

# The Role of FCEs in Facilitating Digital Capability Development

Lauri Paavola

University of Eastern Finland

lauri.paavola@uef.fi

Saara Julkunen

University of Eastern Finland

saara.julkunen@uef.fi

## Abstract

Field-configuring events (FCEs) play an ever-increasing role in coordinating the digital transformation of the world. We investigated the role of FCEs in educating HR managers and thus facilitating digital capability development within a large cooperative organization. Whereas the current literature views the factors related to the organization of FCEs as the key determinants of their impact, our longitudinal analysis illustrates how the role of FCEs is highly relational and dependent on participants' need for change.

**Keywords:** Field-configuring events (FCEs), digital transformation, digital capabilities, cooperatives.

## 1. Introduction

*“Why do companies waste millions on digital investments without reaping the rewards? ... Success is only realized when the broader organization not only embraces the new system but also the new ways of working associated with it.”* (Fordham, 2023)

Companies spend billions of dollars on events and education aimed at training employees to keep up with the constantly changing digital landscape. Attending and investing in such events is currently seen as a requirement for success. This study examines the roles of field-configuring events (FCEs), which by definition create change in organizations, in facilitating cooperative-wide digital capability development. By an FCE, we mean a temporary, usually periodically occurring social event, such as a professional gathering, which is aimed at developing the expertise and capabilities of participating organizations (Thomas & Ritala, 2021). Lampel and Meyer (2008) described such events as largely ignored fruitful settings for collecting rich data, “offering a window into practitioners' actions when they leave their organizational routines behind” (p. 1034) and assemble for the purpose of reshaping themselves.

We conduct a longitudinal study on the changing role of the annual FCE known as Strategy Days—a

gathering of directors of independent cooperative retailers designed to coordinate capability development within a large Finnish cooperative retail organization known as S-Group. More specifically, our analysis focused on a period during which S-Group looked to develop its efficiency through data utilization (from an existing product sales data management system called S-Net), necessitating the development of the digital capabilities of its independent member organizations. As the required digital capabilities did not exist, available B2C point-of-sales data were not used, prohibiting the accrual of S-Net benefits.

## 2. Theoretical background

An FCE is a short-term social event, such as a professional gathering, conference, trade fair, technology contest, or prize ceremony, that encapsulates or shapes the development of participating organizations (Lampel & Meyer, 2008; Meyer et al., 2005; Thomas & Ritala, 2021). In a typical FCE, the disparate constituents of the setting, who possibly have diverse purposes and agendas, may assemble and construct social networks, share information, recognize accomplishments, coordinate actions, and mutually influence one another's future (Anand & Jones, 2008, p. 1037; Citroni, 2015; Lampel & Meyer, 2008).

More precisely, Lampel and Meyer (2008) listed six typical defining characteristics of FCEs that separate them from other meetings: (1) they gather actors from diverse professional, organizational, and geographical backgrounds in one location; (2) their duration is usually from a few hours to a few days; (3) they provide unstructured opportunities for face-to-face social interaction; (4) they include ceremonial and dramaturgical activities; (5) they are occasions for information exchange and collective sense-making; and (6) they generate social and reputational resources that can be deployed elsewhere and for other purposes.

Hence, unlike regular meetings, as the name also suggests, FCEs often take place at crucial moments in

the evolution of organizations and their capabilities, typically with the intention of influencing their development. The participating organizations and FCEs have a recursive relationship in the sense that, at certain moments, organizations can give rise to an FCE, but the FCE can then generate its own evolutionary pressures on organizations (Lampel & Meyer, 2008). Early research on FCEs tended to focus on this kind of “one-off FCE” (Leca et al., 2015). However, FCEs can also refer to events such as climate summits (Schüßler et al., 2014) that are designed to occur periodically. More recently, such recurrent or serial FCEs have gained attention for directing and re-directing organizational capabilities in new directions, which is the focus of this study.

An FCE that occurs periodically (e.g., annually) is expected to continually or repeatedly enhance or reorient organizational capabilities. However, Leca et al. (2015) discussed how such serial FCEs have been shown to risk losing this power over time. The organizers of FCEs often attempt to design them to shape the evolution of participants toward intended and desired outcomes (Meyer et al., 2005, p. 467; Thomas & Ritala, 2021). In this role, the event organizers are vital actors in the development, but their agency is limited, and their intentions are not always realized (Leca et al., 2015). Despite being knowledgeable agents, organizers may become “increasingly entangled in their own routines” and hence fail to contribute or respond to change (Leca et al., 2015). They may also become otherwise unable to organize the series of events in effective ways that would recognize the effects on organizations (Schüßler & Sydow, 2015).

In their longitudinal study of United Nations climate conferences, Schüßler et al. (2014) proposed that researchers analyze the concepts of interactional openness and temporal boundedness. Here, interactional openness refers to diverse actors gathering in one space for a limited period to interact in ways that can be formal or informal. Temporal boundedness simply refers to events being limited in time. For example, temporally bounded meetings among different and possibly rival professional communities may promote creative friction (Grabher, 2004; Schüßler et al., 2014).

