



VAASAN AMMATTIKORKEAKOULU  
UNIVERSITY OF APPLIED SCIENCES

Janne Tarvonen

# The Role of Corporate Culture in Company Performance

Case: OK Perintä Oy

Business Economics  
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## TIIVISTELMÄ

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Tutkimuksen teoria perustuu sekä yrityskulttuurin, että teoriaan yrityksen suorituskyvystä. Perustuen useaan lähteeseen, yrityskulttuurista laadittiin määritelmä, jota käytettiin arvioidessa yrityksen materiaalia sekä haastatteluissa. Yrityksen suorituskykyä arvioidaan laajalti perustuen Parmenter (2010) malliin yrityksen suorituskyvyn mittareista.

Tutkimuksen tuloksena havaittiin, että OK Perinnän yrityskulttuuri ei ole muuttunut paljoa kasvuvuosien tai muiden muutosten tuloksena. Yrityksen kulttuurin tukipilareina toimii yhtenäisyys, joustavuus sekä tavoite näkyä helposti lähestyttävänä perintätoimistona. Kulttuuri on tukenut yrityksen kasvua ja osaltaan mahdollistanut hyvien taloudellisten tulosten saavuttamisen.

## ABSTRACT

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The main objective of this thesis was to identify positive cultural traits affecting performance in OK Perintä Oy and creating a description of the culture in the company. The underlying hypothesis is that culture has a strong effect on performance and by careful management, the culture can be a powerful invisible asset. The hypothesis is based on previous research and publications concerning similar topics.

The theory of this thesis was based both on corporate culture and company performance indicators. A definition of corporate culture was constructed based on several sources. The theory on performance indicators was based mostly on a model by Parmenter (2010). These theories were referred to when conducting interviews and investigating corporate material such as annual reports and the business plan.

The results of this research discovered that the culture of OK Perintä has not changed as the result of growth or organizational changes. The cornerstones of the culture are the community, flexibility and striving to be an easily approachable debt collection office. The culture has supported growth and assisted in achieving good financial results.

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# 1 INTRODUCTION

This research is going to be a study into the effects of corporate culture on company performance. The study will be done in two parts, first I am going to construct a theoretical framework based on previous research and theories available. These theories will be examined in depth and formatted so that they can be applied in the second part of the study – a case study on the company OK Perintä Oy. The central terms in this research are corporate culture and company performance. These terms will be thoroughly explained and defined based on previous literature and academic publications. In the case study the company will be investigated and their culture will be evaluated based on the theoretical framework. The case study will consist of evaluation of publicly available data and interviews with representatives of the company.

## 1.1 Background

Corporate culture is a term used widely in business literature – it has a very wide definition and can be understood differently depending on context. Several studies have discussed the relation between corporate culture and performance of the company, this is also a topic that is highlighted especially in human resources material such as the web portal Talent Management and HR (2014)

The previous research and personal interest in this topic have inspired this thesis. The new angle that will be taken in this research is that a case company will be introduced and the performance and culture of this case company will be assessed based on a theoretical framework constructed of previous academic articles and publications. This research can then be utilized as base for a comparative study between several different organisations across various fields of business, as an example.

Kirsi Piha, the founder and board member of consulting agency Ellun Kanat has written the book *Konflikti Päivässä* (2017), in which she discusses a “culture of change”. The culture of change is an interesting concept that very much ties into the fast-paced social environment we are living in today. Situations change at an instant and information is available all the time to anyone. According to Piha, organisations cannot afford to be rigid and unwilling to participate in this change we are experiencing. As situations change, the organization has to be available to change with them. A culture of change

accommodates conflicts and encourages creative thinking of employees. A conflict isn't regarded as a negative thing. It is a means to develop the matter of the conflict into a better experience for all parties involved. This "culture of change" is an interesting concept that inspires this research to some extent. On the level of an idea, it certainly makes sense that a change-accommodating environment is positive for development and eventual success.

As stated, a case company is introduced in this study in order to bring context and to evaluate culture in a real world scenario. The underlying idea is that culture works differently in different scenarios. Also as such an intangible concept, it is difficult to generalize. Therefore it is important to introduce a case and have a hands-on view.

Gillingham (2010) defines a case as "A unit of human activity embedded in the real world". He also mentions that cases can only be understood and reviewed in context. Imaginably, a case is a snapshot into the real world, existing right there and now.

## **1.2 Research Problem**

The relation between culture and performance of an organization has been a popular subject of discussion for several years already. As culture is very intangible and performance can be measured rather objectively and clearly, it is without doubt a difficult task to identify the clear bond between the two. The main question that will be answered is:

**Has the corporate culture of OK Perintä Oy played a significant role in the success of the business over the course of its lifetime? Another important objective is to identify the cultural traits affecting performance.**

Debt collection is a unique field in the way that it has a very negative reputation in Finland. Research on the reputation of debt collection offices in Finland shows that 28% of a sample group are of the opinion that debt collection increases the difficulty to solve a challenging financial situation. The same research shows that almost half of the respondents think that it is shameful to be a customer of a debt collection office. (OK Perintä Oy, Tutkimus Maksuvaikeuksista 2017) This is an interesting addition to this research, since the difficult reputation of debt collection agencies can have an effect on their culture and way of management. This factor will need to be accounted for when reviewing the corporate culture of OK Perintä Oy.



### 1.3 Aim of the study

This study will aim to shed light on the corporate culture within the example company OK Perintä Oy. It will also identify the most important cultural factors that has led to the success of the company. The crucial objective is to establish a relation between culture and performance. Identifying positive cultural traits is also of high importance.

The two main results that will be revealed are; **positive cultural traits in regards to financial performance** and **a description of the culture at OK Perintä Oy.**

Growth of the company through its lifespan will be tracked back in order to identify possible changes when important events have occurred.

### 1.4 Methodology

The most important instruments in this thesis are the theoretical framework constructed based on previous academic sources, the interviews and questionnaires directed towards case company personnel and finally, the publicly available financial data on OK Perintä Oy.

The theoretical framework will be used as a base for the whole research. In order to construct this framework, previous academic publications will be the most important resource. In addition, online sources and possible news stories concerning corporate culture will be utilized.

