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## **Appreciative Intelligence® in leadership culture transformation: a case study**

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**Abstract:** An internationally operating tyre manufacturer faced a challenge of a critically negative atmosphere caused by an abrupt insecurity in the market and recent layoffs. The Human Resources and Development Department called in a local university research team, and an organisation development (OD) intervention based on Appreciative Intelligence® and appreciative inquiry was set up to foster leadership culture that would support the international growth of the company. In the process, middle management was interviewed and the top management was engaged in discussing the current and future leadership culture. Middle management defined core values upon which various steps were to be taken to put the goals of future leadership culture in practice. The study shows how a difficult situation can be transferred into an appreciative positive future oriented action.

**Keywords:** social constructionism; appreciative inquiry; appreciative intelligence; case study; management training; human resources management; leadership culture; transformation.

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## 1 Introduction

The purpose of this study is to illustrate how Appreciative Intelligence® and appreciative inquiry can be used in transforming leadership culture. In organisations today, it is easy to see how change is reality in itself rather than a temporal shift from stability (Chia, 2002). Organisation development research has traditionally approached change in an organisation from a conceptual and a processual perspective (Burke, 2008). The conceptual perspective examines the sense-making and mental constructs of leaders in relation to change, while the processual perspective studies the factors affecting the

implementation of change (Latta, 2009). These traditional approaches seek to understand how change occurs and how it can be led. The challenge, we argue, in the traditional approaches is that change is assumed as a linear and causal stage-by-stage progressing course of events. Also, attention is paid to identifying challenges and difficulties related to change, causes of change resistance, identifying what might prevent the success of change and what might affect the outcome of a change initiative. We argue that such approaches to change rely on the lessons from the past and are best characterised as analytical and detached activity (Thatchenkery and Metzker, 2006; Thatchenkery, 2013).

In this study, we depart the traditional approaches studying change in an organisation on two accounts. First, we approach change as a phenomenon of emerging and becoming (Chia, 2002). With this approach, the interest lies in seeking to understand how middle management and top management join in shaping the change in leadership culture. The appreciative inquiry approach (Cooperrider and Srivastva, 1987) was chosen as an underlying framework for the research and development process. Second, we focus on the appreciation of the strengths of current and past leadership culture and future positive outcomes of change in the leadership culture. The Appreciative Intelligence<sup>®</sup> approach was adopted to examine how the appreciative framing of a challenging situation translates into change in the leadership culture. Using a case study approach, the study shows how a difficult situation can be transferred into an appreciative positive future oriented action.

This study expands the stream of research embedded in the middle management sense-making of strategic and organisational change (Rouleau and Balogun, 2011; Luscher and Lewis, 2008). Examining micro-practice, Rouleau (2005) has shown how middle management joins in making the change through conversation and routine. Also, Rouleau and Balogun (2011) showed how discursive activities, 'performing the conversation' and 'setting the scene' are central to middle management's strategic roles as change agents. Adopting an ethnographic study, Luscher and Lewis (2008), in turn, showed how middle management made change happen through using paradox as a way to interpret seemingly contradictory goals as goals that can be framed as both-and activity rather than either-or activity. This study seeks to contribute to this line of research by following the appreciative inquiry and the Appreciative Intelligence<sup>®</sup> approaches and showing how middle management, who lacks the formal authority to decide on the course of the change, can take an active role in shaping the company's future. The study shows that middle management does this by, first, drawing on core values, second, intentionally focusing on what is working well and third, intentionally choosing the positive instead of the negative when implementing practices for the future leadership culture.

The research and development project was conducted in a case company, Nokian Tyres plc, which is the largest tyre manufacturer in Scandinavia and the biggest exporter in Russia. The company's market niche is built on a focus on customer needs in difficult driving conditions with snow and rain. The company supplies specialised tyres for cars, trucks and special heavy machinery that need extreme tyre performance in snow, forest and harsh driving conditions in different seasons. The growth and globalisation of the company have been intensive through the 2000s and the company has been the most profitable company in the tyre industry for many years. In 2008, the company was hit hard by the global financial crisis and it had to execute severe cost cutting and restructuring. The sudden change in the market situation required immediate action and forced the company to rapidly redefine its short term objectives, focus on cost monitoring and freeze investment activity. When the global financial market started to recover and

the demand for tyres showed signs of increase, corporate wide attention was paid to readjusting leadership culture from the cost cutting mode to cultivate growth and innovation.

