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Strategy work and strategic planning
in Non-Profit Organizations
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ABSTRACT :

In today's rapidly evolving business environment, all types of organizations are challenged in multiple ways. The significance of planning and strategizing becomes particularly important in this volatile environment. Strategic planning does not only guide an organization's activities, but also serves as an essential management tool and steers the organization. Studies have shown that well-formulated strategic decisions are strongly linked to achieving successful business outcomes.

The aim of this study is to examine strategic work and strategic thinking within the context of non-profit organizations. In Finland, the activities of non-profit organizations are governed by the Associations Act, which establishes important boundaries for organizational planning. Unlike profit-driven entities, non-profit organizations must primarily focus on fulfilling their social mission rather than pursuing financial gain. Also, the financial base and organizational structure of these types of organizations typically differ from those of for-profit organizations.

The study was conducted as qualitative research by interviewing 5 selected non-profit organization leaders during the spring and summer of 2022. The data was gathered through semi-structured interviews, and the data processing was carried out using a coding method, resulting in four overarching categories that summarize the conclusions of the interviews in relation to the research question

The study findings suggest that strategy is considered an important element in non-profit organizations, especially as a management tool and a key aspect of organizational development. Findings also suggest that strategic planning in these organizations is conducted via a systematic process, with a strong emphasis on involving and considering various stakeholders throughout the planning process.

The limitations of this study is the small sample size of organizations studied, which prevents making broad generalizations about strategic planning and practices in non-profit organizations. However, the findings of this study do provide additional insights into strategic research from the perspective of non-profit organizations that operate under specific legal constraints and possess a distinctive organizational structure and financial base.

KEYWORDS: Strategy work, Strategic planning, Strategic leadership, Non-Profit

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1 Introduction

The dynamic and unpredictable changes in the operational environment are challenging businesses and organizations in ways never seen before. The COVID years and the war in Ukraine changed the way organizations perceive long-term planning and preparedness. Where the role of strategies and strategic planning was originally focused on defeating the competition and standing out in the crowd, organizations need to be able to foresee and plan their activities to answer the enormous changes occurring in the external environment at both organizational and individual levels (Alhosseiny, 2023). Wright et al. (2023) state that managers simply do not have the luxury to deal with only a few issues at a time as the world has become more interconnected, hyper-competitive, and fast-paced. Geier (2024) even claims that the game has changed so drastically that organizations must be able to constantly evolve in ways that surprise the competition. Still, the main notion is that for organizations to succeed, strategic planning is a necessity (Amoo et al. 2023).

The ability of organizations to effectively strategize and plan their operations has long interested academics. Initially, strategic planning research drew inspiration from military tactics designed to outmaneuver opponents. However, it gained significant momentum in the post-war era due to the rise of the industrial era (Bryson et al. 2018). Still today, the study field keeps feeding itself as the world changes around us, as it interlinks so strongly with the choices and personalities of the leaders, changes in the competitive fields, and the way the offering is being innovated (Fréry, 2006).

Research on strategy formation and strategic thinking is generated from various perspectives, largely aiming to link formal strategic planning with organizational performance. George et al. (2019) focused their interest on inconsistent research findings between strategic planning and organizational performance via performing a meta-analysis of 31 empirical studies. Wolf and Floyd (2017) analyzed the changing nature of strategic planning research since the 1980s in their paper. Geier (2024) aimed to identify the core cognitive dimensions of strategic thinking in their research. Alhosseiny

(2023) studied how concepts of *Strategic Planning, Strategic thinking, and Strategic agility* affect the organization's competitive advantage and how these interlink in the academic literature. Desmidt and Meyfrootd (2021) applied their study on strategic planning and thinking capabilities in politicians' decision-making processes.

Amoo et al. (2023) concludes that the predominant hypothesis has been that strategic planning correlates with improved outcomes. However, Amoo et al. (2023) also note that findings have been inconsistent. Thus, in recent years, research on strategic planning has been extended to include not only the planning phase but also the implementation phase of the strategy itself (Amoo et al. 2023). Additionally, there is a growing interest in the role of individual strategy owners, revealing significant connections between CEO traits, education, skills, social networks, and organizational transformation (Rizwan et al. 2022).

Especially during the last years, the term and concept of strategy itself have also attracted attention. The concept has been subject to many different interpretations and forms and has inspired over 90 different ways to form the word strategy (Yu, 2021), and over 25 tools for managers and strategy practitioners to support their strategic choices and strategy work (Vuorinen & Huikkola, 2023). There are thus numerous ways to define strategy, from which to choose and find the most effective for any organization. Indeed, research has shown that strategic planning has been and continues to be widely used by organizations (Amoo et al. 2023), and the use of strategy tools is well established in the strategy work of organizations, although research has not been able to delve into the selection logic behind the use of the tool selected (Wright et al. 2013). However, despite the multiple different ways to use the word or concept, according to Khalifa (2020), it could be summarised that strategy is a means to an end.

Although strategy has been widely studied, there is a significant gap in the research in the context of non-profit organizations. Most of the strategic studies and tools have been tailored for the for-profit sector (Wright et al. 2013). However, in recent years, the

lines between nonprofit and for-profit sectors have increasingly blurred as for-profit entities emphasize social responsibility and nonprofits adopt commercial practices (Gee et al. 2023). The drastic changes in the operating environment have also highlighted the social role and need of non-profit operators, including in the context of increasing poverty and mental health challenges, thus pushing non-profit operators to better strategize their activities (Oliveira et al. 2021).

The state-owned and operated public operators have gained their fair share of research as these treat the deductive minds of researchers with their complex, usually fairly large organizations, regulative operations base, and governmental-based funding mechanism (Gratton, 2018). Strategic planning has also been rooted in the public sector since the 1980s when the thought that if strategic planning helped private organizations to perform better, it should do the same for public organizations (George et al. 2019). Despite the increased attention paid to strategic planning in For-Profit and public sector organizations, there is a broad group of Non-profit operators whose yearly revenue is higher than many SMEs, but the incomes are fundraising-based, sponsored, or membership fee-based (Gratton, 2018). The significance of the lack of academic literature on strategy work in non-profit organizations is especially highlighted in an economy like Finland, in which there were almost 108,000 nonprofit organizations (The Finnish Patent and Registration Office, 2024) in the year 2021. Thus the number of non-profit organizations in Finland is relatively significant.

There is room for literature focused on strategic planning in non-profit organizations (NPOs). Ahmed (2005) states that non-profit organizations face several challenges in their operational environment, just as for-profits do. Gratton (2018) lists that non-profit organizations face problems similar to those of for-profit organizations, with increased competition, technology implementation, and people management. Next to these, non-profit organizations face different challenges than for-profits due to their financial base and fundraising (Gratton, 2018). Smaller non-profit organizations are especially struggling to follow technological development and keep up with requirements (Ahmed,

2005). Non-profit organizations are similar to for-profit organizations in many ways, as they are usually formally organized and often employ similar organizational structures and systems. However, research has shown that non-profit organizations do not employ tools that would support them in strategic planning (Gratton, 2018).

1.1 Research goal

The goal of this study is to investigate how non-profit organization leaders in Finland perceive strategy and strategic thinking within their unique operational environment. Specifically, the research aims to discover commonalities among selected non-profit organizations in conceptualizing strategy and understanding its role in their operations and development. By aligning these findings with existing theoretical frameworks, the study seeks to enhance the understanding of strategic planning within the non-profit sector and fill the existing gap in strategic management literature. The study offers insights from non-profit organizations, which differ fundamentally from classical profit-based entities.

As the primary purpose of this thesis is to identify how strategy is perceived in non-profit organizations and the importance placed on strategic work in operational planning, an essential aspect of this research is to understand how non-profit organization leaders think about strategy formation and its relation to their organization's basic operations. Thus, the research question of this study is:

RQ: How do non-profit organizations' leaders see strategy and strategic thinking?

In order to achieve the main objective, this study focuses on two sub-questions to guide the research work. The research question is supported by the following two supplementary questions:

- What is the role of strategy and strategic thinking in organizational development?
- How is strategy work being done?

The goal of this study is to present an interplay between theory and practice by conducting a qualitative interview study. Study data will be collected by conducting interviews with people who are in leadership positions and are responsible for long-term planning and strategic direction setting in selected non-profit organizations. As stated earlier, the aim is to provide insight into the existing strategy literature and practice from a non-profit organization's perspective. As managerial implications, the study can widen the strategic thinking perspective for strategy executors in non-profit organizations by deepening the understanding of the theory and tools of strategy work and thinking. This can support executors to think about how these could be utilized in their organizational context. Also, understanding the role of strategy work can support leaders in their long-range planning.

1.2 Structure of the thesis

This thesis is structured into five main sections, beginning with the introduction. The introduction provides a concise overview of the study background, research purpose, and the research questions guiding the study.

The second section is dedicated to the literature review, which reviews the most relevant theoretical approaches related to the research questions, including the key concepts, tools, and requirements provided by the Finnish operational environment to support an understanding of the study context. Additionally, this section presents the conclusions of the theoretical findings.

Following the literature review, the third section focuses on methodology, detailing the research approach and methodology employed in the study. This section also introduces

the organizations selected for the empirical study, providing essential background information about the organizations.

The empirical section presents the research data analysis from multiple perspectives, drawing insights and conclusions from the collected data. After analyzing the empirical findings, the study reviews existing literature in relation to the initial research findings.

Finally, the findings and discussion section synthesizes the research outcomes, highlighting fundamental discoveries and insights gleaned from the study. This section aims to synthesize the findings and provide conclusions based on the research effort. Additionally, it aims to articulate essential insights and key lessons learned that contribute to a deeper understanding of the study's subject matter.

2 Literature Review and Relevant Concepts

For the groundwork of this paper, it is essential to go through the theoretical background and relevant literature. From a strategy formation perspective, it is relevant to understand strategy as a concept and review strategic planning and organizational roles in strategy formation. In the context of the study topic, it is relevant to review the differences in organizational forms in the Finnish operational environment to gain insight into the regulatory differences impacting the organizations' primary functions. It is also relevant to review how non-profit organizations see strategy work to support the understanding of the kind of settings in which the strategy work studied is performed.

2.1 Organization's operational forms in the Finnish operational environment

Kontes (2010) states that the first principle of business strategies is to maximize economic growth over time. As this research focuses on non-profit organizations, it is relevant to understand the possible differences in fundamentals affecting organizations in strategy formation and strategic thinking.

According to the Finnish Companies Act (Osakeyhtiölaki 2006/624, 5 §), a for-profit organization's core reason for existence is to create profit for its shareholders and owners. The primary source of income comes from developing and selling competencies, services, and products (Yritä.fi, 2024). Daily operations are designed to serve this core purpose and are possibly steered by a board of directors, depending on the business form. Next to the core business, for-profit organizations may also have or scout some investing parties to enable growth (Yritä.fi, 2024). For example, fundraising might also be done for SMEs or RDI operations.

According to Finnish law; the Associations Act, the purpose of non-profit organizations is not to obtain profit or another direct economic advantage (Yhdistyslaki 1989/503). In other words, the reason for existence is to create social well-being or good for society.

