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How to combine corporate cultures after acquisition?

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<p>Abstract</p> <p>Every organization and company have their own culture. The study focused on determining cultural factors that must be considered when combining corporate cultures after acquisition and whether this study could provide tools for improving these actions in the case company. The study was conducted to a Finnish IT company which has been growing rapidly during its six-year existence. While focusing to growth and expanding internationally, maintaining, and developing cultural aspects has been somewhat neglected which has caused the sense of not belonging to the mother company and fragmentation of the teams.</p> <p>The study gathers few of the most known cultural models including also psychological safety and change management in the organization. After investigating the entity of corporate culture and interviewing some of the employees that have been transferred with acquired company, there was an action point list and suggestions made for the company to use in developing their own culture.</p> <p>During the process it became clear that the topic is very vast and the main question of how to combine cultures within co-located and hybrid teams have been pondered by various professionals for decades, without receiving clear idea of how to do it. Therefore, the study turned from detailed guide into describing those multiple ways of how to increase the sense of belonging and combining factors within the organization and providing a comprehensive understanding of those factors that are needed in building, modifying, strengthening, and affecting to corporate culture.</p> <p>In conclusion, the main question presented in the title of this thesis was not answered directly and in simple way, but the study presents various aspects of how the combining can be alleviated on behalf of the management and how the company can increase their own understanding and actions towards more united company culture.</p>		
<p><u>Key words</u> Culture, corporate culture, psychological safety, change management, leaders</p>		

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1 INTRODUCTION

It is said that all companies and communities have culture. In his fifth edition of the world changing study *Organizational cultures and leadership* Edgar Schein states that “cultures are learned patterns of beliefs, values, assumptions, and behavioral norms that manifest themselves at different levels of observability.” (2017, 2). While companies seek growth and success, they may take bigger leaps toward their goals by acquiring smaller companies in the same industry, also internationally. This thesis concentrates on identifying the main issues in combining corporate cultures after acquisition in domestic and international cross-cultural IT business. The study focuses on defining a company culture, how it is built and what is required to keep employees committed to the culture and embrace it even after combining two or more cultures together. The study and its results are based on theory and the author self-observing while working in the case company.

The author of the thesis works in the case company and is to develop and maintain the corporate culture towards more unite form that would carry throughout the company regardless the regional location of the office or a team. Due to the rapid growth of the company and the recent domestic and international acquisitions, and also personal interest in corporate cultures the topic of the thesis was well justified and acute. Despite the need and ambitious aim for solving the cultural combination issue, this thesis does not provide a ready and verified solution for implementing the suggested acts for repairing or converting the current corporate culture direction. The objective is rather to provide an outlook and understanding for the current situation and cultural structure reflecting it to the theory and provide different tools and deeper understanding about the meaningfulness of the culture for the leaders to consider and take into use if they feel suitable for the company overall employer brand and mission.

2 PROJECT DEFINITION

This study bases mainly in Geert Hofstede and Edgar Schein theories about corporate culture. These sources are selected as they provide the equivalent amount of information and history about the topic but also provides comprehensive lookout to IT company culture, in which this thesis is executed to. Smaller theory parts such as Mintzberg and Amy Edmondson are used to support the main theories.

This chapter describes the project definition, research questions and theoretical framework followed by short description of the case company and the current situation. Due to the contractual restrictions and non-disclosure agreement, only the publicly available information will be presented of the case company. Chapter four defines company culture and concludes what happens to corporate cultures after acquisition. Chapter five presents four different culture theories reflecting them to the case company and how they effect to the corporate culture. Chapter six introduces change management theory and chapter seven presents the research and its results. Chapter eight includes a manager's checklist for integrating the company cultures and chapter nine provides suggestions for implementing these into the case company corporate culture. Chapter ten is for summarizing the study and presenting ideas for further studies that would support this study.

2.1 Purpose and objectives

The purpose is to help and facilitate an internationalizing company to find and adopt the best methods and tools in integrating and adapting organizational cultures in the time of and after acquisition in domestic and international acquisitions. The topic is significant in terms of determining the stumbling blocks and obstacles that the case company is struggling with and how to create a united culture that carries throughout the entire organization. The company have acquired four smaller companies already, two in Finland, one in Poland and Germany, so the need for this research is well reasoned and acute.

Objective is to provide a comprehensive overview to corporate culture and point out the alternative ways for combining and developing the culture. The objective is to provide more understanding for leaders about corporate culture and how it affects to the productivity, motivation, and retention in the company. The study focuses on the practices that should be taken into consideration when integrating company cultures and when developing the existing one. More detailed, the objective is to be able to find the suitable methods and provide suggestions, that company can use when developing further their united culture within all the offices including international locations. Ideal outcome and the aim are to find practices that would unify the entire organization into one “organ” that beats for one purpose and has one shared operating model with local special features. For this purpose, there will be a development and implementation suggestions for the practices that company can choose to take into use if they are considered to be suitable for the company.

The study is a mix of practical development task and a research work. The aim is to find the best practices for combining different company cultures by first doing a research based on theory and then creating list of action suggestions for practical development.

2.2 Theoretical framework

The theoretical framework contains becoming familiar with organizational culture and identify the main differences between regional cultures within case company locations. The main purpose of this thesis is to study corporate culture and how it is built, maintained, and affected by different factors. Aim is also to provide more information and understanding to company leaders of how different actions within the organization may or may not help to develop corporate culture and by creating positive and supporting working environment, help the organization to succeed and grow. As there is no possibility to provide an operating model that would have a guaranteed success for a healthier company culture and action points for instant integration of company cultures, this study provides only suggestions that could help in the challenging route towards more unite corporate culture. The main part of this study focuses on

understanding culture by investigating several cultural theories and reflecting them to the case company research problem.

The research includes becoming familiar with multiple different aspects and models of corporate culture and cultural structure itself. The following theories are reviewed and used as a source: Edgar Schein model of organizational culture and Geert Hofstede's theory of national cultures (six dimensions). Also, Amy Edmondson's theory about psychological safety is quite widely presented, being in important role when creating a healthy company culture.

Change management is also in important role when developing and combining corporate cultures. Effective and correctly executed change management help organization to ease with the organizational transitions and justify them to employees. Change management is necessary for companies to succeed and grow and therefore it is also a good addition to this study. For that reason, there will be a separate chapter about change management which helps creating the list of action suggestions for use.