A research and development project in collaboration with a local university was set up to increase the ability to reframe and perceive the unique learning and development potential inherent in various forms of cultural capital available from within the company. The project started with an analysis of the practices and perceptions of middle management towards the recent events and the future of the company. The researchers then interviewed the top management and arranged strategic discussions about the future of the company and plans of global growth. Finally, researchers organised middle management workshops on future development and goal setting. This study describes and reflects on this process and seeks to identify the key lessons learned for both Nokian Tyres and other companies seeking to make a change in their leadership culture.

The paper is structured as follows. We will first discuss the philosophy of the Appreciative Intelligence® and the method of appreciative inquiry in organisational change. After that, we will introduce the case company Nokian Tyres and show how the Appreciative Intelligence® method was used there and what the key findings were. We will conclude by discussing the validity of the method and recommendations to other companies.

## **2 Theoretical background**

Appreciative Intelligence® refers to the ability to perceive the positive generative potential inherent within the present and the capacity to act on it to make that potential come to fruition. It has three components. The first is the ability to reframe a situation to recognise the positive possibilities embedded in it that are not initially apparent. The second component of Appreciative Intelligence® is the ability to perceive the positive potential in a situation. Human beings tend to reframe challenging situations in two contrasting ways – either negatively or positively (Thatchenkery and Metzker, 2006). People with Appreciative Intelligence® are known to overwhelmingly reframe in the positive direction as opposed to the negative. The third component is the ability to act now so the future can unfold transforming the potential recognised in the positive reframing to solid outcomes. This means engaging in the necessary actions so the desired outcomes may unfold from the generative aspects of the current situation (Thatchenkery and Metzker, 2006).

The Appreciative Intelligence® approach starts with valuing and appreciating ‘what is’. The renewal is built on what is working and the situation is framed by asking what makes the managers enable innovation and what makes leading change exciting. While doing this, the managers envision what is possible, look at what is present and focus on what is important. This approach builds innovation and renewal on images of the future and is best characterised as appreciative and devoted activity. While the traditional approach is limited by learned helplessness, the Appreciative Intelligence® seeks to leverage learned optimism (Thatchenkery and Metzker, 2006).

Extrapolating the tenets of Appreciative Intelligence® to the organisational level, the appreciative inquiry approach builds from the assumption that organisations are responsive to positive thought and knowledge (also known as the heliotropic hypothesis, Cooperrider, 1990). Furthermore, it is assumed that both the vision and the process of

creating a vision for the future build the energy to drive change across the whole organisation (Thatchenkery, 2011). When the members of an organisation can envision what they want, they have a good chance to make the vision come true (Johnson and Leavitt, 2001).

Appreciative inquiry as a method for organisational development is broken into 4D's: discovery, dream, design and destiny. The first D, discovery calls for discussing, what are the strengths and core values of an organisation and for finding out and appreciating what gives life and energy to people, to their work and to their organisation. The second D, dreaming, leads to visioning the possibilities and grounding the vision to the potential of the organisation. The third D, design, aims at directing the participants to define how to make the ideas happen and how to create and design structures, processes, routines and relationships that support the dream. The fourth D, destiny, calls for making action plans on how to implement and sustain change and nurture a collective sense of destiny. (Thatchenkery, 2005; van der Haar and Hosking, 2004; Watkins and Mohr, 2001) Appreciative inquiry is practiced in changing the culture of an organisation, guiding mergers and acquisitions and creating organisational renewal, to mention a few areas of application.

Both these methods provide tools for organisations to lead strategic change that draws on and builds possibilities for the future. Common to both approaches is the focus on appreciating what is working rather than what are the problems to be solved. These approaches are based on the applications of social constructionist principles to organisational science (Gergen, 2009; Gergen and Thatchenkery, 2004) and the developments in positive psychology and positive organisational behaviour scholarship (Cameron, 2008; Cameron et al., 2003; Dutton, 2003; Seligman, 2011).