Interviews will consist of personal insights and observations of the individuals interviewed, but will later on be reviewed and assessed using the theoretical framework. The subjects being interviewed will be representatives of OK Perintä Oy. The subjects will have extensive working experience within the company and they will be actively employed in some sort of management position. These interviews will aim to identify the most important cultural traits of OK Perintä Oy. The interviewees have all spent a long time in employment at the company and will be able to shed light on eventual important changes that have happened over the years. It will be important to identify that significant changes in the external environment can also affect performance. These changes need to be accounted for in order to achieve the best and most valid results in this research.

OK Perintä recently implemented a personnel questionnaire organized by a company called Leidenschaft. The objective of the questionnaire was to identify certain factors that employees hold meaningful in their daily jobs. Although the questionnaire does not serve the exact same purpose as this research, the answers to this personnel questionnaire can be used to strengthen possible assumptions made in the interviews. This questionnaire evaluated. The questionnaire will also help on determining whether the management view of the company aligns with the lower level employee view.

Hard financial data will be used to evaluate how the company is doing. A table will be created in order to have a clear image of what has happened over the course of the years.

## 2 DEFINITIONS

This chapter will be defining the concept of corporate culture and highlighting the most important performance factors that will be looked at when examining the case company. It is most important to make a clear-cut definition of the terms *culture* and *performance* for the sake of accurately being able to evaluate the two in this research.

### 2.1 Corporate Culture

The first thing that will need to be done is establishing how to define corporate culture. In order to be successful in this study, the definition will need to be clear and straightforward. As corporate culture is not a tangible asset, it is difficult to grasp, but below I will compile definitions from various sources, which will be applied in this thesis. From these sources I will compile a ruling of what will be looked at and examined in the case company OK Perintä Oy.

In the book *Corporate Culture: The Ultimate Strategic Asset* (2014), Eric Flamholtz and Yvonne Randle discusses corporate culture as an invisible asset that can be harnessed and utilized to the benefit of a company. It works like a sort of organizational magic. The notion that it directly relates to financial performance is also briefly mentioned: “It is now well recognized that corporate culture is a significant aspect of organizational health and performance. Explicitly or implicitly, it is presumed that corporate culture affects a company’s overall financial performance.” (p.22) It is widely recognized that culture has a close relation with core values of a company. Culture is described as the “personality” of an organization. Culture can be manifested in several different ways. There are companies that very strongly like to communicate their values, mantra and basically the reality of who they are. On the contrary, other companies might be more subtle, conveying their message through symbols, artwork or daily behavior.

#### *Clear and explicit culture*

Sometimes, cultural messages are communicated very clearly, as formal statements of culture. Companies might have their slogans and mottos posted on their walls for everyone to see. Google has gone another way, though. In 2006, Google’s co-founders Larry Page and Sergey Brin made the decision to establish a position called “chief culture officer”. The objective is to retain the growing culture and keeping employees happy.

Another example is Southwest Airlines, who have a culture committee that is communicating and reinforcing the corporate culture. The company has a blog that frequently features what is going on in the committee. They also have a recognition of “stars of the month”. (Flamholtz & Randle 2014)

### *Implicit culture*

Implicit cultural messages can be communicated by symbols reflecting a company’s heritage and identity. They might not be as clear for the outsider, but everyone within the company will know what it is about. A good example is the Disney office in Burbank or Glendale, California which both are full of the company’s most known characters, such as Mickey Mouse, Donald Duck or Goofy as stuffed animals and various replicas. (Flamholtz & Randle 2014)

### *Cryptic*

The difference between cryptic and implicit is very subtle. An example is the boardroom of Melvin Simon & Associates (Simon Properties), the largest shopping center developer in the U.S. They are displaying a picture of an old man and a woman. Some might view it as normal artwork without a deeper meaning, but in fact it is a family portrait of the founders’ parents. The message here is a strong value of family: “We are the Simons. We know who we are; and we assume you know who we are. We value family and where we came from; and we do not need to try to impress you.” (Flamholtz & Randle 2014)

Kotter and Heskett (1992) have defined corporate culture as “The totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and characteristics of a community or population.” A stripped-down version of this statement would be that culture is how individuals behave, interact and understand their surroundings in an organization. This is surely a rather wide definition but showcases the fact that culture can be understood in so many various ways.

Alvesson (2002) has also identified that “culture” as a word is used very freely across research papers and academic publications of different varieties. The word does not have a fixed meaning even anthropologically (Borowsky 1994). In the Book *Understanding Organizational Culture*, Alvesson is using the term “Organizational culture” as

an umbrella concept for a way of thinking which is focused around cultural and symbolic phenomena. The author wants to view culture as the importance of symbols, myths and legends to people as well as the interpretation of experiences, ideas and events that are then shaped by the group people lead their daily lives in. Also, alike Randle and Flamholtz, the notion of culture including values and assumptions of social reality is mentioned.

Based on some of the sources highlighted, it is apparent that culture has been used rather freely and there is no definitive consensus of what it actually is. Therefore it is difficult to compare various studies within the same scope of study. In this study, culture will from now on be defined as follows; *Culture is how individuals within an organization behave, communicate, interact and understand their surroundings. It is also what the organization as an entity communicates to its members/employees and to its customers and members of the public. Culture can be manifested in various ways, such as through direct and clear messages, symbolically or through artwork or subtle behavioral traits.*

## **2.2 Performance Indicators**

Growth and performance can be defined in many different ways depending on the objectives of the organization in question. With OK Perintä as an example, I will pinpoint indicators specific to the company, but will also use performance indicators applicable to any company operating in any field of business. In general it can be stated that the objective of a profit-seeking organization is maximizing shareholder wealth. Shareholders are mainly interested in the monetary value possible to extract from the organization at hand. The most important measures here are: current/future earnings and relative risk on investment. (Kaplan Financial Knowledge Bank 2017)

Parmenter (2010) has noted that several organizations are measuring their success with indicators falsely termed key performance indicators. The reason is that few have actually explored what a KPI is. A key performance indicator is defined as a measure focusing on the most critical aspects of performance regarding the current and future state of business. KPIs are measured frequently (daily, weekly) and a review at any time will indicate clear actions that need to be taken in order to improve the situation.