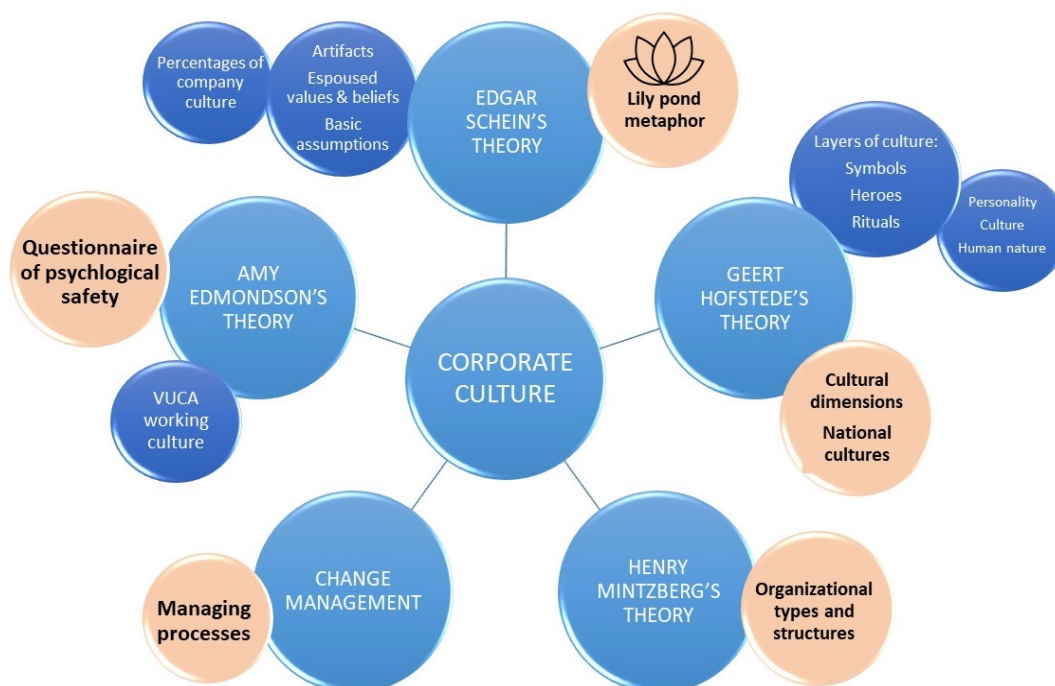


Figure 1. Theoretical framework illustration

3 CASE COMPANY INTRODUCTION

3.1 Organizational structure

Case company is a relatively fresh IT company that has been growing rapidly during its six-year existence. Most of the employees are working in a customer premises in customer projects and only about 15% is working at mother company offices. While focusing on building the size of the company by recruiting and hiring new employees and securing customers, the question of how to make people feel they are part of case company instead of the customer where they are mostly located at has risen a one of the main problems when trying to develop a combined corporate culture between offices and countries. (author observations about the case company). As the company already has over 360 employees, majority located in Finland, this is the critical point where the cultural norms and guidelines should be identified and written down so that they can be implemented to the international locations while company continues to grow and expand. Currently the company has offices in Finland at Helsinki, Tampere, Turku, Kokkola and Oulu, international offices at Szczecin in Poland, Munich in Germany, Gothenburg in Sweden and also salespersons at Palo Alto in USA. As the business is already widespread and employees working at customer premises causes extremely difficult and challenging field for case company people operations to take care of the employee's well-being and keep on track about each employee's situation in their current project.

Organizational structure outlines how certain activities are directed to achieve the organization set goals. These activities include rules, roles, and responsibilities. It also determines how information flows between teams and levels within the company. In decentralized structure, which the case company can be identified as, decision-making power is distributed among various levels of the organization. (Kenton, 2020). Case company has a very unique business model as in the customer projects, the employees may not have a designated supervisor or a manager on behalf of the case company. In this situation the leadership services and employment counseling are provided by the company people team. On contraire the management and administration teams have quite clear hierarchy with the team leads and management group. Having a

decentralized organization structure allows company to remain fast, agile, and adaptable. Having a structured organization in overall not only defines the company hierarchy, but also makes operations more efficient and effective. By separating functions and employees into departments the company should operate and perform different operations at once more seamlessly. (Case company internal guidelines). Erik Devaney (2019) describes decentralization being known for their low specialization, loose departmentalization, and wide spans of control. To put all that into more simple way, decentralized structure (categorized as an organic structure for being “flat”) is having multiple teams reporting to one person and taking on projects based on their importance and team capability rather than what the team is designed for. The case company organization structure changed three times during this writing process which affected also to the finalization of the study. The latest organization structure is described on Figure 1, where the operating is lined more to sales funnel type when other teams are supporting the two main actions: sales and recruiting.



Figure 2. Organizational structure of the case company, Case company internal information

3.2 Core processes

There are two core processes at the case company: creating and selling own solutions to customer products and selling expertise to customers. As the company is focused on senior level competence, their employees are placed into demanding and high-end development projects that require top-notch expertise in various business segments.

The strategy is to create jobs and benefit different industries to develop in their field of expertise. The work has been very customer focused when trying to find unsolved problems and issues that the case company solutions could provide an answer to. Alongside operating customer focused, the company strategy is to invest to their employees and their competences by creating value to the company. Even though the growth in creating and receiving visibility with their own solutions, the company DNA is strongly in project business.

3.3 Description of current situation

Currently the situation concerning the cultural aspect in acquisition and internationalization is challenging. The company has lately acquired a small IT company in Poland while still ramping up Sweden and Germany locations. Due to the fast growth and target in being recognized internationally creates a certain atmosphere of rush and unfinished alignments. Also, the constant need of recreating processes and even organizational structure leaves very little room for creating anything stable on culture wise. Hence this being also indication of company culture itself.

The case company have acquired four companies within six years. On the time of first acquisition, there was only few employees transitioned with the Company Y to case company. Even though both companies were relatively small, there was no actual cultural implementation done. On the time of second acquire, Company Z had strong and quite pretentious culture. They had all the newest equipment, a vast variety of different benefits and polished cover as being highly successful while the company was near to bankruptcy. Therefore, Company Z employees felt the integration to modest and low hierarchy startup company very hard, where the main focus was on providing employees higher salary by cutting all the unnecessary things such as free sodas and candies at the office. Few years later, the case company acquired a small company from Poland. When interviewing the three employees that transferred with the Polish company, it became clear that there was basically no culture to take into account, only a sports and lunch benefit were the things they wanted to have. These examples already indicate the variety of corporate cultures and the challenges that the

mother company must be ready to handle and respond when acquiring companies and their employees. They must be able to justify the alignments made considering for example different benefits as on the previous examples one company had multiple benefits that had to be cut off and on the other example the employees did not even want anything else than to keep the achieved benefits.

To fully understand a specific group's culture, there must be knowledge about how the learning has taken place, in what period of time and what kinds of leaderships has been involved to the process (accumulated shared learning). Therefore, it is important to understand how the case company culture has been evolving and what has been the starting point or idea about the culture the founders were seeking for when establishing the company. For this purpose, there was a short interview executed to three of the founders but also two employees that have transferred with acquired company to case company.

4 DEFINING COMPANY CULTURE

Culture: “The way of life, especially the general customs and beliefs, of a particular group of people at a particular time. (Cambridge Dictionary, Culture definition in Business English, 2020). The history of the word *culture* has been tracked to Latin where the word has been emerging as “colere” meaning a cultivated piece of land. (Definitions from Oxford Languages, 2020).

Corporate culture: “The ideas and ways of working that are typical for an organization, and that affect how it does business and how its employees behave.” (Cambridge Dictionary, Culture definition in Business English, 2020).

Acquisition: “Something that is bought by a company, such as another company, a building, or a piece of land.” (Cambridge Dictionary, Acquisition definition in Business English, 2020)

4.1 What is culture?

To understand corporate culture, we must first understand what culture is. The word *culture* is a direct translation from Latin word *cultura*, which means nurturing soil, cultivating it. As a farmer making sure that their own actions enable them to harvest the right amount of wheat they have planted in the spring. When this thinking is implemented to business, it is understood that culture creates the ground for the company to build their success to.

“The concept of culture implies structural stability, depth, breadth, and patterning or integration that results from the fact that culture is for the group a learned phenomenon just as personality and character are for individuals learned phenomena.” (Schein, 2017, 10).

The structural stability can also be thought as the company’s cultural DNA, the biggest stabilizing force and key component of the company culture. The cultural DNA is hard to change, and it survives even when some members leave the company. While cultural DNA is embraced and enforced, in company acquisition the new members with different values, beliefs and norms entering the group brings some changes reinforcing the existing culture and developing new solutions and way for external and internal survival. (Schein, 2017, 10).

The depth in Schein’s description means the less visible and less tangible basic assumptions of a culture that are unconscious part of the group. Many culture values manifest only the visible values but those cannot be considered as the essence of the company culture. The taken-for-granted, nonnegotiable beliefs, values and behavioral assumptions are the essence and the actual DNA of a company culture. (Schein, 2017, 10).

The third characteristic, *breadth*, means that after the culture has been developed, how widely it has been spread and how well does it cover the organization and its functioning. This means also covering company mission, strategy, structure, and basic

operational processes. All these functions are part of the shared learning, and they can limit the changes the organization can make. (Schein, 2017, 11).

The patterning or integration ties all the various elements together in a deeper level. When values, rituals and behaviors are combined and tied together into one entity, this pattern or integration can be considered as the deepest essence of a company culture. However, when new members from other groups are entering to the existing culture bringing their beliefs, values and behaviors it can cause conflicts but also create something new. As organizations evolve and develop, or has a decentralized operating model, they create subgroups which create unintentionally their own subcultures that may conflict with each other and especially with the larger main corporate culture. (Schein, 2017, 11). If nothing before, this indicates how complicated cultural dynamics can be.

The formal definition of culture should be divided as follow to make it easier to absorb:

1. Culture is a pattern of shared basic assumptions
2. invented, discovered, or developed by a given group.
3. As the group learns to cope with its problems of external adaptation and internal integration,
4. that has worked well enough to be considered valid, and therefore,
5. is to be taught to new members of the group as the
6. correct way to perceive, think and feel in relation to those problems.

(Schein, 2017, 3-7).