Recurrent meetings, such as serial FCEs, have the potential to be understood as focal points of the alignment of capabilities of organizational members “inherently associated with stabilizing strategy into recurrent patterns, but also with its evolution during times of change” (Jarzabkowski & Seidl, 2008). More generally, the strategic impact of FCEs has been recognized and actively studied since the term was coined by Meyer et al. (2005). However, although the

literature indicates that FCEs play an important role in the education of employees and the development of capabilities over time, the varying roles that such processes play in driving change within multi-organizational systems, such as cooperatives, remain unexplored (Paavola, 2021).

### 3. Methods and data

We adopt an inductive and explorative theory-building approach for studying the role of serial FCEs in the development of capabilities within S-Group (Strauss & Corbin, 1998). More specifically, we were interested in the period during which S-Group looked to develop its digital capabilities due to the changing digital business environment. We aimed to understand the connections/interplay between the context, the FCEs, and how the role of the FCE, as well as the changes in digital capabilities generated by the FCE, are perceived and lived by the participants. Therefore, we asked the following research question: *What is the role of FCEs in facilitating digital capability development?*

#### 3.1. Research setting: The restructuring and turnaround of S-Group

S-Group is a large Finnish cooperative retail organization that currently comprises a network of 20 regional cooperatives and 38,000 employees. S-Group consists of a central organizing body (SOK) that is headquartered in Helsinki and a network of geographically, operationally, and culturally scattered independent cooperatives located across Finland.

Since the 1980s, S-Group had been in growing financial trouble, with around half of the cooperatives involved considered loss-making. It is widely acknowledged that there were three main causes of these financial problems (e.g., biographical account; Herranen, 2004; internal company document). First, S-Group’s organizational structure was such that each of the group’s individual business units, ranging from SOK down to a local cooperative-run store, were allowed to make a profit. Thus, all along the supply chain, each unit, which included SOK’s national and regional warehouses, the cooperative’s warehouse, and the cooperative-run grocery store, received a cut from the purchase price, resulting in the customer paying inflated prices. We refer to this as an “internal monopoly.” Second, cooperatives had little incentive to focus on developing profitability because SOK annually balanced out the losses of the loss-making cooperatives from the surplus it made from its wholesaling activities. This was affected by SOK

offering an extra discount on purchases made by loss-making cooperatives from the central organization's purchasing unit. In effect, SOK channeled part of its profits to the cooperatives to cancel out their losses, which guaranteed the survival of certain cooperatives that were (in real terms) financially unsustainable. This led to the expectation of many cooperative managers that the central organization would come to their rescue, as it had in the past, and that no efforts were made to streamline the business (biographical account). We refer to this as an "automatic funding mechanism." Third, technological developments enabling the collection of sales data shifted the competitive advantage to competitors (mainly Kesko). Kesko was centrally managed and able to use sales data in a unified way throughout its organization in pricing, promotion, merchandizing, and supply chain management, thus creating economies of scale via increased efficiency. However, the use of data within S-Group (which was available through a system called S-Net) was dependent on the decision makers of independent cooperatives that mostly lacked digital capabilities. The variance in the utilization of data stopped similar economies of scale from accruing within S-Group.

It was clear that steps had to be taken to improve the financial situation. Hence, SOK initiated a strategic plan aimed at reforming S-Group. The plan called for three major changes: (1) data utilization and sharing within the organization was necessary for creating a competitive advantage via more efficient logistics to compete with other Finnish retailers; (2) changes to the financial structure (SOK would no longer balance out cooperative losses) were needed; and (3) the focus would be on grocery retail (which required unrelated businesses, such as manufacturing and agriculture, to be divested).

During the change process, the workforce was not only reduced by more than 8,100 employees but it was also molded to better suit the requirements of the day. A major role in the process was played by the FCE called Strategy Days—a annual event aimed at coordinating and discussing development. The impact of Strategy Days underwent a significant change during the process, from being inconsequential to facilitating S-Groups change. Our paper focuses on this changed role of Strategy Days.

### 3.2. Data collection

**3.2.1. Public data.** Over the course of the research process, we acquired and studied publicly available material and books on S-Group. This provided basic knowledge of the key events, a list of potential

interviewees, and a preliminary understanding of the operating environment of the organization.

**3.2.2. Archival data.** Since we aimed to examine the influence of external factors on the series of FCEs, our study required close observation of the FCEs in question as well as knowledge of the broader context throughout the time under investigation (Langley, 1999). For the latter, archival data played a key role. We were granted access to S-Group archives, including past top management meeting minutes, quantitative graphs and numerical figures that described the state of the company, a plethora of memoranda, meeting transcripts, copies of old contracts, and photographs, and voluminous handwritten notes produced by former CEOs.