The social constructionist approach to organisational science seeks to understand the socio-cultural processes operating to produce the local realities of organisation (Gergen and Thatchenkery, 2004). The starting point is that social realities and ourselves are intimately interwoven and continuously shaping each other in the everyday interactions (Cunliffe, 2008). The term social constructionism embraces many variations in theoretical perspective, interests and methods (Cunliffe, 2008; Hosking, 2011). Social constructionist researchers are interested in the social and cultural context of organisation, in the micro-processes that shape the organisation, the construction of identity as well as language practices and meaning making that take place in organisational settings.

The common concern in constructionist research is the interest in the processes through which knowledge and/or reality are created in the everyday activities (Andrews, 2012). Knowing and doing are treated as a simultaneously occurring and intertwined practice and the process of knowing is understood as occurring in coordinated actions instead of in the knowing minds. In constructionist studies, emphasis is therefore put on studying language and meaning making when examining an organisational phenomenon. For instance, Francis (2003) showed how simultaneously existing yet paradoxical people-centred and control-centred discourses of change constituted managers' experiences of introducing team work in a UK manufacturing company, where Tayloristic management culture was dominant. The two discourses shaped the ways by which managers and human resource development (HRD) personnel talked about the processes of change and the choices they made in support of the change effort.

Positive organisational behaviour as a research field has developed rapidly over the past 15 years. It is a research approach that seeks to gain insight into both the positive

strengths and the negative weaknesses and their interactions and limitations in organisations (Luthans and Youssef, 2007). There are two main streams of research, one of which focuses on the individual level of analysis and the other on the team/group level of analysis (Searle and Barbuto, 2013). Drawing on positive psychology, studies on the individual level of analysis have examined, among other things, the functioning and outcomes of self-efficacy, hope, optimism and resilience in organisations (Luthans and Youssef, 2007). At the team/group level of analysis, research has shown, for instance, that virtuous organisations outperform less virtuous organisations after situations of various levels of change and dramatic events (Cameron, 2006). Common to all approaches in positive scholarship is an interest in examining how positive aspects at different levels of analysis contribute to the success of the organisation and provide the basis for developing organisations.

### **3 The case**

The case company, Nokian Tyres plc is the largest tyre manufacturer in Scandinavia focusing on customer needs in difficult driving conditions with snow and heavy rain. The company supplies innovative tyres for cars, trucks and special heavy machinery mainly in the areas with special challenges on tyre performance: snow, forests and harsh driving conditions in different seasons. The product development of Nokian Tyres is consistently aiming at sustainable solutions for safety and the environment, considering the whole life cycle of the tyre. In 2010, Nokian Tyres had roughly 3,500 employees and net sales of EUR 1,058 million. The share of Nokian Tyres is listed on the NASDAQ OMX Helsinki.

The company's history goes back to over 100 years. It was founded already in 1898 under the name of Finnish Rubber Works (Suomen Gummitehdas Oy). The first factory was established in 1904 in Nokia, Finland. The car tyre production started in 1932 and the first winter tyre in the world was produced in 1934. In 1967, the company changed its name as the Nokia Corporation and it was set up with Rubber, Cable and Paper divisions. As part of Nokia Corporation, Nokia Tyres plc was established in 1988 and it was publicly listed in Helsinki Stock Exchanges in 1995. Nokia Corporation's ownership in Nokian Tyres ended in 2003.

Nokian Tyres developed its production capacity with tyre factory expansions in Nokia during 1996–2001 and started outlet expansion in 1998. In 2000, the company established the Vianor chain to take care of retailing and the chain expanded heavily in ten years. In 2010, Vianor had 642 outlets in 19 countries. In 2002, a new logistics centre was set up in Nokia. In wholesaling, the sales companies expansion started in 2005 and in 2010 Nokian Tyres had sales companies in nine countries. The biggest investment in the recent years has been to establish a new tyre factory in Vsevolozhsk, Russia in 2005. The Russian factory employed 690 people in June, 2010.

In the long history of the company, the leadership culture has been characterised by various features related to general management trends, to the common economic situation and to the company's economic success. Until 1985, paternalism prevailed with authoritarian leadership and a Tayloristic management culture where supervisors were respected based on their position. Years 1986–1988 were times of reorganisation and adjustment and cost control was the focus of the management. During 1988–1990, the centre of attention was management development and developing leadership culture. The

years 1991–1992 represented an era of stagnation when the organisation and leadership were developed with many small group activities.

