasteet?
- Tuleeko näistä mieleesi tiettyjä esimerkkitalanteita, jotka olisivat erityisesti jääneet mieleen?
- Mitkä asiat/taidot ovat mielestäsi tärkeitä henkilöstöjohtajana menestymisessä?
- Mikä on mielestäsi henkilöstöjohtajan rooli organisaatiossa?

4. Voisitko kertoa joistakin urasi kannalta haastavimmista hetkistä *sinulle?* [tarkoituksena min. 3]

- Mikä tilanne, milloin, missä, mihin/keneen/keihin liittyi?
- Mitkä olosuhteet/tekijät olivat tilanteen syntymisen taustalla?
- Mitä tunteita tilanteeseen liittyi?
- Mitä teit siinä tilanteessa? Miten pääsit tilanteesta eteenpäin?
- Miksi päätit toimia niin? Mitä pyrit tällä saamaan aikaan?
- Miten tekosi otettiin vastaan? Miten siihen reagoitiin?
- Miksi luulet, että siihen reagoitiin niin?
- Miten tilanne lopulta ratkesi/purkautui?
- Miksi luulet, että tämä tilanne on jäänyt mieleesi?
- Olisitko jälkikäteen ajateltuna toiminut eri tavalla?
- Miten tilanne muokkasi ajatusmalliasi tai käyttäytymistäsi tulevaisuudessa? Opitko jotain?
- Oletko ollut vastaavassa tilanteessa myöhemmin urallasi, miten siinä toimit ja miksi?

5. Voisitko kertoa joistakin urasi merkityksellisimmistä hetkistä? [tarkoituksena min. 3]

- Mikä tilanne, milloin, missä, mihin/keneen/keihin liittyi?
- Mitkä olosuhteet/tekijät olivat tilanteen syntymisen taustalla?
- Mitä tunteita tilanteeseen liittyi?
- Mitä teit siinä tilanteessa? Miten pääsit tilanteesta eteenpäin?
- Miksi päätit toimia niin? Mitä pyrit tällä saamaan aikaan?
- Miten tekosi otettiin vastaan? Miten siihen reagoitiin?
- Miksi luulet, että siihen reagoitiin niin?
- Miten tilanne lopulta ratkesi/purkautui?
- Miksi luulet, että tämä tilanne on jäänyt mieleesi?
- Olisitko jälkikäteen ajateltuna toiminut eri tavalla?
- Miten tilanne muokkasi ajatusmalliasi tai käyttäytymistäsi tulevaisuudessa? Opitko jotain?
- Oletko ollut vastaavassa tilanteessa myöhemmin urallasi, miten siinä toimit ja miksi?

6. Tuleeko mieleesi vielä muita samankaltaisia mieleenpainuvia tapahtumia, joissa sinulla heräsi samanlaisia tuntemuksia?

- Toimitko niissä samalla tavalla? Miksi/mikset? Miten reagoitiin?

7. Entä voisitko kertoa joistakin urasi merkityksellisimmistä hetkistä *organisaation kannalta?* [tarkoituksena min. 3]

- Mikä tilanne, milloin, missä, mihin/keneen/keihin liittyi?
- Mitkä olosuhteet/tekijät olivat tilanteen syntymisen taustalla?
- Mitä tunteita tilanteeseen liittyi?

- Mitä teit(te) siinä tilanteessa? Miten pääsit(te) tilanteesta eteenpäin?
- Miksi päätit(te) toimia niin? Mitä pyrit(te) tällä saamaan aikaan?
- Miten tekosi otettiin vastaan? Miten siihen reagoitiin?
- Miksi luulet, että siihen reagoitiin niin?
- Miten tilanne lopulta ratkesi/purkautui?
- Miksi luulet, että tämä tilanne on jäänyt mieleesi?
- Olisitko jälkikäteen ajateltuna toiminut eri tavalla?
- Miten tilanne muokkasi ajatusmalliasi tai käyttäytymistäsi tulevaisuudessa? Opitko jotain?
- Oletko ollut vastaavassa tilanteessa myöhemmin urallasi, miten siinä toimit ja miksi?

8. Tuleeko mieleesi vielä muita samankaltaisia tapahtumia, joissa sinulla heräsi samanlaisia tuntemuksia?

- Toimitko niissä samalla tavalla? Miksi/mikset? Miten reagoitiin?