**3.2.3. Informants.** A total of 34 in-depth interviews with 26 different respondents were conducted to develop and validate our understanding of the changes that occurred at S-Group. Whereas the majority of these focused on structural changes and the general influence of those changes, 10 interviews focused on the development of digital capabilities and yielded the most essential data gathering empirical data on unique events, the data obtained in this way may contradict the data gleaned by a longitudinal research approach.

### 3.3. Analysis

Our data analysis progressed in two stages. First, we set out to identify how the impact of Strategy Days had evolved. To do so, we wrote a narrative description of how the event was organized, who participated in it, how its impact was perceived by the participants, and how it had impacted their practices (e.g., Gabrielsson et al., 2022). Information on these perceptions and impacts was obtained from the interviews. Based on both these descriptions and an initial understanding of the larger changes that occurred within S-Group, we coded the data to capture the central reason for the changing impact (see Figure 1). We were able to cluster the development into three temporal phases in which the impact of Strategy Days was significantly different. Overtime, instead of being a mere get-together, the Strategy Days became known as a source of information essential to organizational development.

*Phase 1*, which took place before the change initiative, had two themes: (1) issues that limited the influence and power of SOK HR managers over co-op HR managers (which we call the limited ability to influence co-ops) and (2) issues that prevented co-ops from realizing the full benefits of Strategy Days (which we call co-ops having little interest in HR).

*Phase 2* (after the change initiative) comprised issues arising from the organizational environment that prompted a need for collaboration in HR matters (which we call the direct need to change HR practices). Finally, *Phase 3* had two themes: (1) the need to bind HR activities together at the group level (which we call dependency) and (2) the development of joint education, personnel development, and reward schemes (which we call growing interest).

In the second stage of our analysis, we improved our understanding of these themes. We conducted further interviews and were able to further trace the interconnections between the structural change and the FCEs. We identified the following: termination of the automatic funding mechanism, auditing cooperative finances, ranking cooperatives, and new reward schemes. This was also supported by our extensive prior research on the development within S-Group and the vast amount of archival material we reviewed. Connecting the changing impact to the strategic changes in the cooperative provided insight into how changes in the field fundamentally alter FCEs.

#### **4. Findings: Strategy Days and its impact**

The need for Strategy Days was derived from the previously described large and complex organizational structure of S-Group. The structure comprised the central organization (SOK) and several completely independent regional cooperatives. Strategy Days was the only event that enabled regional HR managers to jointly develop their understanding of HR practices, giving it a strong field mandate within S-Group.

##### **4.1. Phase 1: Participants view Strategy Days as an annual get-together**

In Phase 1, the full benefits of Strategy Days went unrealized by co-op HR managers. We identified two themes that were important to this phase: (1) limited ability to influence co-ops and (2) co-ops' lack of interest in HR.

**4.1.1. Limited ability to influence co-ops.** The first theme is related to the organizational structure and the inability of the central organizing body to have the final say in cooperative matters. We grouped the issues identified in our data into two categories: (1) co-op autonomy and (2) co-op lack of commitment.

The autonomy of regional cooperatives is illustrated by the following quote from a cooperative director: "It is a weird machine, this S-Group. In practice, the CEO does not have any power over the cooperatives, which are completely independent. At that time, [the CEO] ... said that it is quite remarkable

that when in a shipping company, the company decides what port to go to [to] load the ship and where to take the shipment, and then the captain decides how to get there ... when all of this is done, in our case, the crew then goes to the cargo hold and begins to consider whether we should depart for our destination at all" (B).

Despite this cooperative autonomy and the historically difficult relationship between SOK and many of the cooperative managers, all the cooperative HR managers participated annually in Strategy Days. However, cooperative autonomy meant that it was difficult for any binding decisions or changes to be implemented. For example, one informant (A) proclaimed that "SOK did not, however, have any say or power to dictate things [to the cooperatives]." At that time, HR constituted 70% of the fixed expenditure of S-Group (internal company document). According to our interviews, the top management of SOK was well aware that the cooperatives' workforces were bloated, which was why there were lectures at Strategy Days on the topic of layoffs and improving employees' digital qualifications. However, these had little effect. Instead, the informants seemed to remember the many sessions that were concerned with matters that the cooperatives considered "nice to know," such as advice on basic everyday HR practicalities. Although the program for Strategy Days varied each time it was held, and the location-specific characteristics naturally had an influence on the event's interactional openness, the fundamental organization of the event remained fairly similar year over year. However, the real constraints on the event's impact went beyond its programming or organization, being fundamentally derived from S-Group's structure. An SOK HR director and a regional cooperative HR manager described this difficulty as follows: "How can we provide any assistance [at Strategy Days] when [the cooperative HR managers] think they have all the required knowledge and know-how?" (A) "The know-how of SOK was not appreciated in the regional cooperatives" (S).

According to our informants, Strategy Days had a reputation for being a pleasant social event involving good food and drinks. As a result, cooperative managers saw the event as a "get-together" or "holiday" from the daily routines of the cooperatives.