The business was booming during 1993–1995 and openness and information flow prevailed in the leadership culture. During that period, teamwork practices were developed. In 1996–2008, the focus was on developing intellectual capital and competence improvement. After the global recession in 2008, the company concentrated on reorganising and adjustment, which brought back the authoritarian and Tayloristic leadership culture.

After a long period of prosperity during the 1990s and the 2000s, the rapid global economic downturn and devaluating the company's most important sales currencies hit the company in the fall of 2008 and continued in 2009. The situation required immediate action and made the company redefine short-term objectives. Focus was on defending the market positions, streamlining the production and significantly improving the cash flow. In addition, in order to secure a strong financial position, expansion investments were postponed, cutting production volumes downsized the inventory and trade receivables were reduced.

Over 200 employees were dismissed during the downturn, most of them factory workers at the Nokia unit. After the streamlining measures taken in the first half of 2009, support was offered to personnel by providing information packages, in briefings, discussions, crisis counselling and other training sessions<sup>1</sup>. Overall, in terms of competence and well-being development, year 2009 was a challenging and an exceptional year in the history of Nokian Tyres.

In June 2010, the President and CEO of Nokian Tyres plc stated that the company will target to become a market leader in the Nordic countries. The CEO emphasised the market leadership in premium tyres in Russia and CIS<sup>2</sup> region, a globally strong position in key products, growth through a continuously improved product range, profit growth through high productivity, the best customer processes in the industry and profit growth through skilled and inspired personnel with entrepreneurial spirit. The targeted corporate culture was described as open and participatory culture, characterised by the company's slogan 'hakkapeliitta spirit', which meant continuous personnel development, motivated working community and success of both individuals and the company<sup>3</sup>.

#### **4 Research and development intervention in the case company**

The HRD department contacted the local university in 2010 and initiated a research project to renew and revitalise the leadership culture after severe cost cutting and downsizing. After the economic downturn, the company was expecting an upswing in sales and it wanted to be prepared for growth and broadening its' business internationally. There was a sense among the top-level executives, that a deep analysis and reflection of the prevailing leadership culture were needed to start building a culture that would foster growth. Several discussions were held with managers at different levels and different units of the organisation to consider the existing challenges and to create a consensus about what and how to examine and develop the leadership culture.

As a result of these discussions taking place between January and March 2010, a research and development project was designed consisting of four subprojects to examine daily management practices in the different business units. Four subprojects studied management and leadership in the production unit in Nokia, Finland, in the production unit in Vsevolozhsk, Russia, in the globally operating sales unit and in Vianor, the global retail company of Nokian Tyres. The goal was to emphasise characteristics of management practices in each unit and give voice to differences between the units.

Data collection took place between March and June 2010. Around hundred people in four different units were interviewed. In addition, written material and observational data were collected. The analysis of the data was conducted between June and August 2010. All data was transcribed and encoded using NVivo-programme. The data was analysed using thematisation and content analysis. The preliminary results were reported to the CEO and top management in the fall of 2010.

The group of researchers comprised two professors, two PhD students and three master's degree students. All researchers participated in a work place orientation for new employees. Written company materials were used in designing the study. The research group was provided with a working space in the company's premises and between March and August 2010, the research group worked both at the company's office space and at the University of Tampere offices. These arrangements allowed for casual interaction with managers and specialists in the company, brought visibility for the research project in the company and allowed hearing about the daily events in the company. The collected data comprised in-depth interviews, three network questionnaires and observation notes.

## **5 Appreciative inquiry in the top management workshop**

The results of the research were presented to the top management in a one-day workshop in September 2010. The workshop was designed following the guidelines of the appreciative inquiry (Thatchenkery, 2005) and using the 4D's (discovery, dream, design and destiny) framework (Watkins and Mohr, 2001). The day started by discovering the prevailing key elements of the leadership culture of the case company. First, the researchers presented the results of their analysis to the extended top management team with 16 members. After that, the managers discussed the results in small groups with three to four managers. Also, the managers were given time to express their viewpoints to the challenges the prevailing leadership culture sets on the organisation and what taboos exist in the organisation regarding the prevailing management culture. One person from the research team attended each small group discussion and wrote down the key points in discussion. In the small group discussion, each manager was given a turn of five minutes to speak while others listened and asked only defining questions if needed. After everybody had spoken once, an in-depth discussion took place and the group was asked to prepare a presentation for others to summarise the group discussions.