There are multiple ways to classify culture. Guirdham (2011) divide culture by its elements: communication and language concern the written, spoken and body language; value, beliefs, and attitudes concern for example the personal space, religion; norms of behavior such as eating and drinking; manners and customs (e.g., hand shaking); social aspects; education, etc. As culture involves quite an entity, such as group, minority, or a country, it can be divided into several layers:

- National culture – mainly country or an area based, distinguishes through common language, shared moral values, national symbols or rituals, family life

patterns and values, female vs male roles, ways of resolving conflicts, economy, politics, and ethnic and racial identity.

- Industrial or business culture – the business practices and behaviors that companies practice when doing business with other companies. Includes negotiation tactics, (international) management and cross-cultural communication.
- Organizational culture – concern the culture within an organization, can be characterized by its common language or shared technology, behavioral norms (relation between management and employees), preferred communication methods, the internal values and how they are executed, and the degree of empowerment of employees.
- Individual culture – inherited and unacknowledged characteristics that are tied to a personal and family values, hierarchy, family roles etc.

4.2 What do other known researchers say about company culture?

Despite Schein being one of the most well-known professors to study and talk about culture, it has been studied and described in multiple other studies throughout the years. Continuing the list of descriptions starting with the next oldest after Schein's original description in 1980, Geert Hofstede stated that culture is the collective programming of the mind, learned patterns of thinking, and behaving that distinguish members of a particular group from other groups (1992). In 2006, M.J. Hatch & A.L. Cunliff said that culture is a collective feature of a group, described as shared meanings, beliefs, assumptions, understanding, norms, values, and knowledge. Nilofer Merchant pointed out the culture is a group of habits, that enable people to do teamwork based on assumptions and not negotiations. Therefore, culture is not what we say but what we do without asking (2011). Groysberg referred culture to be the unconscious social order of an organization: it shapes the attitudes and behaviors of its members in many and sustainable ways. (B. Groysberg & al, 2018). The latest description of culture is from Panu Luukka from 2019. He said that corporate culture refers to the conscious and unconscious values, structures and practices of a company that guide the thinking and behaviour of its employees and connect and distinguish them from other organizations. Some significant historical persons have also referred

to company culture while it has still been quite unstudied concept. Herb Kelleher, the founder of Southwest Airlines has said that “Culture is what people do when no one is looking”. Also, Henry Ford has used the same phrase, only adding: “Quality is doing things right when no one is looking”. (Luukka, 2020, 11). As can be seen from the descriptions above, the formal and deepest meaning of culture and corporate culture has not changed but it has gained much more depth meaning the concept being extremely complex.

Schein says that to understand how culture works, two perspectives, *culture content* and *culture structure*, must be differentiated. The point is the culture content to be everywhere/all over the map. To receive some sense to the variety, the *culture structure* must be observed first and develop a perspective on how the complex cultural landscape should be encountered. The *culture content* means all the things that culture is about, what are the key values and what are the rules of behavior that need to be followed. (2017, 1)

4.3 What is meant by company culture then?

As a term, company culture (also corporate culture and organizational culture) is relatively new. Jaques Elliot used the term in his book *The Changing Culture of a Factory: A study of Authority and Participation in an Industrial Setting* (1951), which focuses on the relationship between metal workers and their managers. Company culture is described then to be its personnel’s traditional and common way of thinking and doing things that all its members more or less share, and that new members must learn or at least partly accept, in order them to be accepted as a part of the community. Referring to Paul Millerd (2020) and his findings about the topic, by the 1952 there was already over 134 definitions for the term culture. In 1980’s Edgar Schein changed the way company culture is understood and implemented in organizations this day by identifying and structuring the concept.

4.4 How can the culture be seen in the organization?

A culture must always have an owner with a face and a guard that protects the owner. In many organizations culture is often thought to be in HR responsibility. If this is the case, the actions that are meant to improve the culture are usually detached and not in line with the real culture. Luukka (2019) says that HR has their role in building the culture but in the end the company culture is owned by the company CEO, other active leaders and other possible owners that are visible in the company everyday life. The most influential parties in building and executing company culture are the owners, leaders, HR, managers, and employees. All these together make the culture.

According to Luukka (2019, 9) everything in the company must be built to support the company culture. In order the culture to be strong and visible in everyday life in the organization all processes, policies, awards, recognitions, and events must be formed from cultural aspects. He states that Finnish organizations are very good in diversity of practices (for example how many channels are used for communication) and coverage (everyone are treated equally everywhere throughout the organization). All the actions must be integrated within the entire organization.

Company culture can be defined in two ways: the first one is sociological, thinking that an organization *has/owns* a culture, the second one is based on social anthropology, saying that organization *in itself is* the culture. Luukka states that the most commonly used theory is the first one, a thought of that culture is characteristic to the company, yet discrete. (2019). This in mind, it can be said that culture is not normally noticed by its bearer as they do not see how culture affects their behaviour and therefore do not recognize their own culture as they should when entering to an international mother company.

5 PRESENTING DIFFERENT CULTURE THEORIES

5.1 Edgar Schein model of organizational culture

Edgar Schein, a well-known psychologist of the Sloan School of Management, developed a model in 1980's for understanding and analyzing organizational culture dividing it into three distinct levels: *artifacts*, *values and assumptions* as described in figure 3. (2017, 17). The three-level model of how to define and think about culture has remained as a skeleton for the newer studies and is still considered to be the base of how the concept is understood today. The Schein model definition is focused on how any culture is learned and evolved providing the outlook for observing and examining all the cultures that can be encountered in organizations. Even though the original model is from 1980, it has not changed during the years but only developed and received more depth to it. In this study the original model follows on the background but in order to deliver as coherent analyze to the case company problem as possible, the Schein's newest edition of his study will be used.

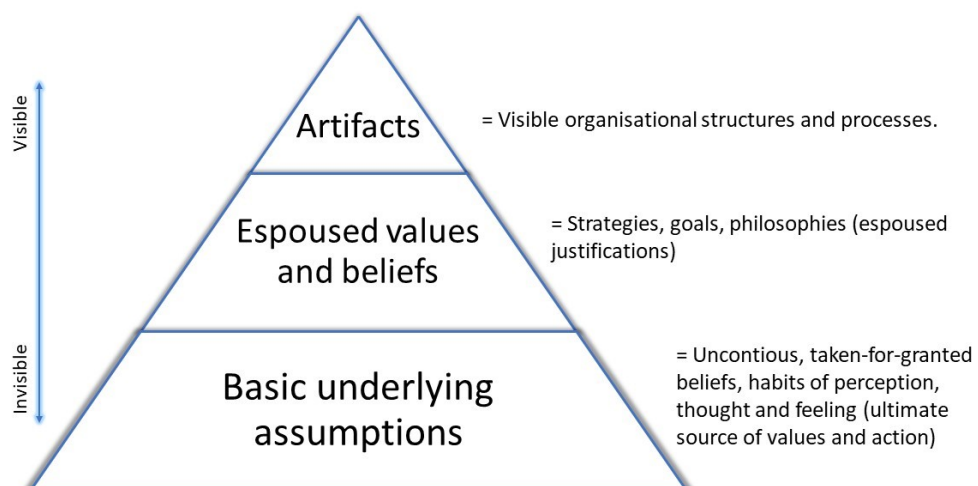


Figure 3. Levels of organizational culture

Artifacts are typically the things that are visible for everyone, even for outsiders (such as architecture of company's physical environment, language, technology and products, style as in clothing, form of address, emotional displays, stories told about

the company, its public values and its observable rituals and ceremonies). They can be easy to observe but sometimes difficult to understand, especially if company does not have any deeper understanding about what these mean culturally. (2017, 17). In the case company, these could be for example the company own solutions that are seen in publications, company provided clothes, office space manners and values. These artifacts can also give a negative view for outsiders and usually this indicates there is something wrong in the company culture.

Espoused beliefs and values or ethical rules are conscious and explicitly articulated as they are used for guiding group members how to deal with certain key situations and also in training new members how to behave. If the company articulated values and beliefs do not meet with values and beliefs that correlate with effective performance, it means that these espoused values reflect the organization desired behavior, but they do not reflect in observed behavior. (2017, 19). For instance, in the case company's ideology it is said that it values people and that it has high quality standards, but its actual record in that regard is in slight contradiction with what they say and what is the reality. The employee is the star- manifestation is a very nice idea and can be attractive to new candidates, but in reality, the employees are not praised or remembered any special way after they have started in the project. This can also be explained by the drive for growth but not realizing there are also the existing people that must be acknowledged to keep them content. "Espoused beliefs and values often leave large areas of behavior unexplained, leaving us with a feeling that we understand a piece of the culture but still do not have the entire culture in hand." (2017, 21).