**4.1.2. Co-ops had little interest in HR development.** The second theme relates to the mentality of the cooperative HR managers participating in Strategy Days. We grouped the kinds of issues identified in our data into three categories: (1) co-op ability and skills, (2) co-op financial situation, and (3) co-op disinterest.

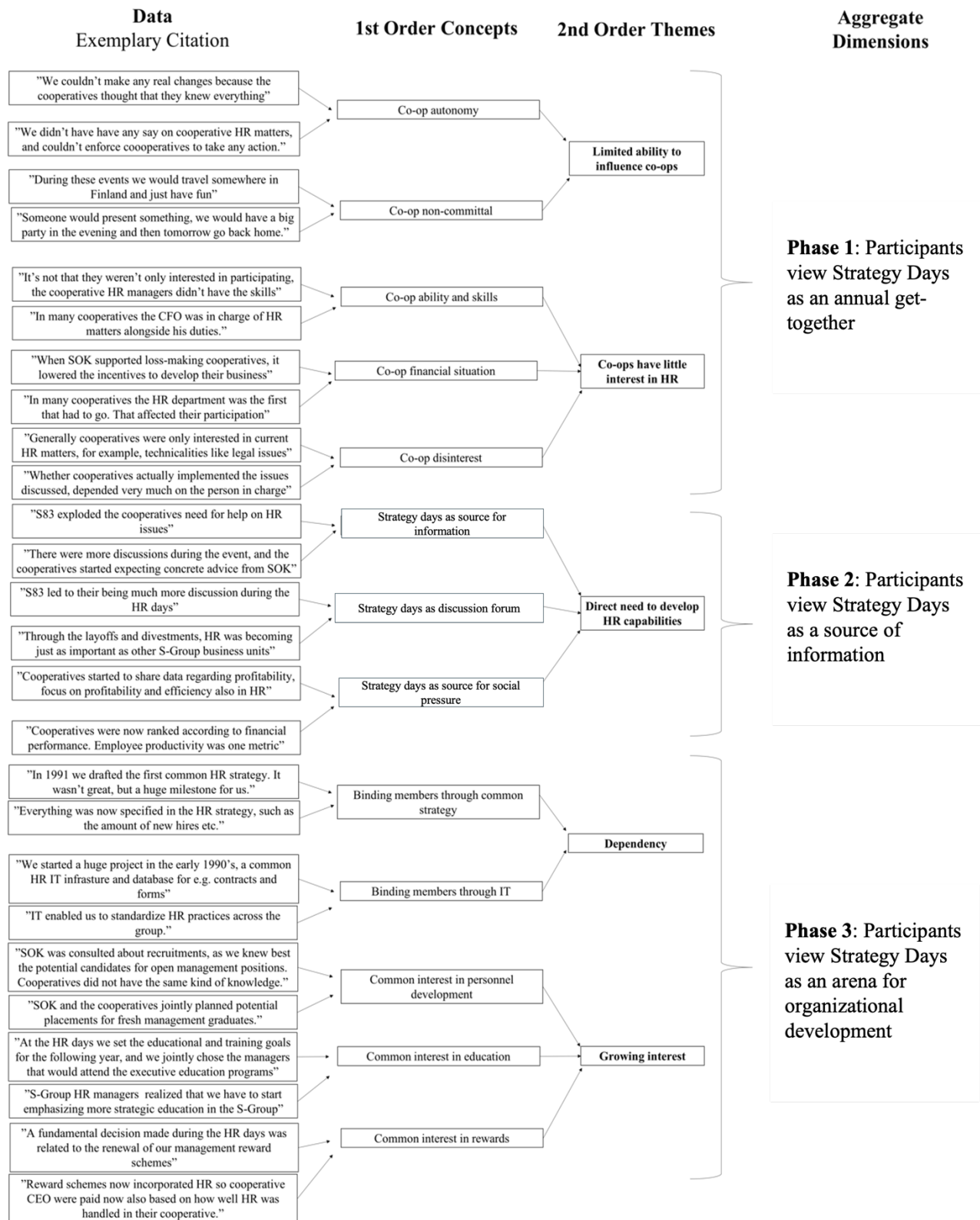


Figure 1: Data structure.

Our informants recalled that many cooperative HR managers lacked the skills and ability to take an interest in more strategic HR matters. There was a long time during which the standard of HR management in a cooperative depended solely on the cooperative manager and his/her interest and know-how. At the same time, particularly in many small cooperatives, HR matters were often part of the CFO's responsibilities, which meant that there was not always a dedicated person in charge of HR matters. It was more difficult for the CFOs, whose backgrounds were not in HR, to relate to the dedicated HR managers, who had often known their counterparts for a long time and had formal education in the field. For example, an SOK HR director recalled this dilemma as follows: "The CFO would participate in the event if there was no dedicated HR manager. At one point, they were a kind of combined role, in which the CFO would handle HR matters alongside his other responsibilities, and in doing so, would often cut corners" (A).