The results of the first small group discussions were then presented to the whole top management team. After that, another small group discussion was organised to discuss the strengths and sources of pride over the company. Similarly to the previous small group discussion, each participant had a chance to express his or her views while the others listened. In each small group, the attending researcher wrote a list of issues mentioned.



A total of 27 taboos and 45 sources of pride were recorded. Even though discussing the taboos and difficulties is not part of the appreciative inquiry process, the researchers wanted to give the top management a chance to discuss openly about the pressing emotional issues before turning to discussing the strengths. It appeared, that the difficult financial and market situation had had a strong negative impact on the organisation and that the top management and HRD had not had enough chances to discuss the issues openly among themselves. Discussions in each session were vivid and candid.

At the end of the workshop day, strengths were collected to flip charts and all participants ranked the order of importance of the strength. The outcome of this exercise was discussed jointly. As a result, a final list of the most important issues to be developed in Nokian Tyres global leadership culture was defined. They were:

- 1 strategic competence development
- 2 customer orientation
- 3 results orientation
- 4 global management practices.

The one-day workshop covered the discovery and dream phases of the appreciative inquiry. Top management of the company participated in this phase. As a result, they set the direction for the design and destiny phases, which were addressed in more detail in the middle management training programme. Based on the results of the study and the top management workshop, the training programme was defined and set in place within a year of the top management workshop. Two professors and the HRD department in Nokian Tyres co-designed and lead the programme that took place in 2011–2012.

## **6 Appreciative Intelligence<sup>®</sup> in the middle management training**

In the spring of 2010, even after the severe lay-offs and cost cutting, it was apparent that the leadership culture in Nokian Tyres was built on the pride of the company's great products and the long, over hundred-year-old history of the company. A strong Finnish and in particular, a small town Nokia, orientation in the company practices and procedures prevailed. The challenge was, however, that the Finnish orientation in corporate practices was seen as a source of pride in Nokia, but as a source of frustration in the units abroad.

The hundred-year history of the production in Nokia Finland and the five-year history of production in Vsevoloshk Russia created some tension between the production units. At the Russian factory, all the machinery was brand new incorporating the latest advances in technology and the prospects for growth in Russia and neighbouring countries were vast. At the Finnish factory, in turn, machinery was old, the production costs were high and the local retail market was small and steady. Even though the knowledge, experience and standard of quality tyre production resided at the Finnish factory, a fear of closing or shrinking the operations in Finland existed.

Besides pride, the leadership culture was characterised by a strong emphasis on meeting targets and making a good financial result. The growth prospect in the global market was big and this prospect set new demands for organisational processes and the leadership culture. The middle management had a positive outlook towards the future and there was a strong desire to build a positive working atmosphere and to gain a broad support for results and team oriented spirit throughout the organisation.

Building trust was considered as important among the middle management. The decision-making culture, however, was described and criticised for being too hierarchical. Managers at different levels of the organisation felt they were not getting enough information and there were tensions in the personal relationships among the management. There was a desire for more personal interaction within and across different units and a desire for clearly set and followed procedures in management practices in all units. Furthermore, there was a desire to build ways to better use customer knowledge gained through the sales offices in Ukraine, Central Europe, Scandinavia and USA. The retail chain, Vianor, was also seen as an important player in strengthening customer orientation in the company.

To build on the recognised strengths and the visions of the future leadership culture defined by the top management in the phases of discovery and destiny, the main target of the training programme for the middle management was to create the Nokian Tyres way for global growth. This included developing the leadership culture and individual leadership skills, building common practices for strategy implementation across all units, increasing understanding about the link between the leadership culture and business strategies, sharing and developing the best practices across different units.

The training programme was run in 13 months with six meetings. The topics addressed the four themes that were defined as the most important issues in terms of global leadership culture development in the top management workshop. The programme started with a two-day kick-off session in August 2011. Strategic competence development was addressed in a three-day seminar in September 2011. Customer orientation was developed in a three-day meeting in November 2011. Results orientation was the theme of the next three-day seminar in January 2012. Global management practices were addressed in a three-day workshop in February 2012. The training programme ended with a one-day wrap-up session in August 2012. Approximately, 20 managers from different units and countries participated in the programme.