Basic underlying assumptions creates a "thought world" or a "mental map" that withholds a set of definitions on what to pay attention to, what things mean, how to react (emotionally) to what is going on and what actions should be taken in various kinds of situations. When these are repeatedly handled successfully with a certain way, they may be taken for granted in the future. In such situation any other ways are found inconceivable. Broader assumptions about human nature often evolve from a larger culture in which the organization is ingrained or from occupational units that cut across organizations. (2017, 21).

In Schein's fifth edition of *Organizational culture and leadership* he states that "every organizational culture is nested in other, often larger cultures that influence its character; and every subculture, task force, or work group is, in turn, nested in larger cultures, which influence them." (2017, xiii). To understand cultures in organizational level, it is crucial to understand the cultures within people as individuals, as they dominate people's behaviors and actions in various situations. The following figure 4. show a little different how all the pieces of an organization together create the organizational culture.

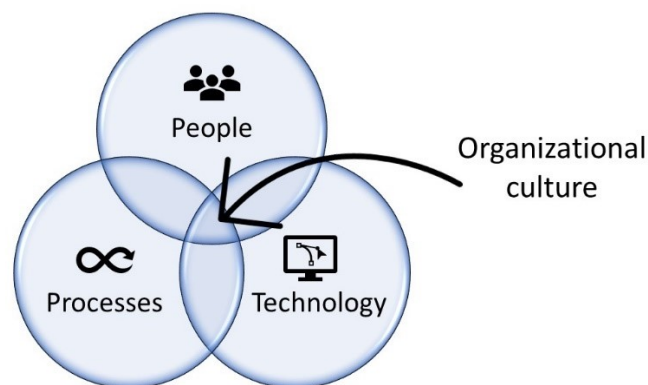


Figure 4. Where organizational culture happens?

The culture consists of the three basic levels but how are all the factors distributed in a company culture? As presented on figure 5., Schein believes, that rituals and rites of passage are 10% each, norms and stories told about and around the company have 20% each. The biggest portion of the company culture comes from the founder's values. All the factors combined equals 100% of company culture.

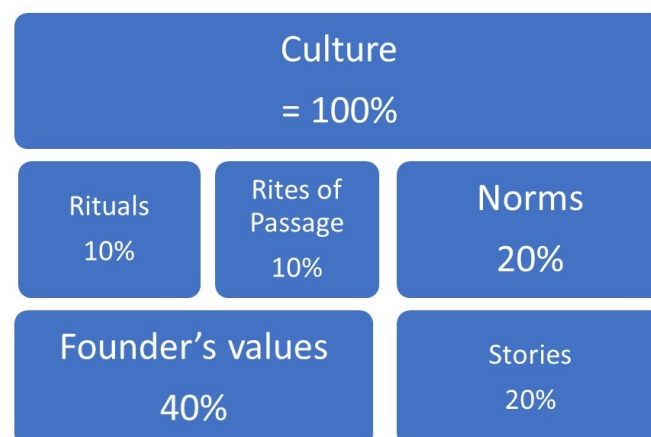


Figure 5. Percentages of company culture

When a company is founded, there is a common interest on the technology, the product or a service, and the occupational competencies required to perform. This means that the founders have already in this stage common ways of thinking and discerning certain things, which are the base for the company culture.

In Schein's model there are common conceptual themes such as:

- Culture implies stability over time being the lasting part in organizational culture.
- Culture emphasizes conceptual shared meaning (how people think, feel and process things).
- Culture implies patterning: new employees can be confused but over time they learn that there is a pattern which have emerged for a reason.
- Culture implies dynamics: it becomes stable over time while people and interaction cause moving.
- Culture implies all aspects of group life: it is a through-and-through part of everybody's experience in a group.

All nations, ethnic groups, religions, and other kinds of social units have cultures. Schein calls these as macro cultures. How do these macro cultures affect to a company culture? The ground assumptions should be that they do not. In a multinational organization that has subsidiaries or satellite offices/locations around the world should have the same cultural norms as the mother company and headquarter. However, as already in local level, there most likely is differences in subcultures, the farther the subsidiary is from the headquarter, the more the culture is affected by these macro cultures. (2017, 27) For instance, Poland has rather different culture compared to Finland that can be seen in religious orientation which affects their politics and laws, but also in their business behavior. Therefore, it is difficult to implement Finnish company culture to Polish group where the behavioral patterns are inherent by default. Then again Poland and Germany and also Finland and Sweden have some similarities in their cultures which makes it easier for them to adopt operating models reciprocally from each other's.

Schein summarizes the three-level model with the lily pond metaphor (2017, 25-26). In the picture, there is a man watching over the pond that is covered with water lilies. The leaves and blossoms of the lilies on the surface are the artifacts; things we can see and evaluate. The man who has created the pond (metaphor for leadership) has announced what he hoped for and expected in the way of the blossoms and leaves by providing publicly accepted beliefs and values to justify the outcome. The man may or may not be consciously aware that the outcome is in fact a result of how the seeds, the root system, the quality of the water and the fertilizers he put in the water combined that have helped to create the blossoms and leaves. The man's lack of awareness of what actually produced the results may not matter if the values and beliefs he announced were compatible with how the leaves and blossoms turned out.

However, if an observer notices differences between what the man has claimed and what comes up as blossoms, they would both have to examine what is put in the water and in the root system. Also, if they want a different color blossoms, they cannot just paint them; they would need to know how to change the seeds, examine the water quality and the fertilizer – these being the invisible DNA of the pond. “Leaders who want to change the culture cannot do so by painting the blossoms or pruning the leaves. They have to locate the cultural DNA and change some of that.” (Schein, 2017, 27). This metaphor describes in a very simple, yet accurate way how the culture could be changed and most importantly, what is needed to change the culture. It is not just one or two individuals within the organization who can make the difference; the effort and change are required from each member of the organization and they must be committed to the change to make it happen. In the case company, this way of thinking must be set in every management team member head to turn the culture towards more supporting and teamwork-oriented direction, and to replace the current individual brilliance setup.



Figure 6. Lily pond metaphor, Schein, 2017, 26. Original artwork by Jason Bowes – Human Synergistics

5.2 Geert Hofstede theory of multinational cultures

Professor Geert Hofstede conducted one of the most comprehensive studies of all times of how values in the workplace are influenced by culture. The data was collected between 1967 and 1973 and it covered information from over 70 countries. Even though the study was conducted a long time ago, Hofstede has updated the study and also his model, last in 2010, which will be the source for presenting his theory of what drives people apart even when cooperation is clearly everyone's interest.

In the *Cultures and organizations: software of the mind* (2010) it is said that many books tend to discuss only the sunny side of cultural synergy but passes the cultural conflicts. Hofstede et al. states that a cultural shock is needed when discussing about and studying culture as it gives comprehensive understanding from both sides. The

world is full of strife between people, groups and nations who think, feel and act differently. Despite these differences, they all face the same common problems that require cooperation for their solution. Coping with the threats requires leader's cooperation but also broad support from their followers in order to implement the decisions taken. "Understanding the differences in the ways these leaders and their followers think, feel, and act is a condition for bringing about worldwide solutions that work. --- One of the reasons why so many solutions do not work or cannot be implemented is that differences in thinking among the partners have been ignored." (2010, 15). The reason for the case company to have such unattached subsidiaries is most probably that the cultural or even regional differences have not been acknowledged or there has not been time or interest to focus on to create a well-functioning culture that support and follow the mother company culture.

Hofstede et al. describes the patterns of thinking, feeling, and acting as *mental programs*, or as per the book's subtitle *software of the mind*. These patterns are something that one has learned throughout their life and only partially predetermined by their mental programs meaning a person can deviate from them and react in ways that are new, creative, destructive, or unexpected. As said already on chapter 4, Hofstede defines culture being collective programming of the mind, learned patterns of thinking, and behaving that distinguish members of a particular group from other groups (1992).