There are four types of performance measurements, which can be imagined as an onion model in an organization. (Parmenter 2010)

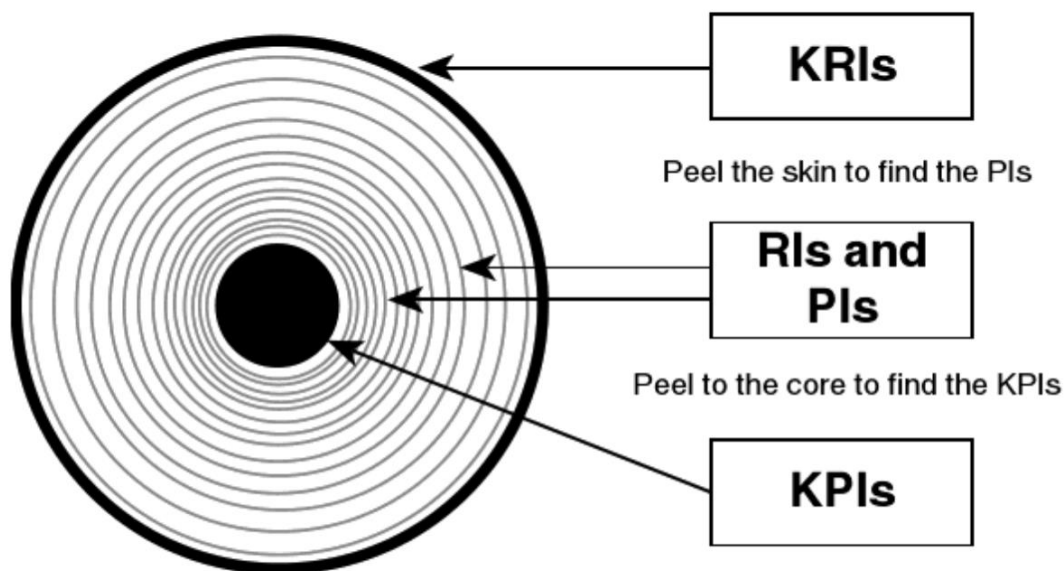


Figure 2.1 Performance indicators.

The outer shell and most visible part is the key result indicator (KRI), which is a critical success factor, it gives a perspective on how you have done. The KRI can include measurements such as net profit before tax, customer or employee satisfaction, or customer profitability. The common factor here is that all previously mentioned measures are a result of several actions. The KRI tells how you are doing currently, but will not indicate what you will need to do to improve. (Parmenter 2010)

The mid-section of the depicted onion consists of performance indicators (PI) and result indicators (RI). Although the PIs are important, they are not key to the operation in any way. These indicators assist teams in alignment with the company strategy. PIs are non-financial measures, complementing the KPIs. Some performance indicators could include: Employee suggestions implemented within the last month, key customer complaints or percentage increase in sales for top customers. PIs are created to complement the KPIs and to clarify underlying data and factors. RIs, on the other hand are financial measures observing activity. These measures can be used in order to better understand profitable activities within the organization. Examples of RIs are: Sales made/day or net profit made on key product lines. (Parmenter 2010)

Key performance indicators (KPIs) are somewhat of a buzzword in management, but as previously stated, several organizations are measuring their activities and success on falsely termed measurements. The real KPIs are measurements representing the true core activities of an organization. KPIs are rarely anything new to an organization. Either they have not been correctly identified or they are simply being disregarded. However, Parmenter (2010) has defined seven characteristics of KPIs which are:

1. KPIs are nonfinancial measures, meaning that they are not expressed in euros, dollars, yen etc.
2. Frequency of measurement is high (24/7, daily, weekly).
3. CEO and senior management are responsible for taking action.
4. A clear indicator of what action needs to be taken (easily understandable and pointing in the direction that needs to be fixed).
5. Measurements that tie responsibility to a certain division or team.
6. A measurement of significant impact.
7. Have been tested to ensure that they work in the intended way, encourage positive action.

According to Parmenter's definitions, the measurements that will be focused on in this study are the KRIs. The reasoning behind this decision is that the relevant information will be how the organization has done. This study will be examining how measurements have trended and try to find seasons and consequences of these changes and trends.

Marr (2014) also pinpoints several useful performance indicators for evaluating corporate performance. Revenue growth rate, net profit margin, gross profit margin and operating profit margin are the most relevant indicators for this study.

Revenue growth rate simply put is the rate at which company income is being increased. This is a measurement used to understand how much business is growing in received income. In this thesis this measurement is going to be used as the measurement of business growth. The calculation for this measurement is made by dividing the current revenue with the revenue of the previous fiscal year.

The factors that are going to be investigated is the growth of business over the course of the years, both in number of employees and in income. Customer satisfaction will not

be evaluated in this study as the customers of a debt collection office consist of two groups. The first being companies or individuals assigning invoices for debt collection (creditor) and the second being companies or individuals who are the target of collection (debtor). The main result indicators that will be evaluated are various measurements of profitability. The idea here being that a strong culture and motivated employees directly impact the effectivity of processes and activities. Effective processes and activities will in turn result in less waste and a greater profit.

Profitability is defined as “The state or condition of yielding a financial profit or gain.” (BusinessDictionary 2017)

Research shows that a normal one billion dollar company is spending around 27 million dollars in vain simply because they are lacking insight to the financial supply chain. Not recognizing the core activities and not eliminating “waste” from their processes is usually the big mistake that often is the root cause to unnecessary spending. Optimizing operations is one of the most important factors in improving profitability. (Khalid 2010)

In this research, measurements that will be monitored are the following:

- Net profit
- Net profit margin
- Revenue
- Revenue growth rate
- Number of employees (average)

Each of the measurements except number of employees are a variety of KRIs. The objective is to track trends in business growth and profitability. Net profit net profit margin will be measurements of profitability whereas revenue and revenue growth rate will measure business growth. The amount of employees will also be tracked as a measurement of business growth. All of the data will be extracted from publicly available annual reports of OK Perintä Oy.



### 3 RESEARCH METHODOLOGY

This subtopic will be answering the question of how the information collected from professional literature will be applied to the case company. It will also explain the process of conducting interviews and gathering financial data from the company.

The definitions that have been set in the two previous paragraphs of this chapter will be utilized as a framework when doing the empirical research.