Most non-profit organizations base their income on membership fees, but they can also provide services and sell services and products in the same way as for-profit organizations. Income to its operations has to be directed to the organization's operations. For this reason, non-profit organizations are entitled to practice VAT-free operations in Finland (Verohallinto, 2020). Many non-profit organizations also base their income on fundraising and government support. The Finnish state-aid authority, The Funding Centre for Social Welfare and Health Organizations (STEA), funded almost 2,000 non-profit organizations with over 380 million euros in 2024 (Ministry of Social Affairs and Health, 2024).

2.2 Strategy as concept

Strategy as a concept has multiple different interpretations and definitions in the academic literature. Yu (2021) states that over 90 different ways to define strategy can be identified. Khalifa (2021) even claims that strategy is the most overused and misused term in business today. Due to the various ways to perceive and approach strategy as a concept, it can be challenging to be able to narrow down the relevant approaches for the purpose of this study. Therefore, it is relevant to discuss some of the basic approaches to strategy as a concept.

Although the term strategy has been defined in a variety of ways, the main theme behind all the definitions stays the same: a deliberate conscious set of guidelines, direction, and way of operating that guides the organization into the future (Viitala & Jylhä, 2013). Viitala, R. and Jylhä, E. (2013) state that the basis of strategy is the organization's mission statement, and the organization's most important strategic choices are seen in the business concept. Grant, R. M. (1991) states that the mission statement answers the question *What is our business?* Strategic statements usually also include vision, which is usually the future visioned by the organization and sets the end goal of the strategy (Viitala & Jylhä, 2013).

Different theory directions have their own perspectives on this definition. The game theory presents strategy as a set of rules that govern the moves of the players. In the military theory, strategy is seen as the utilization of all the nation's forces to ensure security and victory during both peace and war. In management theory, strategy is the long-term goals and objectives of an enterprise and the way resources are allocated and adapted to carry out these goals (Mintzberg, 1978). Strategy-as-a-practice defines strategy as a socially accomplished activity (Jarzabkowski & Spee, 2009). One of the latest attempts to define strategy was delivered by Khalifa in 2020, as they identified the different dimensions of all the previous approaches by scholars by formatting it as a *cohesive core of guiding decisions* that pinpoints the two fundamental functions of strategy: *“the external function of creating power to win the identified challenges, and the internal function of guiding lower-level decisions and aligning processes”* (Khalifa, 2020).

2.3 Strategic approaches

Strategy work and planning have interested scholars, and the fairly young field of study has inspired authors to develop concepts of business strategy in the past 30 years. The way business strategies are approached has changed from a macro viewpoint to a micro viewpoint and, again, back to a macro viewpoint (Bracker, 1980). The roots of strategy as a concept and word are in military actions and, with this, focused on defeating the opponent. Traditionally, strategy focused on efforts to beat the competition, and the strategy terminology included much warlike terminology (Chan Kim & Mauborgne, 2005). Chan Kim and Mauborgne (2005) also have dramatized the role of strategy by stating that *“Companies and industries rise and fall based on the strategic moves that are made.”* Henderson (1989) also states that strategy is required in situations where the survival of an entity is at stake. After its historic military origins, the concept became more relevant from a business perspective after World War II as the business environments started to face more rapid changes and became more competitive (Bracker, 1980). As the changes in the operational environments are challenging companies'

competitive positions and operations, numerous sets of management tools and techniques have emerged to support companies to stay ahead of rivals and innovate.

During its relatively short history, the study field has witnessed noteworthy growth in the diversity of topics and research methods it has created (Hoskinsson et al. 1999). After half a century, corporate strategy literature contains at least ten separate schools of thought and more than a dozen definitions of the concept (Fréry, 2006). Whittington (1996) even claimed in his paper that the strategy research field is crowded with competing theories. These arise, for example, from planning resource allocation, satisfying stakeholders, stretching unique competencies, environmental adaption, programming sophisticated management systems, or managing the development of emerging ideas (Fréry, 2006). These multiple ways to approach strategy and strategic thinking as a research area are inspired by the connections that strategy, strategic management, and thinking have with multiple parts of the business operations. It has connections with microeconomics, finance, marketing, positioning, organizational design, and talent management. It can also be related to distant physics, such as chaos theory or biology: organizational ecology (Fréry, 2006).

Porter (1996) claims that the essence of strategy is in the activities that a company does. The key to creating and maintaining a successful strategy is to select the activities in which a company chooses to outperform its competition or operate differently. The importance of strategy formation is also to choose what not to do, to find the right direction, and to challenge the company's thinking to find ideas that cannot be quickly imitated (Porter, 1996). One of the most essential contexts Porter (1996) challenges to keep strategy separate from is operational excellence.

One of the strategic approaches is Porter's generic strategies, which claims that organizations are required to choose cost leadership, differentiation, or focus strategy to gain competitive advantage in relation to other similar operators in the markets (Kim et al. 2004). Selecting the strategic direction determines the decisions to whom the operator

wants to offer products or services and what will stand out from others (Viitala & Jylhä, 2013). Porter argued that if companies are not able to choose what strategy to follow, they will be stuck in the middle and are not able to gain a competitive advantage (Siegemund, 2008).

When choosing a **cost leadership strategy**, the operator aims to claim market leadership by offering the service or product at a cheaper cost level than the competition. The goal is to reach a vast market share and serve multiple customer groups. The gained volume enables large production amounts and, this way, lowers the unit prices (Viitala & Jylhä, 2013). The learning curve, process innovations, product design, and the time and cost of manufacturing play a relevant part in sustaining cost leadership in the competition. Organizations must also be able to discontinue and outsource activities that they do not have cost leadership (Allen & Helms, 2006). Other direction of generic strategies is **differentiation strategy**. This approach positions the organization as a provider of something unique from the customers' perspective (Kim et al. 2004). The aim is to map and fulfill a targeted customer segment's need in a way that it is willing to charge a premium price. This also increases customer loyalty (Allen & Helms, 2006). Organizations may also follow a **focus strategy**, in which the offering is focused on a selected market area, customer group, or product range. The focus strategy aims to exploit the niche market that, for some reason, has not been attractive or relevant for the large competitors (Allen & Helms, 2006).

Scenario planning can be seen as an approach to strategy formation as well as a tool. As the organization's operational environments are becoming more volatile and more uncertain, company executives can find long-term planning and executing corporate-level strategy difficult (Oliver & Parrett, 2018). With scenario planning, companies can prepare flexible long-term plans that can adapt to unpredictable changes in the environment. There are multiple ways of approaching scenario building. However, generally, these steps are framing the challenge, gathering information, identifying driving forces, defining uncertainties, generating the scenarios, and creating storylines

that the company can mirror its current position currently and how to prepare itself for the possible scenarios (Wade et al. 2012). The technique has already existed for over 30 years, but it has failed to become widely adopted in the organizations' planning processes. The approach has been seen as complex and challenging to define and describe where and how it should be used (Verity, 2003).

The challenger to traditional positioning strategy approaches is the **Blue Ocean Strategy**. The authors W. Chan Kim ja Renée Mauborgn of 'Blue Ocean Strategy' challenged companies' strategic positioning and planning against only the competition as many other strategic approaches do (Siegemund, 2008). The theoretical approach divides markets into Red and Blue Oceans. Red oceans are the existing playgrounds where the industry boundaries are defined and accepted, and the competitive rules are known. Companies are trying to outrun rivals in excellence, costs, or value. In Blue Oceans, companies are trying to challenge themselves with out-of-the-box thinking and find untapped market space for opportunities for highly profitable growth (Chan Kim & Mauborgne, 2005). Pursuing the Blue Ocean Strategy requires companies to challenge themselves truly to question the underlying market theories (Siegemund, 2008). Yunus and Sijabat (2021) state in their article that the Blue Ocean Strategy is useful for creating new demand, recognizing new potential markets, and finding areas the companies should emphasize. Value innovation is the cornerstone of the strategy (Siegemund, 2008). Pateman, J. (2019) states in his article that until now, Blue Ocean theories have been primarily used in the private sector to boost profitability or ensure sustainability. Pateman also suspects that part of the reason behind this is the private sector-aligned language used in strategy and in its applications, which could be hard to implicate in other sectors. Kim and Mauborgne (2005) claim that red oceans will always matter and be part of business life, but there are a lot of blue oceans that are uncharted.

Where positioning strategies focus on finding the link between the organizations' strategies and the external environment, **the resource-based view (RBV)** turns the perspective towards the organization's inner recourses and capabilities. Models focusing on

environmental competitive advantage assume organizations within the industry are identical with their relevant resources and strategies. RBV perceives resources as heterogeneous and immobile, which differentiates operators in the same field (Barney, 1991). Internal resources include organizations' ways of doing formal and informal planning, reporting and organizational structures, corporate financial models, control, and development systems (Pertusa-Ortega et al. 2010). Capabilities are the organization's ability to deploy these resources in an effective and resourceful manner (Newbert, 2008). Newbert (2008) states that when organizations are able to point and exploit resources and capabilities that are valuable and inimitable, organizations will attain a competitive advantage. Grant (1991) also claims that organizations' resources and capabilities are much more sustainable in long-term strategy building in a rapidly changing and volatile operational environment than in an externally focused orientation. Hoskisson et al. (1999) state that the resource-based view demands considerable effort and a range of methods from strategic researchers to identify, measure, and understand an organization's resources.

The Dynamic Capabilities Framework is an approach as well as a tool that emphasizes an organization's ability to adapt, integrate, and re-design internal and external competencies to address rapidly changing environments. The approach aims to deliver an understanding of how companies can achieve and sustain competitive advantage, especially within industries operating with rapid technological change and intense competition (Teece, 2009). The approach establishes that organizations must be able to separate their "ordinary capabilities" that keep the business running, e.g., facilities, processes, routines, skilled personnel, and administration, from dynamic capabilities that present the organization's ability to redefine and change its resources to respond to the changes in the operational environment (Michaelis et al. 2021). These capabilities become high-value as these are difficult to replicate by the competition (Teece, 2009).

Strategy as a practice approach perceives strategy as a fluid entity. Strategy is not only a position or a possession that an organization has but is more of something that the organization and multiple actors perform (Jarzabkowski, 2005). Strategy as practice emphasizes the human factor in the conclusion, next to the causally related variables. The practice perspective concerns the managerial activity, the decisions made, getting ideas, spotting opportunities, and grasping situations (Whittington, 1996). Reviewing strategy practices does not only involve thinking and planning but also focuses on the actual routines, actions, and tools of strategy practice, such as budgeting, writing formal documents, and making presentations (Whittington, 1996). Jarzabkowski and Spee (2009) state that the latest studies have indicated that the strategy practitioner might refer to a group of practitioners next to the individual focus.

2.4 Strategy tools

Although this thesis aims to investigate strategy as a concept and strategic thinking as well as planning, it is beneficial to review strategy tools as these are in a tight interlink with strategic approaches and strategic strategy concepts. Through this, the theoretical context will be broadened with the comprehension of the terms, concepts, and approaches employed in practical strategy formulation.