Culture is always a collective phenomenon that includes also human nature and primitive patterns that exists in every community all around the globe. *Human nature* represents the universal level in one's mental software and what all human beings have in common. Human nature is inherited in genes and when describing it in technology terms, it can be seen as the "operating system" that determines people physical and psychological functioning. The persons individual *personality* is their own set of mental programs that does not need to be shared with any other person. It consists of characteristics that are partly inherited within the persons genes and that are partly learned, meaning personality can be influenced and therefore modified by the culture but also by personal experiences.

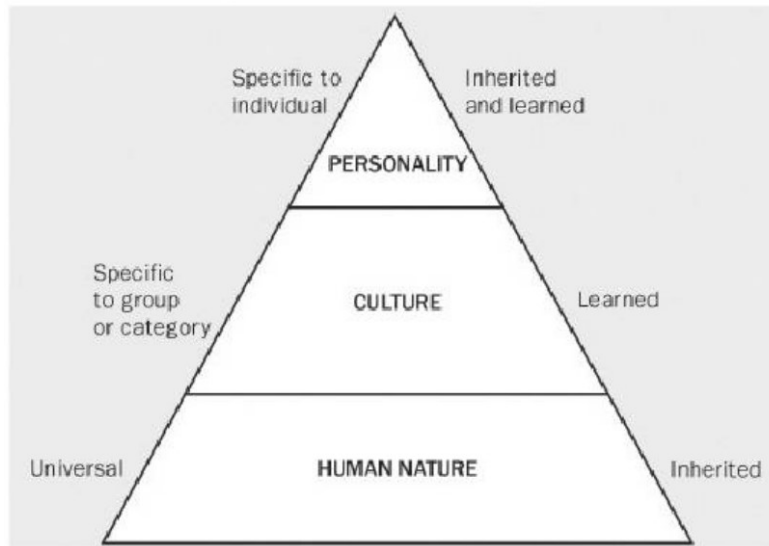


Figure 7. Three levels of uniqueness in mental programming (2010, 17.)

On the Figure 8. the manifestation of culture has been pictured as layers of an onion, indicating that *symbols* represent the most superficial and *values* the deepest meaning of culture, while *heroes* and *rituals* stand somewhere in the middle. Symbols, heroes, and rituals are incorporated under the term *practices*. This manifestation is more commonly called as the “layers of culture”. Even though being so visible to outside viewers, their cultural meaning, however, is invisible existing precisely and only in the way these practices are understood by the insiders.

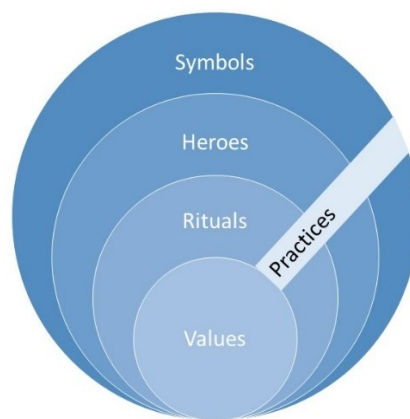


Figure 8. The “onion” manifestation of culture, Hofstede, 2010, 19-20

Symbols mean words, gestures, pictures, or objects that has a particular meaning to another who shares the same culture. Also, hairstyles, clothing, flags, status symbols, jargon and words in a language belong to the symbols. Some of the symbols are regularly copied to another cultural group and therefore old symbols disappear when

new ones come to replace them. These symbols should be implemented more to satellite offices and subsidiaries to create the common cultural aspects despite the regional location of the office or team. Symbols are one main way to spread the culture as they represent the company culture and easy to adopt to daily operating. (2010, 19)

Heroes are persons that are highly prized in a culture and therefore act as behavioral models. Heroes can be alive or dead, real, or imaginary but in corporate culture they are usually the most visible characters, founders, managers etc. that are to lead by their example and become the cultural heroes of the organization. (2010, 19). Currently in the case company there are two teams to say so, that see the company heroes very differently: the project team employees have only very shallow touchpoint to the company leaders and the visible “heroes” while the management team see beneath the surface and would identify totally different heroes than the employees working in customer projects.

Rituals are collective activities that are socially essential within a culture but technically unneeded to reach the results. For example, ways of greeting and paying respect to others, social and religious ceremonies are categorized as such rituals. In business meetings that are seemingly organized for reinforcing group cohesion or allowing leaders to profess their selves serve also ritual purposes. Rituals include a discourse, a way that language is used in daily conversations, interaction and communicating. The rituals are key factors for creating a unified code of conduct and employer brand not to mention professional atmosphere in the working community throughout the company. (2010, 19-20).

According to the Figure 8. in the core of the culture is *values*. They are broad inclinations to prefer a certain situation over others, for example evil versus good, moral versus immoral and irrational versus rational. The case company values are:

- Clients and results first: “We deliver more value than expected to our clients by fiercely developing and supporting one another across the company.”
- Honesty: “We are transparent throughout the company and towards clients. We have the courage to disagree, invent and champion unconventional solutions to problems.”

- Taking responsibility; “We expect our people to proactively own every problem and/or project they face with a client or our company and get it done.”
- Competence: “Our company consists of top-notch technical talent dedicated and excited about developing themselves and solving the toughest challenges.”
- Together; “We work together efficiently as one team following agreed guidelines while respecting our colleagues and diversity.” (Case company internal guidelines).

In the Cultures and organizations, Hofstede et al. gives an example of 30 people stranding on an inhabitant island where no-one has a common language or shared habits indicates that culture cannot be escaped, and it always finds its form. In a group of strangers creating shared rules is a precondition for group survival. This group created their own culture leaning on their individual heritage and combining them into the most effective and commonly accepted rules creating a culture and a community that is ready to reproduce itself for the next generations. (2010, 22). This is something that happens also in acquisition: different cultures without common language or practices must work together to survive and continue growing as a one community with their new mutual rules and language. Those who resist and are unwilling to cooperate and learn from others or act according to mutual rules and values, are isolated and left out. These kinds of employees can also be called as unsuitable for the company culture and therefore they should be identified already on the recruitment situation and not hired as their negative attitude could to risk the synergy and culture with their toxic presence and actions.

Hofstede et. al. presents an interesting question about “our group”. Despite intergroup conflicts are known to be disruptive, they still exist. What is meant by “our group” then? The question itself is in the center when investigating any type of group. Already in a very young age people learn who is and who is not member of a certain group as well as what it means by drawing a mental line around those who are considered to belong into the group. Only those included to this “moral circle” have full right and obligations within the group. People mental programs are shaped to fit in moral circle of our lives. It includes being proud of our family, being happy for our favorite sports team win, being ashamed of the failures of a group member or feeling guilty of committing a crime. There are differences among groups; for instance, religious

differences and especially the ones related to relationship between men and women, are the most drastic ones what comes to the moral discrepancy. Despite our moral, group-related emotions are universal.” The moral circle affects not only our symbols, heroes, and rituals but also our values. --- The moral circle, in many guises and on scales from a single marriage to humanity as a whole, is the key determinant of our social lives, and it both creates and carries our culture.” (2010, 23). The moral circle can be implemented to the case company when comparing the company own employees to subcontractors. Own employees are normally considered to be part of “our group” and in the moral circle, when subcontractors do not have that kind of tie to the case company being sort of outsiders with “their group” on behalf of the subcontracting company.

Hofstede published his cultural dimensions model in 1970’s including over a decade worth of research. Nowadays the model is internationally recognized standard for understanding cultural differences. Originally, he identified four dimensions, but later added two more dimensions, that could differentiate one culture from another. These dimensions are:

- Power Distance Index (high vs low)
- Individualism vs Collectivism
- Masculinity vs Femininity
- Uncertainly Avoidance Index (high vs low)
- Long- vs Short-term Orientation – new dimension
- Indulgence vs Resistant – new dimension

The theory describes only the central tendencies in societies. As organizations, teams, personalities, and environments may vary widely, the cultural leadership, intelligence and etiquettes must be well known before these dimensions can be used to determine one specific culture.