For the purpose of this research, the definition of culture is as stated at the end of paragraph 2.1: *Culture is how individuals within an organization behave, communicate, interact and understand their surroundings. It is also what the organization as an entity communicates to its members/employees and to its customers and members of the public. Culture can be manifested in various ways, such as through direct and clear messages, symbolically or through artwork or subtle behavioral traits.*

The definition of culture will be an important factor when interviewing subjects. It is important to establish a mutual understanding of what culture is for the sake of ensuring the validity of the interviews.

For the purpose of this research, the performance indicators that will be evaluated are as stated in paragraph 2.2: net profit, net profit margin, revenue, revenue growth rate and average number of employees.

#### 3.1 Qualitative data collection

Qualitative data collection signifies relying on a non-numerical analysis in order to achieve an understanding of the topic. The objective is to create a subjective experience that will create understanding of the topic, added with a description and meaning for it. Generally, samples are smaller than in quantitative research and the approach can be more flexible. The data collection instrument is the researcher themselves. (Gratton & Jones 2004)

Interviews conducted in this research will collect qualitative data. The reasoning behind this decision is that corporate culture is an intangible asset, which individuals can

experience differently. Interviews will be semi-structured, based on the same template in order to maintain validity.

### **3.2 Quantitative data collection**

A quantitative approach to data collection has different characteristics, in this case the analysis made is numerical. Quantitative data collection is conducted when analyzing objective data such as statistics. The data collection instruments in this case are paper and pen or charts and tables. (Gratton & Jones 2004)

The quantitative data collected in this research is mainly statistics of company performance. These statistics will be obtained from annual reports and put into table and graph form in order to easily observe and understand important changes.

A second form of quantitative data that will be utilized in this research is a SIQNI personnel questionnaire that was conducted within OK Perintä Oy recently. Results of this questionnaire are available in statistical form.

## 4 CASE OK PERINTÄ OY

OK Perintä Oy is a debt collection agency based in Vaasa, Finland. The company was founded in 1991 by Juhani Ollila and Kennet Kronman. The company name derives from the names of the founders Ollila and Kronman. Today OK Perintä forms a group together with its daughter companies OK Incure OÜ and OK Laskutus Oy. Currently the company is owned by B2Holding AS, a major accounts receivable management service provider based in Norway. OK Perintä Oy is currently the 3<sup>rd</sup> largest debt collection office in Finland, measured by total collection in euros. The largest competitors are Lindorff and Intrum Justitia, who announced a merger in November 2016, but are still making arrangements according to Kauppalehti. (2017)

The debt collection business is a service-oriented branch. Business models of the players in this field vary slightly, but operations mostly consist of various services in credit control, buying collectable debts or providing debt collection services for a client. Many firms are outsourcing debt collection or reminder services to debt collection agencies.

What makes the debt collection field a bit different is that the players in this field of business seem to have a poor public reputation by default. This stems back to the 90s and the financial depression Finland was facing at the time. A large part of the population was experiencing financial issues and debt collection agencies took advantage. Debt collection in the 90s was a rather new field of business and therefore still poorly regulated. Agencies were able to take any actions they saw fit in order to make profit and receive their collectable debt. (Autio & Rasku. OK Perintä Oy 2018)

According to a study concluded by OK Perintä in 2017, 64% of the Finnish citizens would feel some level of shame when receiving a debt collection letter or dealing with debt collection agencies. Most of the respondents in this research would consult family members for assistance in financial matters. Only 2% of the sample group would contact the debt collection office to seek assistance. Also, 44% feel to some degree that debt collection agencies do not offer help, but create more trouble when dealing with financial issues. It can be argued that this public opinion poses a challenge to the operation of the businesses in debt collection. Recent strategy trends have been to focus operations around the debtor and tailor services individually to be more in touch with the customer-base. (Rasku. OK Perintä Oy 2018)

OK Perintä Oy has two main business functions.

1. Buying collectable debts

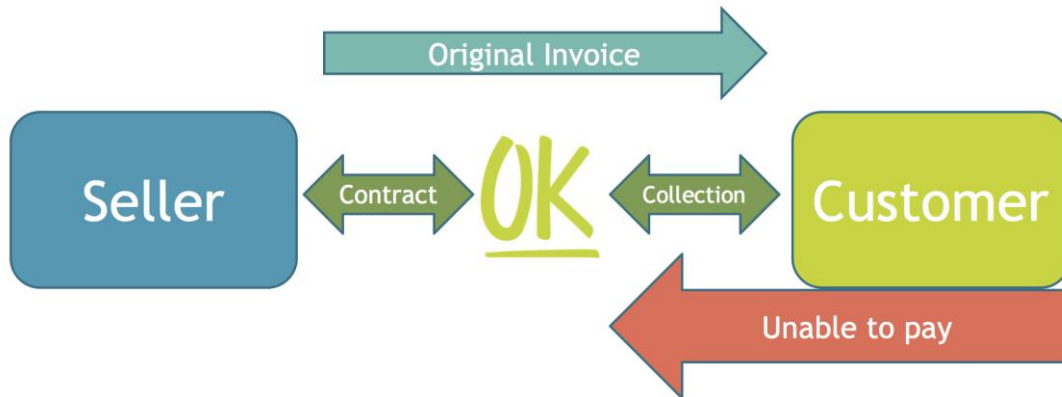


Figure 4.1 Buying collectable debts

When buying collectible debts, the original seller has sent an invoice to the customer. The invoice has been left unpaid and debt collection measures will need to be taken. These debts are often compiled into a “file” that is sold altogether, a contract is made between a seller and a debt collection agency. At this point the responsibility of the collection transfers to the debt collection agency.



Figure 4.2 Buying collectable debts

Once the deal has been made, the collection office pays the contract price (one payment) to the seller. Now the collection office is free to proceed with debt collection and is the legal creditor of the debt. All payments from this point are made directly to the debt collection agency.