Another issue that limited HR managers' active engagement in the event was related to S-Group's financial condition. As described in the research setting section, it was well known that S-Group was in poor financial condition and lacked a clear strategic direction.

One significant factor behind the financial situation was poor HR management, which resulted in a bloated workforce, a lack of digital capabilities, and excessively high salaries. Attempts were made to rectify this by lectures given to HR managers at Strategy Days. The large number of employees they had did not provide the human capital needed by S-Group since many of the employees lacked the digital competences required. Furthermore, the employees, especially those without a business degree, saw no need to develop their capabilities because even inefficient employees were kept until they retired or otherwise left S-Group: "It was so simple that when [an employee] retired, whatever his/her task was, the position was refilled" (A).

Some of these employees worked on menial tasks that modern working practices had rendered redundant: "And as time passed, suppliers started to provide meat products that were already packaged. But not far in the past was a time when the meat used to come in as a carcass, and it needed to be cut up and kept in the counter. Such jobs now became obsolete" (B).

As explained by an SOK director, there were office jobs that were essentially superfluous and excessive bureaucracy: "At the regional offices of SOK, there were employees who were given a list of items and tasked with making phone calls to the

regional cooperatives, suggesting 'you should purchase these items.' Then employees at the cooperative would make phone calls ordering those products ... These totaled over 600 unnecessary employees whose jobs could be automated" (Q).

However, SOK continued to offer loss-making cooperatives financial support, which meant that the cooperative managers had no reason to turn the situation around. According to an internal company document, one of the main problems for S-Group was a "company culture that tolerated a low performance level." Therefore, HR managers lacked the incentive to devise more sustainable HR practices, which meant they had scant interest in the content presented at Strategy Days. Indeed, one of our informants, a previous HR manager, stated, "At this point in time, HR managers practically never had to fire anyone, as it was not deemed necessary to cut employee numbers" (S). In many cooperatives, the HR tasks were the first to be cut in response to the group's financial struggles, which reduced not only the cooperatives' interest in developing their HR practices but also the possibility of their being able to do so.

The final issue that limited cooperative interest in HR was that HR practices were not seen as a strategic issue. This meant that there was little will to develop or unify individual cooperatives' HR practices, as SOK wished, even though the degree of variation in the profiles of the cooperative workforces was significant. Many cooperative HR managers were only interested in understanding and receiving help from SOK on relatively minor practicalities, such as work contracts and collective labor agreements. Thus, day-to-day HR practicalities were deemed more important than developing HR as a strategic capability for the future.

#### **4.2. Phase 2: Participants view Strategy Days as a source of information**

In Phase 2, which began with the changes in the organizational context wrought by the implementation of the strategy change plan, Strategy Days began to have a more direct impact on the cooperatives. We identified one theme that was important to Phase 2: The direct need to develop HR capabilities. This theme is related to the increasing need for collaboration between S-Group HR managers as a result of organizational restructuring. We were able to group the kinds of issues identified in our data into three categories, with Strategy Days as (1) a source of information, (2) a discussion forum, and (3) a form of social pressure.

According to our informants, the implementation of the change initiative plans necessitated an

increasing focus on HR matters across S-Group. The plan changed the mentality of cooperative HR managers regarding financial performance. SOK conducted a thorough audit of cooperative finances, which provided more data on each S-Group business unit regarding issues such as productivity. Moreover, each regional cooperative was ranked from best to worst, with the ranking communicated to each cooperative as follows: “Cooperatives were now ranked according to financial performance. [...] Employee productivity was one metric (K).” As explained by a cooperative director, “... we, as CEOs, were interested in how well we performed in different metrics, efficiency, gross margin, net income, everything. Of course, we wanted to be higher and higher; it created healthy competition” (K). This also exerted a degree of social pressure on the HR managers during their annual meetings at Strategy Days and encouraged investments in digital capabilities, as their lack was considered the biggest reason for inefficiencies.

As the individual cooperatives were forced to improve their employees’ digital capabilities, they also laid off many employees who were lacking them. The automatic funding mechanism had, in practice, meant that SOK had paid the salaries of many unnecessary employees of the regional cooperatives, but with the termination of this mechanism, the cooperatives were forced to assume responsibility for these employees and to assess the profitability of retaining them. “But right there was this big divide between who is still needed ... and those [who] are needed are hired by the cooperative, and SOK will not pay at all, as they don’t need them” (B).

For the first time, cooperative HR managers were eager to discuss HR matters, and they requested help from SOK. The end of the automatic funding mechanism and the resulting outcomes were described by one interviewee as follows: “If you are not provided financial support, you cannot get by on your own. You would get this money if—it is not nice to call it blackmail, but that’s what it really was ... Eventually, certain practices were uniformized. And then, increasingly, the annual [Strategy Days] meeting of the HR people started to have well-defined goals” (A).