Power Distance Index (PDI) refers to how much the society values hierarchy and how much distance there is, for instance, between an employee and their managers, relationships. A high PDI score in organizational culture shows that the society obtain an unequal, hierarchical distribution of power, and that all members “know their place”

in the system. As Hofstede states, in a high PDI organization, superiors and subordinates see each other existentially unequal meaning that the hierarchy within the organization is based on experiential inequality. On a small PDI organization superiors and subordinates see each other existentially equal. A low PDI talk about shared power and that the power is widely spread, and that the members of the society do not accept situations where power is unequally distributed. This kind of organizations are usually decentralized with flat hierarchy and limited number of supervisors. On the cultures that has a high PDI, the organizations are centralized, have more complex hierarchies and large gaps in compensation, authority, and respect. If these characteristics are identified in an organization, and the direction want to be changed, the leader's status should be acknowledged but questioned to figure out whether the operating is reasoned or not. In Hofstede's questionnaire subordinates saw their managers almost identically as the managers saw their own bosses. It is said that if a manager wants to know how their subordinates see them, the manager should look on their own manager; this is called "the moral of managers". Cultures with low PDI has flatter organization model where supervisors and employees are considered almost as equals. To succeed in this kind of organizational culture, people must be willing to delegate as much as possible and ideally be involving all those in decision making who will be directly affected by the decision. There is no research evidence about systematic differences in effectiveness between large PDI and small PDI organizations. However, there might be some areas that the extremes have; small PDI cultures are good at tasks demanding subordinate initiative, large PDI cultures are good at tasks that demand discipline. (2010, 58-69). In the case company it is relatively challenging to determine which extreme the organization represents as there is two very different groups or teams working in very different tasks, creating varying organizational substructures within each team. Employees working in customer projects have very low PDI meaning they can be considered as equals regardless the project they are working at. In management team the hierarchy is clearer however not exaggerated allowing everyone to participate to the development of the company. The biggest issue in management & administration team culture is lack of communication and unwillingness for teamwork and helping others. This can be seen as one of the main issues within the company and that can in the long term be the biggest obstacle for developing the organization and its operating any further.

Individualism versus Collectivism (IDV) refers to the strength of the ties that people have with each other's within their community. Individualism is more about person being responsible of their selves only and having a mindset of being more important than others. Collectivism on the other hand is being responsible for society and having a mindset of society being more important than individual. If the community, in this case working community, has a high IDV score, it indicates a weak interpersonal connection among those who are not considered belonging to the core group and therefore taking less responsibility for others' actions and outcomes. In these high IDV rate kind of situations, the people's time and their need for privacy and freedom are highly valued. While the previous are appreciated, people also find pleasure in challenges but on the other hand expect individual rewards and acknowledgement for hard work and their accomplishments. Hofstede said that extreme individualism and extreme collectivism should be seen as the opposite poles: individualist and collectivist poles. As indicated earlier, personal time, freedom and challenges are the individualist pole work goal items identifying the importance of employees' independence from the organization, and training. Physical conditions and use of skills are on the opposite, collectivist pole work goal items that refer to things the organization does for the employee and this way stressing their dependence on the organization. In high IDV cultures, the employees should be recognized and encouraged to debate and express their own ideas. On the other hand, if culture has a low IDV, the company and leaders should emphasis on building their own but also their employee's skills and aim mastering them. In low IDV cultures maintaining harmony between group members overrides other moral issues. Leaders should avoid giving negative feedback in public and understand that suppressing feelings and emotions may endanger the harmony within the community. (2010, 80, 104-107). In the case company, and especially in the management & administration team, there are several individualists that are only concerned about bringing out their own superiority and unwillingness for helping others. However, there are also those who has clearly more collectivism mindset of society being more important than individual. To maintain and develop further the latter, collectivism culture in organization, all of the individualists must be converted toward more collectivism mindset and leaders should in some state even demand them to change their attitude to more society supporting operating. The company base idea and value has been that "employees are the stars", which, unfortunately, have not been

highlighted enough or even in that state that current employees are aware of this idea and value.

Masculinity versus Femininity (MAS) refers to the distribution of roles between men and women. These two alongside with individualism and collectivism, are the result dimensions that were produced from the Hofstede executed IBM questionnaire. Hofstede has set the following work goal items into two poles: masculine and feminine. On the masculine pole the most valued features are earnings, recognition, advancement, and challenge. In a masculine society the roles of men and women overlap less, and men are expected to behave assertively. In masculine company cultures demonstrating success and being strong and fast are seen as positive characteristics. By contrast, in feminine societies the overlap of these two roles is a great deal and modesty is perceived as a virtue. Good relationships with direct supervisors or working with people that work well together, are in a major role. On the feminine pole the most valued features listed are having a good managerial relationship, cooperation, living area and employment security. On Hofstede's example, Japan has the highest score of 95 (masculine) and Sweden the lowest measured value of five (feminine). In Japan, the organizational culture is very hierarchical, traditionally patriarchal, and deferential including long working hours and difficult for women to gain advancement due to family commitments. (2010, 138-141).

In high MAS cultures strong egos and feelings of pride are attributed to status, and money and achievements are very important to these employees. In these organizational cultures, leaders should pay attention to the possibility of differentiated gender roles and focus on motivating employees by precise targets and by being able to show that the targets can be achieved as groups or as individuals. As a comparison, Sweden and Finland are very feminine society where people focus on managing through discussion, consensus, compromise, and negotiation. The operating is very relationship-oriented and consensual focusing on quality of life. In these kind of cultures leaders should eradicate the "old mans' club" way-of-thinking and -acting and focus more on equality. In low MAS cultures workplace flexibility and balance between work and leisure time is important, both in terms of job design, organizational

environment and culture, and the way that performance management is best realized. (2010, 142-147).

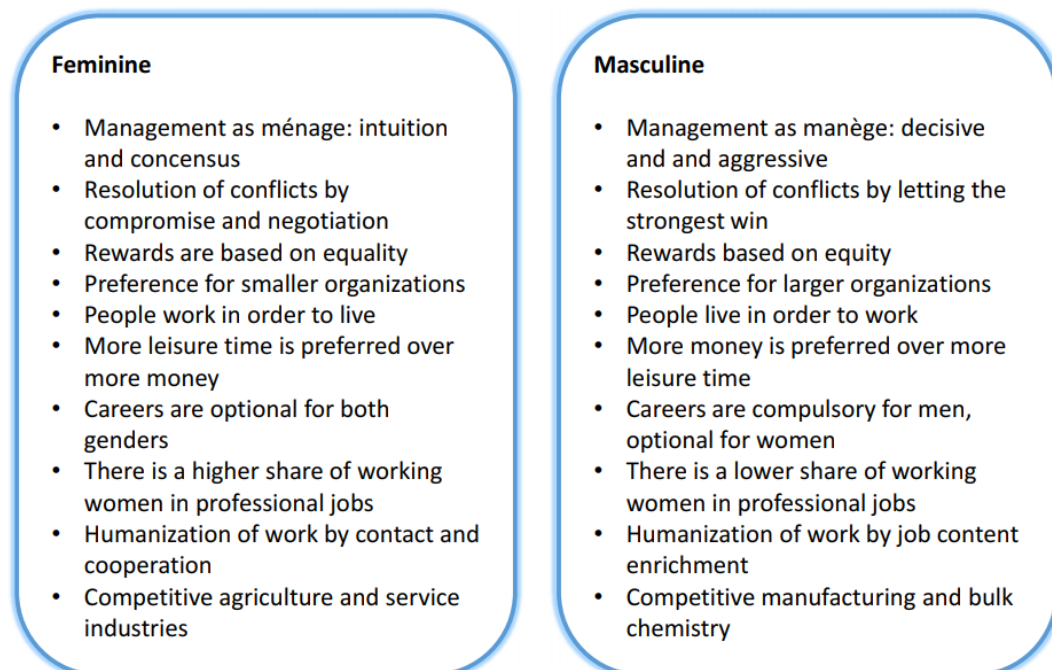


Figure 9. Key differences between feminine and masculine societies in workplace, Hofstede et al. 2010, 147.

When comparing MAS scores between genders and age, it is clear that young men and women cherish more technical interests (masculine) and older generation cherish more social interests (feminine). These in mind, it could be suggested that younger people are better as technical managers and older people are better as people managers. Hofstede points out that a culture can be either masculine or feminine, there is not in between. Individuals within the culture can however be masculine or feminine but when considered the cultural majority and how it should be categorized, there is only one of the two. The ordering of occupations in Hofstede's research the list from masculine to feminine was as follow:

1. Sales representative
2. Engineers and scientists
3. Technicians and skilled craftspeople
4. Managers of all categories
5. Semiskilled and unskilled workers

6. Office workers (2010, 128-129)

The list indicates clearly what sector has the most impact in company culture. In a Finnish rather feminine case company culture, masculine and strong-willed salespersons try to set the rules and boss rest of the employees to operate according to their desires causing friction among other sectors leading to unstable and unpleasant working environment, this being the situation in the case company. According to Hofstede et al. technology establishes changes on the work people do in the future. Only those jobs that cannot be automated will remain.