## 2. Taking debt collection assignments

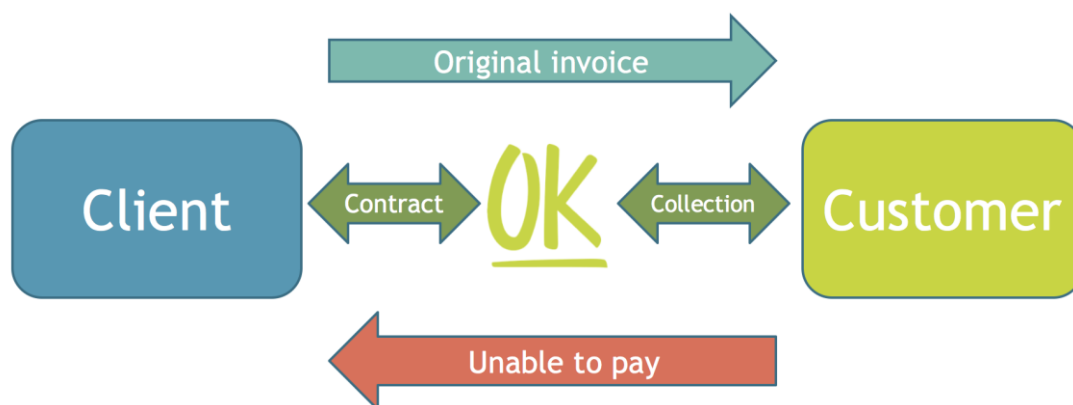


Figure 4.3 Taking debt collection assignments

A client can employ debt collection assignments to an agency in order to free up their own resources to their own core business processes. In this case the contract is of such nature that the collectable debt is still owned by the client and money collected is paid back to the original creditor.



Figure 4.4 Taking debt collection assignments

In this model, the customer is paying the debt to the debt collection agency, who then forwards the payment to the original creditor. The client (original creditor) then pays for the debt collection service in form of a service fee and collection provisions.

When agreeing on debt collection contracts, companies are using various metrics and trial periods to determine what kind of service will be the most suitable for their needs. Often reminder services are also sold as additions to the debt collection services.

#### 4.1 Overview

In order to have a clear grasp and an overview of the culture in OK Perintä Oy, interviews with long-term representatives of the company will be conducted. As previously stated, these interviews will be semi-structured interviews based on the same template. Interview questions will be altered to tailor each interview according to the position and level of knowledge the subject might have. Data collected in the interviews will be qualitative. The interviewees will receive interview templates beforehand for review. Matters discussed in the interviews are the corporate culture in OK Perintä Oy, the evolution and development of the company and some of the important events during the lifespan of the company.

In addition to the interviews, the culture will be evaluated based on internal sources in the company. Such internal sources are the OK Perintä business plan, which states the vision and mission statement for the company's foreseeable future.

According to the OK Perintä Business Plan for 2016-2020, the corporate mission statement is as follows: **“We provide more value to our customers by treating debtors well and helping them move forward in their lives”**. The vision stated in the business plan is as follows: **“By 2020 we are the best debt collection company in the world when it comes to results”**. The word “result” in the vision statement is referring to results in terms of debt collection. Debt collection results are measured in ERC (Estimated remaining collections) and other business-specific indicators. Furthermore, the business plan states the values of OK Perintä Oy as follows: **“We believe that people are willing to do their best to get their debts payed and this obligates us to do our best to help them”**.

As stated, performance indicators were extracted from annual reports made by OK Perintä Oy. The company did not start publishing annual reports until 2007, which limits the sample size of performance indicators. However, financial data between 2006 and 2015 was obtained and is presented in table 1 and chart 1. There is a slight deviation in the length of the fiscal years between 2007 and 2008, as the company had previously had a fiscal year between the 1<sup>st</sup> of November and 31<sup>st</sup> of October, which was different from their competitors rendering their results not comparable with the competition. As a result of changing the fiscal years, the annual report of 2008 spans from 1.11.2007 to 31.12.2008, which is a total of 12 months. This is to be taken into consideration when evaluating the financial results.

## 4.2 Findings

### 4.2.1 Cultural

Heskett (2012), states that an organization with a successful culture can attribute up to 20-30% of the difference in performance compared to their not so culturally aware competitors. Ideally, an effective culture provides a company with four distinct economic advantages called “the four R’s”. As culture is such an intangible asset, it is hard to effectively evaluate and judge in an economical sense. All of the four R’s are measurements that provide a company with a clear competitive advantage. Heskett has identified that an effective culture positively affects these measurements, making a strong case for the hypothesis of this thesis – that culture affects organizational performance. The four R’s are *referrals, retention of employees, return on labor and relationships*

*with customers*. A simplified version of this theory is that a company with an effective culture will benefit from employee satisfaction in form of “ownership behavior” – meaning employees recruiting potential new hires and making creative improvement suggestions in their daily tasks. This can be seen as a variant of the culture of change that Piha (2017) suggests. As a result of this ownership behavior, recruitment costs are reduced and employee retention rates are increased. This in turn leads to the ability to invest in other productive areas and a higher return on labor. All of this finally sums up to more continuity in the organization, which is a benefit in many ways such as retained knowledge and better customer relationships.

The cultural aspects of OK Perintä Oy were investigated mainly through interviewing two long-time company representatives. Both subjects have been employed by OK Perintä for a decade and have held multiple positions on several different levels in the corporate ladder. These subjects gave personal insights and observations of the culture, but also were able to shed light on some of the statements made in corporate literature such as the business plan and annual reports.

Both interviewees made sure to highlight the fact that throughout the lifespan of OK Perintä Oy, the corporate culture has not experienced too many significant changes. Originally, the company is a family business. This is symbolized by the name OK, which derives from the names of the company founders. The fact that the company name itself is a symbol and a sort of token of the past signifies that the roots and heritage is very important at OK Perintä Oy. In both conducted interviews, terms such as family, community, togetherness and friendliness were repeated. Also a low hierarchy was highlighted. All of these words revolve around the same theme and suggest a rather easy-going environment internally, an observation also confirmed in both interviews.

The fact that the internal environment is so easy-going allows employees to feel welcome and at home in their work, as no adjustments are required to fit into a corporate mold. The interviews attribute the family-like internal environment as one of the greatest traits in the culture at OK Perintä Oy. A consensus was reached, that having this friendly internal behavior translates to customer contact and complements the vision that the company wants to be seen as easily approachable. In 2011, the company established a workgroup called OK Kaveri, which was tasked to create free-time activities for



employees to partake in. The company provides financial support, which allows this group to organize monthly activities such as going to a sports event, organizing a movie night or going out for after-work drinks. Employees have provided a great amount of positive feedback.