Strategy tools have been considered as one of the key elements in the strategic management process, serving as numerous techniques, tools, methods, models, frameworks, approaches, and methodologies that support decision-making (Spee & Jarzabkowski, 2009). A wide range of tools have been developed to support strategic thinking and work for different situations and purposes. Vuorinen and Huikkola (2023) have compiled a total of 25 different strategy tools in their book, which are categorized into strategy tools for improving efficiency (e.g., SWOT, strategy maps, and Lean), strategy tools for creating something new (e.g., Blue Ocean Theory, Value Proposition Canvas, Scenarios), strategy tools for developing resources (e.g., VRIO model,

Benchmarking, Dynamic Capabilities), strategy tools for positioning (e.g., Generic strategies, PESTEL analysis, Five Forces).

Strategy literature describes that strategy tools are designed to help managers navigate uncertainties and make informed decisions by structuring and synthesizing vast amounts of information. Tools act as means to facilitate communication across different organizational levels by providing a common language and interface, which is crucial for mediating strategizing activities (Roper & Hodari, 2015). Even if the tools are not always used in the actual strategy formation process, these support strategic discussions, for example, during workshops, serving more conversational than purely analytical purposes (Spee & Jarzabkowski, 2009).

Although strategy tools are not synonymous with strategy itself, these are perceived as an essential component of strategizing activities by organizations to facilitate planning and operational tasks. Academic research highlights that despite the evolving nature of strategic management, the popularity of these tools remains stable, underlining their adaptability to different strategic purposes (Spee & Jarzabkowski, 2009).

2.5 Strategic efforts

The growing unpredictability of the business environment makes systematic strategic planning increasingly challenging (Grant 2003). Pursuing strategic planning activities helps organizations in paying closer attention to both internal and external conditions of the organization's environment. Strategic planning is a systematic process or management tool that helps to bring consensus regarding an organization's priorities among key stakeholders. With this, it also supports the pursuit of meeting the company's mission (Giffords & Dina, 2004). This process can be followed by a strategy definition or strategic direction and resource allocation decisions to support actions to pursue this strategy. To succeed in strategic planning, it is important that the company

understands its position and the possible directions it could be taking (Dimitrios et al. 2013).

Strategy formation literature reviews strategic efforts as intended or emergent. Mintzberg (1978) reviews in his paper the intended efforts to format strategies as well as discusses the possibilities of emergent strategies. In intended strategy formation, the strategy maker formulates a strategy through a conscious process before making specific decisions. An emergent strategy may form gradually, perhaps unintentionally, as the decisions are being made during actions (Mintzberg, 1978). There are inspirational parts in doing strategy, for example, ideation or seeing and seizing opportunities, as well as routines like budgeting, formal documenting, and planning that are part of strategy work. These and the presence of these in everyday business influence how strategies start to formulate. This is also related to the traits, tendencies, roles, backgrounds, and personal interests of the person responsible for strategic efforts in an organization (Whittington, 1996).

To outperform competition, companies must be able to plan and establish a difference that they can preserve (Porter, 1996). Strategic planning can be a powerful tool, but it can also be a waste of time if the planning or implementation fails. Gratton (2018) states that most failures occur due to too much emphasis on the written strategic plans and not enough emphasis on leading organizational change. The most significant value is not always in the actual final plan, but more in the intellectual journey, the participants take when exploring the future (Gratton, 2018). This often helps to re-think the current position and as well the future possibilities. Strategy processes also support organizational engagement if the process is implemented in the engaging matter (Gratton, 2018).

2.6 Leaders personality's role in strategy formation and strategic choices

Although this thesis does not primarily focus on the personalities and traits of organizational leaders, it is relevant to understand these aspects, as the empirical study will focus on non-profit organization leaders and their ways of perceiving strategy and strategic efforts.

There has been a growing interest among strategic management scholars in understanding the correlation between leaders' strategic choices and organizational performance. This growing interest is driven by the recognition that the characteristics and behaviors of CEOs can profoundly influence the strategic direction and success of their organizations.

A theoretical approach to studying leadership traits in relation to strategic performance is the Upper echelons theory, originally introduced by Hambrick and Mason in 1984. The claim is that the traits of a CEO play a crucial role in shaping a company's strategic performance. The theory emphasizes factors such as education, functional background, career experiences, age, and personal traits (e.g., narcissism, self-confidence) (Ken & Michael, 2005). A generous amount of research performed over the past three decades supports the notion that CEO characteristics significantly influence firm strategic actions and future performance. Key traits such as tenure, formal education, prior career experience, and positive self-concept were found to be particularly impactful (Wang et al. 2016).

Age as a demographic attribute has been found to play a significant role in the company's strategic performance, as older CEOs might pursue less risky investments to protect their career reputation and maintain the status quo, while younger CEOs exhibit a higher propensity for risk-taking, which is driven by enthusiasm and a desire to establish their reputation (Rizwan et al. 2022). Hermann and Datta's (2006) study results support this notion that older CEOs prefer less risky and resource-intensive investment decisions. Their study results also claim that older CEOs are more willing to pursue joint

ventures than younger CEOs (Herrmann & Datta, 2006). On the other hand, Sitthipongpanich and Polsiri's (2015) study results show a correlation between CEOs' young age and their capability to create innovative strategies. This generational difference in risk appetite can lead to varying strategic outcomes, where younger CEOs might pursue innovative and aggressive growth strategies.

Abernathy et al. (2019) discuss the role of the CEO's social capital in their paper. Social capital, derived from extensive external networks, further influences strategic investment preferences, particularly under uncertain conditions. CEOs with robust external networks can access critical information and resources, enabling them to make more informed and strategic investment decisions. (Abernathy et al. 2019). Geletkanycz and Hambrick's (1997) study findings complement this argument by suggesting that outside contacts and information sources have an impact on managerial understanding and therefore have strategy-shaping effects. Study results have indicated that CEOs with high social capital have improved performance (Abernathy et al. 2019).

Rizwan et al. (2022) state that the length of the organizational tenure does not seem to show a conclusive impact on organizational performance. Longer organizational tenure has been found to be negatively associated with strategic actions, which may be due to a sense of complacency or increased risk avoidance over time. CEOs who remain in their roles for extended periods may avoid risks and fail to adapt to new dynamics in the financial world, leading to investment distortions (Rizwan et al. 2022). On the other hand, Simsek (2007) states in their study that higher tenure might provide superior competitive value due to the CEO's personal competitive history. Rizwan et al. (2022) state that studies suggest that CEOs with shorter organizational tenure often have less power and lack a deep understanding of the organization and its environment, which might lead them to make less risky investments. These CEOs are also reported to be more aggressive in their investment policies, potentially driven by a desire to quickly build their reputation through significant projects (Rizwan et al. 2022). From the organizational perspective longer tenure have shown to have a positive effect on the whole top management teams (Simsek, 2007). Fisher and Pollock (2004) claim that a

longer management team tenure enhances management team effectiveness and information flow.

In contrast to the inconclusive results from organizational tenure roles, formal education, and prior task experience correlate positively with strategic decisions and improved future performance. Research findings have suggested that CEOs with advanced educational backgrounds are better equipped to craft and implement effective strategies. (Rizwan et al. 2022). Study results have shown that the educational background seems to have an effect on the CEO's organizational managing preferences. Gottesman and Morey (2010) claim that CEO with a degree in the technical field tend to spend more on research and development than CEOs with a background in business. CEOs with business education are often credited with better financial planning and budgeting skills, contributing to overall firm performance (Rizwan et al. 2022). However, some studies suggest that any specific type of education may not directly translate into better performance outcomes (Gottesman & Morey, 2010).

Hermann and Nadkarni (2014) state that a CEO's personality shapes the organization's strategic vision and goals. Thus, one area of interest has been focusing on the personal traits of the CEO in relation to the strategic performance of the company. Researchers have been especially interested in personality traits such as extraversion, the tendency to narcissistic traits, and the ability to self-reflect (Abhinav et al. 2019). Studies show that core self-evaluation, narcissism, and internal control enhance a CEO's perceived influence, fostering bold and potentially controversial decisions that drive strategic change. Study findings suggest that Leaders with strong issue-selling abilities, shaped by their personalities, can effectively motivate and influence followers within the organization (Abhinav et al. 2019). However, according to Hermann and Nadkarni (2014) CEO dominance, as well as surgency, may hinder the strategic change process.

The personal traits also reflect the cognitive capabilities of leaders, such as remembering, reasoning, process thinking, creativity, and memory. Helfat and Peteraf (2015) state that multiple research results have shown that these cognitive capabilities

have an impact on the strategic choices of organizations. Strategic thinking capabilities are seen as a vital cognitive ability. Greier (2024) states that the primary goal of strategic thinking is to generate alternative future scenarios and solutions that could lead to competitive advantages. Leaders who are able to process a wide range of information, think creatively and are able to tolerate organizational resistance are more likely to recognize the need for strategic change and actively pursue this (Herrmann & Nadkarni, 2014). Teece (2007) discusses cognitive capabilities in relation to entrepreneurship. Leaders with entrepreneurship skills may be able to draw on their professional and personal networks and the information available around them to create assessments and hypotheses about changes in the environment (Teece 2007).

However, conceptual and empirical work on strategic thinking is still at an early stage, and there is no consensus on its key dimensions. Bonn (2001) describes strategic thinking capabilities at the individual level from three perspectives. Strategic thinking involves a holistic understanding of the organization and its environment, creativity, and a vision for the organization's future. Creative thinking is necessary for strategic thinking as it helps to consider alternative outcomes and scenarios. Bonn also claims that strategic actions should emerge from a strong organizational purpose and vision that helps the whole organization engage with the mission. Holistic understanding of the leader's own organization and organizational environment and its complex underlying problems and issues linked to each other, the leader has a better capability to plan and execute strategic activities. (Bonn, 2001)

2.7 Strategy work in Non-Profit Organizations

Gratton (2018) states that numerous studies support the idea of pursuing strategic planning in non-profit organizations, and the results show that this has improved many non-profit organizations' performance. Still, studies show that especially smaller non-profit organizations do not have strategic plans (Gratton, 2018). The increased commercialization of the non-profit sector is making non-profit organizations resemble

for-profit companies (Ahmed, 2005). This is primarily due to the spreading competitive environment where for-profits are more and more taking philanthropic actions and are stepping into the grounds of non-profits and non-profits answering to the competition by creating strategic and operational partnerships with for-profit organizations (Ahmed, 2005). Giffords and Dina (2004) also state that the emerging enterprise scheme pushes non-profit organizations to explore the dilemma of whether they should act more like a charity or as a business.

Since the main mission and values are dominant in the non-profit sector, this is something the organization needs to protect and maintain during all strategic planning and operational changes (Sharp & Brock, 2010). Strang (2018) states there are strong arguments in the literature that non-profit organizations should focus their strategic efforts on building more financially responsible and self-sustainable businesses rather than focusing on social goals. Heavy reliance on philanthropic and governmental funding is not sustainable (Strang, 2018). Because of the differences in the revenue sources, stakeholders, mission, and performance measurements between non-profit organizations and for-profit organizations, the literature related to strategic planning in a for-profit organization is not always directly adaptable in non-profit organizations and is, therefore, an important topic to study (Ahmed, 2005).