Before the implementation of the strategic changes, even the administrative council of SOK consisted mainly of farmers and other non-businesspeople who, according to our interviewees, lacked digital capabilities. Naturally, this was also the employee demographic of the regional cooperatives. However, the cooperatives began to hire new employees with more care and according to specific needs, with business and digital capabilities valued over the agricultural background that had previously

typified many employees. As a result of the elimination of several inefficiencies, such as the excessive organization size, everyone now had a clearer role to play in the cooperative. As explained by a former CEO of SOK, some of the redundant cooperative positions involved the procurement of goods, which was now centralized: “Sourcing and logistics were centralized. Across the country, there were still many regional warehouses; they were now closed and, in a sense, we started to optimize the storage, transport, logistics, and sourcing” (N).

Moreover, as one of our informants put it, “There were various employees, let’s say an imaginary Virtanen with expertise [in] meat products. Is Virtanen needed? No. Virtanen will be laid off. Is textile sales advisor Lahtinen needed? No. Is Syvänen, who works in marketing, needed? Yes” (B). Our data show that this shift took place in a fairly unified fashion, pointing to the central role played by SOK and Strategy Days in influencing and informing the way in which individual HR managers implemented these changes. For example, the central organization SOK set a goal that the cooperatives’ workforce would be reduced by 3,218 employees.

According to informants (O; S), the nature of Strategy Days during this time shifted to incorporating a “discussion culture” in which cooperative HR managers actively discussed and shared best practices with one another. Cooperative HR managers also started to expect concrete advice from SOK on how they should, for example, evaluate new recruits to more systematically measure and evaluate managers.

When asked about the impact of SOK on HR practices during this period, a regional cooperative HR manager replied: “[It had] an important role in that we could see the shortcomings in know-how, where we needed to develop human resources.” (S)

### **4.3. Phase 3: Participants view Strategy Days as an arena for organizational development**

In Phase 3, the benefits of Strategy Days were realized, and the focus of HR shifted from being tactical to one that was more strategic via collaboration between the cooperatives’ HR managers and SOK. We identified two themes that were important to Phase 3: (1) dependency and (2) growing interest.

**4.3.1 Dependency.** The first theme relates to the increased dependency between SOK and co-op HR managers. We grouped the kinds of issues identified in our data into two categories: (1) binding members

through a common strategy and (2) binding members through IT.

Discussions during Strategy Days led to the creation of the first common S-Group HR strategy. An informant remarked that “while we had agreed [on] common objectives in previous years as well, this was the first time that we had also come up with an implementation strategy to support the objectives and goals” (A). The common HR strategy laid out the HR goals, objectives, and timeline for the following year, alongside detailed specifications about the responsibilities of both SOK and the cooperative HR managers in its implementation (internal company document). The strategy specified certain policies for the composition of the workforce of cooperatives, for the requirements for hiring new employees, and for their education and training: “[The strategy] included clear instructions on what was to be done at the group level, [...] [for example] what kind of employees would be needed [...]” (A). While this strategy was still a basic, rough document, it was a much-needed first step toward standardization of HR practices across the group.

As described above, in Phase 2, there were already active discussions among HR managers at Strategy Days, but information and new ideas flowed almost exclusively from SOK toward the cooperatives. However, once the cooperative HR managers had been involved in drafting the HR strategy, they realized that HR was a ‘joint effort’ and not something that SOK ‘dictated’ from its headquarters. Having participated in drafting the strategy, the cooperative HR managers often defended the strategy in their respective cooperatives and became advocates of the proposed initiatives.

According to our informants, the group-level strategy ‘exploded’ the number of interactions and discussions among HR managers in S-Group. The increased interactions were derived from clear goals for cooperatives. These concerned, for example, the number of annual hires per cooperative; thus, cooperative managers were willing to share insights and discuss the practices with which they expected to achieve these goals. Accordingly, due to the increased role of HR management in S-Group, it was unusual for a cooperative to not have a dedicated HR manager. “Gradually, more attention was paid to HR development, and as a result, HR professionals were hired in the regional cooperatives” (biographical account).

In addition, coinciding with the development of a common HR strategy, SOK began standardizing HR practices across the group. In particular, HR managers

decided to adopt a joint HR IT infrastructure that served as an HR database for all S-Group stakeholders.

**4.3.2 Growing interest.** The second theme relates to the growing interest in finding new areas for HR collaboration in the group. We grouped the kinds of issues identified in our data into two categories: (1) common interest in personnel development and (2) common interest in rewards.

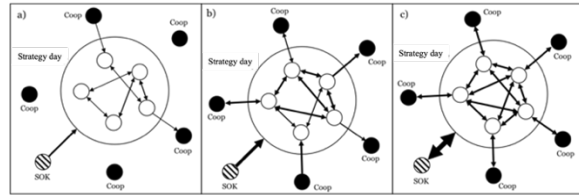
While SOK had always had internal training and education programs in place, digitalization in the retail industry led to significant pressure to either recruit new employees or train incumbents so that they would have the required capabilities, especially related to technology use, to make the cooperatives profitable again. Two dynamics were at play. First, SOK supported cooperatives in making recruitment decisions for new managerial vacancies, as SOK had the best knowledge of potential internal candidates. Second, SOK needed to find field experience opportunities for the career development of its own junior managers to advance their career development.