Reviewing the mission statement from the business plan, it is rather obvious that OK Perintä has taken an approach that puts the customer first. The customer referred to here is the debtor. This mission statement is repeated several times in introduction material for new employees in a way that makes it clear to even the new faces what the company values in their operations. The values stated in the business plan complement the mission statement very well. OK Perintä has recently made a change in the philosophy of running a debt collection agency. In the 1990s, the consensus was that a fear of consequences in form of payment remarks or added costs would increase the willingness to pay invoices quicker. This is a philosophy that OK Perintä views as outdated. The new idea is that by making it as pleasant as possible to pay invoices, the customer is more likely to make the payment. The company's mission statement and values support this idea.

Having a very customer-centric strategy does not exclude the company from effectively managing its employees and their satisfaction, according to the interviews conducted, one of the main strengths of OK Perintä Oy is that the corporate values align so well with the values of the employees working for the company. This has many positive outcomes, such as a sense of unity and belonging in the workplace community, but it also serves as a motivational factor for employees, as they find their daily work to be meaningful.

As stated, the interviews concluded that the culture hasn't significantly changed during the lifespan of the company. However, there has been several organizational changes during the years, the internal language has changed and the majority share of the company has been acquired by an external player. The interviews built a consensus that organizational changes have never really impacted the culture much. These changes have been made in form of restructuring some management positions, but the latest change in 2010 was made to establish a number of service groups, each specialized in serving various customer segments. This change in combination with the majority stock share

being obtained by B2Holding in 2012 has resulted in some changes mostly in internal communication. The bottom line here is that the company is not as flexible as before.

Although Heskett (2012) suggests that a successful culture can result in diminished recruitment costs by increasing the ability of employee retention, OK Perintä has experienced some difficulties in this department. The company has a practice in place in which the HR manager interviews a leaving employee and enquires about the situation and possible reasons for leaving. Having interviewed the HR manager of OK Perintä, some insights into these problems were acquired. A very simple reason for the employee turnover was that the company has employed many students. These students might work part-time beside their studies and leave for another job when they graduate from school. Another reason is that the company was forced to conduct employee cooperation negotiations in 2013, these negotiations lead to discontinuing the operation of the office in Turku, which held only around 3-4 employees at the time. Some contracts had to be terminated and a few employees were reassigned to other office locations. This phase has left some long-time employees in a state of fear that might have resulted in some employee turnover. A third reason is the fact that the company is currently not growing anymore. Automation has been implemented in a number of operations and career opportunities internally are harder to identify as growth has ceased. The company is aware of this problem and arrangements will need to be made as a counter-measure.

At the end of 2017, the company conducted a personnel questionnaire in order to determine the most important factors that increase happiness in the workplace. This questionnaire was created by an external company called Leidenschaft. The questionnaire was sent out to every employee within OK Perintä and answers were given anonymously. The questionnaire had a response rate of 90% (111/124). According to the results of this questionnaire, the top five most important factors are as follows: 1. Interesting work tasks, 2. A fair salary and good benefits, 3. Balance between work and free-time, 4. Fair and friendly supervisor, 5. A strong workplace community. These results show that employees value the same factors that have been highlighted in the interviews. A good salary and interesting work tasks are surely some of the most important factors in any workplace, but they are factors that will not make up for the motivational boost gained from the three other factors mentioned.

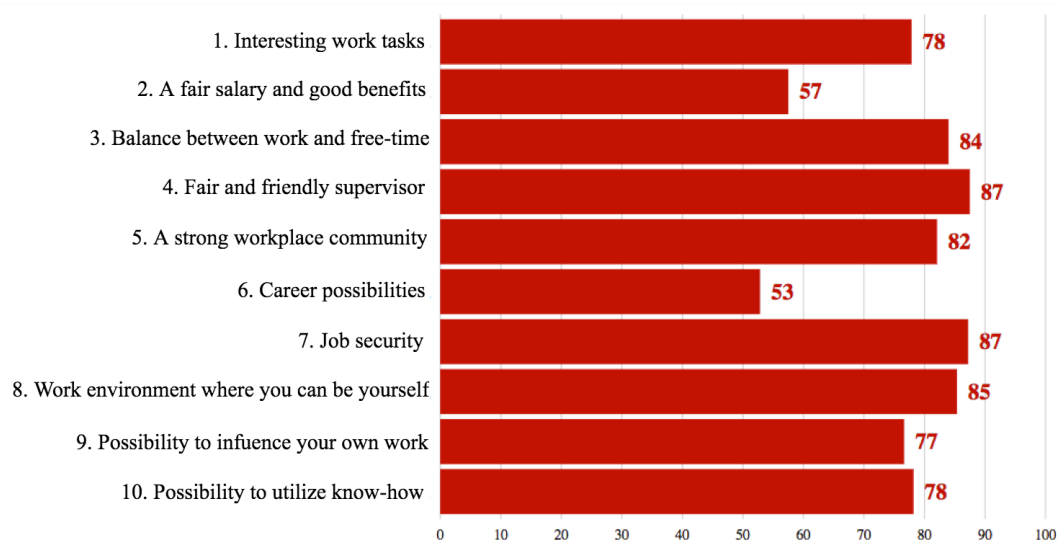


Table 1. SIQNI personnel questionnaire results.

Table 1 displays the results of the SIQNI personnel questionnaire. The table ranks the most important factors for the staff of OK Perintä with the numbers 1-10. The columns signify how well these factors are being met in reality. It can clearly be seen that the personnel would wish for a better salary. This is a factor that management discusses often, but it has rarely been the reason for employees leaving the company. (Rasku. OK Perintä Oy 2018) As previously mentioned, the fact that the company is no longer in a growth phase and automation is being implemented in various areas creates a problem with career opportunities. The company is investigating possibilities to create more opportunities within the organization, the most recent idea was a corporate exchange to Sileo Kapital in Sweden, a company which is also owned by B2Holding. This exchange takes place in May 2018 so results are not yet available for examination. The table also indicates and confirms the statements that the workplace community is great and flexible as both point number four and eight have scores over 80. The score index is an own index created by Leidenschaft, they are calling it “the Leidenschaft index”.