III. Lopetus

- Onko jotain, mitä haluaisit vielä sanoa, tuoda ilmi? Jos tulee myöhemmin mieleen, niin voit ilman muuta olla yhteydessä, ohessa yhteystietoni.
- Miltä tämä haastattelu sinusta tuntui? Mitä ajatuksia haastattelu herätti?
- Tuleeko sinulle mieleen joitakin henkilöitä, jotka mielestäsi soveltuisivat tämän tutkimuksen haastateltavaksi erinomaisesti?
- Kiitos haastatteluun osallistumisesta!

Appendix 2. Interview Skeleton (in English, translated)

I. Briefing

I hope that you don't mind me recording this interview. It makes the interview as well as processing the results a lot easier. The aim of this interview is to discuss about your career and experiences as the HR Executive of a large company. What I am looking for is discussing and understanding meaningful events from your career and important events or situations from both your personal point of view as well as from the point of view of your organization, and understand what made these events meaningful and memorable.

First, I would like you to formally consent that the results of this interview can be used anonymously in scientific research. All the information you provide is confidential and will be handled so that your identity and organization will not be revealed.

II. Interview skeleton / example questions

1. We could start by discussing about your background and career so far

- What education do you have?
- What kind of things interested you in the beginning of your career?
- How have you ended up to your current position?
- Why did you change working places? How did you experience changing working places?
- What thoughts did becoming a manager bring up?
- What kind of a manager do you strive to be?
- What do you consider your greatest teaching as a leader?

3. Could you tell about your current/previous work?

- Describe the organization where you work
- What tasks do your work days consist of?
- What kind of people do you work with daily?
- What are the biggest challenges related to your work?
- Can you think of any specific situations, that are especially engraved in your memory?
- What skills do you think are the most important in succeeding as a HR Executive?
- How would you define the role of the HR Executive in the organization?

4. Could you tell about some of the most *difficult* situations or events during your career?

[goal min. 3]

- What was the situation, when, where, how, what/whom did it concern?
- What factors/circumstances lead to the situation?
- what feelings were involved in the situation?

- How did you react and what did you do? How did you move forward from that situation?
- Why did you decide to act that way? What were you aiming to accomplish?
- How was your reaction/action received? How did people react to it?
- Why do you think people reacted that way?
- How did the situation eventually unfold?
- Why do you think this situation is unforgettable for you?
- In hindsight, would you have acted differently?
- How did the situation change your thinking or behavior in the future? Did you learn something from it?
- Have you been in a similar situation later in your career? How did you act then and why?

5. Could you tell about some of the most *meaningful* situations or events during your career? [goal min. 3]

- What was the situation, when, where, how, what/whom did it concern?
- What factors/circumstances lead to the situation?
- what feelings were involved in the situation?
- How did you react and what did you do? How did you move forward from that situation?
- Why did you decide to act that way? What were you aiming to accomplish?
- How was your reaction/action received? How did people react to it?
- Why do you think people reacted that way?
- How did the situation eventually unfold?
- Why do you think this situation is unforgettable for you?
- In hindsight, would you have acted differently?
- How did the situation change your thinking or behavior in the future? Did you learn something from it?
- Have you been in a similar situation later in your career? How did you act then and why?

6. Can you think of other similar memorable situations?

- Did you act the same way in them? Why/why not? How did people react to it?

7. Could you tell about some *meaningful* events or situations from the point of view of your organization? [goal min. 3]

- What was the situation, when, where, how, what/whom did it concern?
- What factors/circumstances lead to the situation?
- what feelings were involved in the situation?
- How did you react and what did you do? How did you move forward from that situation?
- Why did you decide to act that way? What were you aiming to accomplish?
- How was your reaction/action received? How did people react to it?
- Why do you think people reacted that way?

- How did the situation eventually unfold?
- Why do you think this situation is unforgettable for you?
- In hindsight, would you have acted differently?
- How did the situation change your thinking or behavior in the future? Did you learn something from it?
- Have you been in a similar situation later in your career? How did you act then and why?

8. Can you think of any other similar situation, where you had a similar experience or feelings?

- Did you act the same way? Why/why not? How did other react?

III. Ending

- Is there still something you would like to share or bring up? Here are my contact details in case you think of something later.
- How did this interview feel? What thoughts did the interview bring up?
- Do you have someone in mind, who you think should be interviewed as part of this study?
- Thank you for your participation!