- Jobs dealing with the setting of human and social goals including all political and organizational top-leadership functions.
- Creative jobs that are about inventing new and subjecting them to criteria of usefulness, beauty, and ethics.
- Jobs that deal with unexpected events such as safety, security, defense, and maintenance.

After all, even though technology will replace some work tasks, there is relatively large group of jobs whose essence is human contact (supervising employees, entertainment, keeping people company and listening to them, helping them materially and spiritually, and motivating them to learn). Technology can be used as a resource for delivering some parts of the work, but it can never fully replace the physical factor. All the nonautomatable jobs, both, feminine and masculine values are necessary regardless which gender is executing in that job. Feminine values are superior when human contact is in the core of the task. (2010, 117-159).

Uncertainty Avoidance Index (UAI) describes how well people can cope with anxiety and the fact that no one knows what happens tomorrow. The essence of uncertainty is that it is subjective experience, a feeling, acquired and learned by one's society. The feelings and ways of coping with them belong to the cultural heritage of that particular society where the members reflect these methods. These collective patterns valued in one society, may seem abnormal and baffling to other societies. Hofstede et al. describes the Uncertainty avoidance as the “*extent to which the members of a culture feel threatened by ambiguous or unknown situations*”. (2010,163).

In a high UAI scoring societies people attempt to make life as predictable and controllable as possible and by this minimize any risks that may be involved. If these people find that they cannot control their own lives, they may stop trying, saying they leave their fate “in the hands of higher power”. Cultures with high UAI score are conservative, rigorous, and structured, unless the risk of failure requires more flexible attitude meaning they accept any risks that may be involved and sort of “go with the flow”. They can be high energy societies if people feel they are in control of their life and are allowed to express their emotions if needed. In high UAI cultures employees and management look for long-term employment whilst struggling to find right work-life balance. Leaders in this kind of organizations must be clear and concise about their expectations and objectives, and set clearly defined parameters, but also encourage towards creative thinking and dialogue whenever possible. It is stated that people are programmed to feel comfortable in structured environments and what can be structured should not be left to chance. Leaders should recognize also the possible unspoken rules or cultural expectations within the organization, and that different emotions, anger and vigorous hand gestures may be nothing more than part of a conversation. However, cultures where people talk with their hands, where it is acceptable to raise one’s voice or show emotions, or even pound the table are usually anxious cultures. All these must be taken into consideration when combining or implementing acquired cultures to the mother organization culture and also be able to handle these varying situations. In low UAI-scoring countries people are more relaxed, open, and inclusive. These cultures are more open to change or innovation, more prone to open-ended learning or decision making and there is less sense of urgency. These cultures consider rules being something that should be created only in an extreme need and only for deciding about bigger entities as many problems can be solved without formal rules. Leaders should ensure that their employees remain focused without creating too much structure. In these cultures, titles are less important and overly expressing one’s knowledge or experience should be avoided. At workplace there can be both, strong and weak uncertainty avoidance societies. The ones in strong UAI society like to work hard or be busy all the time, there is a constant feel of hurry and the common phrase used could be “time is money”. The ones in weak UAI society are able to work hard if needed but they do not have an inner drive for constant performing. (2010, 168-183).

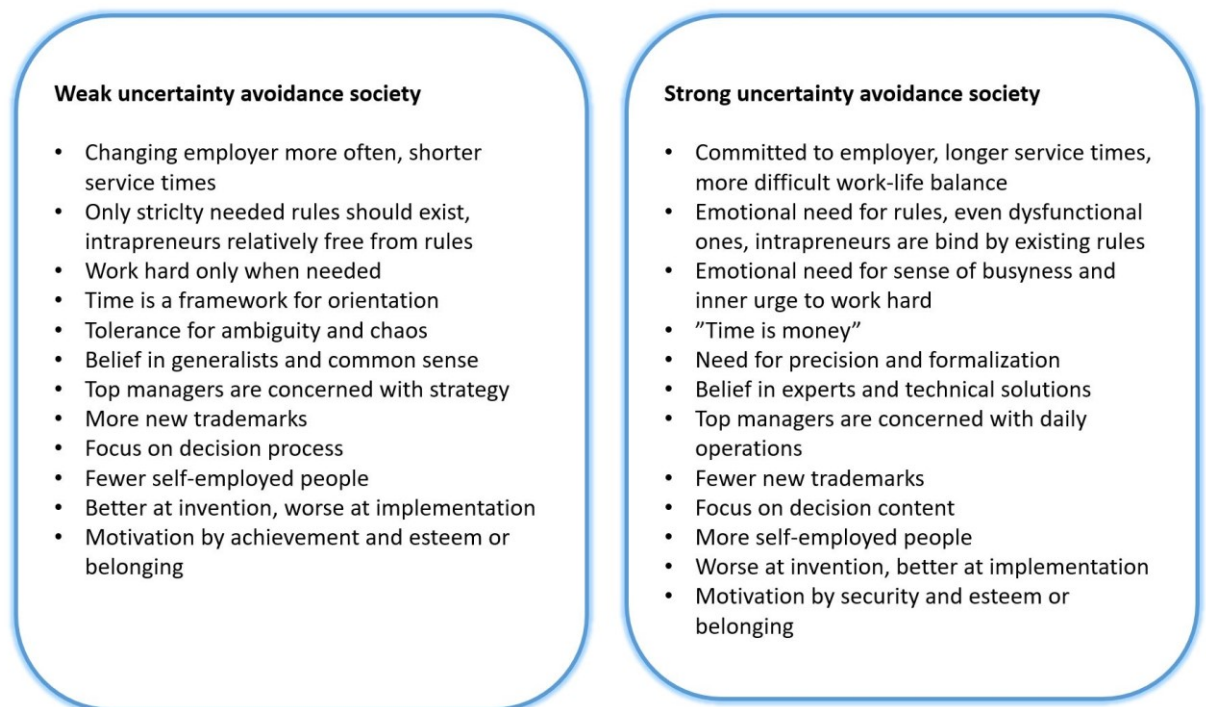


Figure 10. Key differences between weak and strong uncertainty-avoidance societies at work, organization and motivation, Hofstede et al. 2010, 183.

Uncertainty-avoiding cultures have a strong belief that their organization has high level of expertise and more specialists. Innovations and technologies are adopted rather slowly and rather carefully in uncertainty-avoiding societies. In these cultures where societies are afraid of people who are afraid of anything different, this is called a Xenophobia. Uncertainty-accepting cultures on the other hand has a mutual belief in common sense and in generalists meaning they believe that a good education is solid way for reaching a career in management level. (2010, 183).

As seen on the figure 11. below, all the case company operating sites are relatively spread on the UAI versus MAS chart which indicates the variety of cultural characteristics that are meant to be combined to the mother organization in Finland. This figure illustrates a two-dimensional plot combination of cultural uncertainty avoidance (vertically) and masculinity-femininity (horizontally) highlighting different motivation patterns between countries. Motivation itself is a classic concern of management; how to motivate employees to stay and commit to the company? Motivation will be discussed more on the chapter 8.

Figure 11 present Uncertainty Avoidance versus Masculinity and how the case company operating locations are rated. Countries on the *upper right* has a strong need for achievement when countries on the *lower left* have a weak need for achievements. “Low UAI means willingness to run unfamiliar risks, and high MAS reflects the importance of visible results.” (2010, 180). The base for this figure is formulated by Abraham Maslow and his hierarchy of human needs, known as Maslow’s hierarchy. Maslow’s needs are aligned from lower to higher: physiological, safety and security, belongingness, esteem, and self-actualization.

- Safety or security is likely to conquer other needs where uncertainty avoidance is strong.
- Belongingness (human relationships) will conquer over appreciation in a feminine culture, but appreciation prevails over belonging in a masculine culture.
- Supreme motivators (other than type of work being equal) are self or group achievements and esteem (upper right-hand corner), achievement and belongingness (upper left-hand corner), security and esteem (lower right-hand corner) and security and belongingness (low left-hand corner).