Question 6 in the interview template (appendix 1) refers to the “culture of change” brought up by Piha (2012). OK Perintä has recently established a portal called OK Aloite, this portal has the sole purpose of gathering ideas of employees and creating a discussion in order to improve various aspects of working for the company. Every employee can access OK Aloite and post ideas and comments anonymously. The company has a workgroup in place that evaluates ideas and takes measure according to decisions made. OK Aloite was established in early 2018, so results are still undiscovered, so far

the biggest challenge has been activity drop-off as the ideas and suggestions are taking a long time to implement (Rasku. OK Perintä Oy 2018). In addition to OK Aloite, the company has an internal communication platform in form of Yammer, which is an enterprise social networking service by Microsoft (Yammer 2018). However, Yammer does not serve the exact same purpose as it is used more for announcements and notifications rather than improvement suggestions. Beside these two platforms, the company encourages creativity and critical thinking by having managers sit down with employees as often as possible to discuss progress and difficult situations. These sit-downs are a good opportunity for employees to voice their opinion about various matters regarding their daily work.

#### 4.2.2 Performance

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Remarks			14 months							
Net Profit (1000€)	580	622	1002	1126	1821	2108	2748	3271	2951	2769
Net Profit Margin	17.29%	13.46%	11.24%	9.36%	12.24%	11.35%	11.55%	7.67%	7.50%	7.39%
Revenue (1000€)	3355	4620	8914	12029	14876	18577	23796	42636	39322	37467
Revenue Growth Rate	-	37.70%	92.90%	34.90%	24.70%	24.90%	28.10%	79.20%	-7.77%	-4.72%
Number of Employees (average)	24	36,5	60,5	78	87	109	127	144	136	130

Table 2. Performance indicators of OK Perintä Oy, 2006-2015.

The fact that the company was established in 1991 and financial data was obtained only from a 10-year span limits the ability to cross-reference results with significant changes to some extent. However, the financial data obtained shows a rather steady incline in all categories through the years. This can be seen in both table 1 and chart 1. Since being established in 1991, OK Perintä has experienced a steady growth phase. This can also be observed in the numbers from 2006 to 2012, as the annual growth rate is almost identical each year. In 2008 the 14 month fiscal year creates a slight deviation, which can be clearly observed as the revenue growth rate skyrockets to 92,9%. Thereafter, it is stabilized again. In 2013 the company reached its peak so far, measured in net profit, revenue and number of employees. This deviation can be explained by the decision to begin purchasing debt collection portfolios in 2012, which is a form of operation explained by figures 4.1 and 4.2 in paragraph 4 of this thesis. In 2013 the company purchased a massive debt collection portfolio from a large European credit business. This portfolio is the

most influential purchase of the company to this date, a statement which can clearly be seen in table 1 and chart 1. The portfolio increased the workload of employees, but created a lot of income in return. Results can be seen in the increase of net profit, revenue and number of employees between 2012 and 2013. After 2013, the numbers have been on a slow decrease. This is more of a stabilization happening, as the company has not made purchases of equal size in recent years.

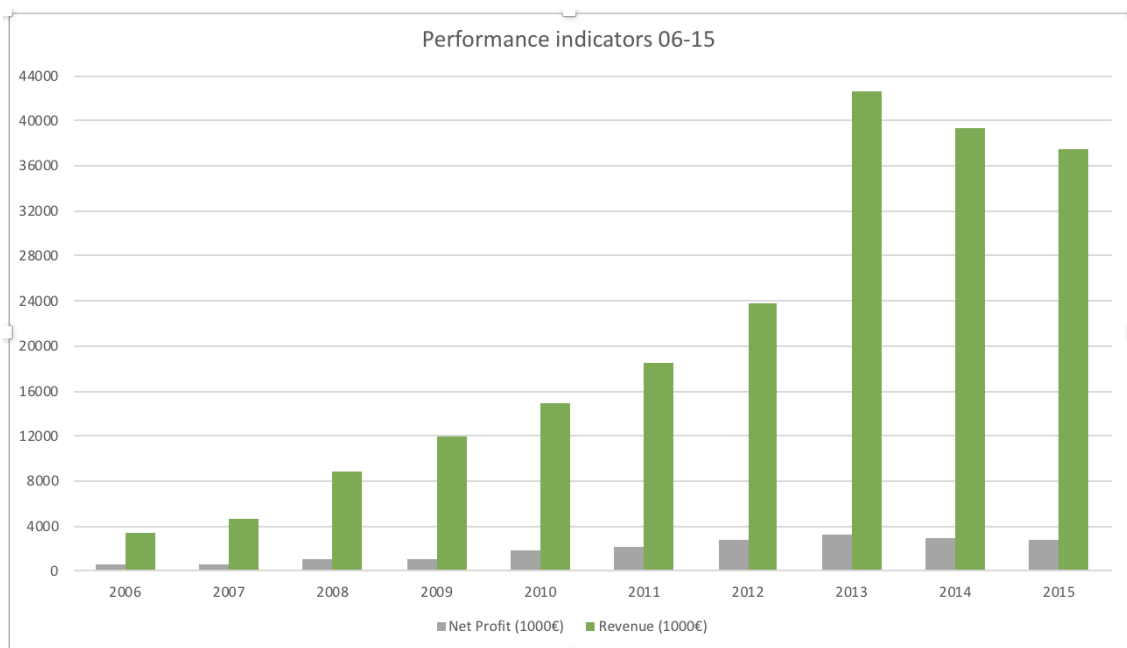


Chart 1. Performance indicators of OK Perintä Oy, 2006-2015.

Chart 1 displays the annual results in net profit and revenue. As revenue is the total income generated by the company's primary operations, it is still possible to have an annual net loss. This chart shows that the relation between net profit and revenue in OK Perintä has remained the same. This means that there have not been any major deviations in cost of goods sold (COGS) or debts.

### 4.3 Conclusions

How has the culture of OK Perintä Oy affected their performance through the years? What are the most important cultural traits in the company? These are the questions that are set to be answered as the main research objectives.