Gunby (2009) states that the same strategic frameworks can be used in different platforms. The rise of changes in the operational environment that accelerates strategic thinking in for-profit businesses can be seen to affect the thinking processes of non-profit organizations leaders as well. The worries about sustainable fiscal performance, finding the right talent, operational excellence, and positioning offerings in the current competitive environment are part of non-profit organization's challenges today. Still, in many non-profit organizations, formalized planning processes are rare, and suitable techniques or tools are not used (Sharp & Brock, 2010).

Strategic planning in the non-profit sector is less straightforward than in the for-profit sector as the organizations are not expected to make a profit, and the success is not measured by this (Giffords & Dina, 2004). The reasons for not engaging in strategic planning usually include lack of time, lack of finances, difficulty in initiating change, and lack of board members' support (Gratton, 2018). Sharp and Brock (2010) state in their paper that strategic planning in non-profit organizations usually takes place when required by funders or board members. For this reason, the strategic planning processes are often not formal, systematic, or fully integrated (Sharp & Brock, 2010).

2.8 Roles in strategy work in Non-Profit organizations

To understand more deeply the reasoning behind strategic planning in non-profit organizations, it is important to take a closer look at the roles of the operators in strategy work in non-profit settings. Non-profit leaders are challenged by the traditional external and internal changes in the operational environment, the same as the for-profit operators. Next to these, the non-profit leaders must have a great understanding of funding processes and be able to pursue additional fiscal recourses while at the same time promoting the use of existing resources in the most efficient way. The funding does not necessarily go hand-in-hand with an increase in production, and the leaders need to solve the challenges of the possible lack of resources during this time (Ahmed, 2005).

In many cases, the leadership of the non-profit organization works tightly together with the non-profit board (Ahmed, 2005). The ability to utilize various stakeholder groups and their capabilities in strategic thinking is one of the key capabilities of a non-profit organization leader, as the organization itself might not be able to employ the needed talent and know-how. Dimitrios et al. (2013) share study findings that state five areas in which non-profit strategic leaders differ and need to adapt their practices in comparison to their colleagues in for-profit organizations:

- Smaller scope of authority
- A wider range of stakeholders who expect consensus

- The need for innovative metrics to monitor performance
- The requirement that non-profit CEOs pay more attention to communications
- The challenge of building an effective organization with limited resources and training.

Zhu et al. (2016) state that strategic involvement of the board enhances organizational performance for both non-profit and for-profit sectors. Giffords and Dina (2004) support this by stating that in the strategic plan design phase, organizations must carefully decide who to involve in the planning process. Strategic planning in non-profit organizations should include members of the organization's board of directors, its management, and line staff. Other stakeholder groups, such as clients and funders, should be involved in some parts if possible (Giffords & Dina, 2004).

2.9 Conclusion of the theories of the study

The theoretical analysis carried out, which covers a number of topics relevant to this thesis, is crucial for meeting the objectives of this study. It is important to highlight and go through selected topics to guarantee conceptual clarity. Via this the literature review aims to review the existing theoretical base in relation to the research question and with this creates a theoretical framework, which is presented in Figure 1. The theoretical framework presented in the literature review outlines and provides insights into the topic under study, to the extent that it is able to do so in the absence of an empirical section. It is, therefore, relevant for this thesis to review how the theoretical concepts presented are validated for the actors in the field of non-profit organizations in strategic thinking and strategy work.

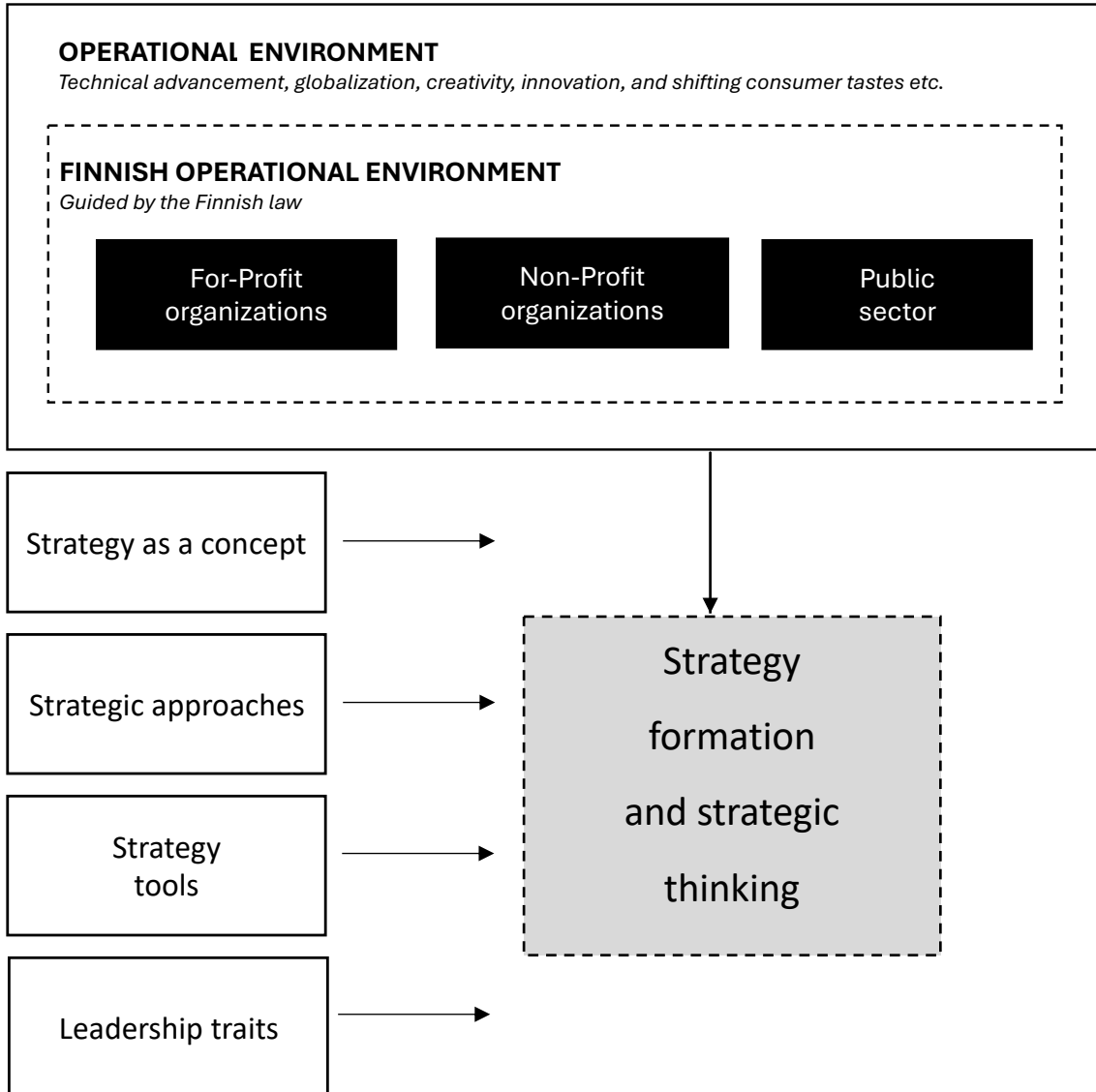


Figure 1: Theoretical framework

As outlined at the beginning of this thesis, all types of organizations and operators have been living in an exceptionally challenging environment and need to find the most creative solutions to succeed, survive, and evolve in order to ensure the successful continuation of their activities. Constant change challenges businesses, non-profit operators, and public actors at both organizational and individual levels (Alhosseiny, 2023). Each organization struggles to keep up with the rapidly changing wishes of customers, globalization, innovation, and coping with the transformation of technological development (Alhosseiny, 2023). Thus, from a theoretical perspective, it

can be concluded that the challenges in the external operational environment are the same for all kinds of organizations, and this way, all organizations have the same external context that shapes their strategic planning and strategy formulation efforts. Studies have also shown that strategic planning has important implications for the success of companies and organizations (Amoo et al. 2023), and the same strategic frameworks could be used in different platforms (Gunby, 2009), so it can be hypothesized that strategic planning is beneficial for all kinds of organizations.

Strategic thinking and planning help to navigate the changes in the operational environment and, with this, ensure an organization's success in the competition and running a profitable business (Giffords & Dina, 2004). However, based on the literature review, it can be stated that in terms of the operating environment, especially in the Finnish operating environment, significant differences affecting the planning of operations for companies and associations are set by Finnish law. The law sets obligations and constraints for different actors, such as the obligation for a non-profit organization in Finland not to pursue profit (Yhdistyslaki 1989/503, 2024), which is, for example, the task of a profit-seeking company in Finland as defined in the Finnish Limited Liability Companies Act (Osakeyhtiölaki 2006/624, 5 §, 2006). This leads to the conclusion that the starting points for strategic orientation and planning of activities differ from one operator to another in the Finnish environment. Although, according to Ahmed (2005), there is an indication that for-profit organizations are investing more in philanthropic pursuits and that the activities of non-profit organizations are moving toward the direction of for-profit actors, it is not yet sufficient to draw any conclusions on this basis.

In addition to the operating environment, the literature review addressed strategy as a concept, strategic thinking, and strategy tools. Based on the theoretical framework, it can be concluded that strategic thinking extends to all types of organizations today and that strategy formation and thinking can be applied to both the non-profit and for-profit sectors. However, according to the theoretical framework, there are multiple different

ways to articulate or formulate the concept of strategy (Yu, 2021). The hypothesis can be, that there is no single, clear, and coherent way of formulating strategy in this study either. In addition, the literature review suggests that there is a variety of tools used in strategy formulation and that these are well established regardless of the type of organization type (Wright et al. 2013), although the use of tools and the depth of understanding of these tools varies between organizations. It is also noteworthy that, according to Pateman (2019) some tools and strategic approaches are not well established in the non-profit sector because the wording is not fully appropriate in the context of their activities. This suggests that at least some strategic tools are used or at least known by all organizations, regardless of the type of organization, but not necessarily used as such.

The literature review demonstrated that a leader's background and experience (such as age, background, and organizational tenure), as well as their characteristics and traits, have been found to influence the organization's strategic orientation and decisions. This is relevant for the purposes of this study, as it focuses on the selected leaders' perspectives in relation to the research question. However, based on the literature review, no direct conclusions can yet be drawn about how a leader's character or background specifically impacts organizations in the non-profit sector. Conclusions can only be made at a general level. It is noteworthy, however, that according to Ahmed (2005), a distinctive feature of non-profit organizations is that their leaders work closely with the organization's board in strategic work. Additionally, Dimitros (2013) suggests that leaders in non-profit organizations need the ability to consider a broader range of stakeholders compared to leaders in for-profit organizations. Based on these insights, one could hypothesize that the extensive networks, as well as networking and communication skills of leaders in non-profit organizations, are particularly important for successful strategic work.

In conclusion, non-profit operators are navigating in the same operational environment as for-profit operators do and need to create strategies that ensure their operation's

continuity. The theoretical framework provides an extensive review of relevant concepts and approaches in relation to the research question, but there is a notable lack of theoretical implications or empirical results from non-profit organizations' perspectives. This concludes that there is a need to discuss the perspective of a non-profit organization on strategic thinking and strategy formation, which this thesis aims to investigate and provide relevant empirical insight into in relation to the theoretical frameworks.