Furthermore, new reward schemes were developed by cooperative HR managers, which made HR one factor in the remuneration of top management. This gave HR a more important role in S-Group because cooperative CEOs now had a strong incentive to develop HR matters and oversee the work of their cooperative HR manager. For example, nearly all cooperatives strengthened their HR capabilities and personnel. The reward schemes could be seen as both social and economic pressures: “The development of reward schemes was begun. HR management was also included in these schemes, meaning that the salaries of the cooperative managers were influenced by how well HR was being handled in their cooperative” (A).

## 5. Discussion

In Phase 1 of the observed development, Strategy Days had little impact, as there was minimal economic pressure that would have encouraged or forced individual cooperatives to develop their efficiency. In Phase 2, the cooperative-level strategic plan incentivized individual cooperative HR managers to heed the advice given by SOK at Strategy Days, and the HR managers’ responses began to impact the HR practices of the cooperative. In Phase 3, the interaction dynamics between SOK’s HR managers and the managers of the cooperatives became more reciprocal when the cooperatives took part in formulating the future direction of HR in the form of a new strategy. As a result, the ability of Strategy Days to professionalize HR and subsequently to develop the cooperatives digital capabilities was more fully

realized and led to the event playing an important role in the development of capabilities via HR, which was the largest individual category of fixed expenditure in S-Group. The differences among the interaction dynamics of Phases 1, 2, and 3 are illustrated in Figure 2.



**Figure 2: Changes in interaction dynamics during analyzed Phases 1 (a), 2 (b), and 3 (c)** (The numbers and thickness of arrows symbolize the intensity of interaction). (cf. Schüßler et al., 2014)

### 5.1. The Role of FCEs in Facilitating Digital Capability Development

According to one definition, Field-Configuring Events are “settings where people from diverse social organizations assemble temporarily, with the conscious, collective intent to construct an organizational field” (Meyer et al., 2005, p. 467). In our research we have observed a series of FCEs, the Strategy Days event, whose purpose throughout its existence was to coordinate the shared understandings of HR practices within a large Finnish retail ecosystem, the S-Group. This general intention of the FCE, as well as the overall practical aspects of organizing the event, have remained largely similar throughout the observed time period, but the strategic role of the FCE in the development of human capital has changed. Despite location-specific variation in the event’s temporal boundedness and interactional openness (Schüßler et al., 2014), it was only after the implementation of the so-called S83 plan that the Strategy Days became an effective tool for implementing strategic change.

In most of the existing literature on FCEs, the focus has been on the impact/outcomes of these events (Citroni, 2015). Usually, it seems to be assumed that FCEs, as a matter of course, will bring about (the intended) change, and this assumption is even reflected in the term “Field-Configuring Event” (Meyer et al. 2005). In fact, typically the definition of an FCE is understood to include not only the intent to transform a field—or industry or organizational ecosystem—but also the outcome, in that an FCE supposedly always “encapsulates or shapes the development” of a field or other entity (Meyer et al. 2005). Accordingly, we understand the definition of an FCE to emphasize the intention behind these events, and especially their mandate.

Employing such a definition raises the question of what, then, is the actual impact of an FCE and what role do serial FCEs play in facilitating digital capability development? Previously, Schüßler et al. (2014) and Leca et al. (2015) examined how one might most effectively organize serial FCEs, and how this can lead to changes in their influence. The FCEs observed in our study were, for many years, ineffectual at developing and spreading new HR practices among the members of the S-Group who took part in the event. Building on this, we argue that the role of FCEs in capability development is highly relational.

### 5.2. Managerial implications for organizing FCEs

In practical terms, the role of Strategy Days was enhanced indirectly by the strategic change that S-Group experienced. Determining how to properly manage and communicate increasing educational sessions, conferences, and events is crucial for organizations, especially in the fast evolving digital landscape (Cuthbertson et al., 2023). The literature on FCEs recognizes that organizers may coordinate events in routine ways that do not recognize the effects on the field (Schüßler & Sydow, 2015). By contrast, increasing interactions among routines may provide an impetus for change in their performance (Zoogah, 2018).

When discussing the impact of FCEs, Schüßler et al. (2014) emphasized the importance of interactional openness, which they associated with learning, trust building, and temporal boundedness, which were further associated with creativity and momentum. The temporal boundedness of an event can be underlined with suitable opening statements (Oliver & Montgomery, 2008), such as those of the CEO of SOK at the beginning of Strategy Days. Conversely, interactional openness is influenced by organizing decisions concerning matters such as spatial arrangements or participant fees (Schüßler et al., 2014).

Nevertheless, these notions still reflect the idea that the only way to control the outcomes of serial FCEs is to organize the event and its content in a suitable way. By contrast, in our study, the organization of Strategy Days underwent no major transformations, and it was the decisions made by the management of SOK, particularly ending the automatic funding mechanism, that changed the context and created external pressures that had a crucial impact on the role of the event.