The interviews conducted gave several useful insights into how employees observe and experience the culture. It was clear that the corporate material such as annual reports

and the business plan highlights that OK Perintä is very people-oriented and wants to be easily approachable. The culture hasn't changed much over the years, although there has been several organizational changes and the company has grown from a small family business to having over 130 full-time employees.

The main strength of the culture in OK Perintä is togetherness. It is very much engraved into the identity of the company starting all the way from the company name – the initials O for Ollila and K for Kronman. The company supports and promotes this togetherness in many ways, such as the workgroup OK Kaveri and company-wide refreshment days twice annually.

It was difficult to clearly identify how the corporate culture has affected the performance of OK Perintä. However, it can be stated that the culture has supported a steady growth throughout the lifespan of the company. The culture has also translated well into customer contact and differentiated OK Perintä from its competitors, such as Lindorff and Intrum Justitia.

Flexibility is an important factor in the culture of OK Perintä. The possibility to be flexible has been somewhat limited as the company has grown. Even more limitations have been set as the majority stock share was acquired by B2Holding in 2012. The company has done a great job of staying true to its heritage and maintaining a family business-like image.

Conclusively, it can be determined that OK Perintä Oy has managed to steadily grow with the support of the flexible culture in the company. The growth of the company has not changed the culture, but the culture has guided the growth of the company. The corporate values align well with the personal values of the employees, which is a major strength and creates even more of a close community in the workplace. The major factors influencing financial outcomes such as revenue and net profit have been portfolio acquisitions or organizational restructuring, which has been well supported by a flexible culture.

The SIQNI personnel questionnaire conducted by Leidenschaft can be viewed as supporting data to the statements made about the strong community and flexible operational manners at OK Perintä Oy. The ranked statements in table 1 support statements and observations made in the interviews with company representatives.

## **5 RECOMMENDATIONS**

### **5.1 Future research**

This subtopic will discuss how this thesis can be built on in doing research in the future. Suggestions for further research in the same field or with a similar topic will be suggested.

Since this thesis is a case study about simply one company, it gives a centralized view of only that single entity. The theoretical framework constructed in this thesis could very well be used in creating more case studies investigating the role of corporate culture in company performance. An interesting suggestion would be applying the same framework when investigating a different debt collection agency in order to create a comparative study between OK Perintä Oy and one of its competitors. The same kind of study could also be conducted in a completely different field of business in order to determine whether the actual field of business significantly affects the role of corporate culture in performance.

The findings of this thesis can be used by OK Perintä Oy to conduct further studies into how the company could improve their most effective cultural traits even more. It can also be used to examine less effective cultural traits that could benefit if changed or re-evaluated.

### **5.2 Application of this study**

This study can be utilized in evaluating the corporate culture in OK Perintä Oy. The most important factor was identified to be the community that has been created within the company and that the employees have been able to translate that into the customer contact.

OK Perintä Oy should focus on strengthening the positive traits of their corporate culture, being the flexibility, their core values and their strong community togetherness.

One problem that was identified is the fact that employees have limited career paths in the company. This might discourage some employees. It is also one of the main reasons for employee turnover.

## 6 SUMMARY

The objective of this research was to determine the positive cultural traits affecting performance in OK Perintä Oy. Data collection methods were both quantitative and qualitative, which ensures a wide range of different data collected. Validity and reliability is increased by collecting data from multiple sources.

The biggest challenge faced in this research was that corporate culture is so intangible and experienced differently by different people. The definition made in chapter 3 was one of the most important assets when conducting this research. This definition also ensures the validity and reliability of the interviews conducted.

As the findings of this research show, the culture at OK Perintä Oy has not changed much although the company has grown from a small family business to a medium sized company. Organizational changes have temporarily caused some adjustment periods but the flexibility has made changes easy for the company. The culture translates well in external communication and supports the notion that OK Perintä wants to be an easily approachable debt collection office.

### 6.1 Reliability & Validity

Reliability is a sign of the trustworthiness of the research. The objective of a research project is to achieve results that one can replicate by creating a similar research. The results of a research are reliable if different objects of research provide the same kind of results or if the same object provides the same results when investigated at a different time. (Hirsijärvi et al. 2009)

The reliability of this particular research is difficult to assess. Corporate culture is an intangible asset and it is experienced differently by different individuals. The reliability of this research mostly consists of the fact that sources for the statements of the corporate culture at OK Perintä Oy are all different, but somewhat states the same facts. The reliability of the results is negatively affected by the fact that financial data was only obtained for a 10-year time period.



Validity refers to if the methods used in the research are measuring the right factors.  
(Hirsijärvi et al. 2009)

This research is valid as the research questions are being answered extensively in paragraph 4. The validity is also strengthened by the fact that both interviewees have extensive experience within the organization and have worked at different levels of the corporate ladder.

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## INTERVIEW TEMPLATE

### The Role of Corporate Culture In Company Performance

**Has the corporate culture of OK Perintä Oy played a significant role in the success of the business over the course of it's lifetime? Another important objective is to identify the cultural traits affecting performance.**

The two main results that will be revealed are; **positive cultural traits in regards to financial performance and a description of the culture at OK Perintä Oy.**

*Culture is how individuals within an organization behave, communicate, interact and understand their surroundings. It is also what the organization as an entity communicates to it's members/employees and to it's customers and members of the public. Culture can be manifested in various ways, such as through direct and clear messages, symbolically or through artwork or subtle behavioral traits.*

Name:

Job Description, title:

Career in OK Perintä Oy:

## CULTURE

1. Based on the definition of culture, describe freely the corporate culture in OK Perintä Oy.
2. Has the corporate culture significantly changed over the years?
3. What kind of image does the company want to portray to its employees?
4. What kind of image does the company want to portray to its customers?
5. How is OK Perintä communicating its corporate culture?
6. Does OK Perintä actively challenge its employees to improve themselves or their daily work? (by giving feedback etc.)
7. What is the cornerstone of the corporate culture in OK Perintä Oy?

## Appendix 1

### PERFORMANCE

1. Which are the largest external factors that have influenced performance during the lifespan of the company? (Legislation, depression etc.)
2. Has the brand change in 2017 provided any results performance-wise?
3. There has been some personnel changes over the years, what are the biggest reasons for employees leaving?