3 Methodology

In this section will be outlined the methodology utilized in this study. This includes a detailed description of the research methodology adopted to guide the study, an overview of the organizations selected for data collection, and details of how the data was gathered, including the tools and techniques used. This section also describes how this data was then processed to draw conclusions to address the research questions and objectives.

3.1 Research Methodology

The objective of this research is to gain comprehensive insights into the perceptions of strategy work within the non-profit sector, thereby categorizing this study as exploratory in nature (Saunders, 2007). In contrast, studies aimed at establishing causal relationships between variables would fall under the explanatory category, while those focused on accurately defining roles, events, or situations would be considered descriptive (Saunders, 2007).

To effectively address the research objectives, it is essential to understand the processes and interpretations of leaders within non-profit organizations. Therefore, the primary method of data collection selected for this study was interviews. Interviews serve as a powerful tool for acquiring detailed contextual information directly from interviewees, which is particularly valuable in exploratory research (Saunders, 2007). Moreover, the interview format fosters genuine connections between the researcher and interviewee, facilitating mutual understanding and enabling active listening (Saunders, 2007). Additionally, individuals are generally more inclined to engage in conversation rather than provide lengthy written responses, as noted by Krishnaswami and Satyaprasad (2010).

By adopting this approach, the research aims to capture rich and nuanced perspectives, which are essential for gaining a deep understanding of strategy work within the non-profit sector. This methodological choice underlines the importance of building meaningful insights directly from the perspectives and experiences of leaders of non-profit organizations, which contributes to a thorough exploration of strategy concepts and practices in this sector.

The primary approach for data collection involved conducting a series of five interviews with leaders holding strategic positions within the non-profit sector in Finland. The selection of organizations for these interviews was carefully filtered to identify entities with comparable levels of yearly revenue. Moreover, the chosen organizations have had to be operational for more than five years to ensure that their non-profit organization operations were sufficiently stabilized, avoiding entities still in the early phases of establishment.

The data collection process utilized semi-structured interviews, allowing the researcher to focus discussions on the practical experiences and insights of the respondents within specific areas of interest (Krishnaswami & Satyaprasad, 2010). This interview format provides flexibility, allowing questions to evolve based on the interaction dynamics, with opportunities for follow-up inquiries as necessary to achieve the research objectives (Saunders, 2007).

In line with qualitative research methodology, the data obtained from these interviews will be analyzed using content-based analysis techniques. This analytical approach aims to identify common themes and patterns emerging from the interview responses, providing a deeper understanding of the perceptions and practices related to strategy work within the studied non-profit sector. By employing these data collection and analysis methods, the research endeavors to uncover meaningful insights that contribute to the broader understanding of strategy implementation and management in non-profit organizations.

3.2 The organizations selected

The interviewees were selected by browsing through open data sources and finding non-profit organizations with requirements stated in the methodology. As one relevant differentiating factor between non-profit organizations and profit organizations is the base on funding, one main source in selecting relevant data sources was the Funding Centre for Social Welfare and Health Organization's (STEA, 2022) database for funded non-profit organizations. This database provided easy access to the non-profit organizations for which STEA had provided governmental funding.

From here was selected five different operators:

- Finnish Federation of the Visually Impaired (Näkövammaisten liitto, 2022), the umbrella organization for Finnish associations of the visually impaired. The federation operates as experts in visual impairments and sight and advocates for the blind and the visually impaired people. They offer services for the visually impaired and their near ones by offering guidance on the services and the support the visually impaired are entitled to, open to all services via accommodation or meeting rooms, museum, Dramafoni recording studio, and a store for vision aids, and for their 23 member associations via for example information and rights monitoring services.
- Leirikesä Ry (Leirikesä, 2022) is a children's camp provider intended for all children and young people aged 7–16. In cooperation with families, schools, municipalities and cities, stakeholders, and several organizations, it offers holiday season activities to nearly 4,300 children and young people each year.
- The Finnish home economics organization, The Martha (Martat, 2022), is a non-profit organization known for its dedication to educating the public in matters of home economics. The Martha's was founded already in 1899. The "Marthas" are often turned to for advice on food, nutrition, gardening, the environment,

family finances, and consumer issues. It provides cultural and civic education, engages in advocacy work in Finland, and is active in the field of cooperation with women's NGOs in Africa.

- EHYT Finnish Association for Substance Abuse Prevention (EHYT RY, 2022) operates throughout Finland to promote well-being and healthy lifestyles. They work with people of all ages, from children and young people to working-aged people and the elderly. In addition to alcohol, tobacco, and drug abuse prevention, they remit also encompasses gaming and gambling. EHYT has 115 member associations, and its regional coordinators support municipalities, professionals in different fields, NGOs, and volunteers in substance abuse prevention. They also provide training and advice and impact policies and developments on the local level.

As the STEA organization funds only operators in the health and social industries, data source selection was broadened to cover other non-profit operators to gain relevant insight to support the research goal.

The fifth organization was selected:

- The Finnish Association for Nature Conservation Field (Suomen Luonnonsuojeluliitto, 2022) is the oldest and most influential environmental organization nationally, with 150 local associations and thousands of active members all over Finland. Their mission is to work towards stopping biodiversity loss and global heating. The association acts on its mission by acting act as a link between different environmental organizations, practice publishing, training, environmental education, and other educational activities and research, putting forward motions and initiatives and issuing statements on affairs associated with their field, promoting nature protection and sustainable development in the regions affected by Finland as an industrialized country, and participate in the international co-operation in their field.

The organizations selected have a long history and have established strategic base work that is publicly visible on their websites, as well as a funding base that includes governmental support as well as other sources of income. The interviewees were approached via email to schedule an interview. All interviews were held in Finnish.

Information on the interviewee organizations is presented in Table 1.

ORGANIZATION	STRATEGIC STATEMENTS	FUNDING BASE	INTERVIEWEE
Finnish Federation of the Visually Impaired (Näkövammaisten liitto, 2022)	<p>Strategy steers the planning of our operations.</p> <p><i>Our vision is accessible and non-discriminating Finland, where human rights and equal opportunities are in visually impaired's realize.</i></p> <p>Includes: Mission statement Mission Values Strategic goals, includes 5 perspectives (each include goals and actions):</p> <ul style="list-style-type: none"> • <i>Interest organization</i> • <i>cooperative organization</i> • <i>service organization</i> • <i>economics</i> • <i>Personnel</i> 	<p>Profits from service and product sales 34%</p> <p>Funding 26%</p> <p>Fundraising 22%</p>	CEO
Leirikesä ry (Leirikesä, 2022)	Does not present strategy statements in their website	<p>Stea funding 468 000 EUR</p> <p>City of Helsinki 111 608 EUR</p> <p>City of Espoo 6 000 EUR</p>	CEO
The Finnish home economics organization The Marthas (Martat, 2022)	The foundation of the Marthas' strategy is predictive planning for the future, and all marthas and our partners are invited to join in in this work. The future cannot be foretold, but we can tool ourselves for it. Accordingly, our predictive	<p>Advisory and other operations 21 %</p> <p>Investments 20%</p>	Secretary General

	<p>planning focuses on the likeliest outcomes.</p> <p><u>Strategy includes:</u> Aim: <i>Everyday wellbeing is possible for everyone.</i> Fundamental mission: <i>The Marthas promote workable and sustainable everyday practices for all households and families.</i> Values: <i>Joy in working together</i> <i>Sustainable choices</i> <i>Openness</i> Our promises (all include strategic aim and strategy to achieve these): <i>The Marthas act today, for tomorrow</i> <i>Marthas connect and enable connections</i> <i>To Marthas, all are equal</i></p>	<p>Membership fees 13%</p> <p>Action funding 13%</p> <p>Public funding 11%</p> <p>Commercial activities 11%</p> <p>State funding 9%</p> <p>Other 2%</p>	
<p>EHYT Finnish Association for Substance Abuse Prevention</p>	<p>As an NGO and expert organization, we prevent and reduce the harmful effects of substance abuse, gambling and gaming. We support the well-being of communities and individuals, and strengthen socially sustainable development. We are an active social influencer.</p> <p>Strategy 2020 defines three main pillars of operations:</p> <ul style="list-style-type: none"> • <i>We support resources and choices that promote the well-being of communities and individuals. We account for personal life situations and different starting points in life.</i> • <i>We modify people's everyday living environment and social structures to minimise the harmful effects of substance abuse, gaming and gambling</i> • <i>Substance abuse prevention has strong structures and skilled professionals, and it is based on methods whose effectiveness have been proven.</i> 	<p>Grants from the Ministry of Social Affairs and Health approximately 79 %</p> <p>Other grants is approximately 14%</p> <p>EHYT's operations are financially supported by the Ministry of Education and Culture, the European Union, Brita Maria Renlunds minne and the City of Helsinki, among others.</p>	<p>Interim CEO</p>

	Values: <ul style="list-style-type: none"> • <i>Joint responsibility.</i> • <i>Equality.</i> • <i>Expertise.</i> 	Fees In some operations (e.g. participation fees for certain trainings)	
The Finnish association for nature conservation (Suomen Luonnonsuojeluliitto, 2022)	Our dream: <i>The Finnish association for nature conservation has a dream: together we preserve the Finnish nature.</i> Strategy includes: <ul style="list-style-type: none"> • Goals for the operations • Values • Actions: includes conservation work values and organizational values 	in 2019: Action funding 30% Suomen Luonto 27% Fundraising 22% Membership fees 12% Public funding (Ministry of Environment 6%) Others 5%	CEO

Table 1: Information on the interviewee organizations

3.3 Data analysis

Tuomi and Sarajärvi (2008) state that the aim of data analysis in qualitative research is to produce a verbal and clear description of the phenomenon being studied (Tuomi & Sarajärvi, 2008). According to Puusa et al. (2020) the stages of data processing typically include familiarisation with the data, data simplification, thematization and categorization, and analysis. Through these analytical steps, the aim is to find a clear, coherent, reliable analysis of a potentially very fragmented and possibly large data set (Gibbs & Flick, 2018). In relation to this research question, the goal is to examine the interviewees' perceptions and views regarding the term 'strategy,' the development of strategies, and strategic thinking within their own organization and role.

In practice, the data is transcribed into a full text and read through several times. Reading through the material several times helps to start structuring the data. Hennik et al. (2020) also states this allows researchers not only to decode the content but also to detect more nuanced elements. This encompasses both the identification of latent aspects related to the subject matter and the recognition of emotional expressions articulated by study participants (Hennink et al. 2020).

After the transcription and several readings, the material will be processed. Puusa et al. (2020) state that a simple method of structuring the material is coding. Coding should not be the ultimate objective itself, but it serves as a deliberate process aimed at comprehending and interpreting data (Bazeley, 2020). There can be several different types of coding techniques. For instance, Hennik et al. (2020) suggest that effective coding may encompass content that accurately reflects the issue at hand, is identifiable within the data, occurs repetitively, or is mentioned by several participants. Puusa et al. (2020) conclude that coding can serve as an excellent basis for thematizing data. The purpose of theming is to find aspects of the data that are common to several interviewees. Themes found in the data are combined into a single categorical theme, which is named. After the processing phases, it is possible to move on to analyzing and interpreting the data and to start building conclusions and syntheses for the research questions. (Puusa et al. 2020)

3.4 Data collection and processing

The data collection process for this study was conducted virtually, utilizing Zoom as the platform for semi-structured interviews. These interviews were carried out over the course of May and June 2022 and lasted between 30 and 45 minutes. The interviewees were asked a set of questions, which they supplemented with more detailed questions if necessary. The interviews remained conversational in line with the study's objectives, allowing the interviewees to freely express their views on the themes discussed.