During the programme, the managers did independent readings and small assignments. In each meeting, a member of the top management team acted as a host and participated in discussions. Professors from various universities in Finland and high profile top management in different industries joined as guest lecturers. In the training programme, the main emphasis was put on dialogue and discussion among the participants. This approach provided an enriching platform for not only learning together but also getting to know each other. The hosts from the top management were grateful for the opportunity to spend time talking with the middle management and listening to their viewpoints and concerns regarding the strategic goals of the company. A larger project work was also part of the studies. Each participant designed and executed a project related to their own work to support the transformation of the leadership culture and to build the future growth of the company. All project works were presented in the wrap-up session where the top managers and the CEO were also present.

**Table 1** Core values and the organisational factors (OF) that support them

		<i>Ideal (5–1)</i>	<i>Currently in place (5–1)</i>	<i>How soon? Now, six months, two years, five years</i>	<i>Rank</i>
Core value	Going the extra mile				
OF	Leadership: we empower employees to set ambitious targets and to go the extra mile. We are supportive and honest.	5–4	3–2	Six months	Medium
OF	Decision-making: we have agile decision-making on all levels starting from specialists to top management. Decision-making power, responsibility, tolerance towards mistakes, transparency.	5	3–2	Now six months	High
OF	Incentives: we reward and motivate for going the extra mile. We say thank you, give daily encouraging and reward for extra performance.	5	3–2	Now six months	High
Core value	Accomplishment				
OF	Supervisors participate and work together with employees.	5–3	3–2		Low
OF	Interpersonal relationships: we support teamwork by target setting, empowerment and recognition.	5–4	3–2	Now six months	Medium
OF	We reward spontaneously and on time by personalised gift. The boss knows what is important for each employee.	5	2–1	Now six months	High
Core value	Appreciation				
OF	We have a spontaneous rewarding system in use. Defined rules are in place. It is openly communicated.	5	2	Now six months	High
OF	Employees communicate to supervisors in real time whenever superior performance is noticed among colleagues.	5–3	3–1	Now six months	Medium
OF	We share stories in personnel newsletters about actions that led to rewarding.	5–3	3–1	Now six months	Medium

During the final training session addressing the global management practices, with the use of Appreciative Intelligence®, the participants identified core values for the future leadership culture of the company (Table 1). The process resulted in three core values that were titled as:

- 1 going the extra mile
- 2 accomplishment
- 3 appreciation.

In relation to each core value, the participants identified factors in the organisation, the pillars, which hold and keep the core value in place. The participants then evaluated each organisational factor, rated the importance of the factor and assessed how well the factor is currently in place. The participants then estimated how long it would take to have the organisational factors in place as a natural practice in the organisation. To conclude, the importance of each organisational factor was rated as high importance, medium importance and low importance.

After defining the core values and the organisational factors that support them, the participants worked on designing concrete action plans. In groups, participants discussed how each one of them can contribute to making the appreciative change happen. First, each member stated what he or she would take responsibility of when taking the next steps in the organisation. Second, as a group, the participants discussed who in the organisation needed to be involved and in what role. Third, the group set a timetable to follow action steps to be taken.

Two action plans were set. One was to set the global guidelines for rewarding and the other was to develop agile decision-making in the middle management. The action plan addressing the issue of rewarding started with checking current organisational policies globally and finding global guidelines for rewarding with shared definitions and concrete examples. The next step was to have these approved by the top management and have the top management communicate the rewarding policy from top to down. Although the aim was to set common practices throughout the organisation, a need for some room for local modification was acknowledged. Showing appreciation to others was set to demonstrate an action that everybody can and should take immediately as part of the everyday leadership activity. To follow up the development in setting companywide rewarding practices, middle management decided to start collecting success stories and reporting them throughout the organisation.