The increased level of motivation and number of discussions that we observed after the strategic change

plan's implementation was so drastic that it cannot reasonably be explained by small variations in the FCEs themselves, which occurred every year in terms of the precise topics of the lectures given at Strategy Days, the location, etc. Notably, even before the strategic change plan, SOK gave lectures (which were more or less ignored) to HR managers on the need for layoffs and for improving digitalization-related capabilities.

Moreover, social pressure was created by the cooperatives' annual rankings, supporting the development of digital capabilities. In previous research, events such as certification contests (Rao, 1994) and award ceremonies (Anand & Jones, 2008) have been seen to shape relations among actors within a field; thus, they have been viewed as occasions for the negotiation of values (Schüßler et al., 2015). In S-Group, all of the regional cooperatives were ranked from best to worst, and the best cooperative was recognized at an award ceremony. This award was considered highly prestigious, and as such, it helped spread a new appreciation and motivation for success among the cooperatives.

Thus, our results indicate that the role of FCEs is activated in certain circumstances. In our case, it was in an environment where a necessary level of external pressure existed. Unless event attendees are adequately incentivized and capable, resources are likely to be wasted. Blindly increasing the amount of interaction, regardless of the quality of the event, does not necessarily result in development or education. Especially in the rapidly changing digital business landscape, FCEs are valuable for motivated participants, but may not be good investments (and result to high costs for organizations) if the attendants are not adequately motivated.

## 6. References

- Anand, N., & Jones, B. C. (2008). Tournament rituals, category dynamics and field configuration: The case of the Booker Prize. *Journal of Management Studies*, 45, 1036–1060.
- Citroni, S. (2015). Civic events in a dynamic local field. The role of participation for social innovation. *Industry and Innovation*, 22, 193–208.
- Cuthbertson, R., Rusanen, O. A., & Paavola, L. (Eds.). (2023). *The red queen retail race: An innovation pandemic in the era of digitization*. Oxford University Press.
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50, 25–32.
- Fordham, C. (2023) *The technology trap: Why companies waste millions on digital investments without reaping the rewards*: <https://www.linkedin.com/pulse/> technology-trap-why-companies-waste-millions-digital-without-fordham [Accessed 1.6.2024].
- Gabrielsson, M., Raatikainen, M., & Julkunen, S. (2022). Accelerated internationalization among inexperienced digital entrepreneurs. *Management International Review*, 62(2), 137–168.
- Grabher, G. (2004). Temporary architectures of learning: Knowledge governance in project ecologies. *Organization Studies*, 25, 1491–1514.
- Herranen, T. (2004). Yhdessä eteenpäin. SOK 100 vuotta. Edita.
- Jarzabkowski, P., & Seidl, D. (2008). The role of meetings in the social practice of strategy. *Organization Studies*, 29, 1391–1426.
- Lamberg, J. A., & Tikkanen, H. (2006). Changing sources of competitive advantage: Cognition and path dependence in the Finnish retail industry. *Industrial and Corporate Change*, 15, 811–846.
- Lampel, J., & Meyer, A. D. (2008). Guest editors' introduction: Field-configuring events as structuring mechanisms. *Journal of Management Studies*, 45, 1025–1035.
- Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review*, 24, 691–710.
- Leca, B., Ruling, C., & Puthod, D. (2015). Animated times: Critical transitions and the maintenance of field-configuring events. *Industry and Innovation*, 22, 173–192.
- Meyer, A. D., Gaba, V., & Colwell, K. (2005). Organizing far from equilibrium: Non-linear change in organizational fields. *Organization Science*, 16, 456–73.
- Oliver, A. L., & Montgomery, K. (2008). Using field-configuring events for sense-making: A cognitive network approach. *Journal of Management Studies*, 45, 1147–1167.
- Paavola, L. (2021). The role of (dynamic) capabilities in the transformation of a multi-organizational setting. *Journal of Evolutionary Economics*, 31(2), 715–748.
- Rao, H. (1994). The social construction of reputation: Contests, credentialing, and legitimation in the American automobile industry: 1895–1912. *Strategic Management Journal*, 15, 29–44.
- Schüßler, E., Ruling, C., & Wittneben, B. B. F. (2014). On melting summits: The limitations of field-configuring events. *Academy of Management Journal*, 57, 140–171.
- Schüßler, E., Grabher, G., & Müller-Seitz, G. (2015). Field-configuring events: Arenas for innovation and learning. *Industry and Innovation*, 22, 165–172.
- Strauss, A. L., & Corbin, J. M. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (2nd ed.). Sage.
- Thomas, L. D. W., & Ritala, P. (2021). Ecosystem legitimacy emergence: A collective action view. *Journal of Management*, 48(3), 515–541.
- Zoogah, D. B. (2018). High-performance organizing, environmental management, and organizational performance: An evolutionary economics perspective. *Human Resource Management*, 57, 159–175.