The interview started with an open-ended question about the interviewee's job description and an open-ended description of the interviewee's role. The intention of this question was to facilitate informal discussion and gain insight into the interviewee's connection with the company. During the interview, the initial questions centered on the interviewee's perception and definition of strategy and strategic thinking. Following the initial discussion, the interviewees were asked to identify the factors that influence the development of their organization's strategy, their level of involvement in the strategy-making process, and the tools they use for this purpose. Following the initial discussion, the interviewees were asked to identify the factors that influence the development of their organization's strategy, their level of involvement in the strategy-making process, and the methods they use for this purpose. Finally, the interviewees shared their perspectives on the key considerations and challenges associated with strategy development.

The data collected was processed by following the selected methodology. First, all the interviews were transcribed, meaning they were written down word for word. These written transcripts were then read through several times to ensure a thorough understanding of what was discussed. The data structure is presented in Figure 2.

Following this initial review, a systematic coding procedure was employed. This involved marking up the transcribed text with various colors, each color representing a different thematic or conceptual element observed across the data. This color-coding was particularly focused on identifying and highlighting recurring words, phrases, and ideas that appeared throughout the five interviews. This color-coding helped to visually separate and organize the data, making it easier to see patterns.

Once the coding was complete, the next step involved categorizing these highlighted sections into broader topics. This categorization was based on the similarities in content and the underlying significance of the recurrent themes. This step involved thinking about how these recurring elements related to each other and defining clear categories.

Finally, the categories were given descriptive names. These categories summarize the main insights of the study, capturing the most significant and frequently mentioned insights that came up during the interviews. They provided a structured way to present our findings, showing the key aspects that emerged from the data.

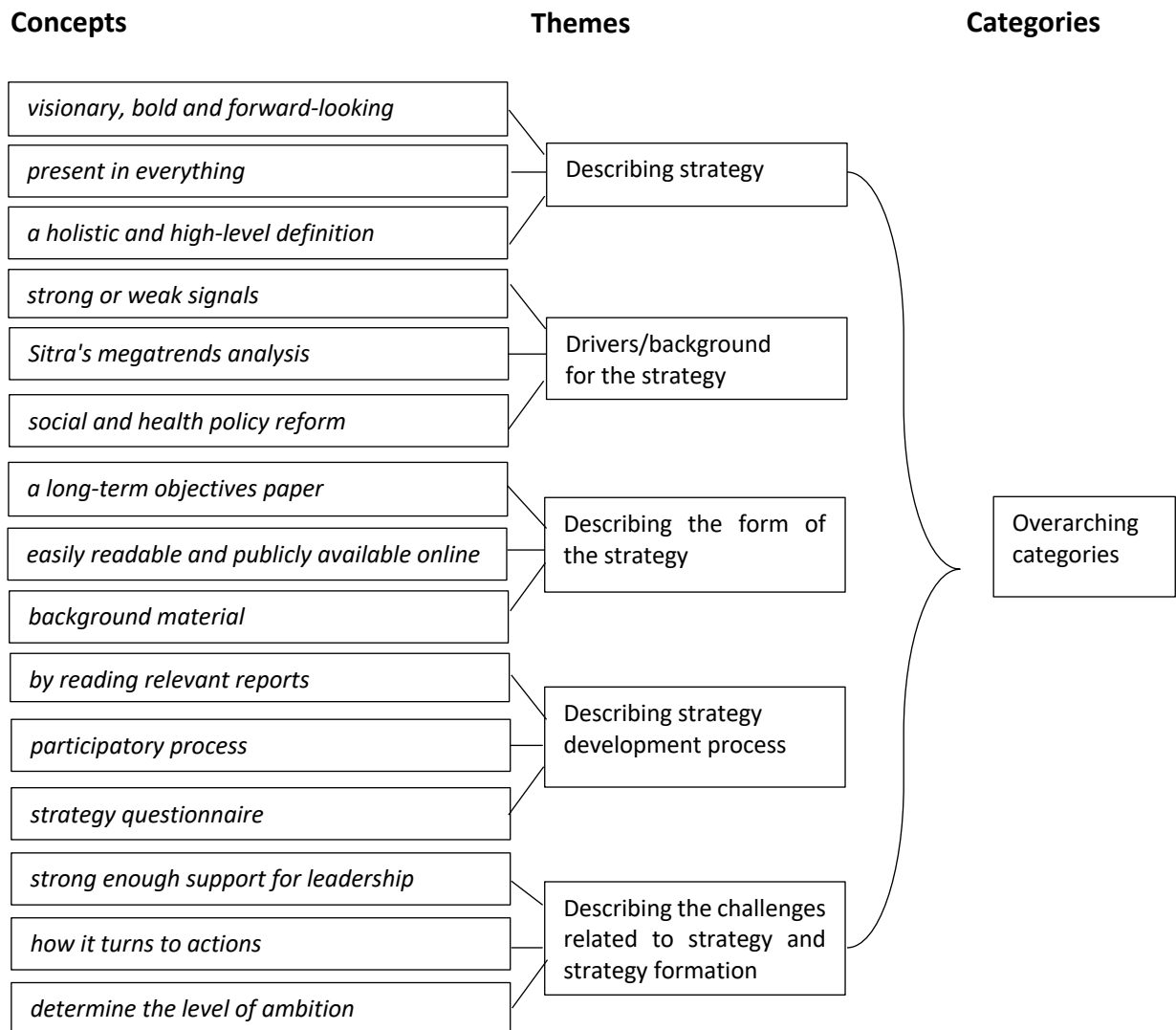


Figure 2: Data structure

4 Study Findings

This section presents the study findings and aims to provide context to support understanding the main points and outcomes of the study. The key findings of the study are presented, with specific mentions of the interviews conducted as part of the data collection.

4.1 Categories

When analysing the data recurring themes were identified from the interviewees answers. The findings are divided into four overarching categories that aim to answer the research question: How do non-profit organizations' leaders see strategy and strategic thinking?

These four categories are:

- COMPASS to guide the way
- MANDATE to rely on
- CHALLENGE to balance between ambition and realism
- SYNTHESIS of sources of information

4.2 COMPASS to guide the way

The first category was identified from the re-occurring themes that described the interviewee's relation between strategy as a concept and its role in organizational planning.

The interviewees act as leaders in their own organizations. Some described their role and responsibilities more through the organization's operational workflow and development, others more via the organization's external tasks (e.g. advocacy and societal role). All interviewees extensively described in the first stages of the interview the purpose of

the organization's activities, its role, and its societal activities and importance. Most of the interviewees also shared their educational background, thus linking the leader's competence background to the core mission of the association in question. All the directors had either worked in this role for several years or in at least similar roles in other organizations, which suggests that the role of the leader of the organization is largely familiar.

The interviewees described the length and shape of the organization's strategy in different ways. Strategy was described as a framework that guides the organization's activities in the long term. Common identifiable characteristics in the interviewees' responses were that that strategy articulates the level of ambition and direction that the organization should take. The strategy must rise to a high enough level to challenge the organization to evolve. However, some interviewees stated that strategy must be anchored in the organization's activities and not be an identity in its own right. In this way, the strategy also supports short- and long-term goal setting.

"The strategy is visionary, bold and forward-looking."

"Strategy is what determines where we are, how we are going, what we are doing, and what we should be doing. Management must have an overall objective though."

"A strategy is that kind of holistic and high-level definition."

The interviewees highlighted, that although strategies are usually developed for the next five to ten years, interviewees emphasized the necessity of regular checkpoints and the capability to adapt to changes in the operational environment and reevaluate strategic choices as needed within the strategy period.

"The strategy is like a ship on the waterway and going forward. Strategy is also an organic process that lives all the time. Strategy is not in that way tied to years because in those years a lot of other things can happen that we have thought about in the past."

"Strategy is present in everything. I don't see it as just a piece of paper that comes out of it; it's the individual meetings where it's done. After all, there is a much bigger entity at the end of the day."

"The strategy looks so far ahead that it challenges the organization to look to the future and examine its operational activities. It will help us to look at where we need to be in the next 5 or 10 years and where we want to go from there."

"The strategy will be reviewed at different points throughout the year. Of course, it's quite general, but to support this, we've produced a long-term objectives paper."

"On the basis of the strategy, we have set targets for the next five years or so on how the strategy will be used in the different departments and in our operations."

"Strategy is not just a piece of paper that is statically made and then it just stays. It is then linked to a kind of tool where we genuinely have the opportunity to review and evaluate it."

The findings from the interviews reveal a nuanced understanding of the role and concept of strategy. The findings from the interviews suggest that people who have worked in the same type of leadership position for a considerable period of time see strategic planning as an important framework for the operations and development of the organization. Interviewees also well recognize the cyclical and changing nature of the operating environment, and understand the need to be able to develop a long-term

strategy, but at the same time to have regular review points and adaptability to changes in the operating environment. The findings also suggest that the leaders in this kind of position emphasize strategic planning, which is linked both to the operational development of the organization and its societal mission, thus ensuring that the organization remains relevant, effective, and mission-driven.

4.3 MANDATE to rely on

The second category included themes in which the interviewees described the relation between strategy and what kind of ways they use it in their position.

The non-profit organizations interviewed have a wide range of operations. The number of staff members in the organizations managed by the Executive Director ranges from a few permanent staff to dozens. However, in all organizations, there are several regional organizations or part-time staff and volunteers. The overall scope of activities is typically very diverse, and there is not a very large number of people working directly under the authority or influence of the Executive Director.

In the context of the strategy work, some interviewees highlighted the role of the organization's board. The role of the executive director is to work with the board of the organization and, depending on the organization, the strategy is steered and developed together with the board. Some interviewees stressed that the role of the executive director may, in some cases, be more of a facilitator of the strategy process and implementer of the outcome.

"The strategy contains the views of the strategic management, such as the board and the owner organizations, about what to focus on. This provides a mandate for that operational management."

The interviewees highlighted the importance of the strategy as a managerial tool. Strategy was seen as an enabler for the Executive Director of the organization to set the strategic direction and the choices that must be made. Also, the strategy was described as a mirror to review the choices made as well as to reflect on emerging new ideas - both their own as a leader and that of the organization.

"When new ideas and proposals emerge, they can always be reflected as a strategic focal point."

"Operations are mirrored through the plan of whether to make a deviation here or whether we will still stay stubbornly on this route."

"When the strategy is appropriately general level, but still says enough about certain things, this will help to make organizational policies later on."

"However, you can rely on it, and it keeps the line of the organization stable in such a way that we don't swing in one direction or another."

"However, the strategy enables us to do the day-to-day work and to be able to make choices and choices flexibly in everyday life."

Although the strategy is primarily a background paper for making operational decisions, it is also seen as a mandate to justify decisions both to the organization and to the organization's board. When the strategy is drawn up in close cooperation with the board of directors, it also serves as a guideline approved by them for the development and orientation of the organization's activities.