To develop agile decision-making, the group agreed that first, the frames or criteria for decision-making should be discussed and agreed upon and the decisions made should be reported regularly. Furthermore, an action plan for the upcoming year should be settled in advance and everybody should take more responsibility and risk in making the plan work. Each manager should also carefully consider the matter of delegation in terms of time and importance of issues that could be delegated. Issues that are neither urgent nor important should be deleted from the manager's to-do list. Matters that are urgent but not important should be delegated while subjects that are important but not urgent should be delegated only partly and controlled afterwards in order to see if decision-making has improved among subordinates. Only subjects that are both urgent and important should stay in the to-do list and managers should take full responsibility to take care of such matters by themselves.

## 7 Conclusions and summary

This case study shows how a difficult situation can be transferred into an appreciative positive future oriented action. The research and development project was conducted in a case company, Nokian Tyres plc, an internationally recognised tyre manufacturer-based in Finland. The company was recovering from the global financial crisis, which had led to severe cost cutting and restructuring. Soon after the immediate crisis, a research and development project with a local university was set up to readjust leadership culture from the cost cutting mode to cultivate growth and innovation.

The study contributes to literature on change management in three ways. First, throughout the process, approaching change as a phenomenon of emerging and becoming, top management and middle management were invited to discuss their views and perspectives on how the current leadership culture and the future leadership culture appears and what is their own role in making the transformation. Attention was paid on individual level meaning making on the change. This provided for analysing how middle and top management join in shaping the change in leadership culture and invited the managers to reflect upon how their own individual framing and action contribute to the direction of change in the everyday interaction within the firm.

Second, choosing to focus on the appreciation of strengths of the current and past leadership culture allowed for approaching the change from a future-present perspective instead of past-present perspective. With this, we mean that managers were invited to discuss what allows for the transformation in the leadership culture instead of what prevents it. The appreciative approach provides for identifying action points for what can be done and for showing how each individual can join in the transformation as a change agent for the transformation instead of against it.

Third, the methods of appreciative inquiry and Appreciative Intelligence<sup>®</sup> provide an alternative and contributing approach to sense-making analysis when examining how change and transformation take place in an organisation. With this approach, we were able to incorporate intuition and emotion into the analysis of the current situation, value the past events and future possibilities in fostering the transformation of the leadership culture and empower middle management to leverage learned optimism as change agents. The process was highly interactive including discussions between top and middle management and between the managers and researchers. The interactive process guided by the appreciative inquiry method and the methods of discussion implicit in the Appreciative Intelligence<sup>®</sup> approach allowed for surfacing intuition and emotion in discussions in addition to the analytical and conceptual views that were presented. When the change is emerging and the participants of a study live through a transformation, it is valuable and necessary to be able to listen closely to nuances and feelings and be sensitive to the ambiguity and anticipation that the managers express. Moreover, attention needs to be paid to how the emotions and emergence shape the meaning making in the social interaction among the managers. Studies on middle management sense-making tend to treat and construct an understanding of middle managers as analytical individuals rather than social actors with a broad range of emotions.

The case shows that a company can increase its ability to reframe and perceive the unique learning and development potential inherent in various forms of cultural capital available from within the firm. Both the top management and middle management discussions brought up the pride for the company, its' long history, innovativeness and dynamism towards business goals and a strong future orientation. The research and

development project focusing on appreciation was able to tap on the commonly shared sense of pride and use that as a stepping stone in building the future leadership culture. The company was able to bring issues related to the leadership culture to the top management strategic agenda when leading for the global growth and the middle management training programme empowered the managers to pay attention to the importance of everyday interaction shaping the course of transformation. From the company's perspective, a research project followed by a management training programme was useful in bringing the research findings into change making practices in a timely manner.

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## Notes

- 1 <http://www.nokiantyres.com/html/annual-reports/2009/en/>;  
[http://www.nokiantyres.com/files/nokiantyres/Vuosikertomukset\\_eng/NR\\_vsk2009\\_tilinpaatos\\_ENG.pdf](http://www.nokiantyres.com/files/nokiantyres/Vuosikertomukset_eng/NR_vsk2009_tilinpaatos_ENG.pdf).
- 2 Commonwealth of Independent States, a regional organisation whose participating countries are former Soviet Republics.
- 3 [http://www.nokiantyres.com/files/nokiantyres/investors/Nordea\\_and\\_DB\\_in\\_Russia\\_10062010.pdf](http://www.nokiantyres.com/files/nokiantyres/investors/Nordea_and_DB_in_Russia_10062010.pdf).