"The strategy is a kind of background material. It allows you to familiarize yourself with the operations and to see that this is the direction we are taking."

"If there is no strategy, being an executive director can be a bit like floating on an ice raft. Not really knowing where you're going and what's underneath or what's coming."

"A shared vision of the future within an agreed timeframe."

"The strategy is easily readable and publicly available online - it's a kind of backbone."

"Strategy is the governing overarching and most important tool that guides our thinking and actions. "

"The strategy also, of course, guides our employees both personally and within the organization. In addition, everyone has their own key objectives in relation to it."

"Processes and platforms must always be considered according to whether they support our strategy."

"Sometimes we are asked what we think about certain topics or we are required to take a position on some difficult issues or something happens in a society that requires us to react in some way, so the strategy is in that way the basis. If we do something, it is in line with the strategy or at least not contradictory. "

"The strategy acts as a kind of background paper, so that every time we lose sight of what we are doing, we are still going in the same direction."

"A tool for the CEO and then, of course, probably for our management team as well."

Study findings demonstrate that regardless of the form or size of the organization, strategy is seen as an essential managerial tool. The findings of the study indicate that in non-profit type organizations, strategy should be developed with the participation of both the organization and the board of the non-profit organization to ensure a successful outcome. Findings also suggest that leaders of these types of organizations in certain cases take a facilitating or enabling role in the process. However, with this, the strategy can be hypothesized to become a managerial tool with a strong mandate for organizational development and development choices in relation to the organization and the board.

4.4 CHALLENGE to balance between ambition and realism

The third category was formatted from themes where interviewees identified two significant challenges to strategic thinking and design: setting the appropriate level of ambition for the strategy and ensuring its usability.

The challenge of balancing ambition and usability was a recurring theme in the interviewees' responses. Interviewees described the size and diversity of their organizations at the beginning of the interviews. The number of permanent staff varies between the organizations interviewed, but all organizations have a large number of part-time or regional staff and volunteers. In terms of outreach, the recipients are therefore a very broad and heterogeneous mass of people, some with strong links to the organization and others with less tangible ones.

"The challenge at the top level is that that strategy genuinely guides action, is relevant enough, and is robust enough and strong enough to support leadership. It must not be just operational but really strategic: these are the things that we choose not to do, and these are the things that we are not involved in."

"But the strategy must be modern so that it goes through all levels of the organization. You have to find it and take the time to do it. Thirdly, the most important thing is to have the ambition and sufficient courage not to be content with just maintaining the old, but also to be able to see, for example, whether new operational forms or services are needed."

The interviewees saw that strategic thinking requires the courage to make choices and innovate. The respondents described that the strategy should encourage the organization to innovate and strive for improvement while also considering the practical implications of these ambitions in day-to-day operations. Several interviewees raised the challenge of finding ways to embed the strategy in everyday life and to get it across all levels of the organization. Strategy must be suitable for the organization and must be able to serve both top management and the operational level.

"The strategy, of course, is a product, which of course should be at a very everyday level and should also be understood in terms of what is being communicated so that it cannot be just some kind of overarching concept."

"This is now the direction that we are going to take throughout this season and we understand what it requires."

"Dare to take on enough challenges and not just describe the present."

"The challenge is on three levels: how true, how useful, and how guiding it is in everyday work"

When discussing challenges with interviewees, one clear theme that emerged was the implementation of the strategic level into day-to-day practice. Interviewees found it challenging to document the strategy in a way that is ambitious enough, as well as

understandable and usable at an operational level. This poses a risk of the strategy remaining mere rhetoric or documentation and only as “a top-level thing.”

Interviewees specifically linked the challenge to organizational and stakeholder buy-in. The multi-layered nature of the organizations interviewed, and the heterogeneous group of different employees and actors make it a challenge to find and shape the right channels of communication and implementation to ensure that the strategy is adopted and understood at every level of the organization. The interviewees highlighted that the role of the Executive Director is to raise the level of the discourse to a strategic level that is high enough and to continuously maintain this level. However, the actual implementation of the strategy is not necessarily done by the leader himself, but by the communications department or by another manager.

"it remains rhetoric and is either too difficult to write - it doesn't make sense - or too far removed from the status quo, which can make it difficult to pursue. If you can find a touch point with today's world, then there is a path to follow at the operational level."

"Strategy formation can be a sickening process when it is compressed into the work phase. Afterward, you might feel like burying those papers somewhere deep down."

"The most challenging thing is that it stays as a document or how it translates into action and becomes a reality."

"Implementing the strategy is a bit of a challenge at that very practical level and in everyone's everyday life. How each person implements it."

"The word strategy has a bit of a negative connotation. It is perhaps perceived as a kind of jargon and that these documents are now being made."

"In the organization, people feel that it's a bit of a top-level thing, and they feel that it doesn't really concern them. The strategy is being made into something like a glued-on glossy image."

"Quite often I've encountered that it stays a bit on the top level and then everyday life just fills up with everything else."

"We should talk about strategy as something basic and not as a jargon."

The findings of the study show that strategy development is an acting balance between ambition and realism. Strategy must be ambitious enough to challenge the organization, but at the same time, it must be applicable to the different levels of the organization. The findings from the interviews indicate that especially in non-profit type organizations this is perceived as a particular challenge given the diversity and size of these organizations, with a mix of permanent staff, part-time employees, regional staff, and volunteers, which indicates that the implementation process and communications of the strategy should be thoroughly designed to ensure success in this kind of organizations.

4.5 SYNTHESIS of sources of information

The fourth category was formed from the way the respondents defined strategy development and strategic thinking as a combination of various sources of information and choices.

To formulate a strategy, interviewees considered it important to engage the organization's members, employees, and stakeholders in the process. Interviewees mentioned different ways of engaging the different stakeholders of the organization in the strategy process. Methods of involvement ranged from surveys, workshops, and working groups.

Engaging was seen as relevant for both listening to opinions and implementing decisions. Some interviewees stressed that they are involved in every part of the process from an engagement perspective and to ensure that they have a complete overview for themselves.

The interviewees also highlighted the role of owners and board members in the strategy process. The non-profit leaders themselves work with the organization's board and look to them both for support and a mandate for their work and for insights into strategy formation. It was also described as relevant that the organization's strategy also reflects the owners' own strategies.

Along with the engagement of internal and external stakeholder groups, interviewees also considered it important to monitor changes in the operational environment. In addition to information obtained from open sources, such as megatrends, interviewees highlighted the importance of 'silent signals' to understand and identify potential underlying changes in the operational environment that might influence the organizations from the perspective of operations and non-profit organization's mission's target group's needs. The ability to build the right networks and channels to monitor and identify these signals was described as essential for strategic thinking.

Additionally, some interviewees highlighted the importance of potential changes in the operational environment that could impact the organization's activities. This includes the advancement of legislative proposals, the status of legislation, and potential changes to the funding base.

The use of different sources to gather information was seen as important for the development, potential, and risks of the organization, but also to be able to respond to the services or mission of the organization.

"It is important to monitor whether there are any key elements of change in the decision-making process, for example, in relation to legislation. There are strong impacts in terms of social and health policy reform."

"It is important to run both administratively and financially in such a way that operationally it is clear to which category each function belongs so that we also maintain the criteria from the point of view of the funding provider as to where the money has been received."

"The most challenging thing about strategy is that it is driven by the funding channels, and we don't want our strategy to be based on where we get the funding from."

"We make sure that our strategy also follows the strategies, wishes, and ideas of our owners."

"There are strong or weak signals in the operating environment. There are also pressures for change that need to be responded to. Weak signals come from things where we see that a small thing is related to one of our target groups. These are like shadows in the middle of everything."

"We use Sitra's megatrends analysis as a basis, and there are, for example, climate change and demographic change, democratic change, and declining birth rates."

"There are lots of different types of events to participate in that you can get information from. The idea is that we don't just do it within our own organization and thus look out of our own sandbox."

"The other way in which you always have an up-to-date situational picture is by collecting information from the employee level throughout our organization. We

look at the silent signals of what everyone is noticing in their everyday life and work, and what phenomena or trends are emerging."

Study findings highlight that non-profit leaders see the value of including a sufficient range of different types of information sources in the organization's strategy work. External sources of information, as well as leaders' individual networks and sources of silent signals, are highlighted in strategic thinking in order to ensure that the strategy is properly aligned with the needs of a changing operational environment. Thus, the study findings suggest that it is beneficial for leaders in this type of organization to be well-networked and to have a solid understanding of the operational environment in order to have an adequate foundation for strategic thinking. In addition to these, resources within the organization, such as staff and the organization's board of directors, are essential resources in the planning process, thus also emphasizing the relevance of the organizational skills of the leaders.

5 Conclusion and Discussion

The goal of this thesis was to study *How non-profit organizations' leaders see strategy and strategic thinking*. This chapter aims to present conclusions and discusses the key findings of the study in relation to the literature review and theoretical framework. In addition to the discussion of the research findings and analysis, this chapter will also address the inherent limitations of the study. Furthermore, this chapter will explore potential opportunities for future research.

5.1 Defining strategy

As stated in the theoretical framework, strategy as a word and as a concept has multiple different ways to be defined. Strategy is described as a set of rules in game theory, as the ability to allocate and utilize resources to ensure success in management theory (Jarzabkowski et al. 2009), and as a socially accomplished activity by strategy-as-a-practice (Mintzberg, 1978). Viitala and Jylhä (2013) described strategy as a deliberate conscious set of guidelines, direction, and way of operating that guides the organization into the future. Khalifa (2021) also stated that the word strategy is one of the most misused and misunderstood words in the business environment. As the theoretical framework did not provide any cohesive way to outline strategy, it could be expected that the empirical part of the study would not provide any one definition for this either. The study findings described strategy, for example as:

- *an organic process,*
- *visionary, bold and forward-looking,*
- *holistic and high-level definition,*
- *background material,*
- *a shared vision of the future within the agreed timeframe,*
- *governing overarching and most important tool that guides our thinking and actions.*

Based on the findings of this study, defining the word strategy follows the theoretical implications and has no clear definition among the non-profit organizations studied as different theory directions provide their own view on the definition. Viitala and Jylhä's (2013) description of strategy formation as a deliberately formatted product was complimented by the study results, as interviewees perceived strategy as produced material that guides the organization's path. On the other hand, the study results show that non-profit leaders see strategy as a fluid entity and an organic process that lives all the time, which further supports the approach of strategy-as-practice (Jarzabkowski, 2005).

The position-based approaches to strategic thinking suggest that strategy is crucial in supporting companies to achieve success by outperforming their competitors (Porter, 1996) or finding a unique position in the market (Yunus & Sijabat, 2021). However, the findings of this study suggest a different scenario among non-profit organizations. Given that Finnish Associations Act dictates that non-profit activities cannot be profit-driven, (Yhdistyslaki 1989/503) the strategic orientation of these organizations tends not to focus on competition. Competition or other similar operators in the field were not referred to as a key aspect among non-profit leaders during the interviews. This indicates that non-profit leaders engage in a form of strategic thinking and development that departs from traditional competitive strategies.

In this context, the study results show that strategy is developed in non-profit organizations more as a guiding tool that helps the organization navigate toward its envisioned future and adjust to changes in its operating environment while taking into account the perspectives and needs of both internal and external stakeholders. The study findings highlight a shift from traditional strategic frameworks like Porter's generic strategies, which emphasize cost leadership or differentiation to outperform competitors (Porter, 1996). Non-profit leaders prioritize developing strategies that are responsive to changes in society and the needs of their stakeholders rather than focusing on exceeding other organizations. This approach leads to a broader, more inclusive understanding of strategy that values adaptability and alignment with community needs over competitive

dominance. With this, the study results follow more the approach of Giffords & Dina (2004) that claims strategic planning is a systematic process or management tool that helps to bring consensus regarding an organization's priorities among key stakeholders and, via this, aims to fulfill the organization's mission. Thus, it can be stated that Porter's (1996) fundamental claim, that the essence of strategy lies in the activities an organization performs, remains valid also in regards to non-profit organizations' strategy formation.

In conclusion, defining strategy in non-profit organizations differs in some parts from what is typically seen in businesses focused on making a profit. Instead of competing for market dominance, non-profit leaders see strategy as more about adapting to changes and meeting the needs of the community they serve. Non-profit leaders see strategy as both a guiding plan and an evolving process, tailored to the unique mission and challenges of their organizations. This approach moves away from fixed, competitive strategies and highlights the need for new strategic models that fit more properly for non-profits' goals and adaptability. The insights from this study suggest that such adaptive strategies could help non-profits be more effective. Also, as traditional strategy approaches have originated from winning over the opponent, there is a need to create KPIs to measure success functional for the non-profit sector's needs.

5.2 Developing strategy

According to Mitzenberg (1978), strategy generation occurs either via intended efforts or as an emergent due to the changes in the operational environment. The study results underlined the importance of consulting internal and external stakeholders during the strategy process and the systematic monitoring and interpretation of changes in the operational environment as a basis for strategy formulation in non-profit organizations. This was used to create a coherent and engaging strategy that serves the organization and its stakeholders in the right way. Following Mitzenberg (1978), the findings of this

study show that the formatting of strategies in non-profit organizations is driven by planned intended efforts more than as an emergent.

The study findings show that when the strategy is being developed by engaging relevant stakeholder groups, the strategy also serves as the mandate and backbone for the leaders in their operational choices toward the organization and the board. This complements Gratton's (2018) argument that strategy processes support organizational commitment if they are carried out with proper attention to relevant stakeholders, as well as Zhu et al. (2016) statement that the involvement of the organization's board enhances organizational performance. In this way, the findings of the study support the theoretical thinking. Based on the theory and this study, it can also be concluded that for a non-profit actor, strategy formation is particularly focused on stakeholder engagement and consultation rather than decisions being made by the leader in a fully self-directed manner.

The study did not directly investigate the personal traits of non-profit leaders in relation to strategy or strategic thinking. However, the findings underscore the importance of previous experience in similar roles, as reflected by the non-profit leaders interviewed. Academic research has shown that a leader's background, competencies, and education significantly impact organizational success (Wang et al. 2016). The findings also highlight the complexity of non-profit organizations and the necessity of consulting relevant stakeholders and the organization's board during strategy development. This suggests that the prior experience of non-profit leaders is valuable in navigating organizational levels and various stakeholder groups when formulating strategies. Additionally, the study emphasizes the importance of leaders' external stakeholder contacts and information-gathering channels, which supports Abernathy et al. (2019) perspective, who argue that CEOs with high social capital perform better. Interviewees noted the significance of monitoring and detecting silent signals are crucial for understanding the overall picture for the base of the strategy process, aligning the theoretical context that

CEOs with strong external networks can access essential information and resources, enabling them to make more informed and strategic decisions (Abernethy et al. 2019).

Research has shown that the cognitive capabilities of leaders significantly impact an organization's strategic choices and operational success (Helfat & Peteraf, 2015). While these cognitive capabilities were not explicitly studied, the findings suggest that non-profit leaders emphasize the importance of understanding the organizational and operational environment. This understanding supports effective strategy formation and helps leaders navigate between various stakeholder groups. This aligns with Bonn's (2001) perspective that leaders with a holistic understanding of their organization and its complex challenges are better equipped to plan and execute strategic activities. The findings also support Bonn's (2001) assertion that genuinely engaging strategic actions stem from a strong individual organizational purpose and vision, as the non-profit leaders highlighted their organization's mission and societal role. However, since this study was based on general interviews with non-profit leaders about strategy and strategy formation, it cannot fully detail the extent to which the mission and vision align with the leaders' individual personal vision.

Gratton (2018) argues that most of the failures in strategy formation occur because too much emphasis has been placed on the written form of the strategy and not enough on the change processes and actions based on the strategy. The findings of the study support this argument to the extent that one of the biggest challenges identified by non-profit leaders was formulating the strategy and articulating it in a way that is understandable and actionable. This was highlighted in the study findings, particularly in relation to the complex nature of non-profit organizations, the low ratio of permanent employees to part-time employees or volunteers, and the fact that the organization may comprise, for example, a number of different regional actors. Moreover, according to Porter (1996), one of the most critical issues in strategy formulation, in line with the generic strategy thinking model, is the courage to make choices. The study findings

supported this statement as the capability to make choices was recognized as one of the key elements in the strategy formation process by the non-profit leaders.

Although theoretical frameworks suggest that strategy tools are key elements in the strategic management process and formation (Spee & Jarzabkowski, 2009), the study's findings did not specify any particular techniques, methods, or tools in non-profit leaders' efforts on strategy work or strategy process. Thus, it is important to note that this research did not delve deeply into the strategy process itself or its specific aspects, where strategy tools are typically employed. Therefore, the use of strategy tools outlined in the theoretical framework cannot be fully evaluated within the scope of this study. However, the findings indicate that strategy itself functions as a 'tool' and serves as an action-driving instrument for non-profit leaders in their work. This supports the general idea that tools facilitate communication across different organizational levels by providing a common language and interface (Roper & Hodari, 2015).

In summary, the study reveals that strategy formation in non-profits can usually happen via deliberate efforts and designed processes, but in some cases, the changes in the operational environment can act as a trigger for strategic efforts. The involvement of internal and external stakeholders and the systematic monitoring of the operational environment are essential for crafting effective strategies in non-profit organizations. Stakeholder engagement ensures that strategies serve as guiding mandates for leaders, fostering organizational commitment. The study findings suggest that also non-profit leaders' previous experience, background, and high social capital may provide assistance in strategic efforts. While the study did not delve into specific strategy tools, it suggests that strategy itself functions as a vital leadership and communicational tool across organizational levels. The study concludes that effective strategy formulation in non-profit organizations relies, to a large extent, on comprehensive stakeholder participation rather than one-sided decision-making by leaders.

5.3 Managerial implications

This study highlights the essential role of strategy formation and strategic thinking within the responsibilities of non-profit leaders, offering valuable insights for both individual leaders and the long-term direction and management of their organizations. In today's increasingly volatile operating environment, organizational leaders are expected to possess the capacity for effective planning and foresight. This study's findings suggest that systematic formulation of strategy and the cultivation of strategic thinking skills enable leaders to adeptly navigate through ongoing changes while also facilitating the organization of their own thoughts and activities in non-profit organizations. In addition, a well-designed strategy provides leaders with a solid framework and mandate on which to base critical decisions and choices of direction for the organization.

In the context of non-profit organizations, the significance of strategic planning becomes especially apparent when strategies are formulated in collaboration with internal and external stakeholders, ensuring that various actors within and outside the organization are invested in and supportive of the strategic direction. This collaborative approach fosters buy-in for the strategy, enhancing its effectiveness and implementation across the organization. Fostering large personal networks by the leader also provides support in reaching crucial information and guidance for strategic efforts.

By emphasizing the importance of strategic capabilities within non-profit leadership roles, this study underscores the value of proactive planning and forward-thinking approaches in responding to dynamic external conditions and steering organizational success over the long term. Through strategic alignment and engagement with stakeholders, non-profit leaders can leverage strategy as a powerful tool for organizational advancement and mission fulfillment in an ever-evolving landscape.

5.4 Limitations

This study is focused on a specific and relatively small sample within a much larger landscape of non-profit actors. In Finland alone, there are estimated to be over 108,000 registered operators in the association field as of 2023 (Finnish Patent and Registration Office, 2024). Therefore, the sample size used in this study is limited and does not allow for broad generalizations about the phenomenon across the entire sector.

Additionally, the study is constrained by the scale and diversity of the phenomenon of strategy formulation within non-profit organizations. The theoretical framework encompassing strategy formulation is multifaceted and continually evolving, with various schools of thought and practical approaches emerging over time. Furthermore, the unique organizational characteristics of the non-profit sector further complicate the theoretical landscape.

Given these constraints, this research is positioned as an introductory exploration rather than an in-depth analysis. The study provides a high-level overview of the subject matter but acknowledges that it does not comprehensively cover all strategic approaches and nuances within the non-profit sector. Future research efforts could delve deeper into specific aspects of strategy formulation within non-profits to broaden our understanding and address the broader scope of this complex and dynamic phenomenon.

5.5 Suggestions for future research

There are multiple suggestions for future research that arise from the findings of this study, particularly given the limited existing research focused on non-profit organizations as a subject of study. The inherent mission differences between non-profit and for-profit organizations, where the former aims to fulfill a mission rather than generate profits for owners, present numerous opportunities for comparative studies between these types of operators.

This study primarily investigated the perceptions of strategy practitioners in leadership positions within non-profit organizations. A fruitful direction for future research would involve replicating the same inquiry within for-profit organizations of similar size, background, and other relevant parameters as the focus organizations in this study. By conducting comparative studies, researchers can gain valuable insights into potential similarities or differences in strategic practices and perspectives between non-profit and for-profit entities.

Additionally, this study focused on the strategy formulation phase and did not delve into subsequent stages, such as the actual strategic documents produced or the implementation plans and processes associated with the formulated strategies. Future research could explore non-profit organizations' strategy materials, examining how strategies are described and communicated internally among stakeholder groups, externally to the public, and in comparison to those of for-profit organizations. Understanding the communication and articulation of strategies is crucial, as strategic planning, as noted by Gratton, (2018) is only as effective as its implementation.

Moreover, exploring the implementation processes and methods used by non-profit organizations to execute their strategies would be highly beneficial. Implementation is a critical phase in the strategic management process, and understanding the approaches employed by non-profits can shed light on best practices, challenges, and opportunities for improvement within the sector.

Non-profit sector organizations would provide interesting opportunities for further research on studying the traits and characteristics of leaders in relation to strategy formation. As noted in this study, non-profit organizations are typically complex and multilayered organizations and, thus, may have a smaller number of employees under the direct control or influence of the leader. In this way, these types of organizations

and the context in which non-profit sector organizations are operating could contribute in multiple ways, for example, to upper echelons research.

In summary, there are plenty of future research opportunities, including comparative studies between non-profit and for-profit organizations, deeper investigations into strategy materials and communication practices, and explorations of implementation processes within non-profit settings. These endeavors would contribute significantly to advancing knowledge and understanding in the field of non-profit strategic management.

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