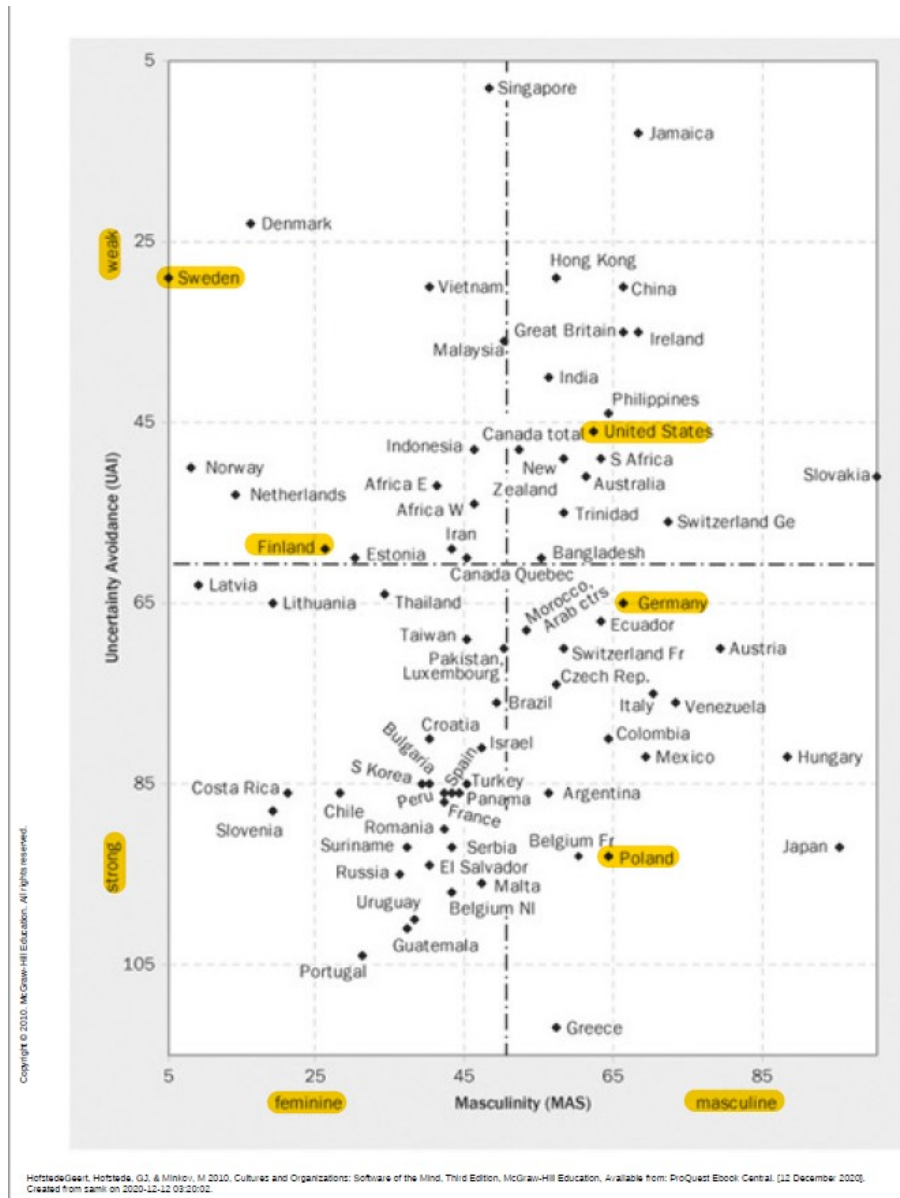


Figure 11. Uncertainty Avoidance (UAI) versus Masculinity (MAS), Hofstede et al, 2010, 180

On figure 12. Uncertainty Avoidance versus Individualism are presented in one chart, highlighted the case company operating locations. Countries in the *upper right-hand corner*, the strong uncertainty avoidance (“what is different is dangerous”) is merged with collectivist exclusionism (strong identification with in-groups). In these countries intergroup conflicts are usually eliminated by denying it or trying to homogenize or quell minorities. *Upper left-hand corner* countries may also include different groups that has strong group identities, but they have found a way to live with and tolerate each other. *Lower right-hand corner* countries (Poland and Germany) tend to maintain hostility towards minorities and ethnic, religious, or linguistic opponent groups.

However, the universalism of the individualist state tries to ensure that everyone is treated equal, and their rights are respected. Countries in the *right lower left-hand corner* (especially USA, also Sweden and Finland) has a common belief that majority will at least in theory support assimilation of minorities and equal rights for all. There are different ethnic, religious, or linguistic groups within a country borders, some more homogenous than others, so it is up to the population and government how they deal with such conflicts. (2010, 186-187).



Figure 12. Uncertainty Avoidance versus Individualism, Hofstede et al. 2010, 185.

Long- versus Short-Term Orientation, originally described as “Pragmatic versus Normative (PRA)” refers to people perspective towards something, how people view things. Countries and cultures with a long-term orientation are usually pragmatic, modest and thriftier, which is seen as positive value alongside with education. Virtues and obligations are emphasized, and people are expected to behave in a modest way without talking too much of their selves. In a short-term oriented countries and cultures people are more focused on principles, consistency, and truth, and are typically religious and nationalistic. People in these societies often ask the question “why?” when on the long-term oriented societies ask questions “what?” and “how?”. In short-term oriented organizations employees need to sell themselves to be taken seriously but they need to be careful not to oversell themselves. People are also less willing to compromise as it would be seen as weakness. In short term orientation cultures, the aim is in immediate gain, the aims are usually short term and expensive. (2010, 199-205). Based on the descriptions, the case company has more long-term oriented culture but there are also some characteristics that aim for short-term operating.

Indulgence versus Resistant (IVR), discovered and described by Hofstede and Michael Minkov, is relatively new and therefore there is not that much data available. This dimension describes the way people express their feelings and how these desires are valued within a society. Countries and organizations with high IVR score allow or encourage rather freely people to enjoy their life and have fun and seek pleasure of people’s own drives and emotions. These high score IVR organizations value the freedom of speech, are optimistic and focus on personal happiness. Leaders in these organizations should encourage their employees to debate and dialogue in meetings and decision making, prioritize feedback, coaching and mentoring, and accentuate flexible working and work-life balance. In high restraint score cultures people are more pessimistic, and their behavior is more controlled and rigid. In formal sessions people are expected to act professional and avoid expressing any negativity in these situations. In low IVR score societies the emphasis is more on suppressing gratification and regulating more people’s conduct and behavior and having stricter social norms. Hofstede et al. gives two examples of both extremes: United States and Russia. When in USA the joyful and optimism towards people is a norm, in Russia these are interpret even offensive and rude. (2010, 236-247). The case company is somewhere in

between: the company encourage employees to have discussions and express their ideas and opinions, there is coaching and mentoring and possibility for flexible working hours, but the culture is also quite controlled and occasionally very rigid, which can be caused also by the social nature of relatively introvert employees in IT sector.

5.3 Hofstede's description of organizational culture

According to Hofstede the organizational, or corporate, culture has been a fashionable topic in the management literature already in the early 1980's. The authors in that time started to popularize the claim that organizational "excellence" was contained in the common ways the members of an organization had learned to think, feel, and act. Hofstede says that "Corporate culture is a soft, holistic concept with, however, presumed hard consequences." (2010, 50). Organization sociologists emphasize the role of the soft factor in organizations and by combining it to culture, the sociological views are multiplied conveniently within the organization. However, Hofstede reminds that organizational cultures are phenomena by themselves and they should not be mixed with national culture. This is because of the members of an organization did not grow up in that culture, yet they had a certain influence in their decision when joining it and being involved with it during their working hours.

From the dimensions described in detail on chapter 6.2 power distance and uncertainty avoidance affect the way people think about organizations. According to Hofstede et al. organizing requires answering the following questions:

1. "Who has the power to decide what?"
2. "What rules or procedures will be forwarded to attain the desired ends?" (2010, 254)

The first question is influenced by cultural norms of power distance and the second by cultural norms about uncertainty avoidance. Masculinity and femininity on the other hand affect to the thinking about people in organizations, rather than about organizations themselves. From the figure 14. below can be seen the comparison of

Uncertainty avoidance versus Power distance and how the case company location countries are positioned in that chart. Hofstede states that if the past analysis is correct, the position of a country should tell something about the country specific ways of solving organizational problems.

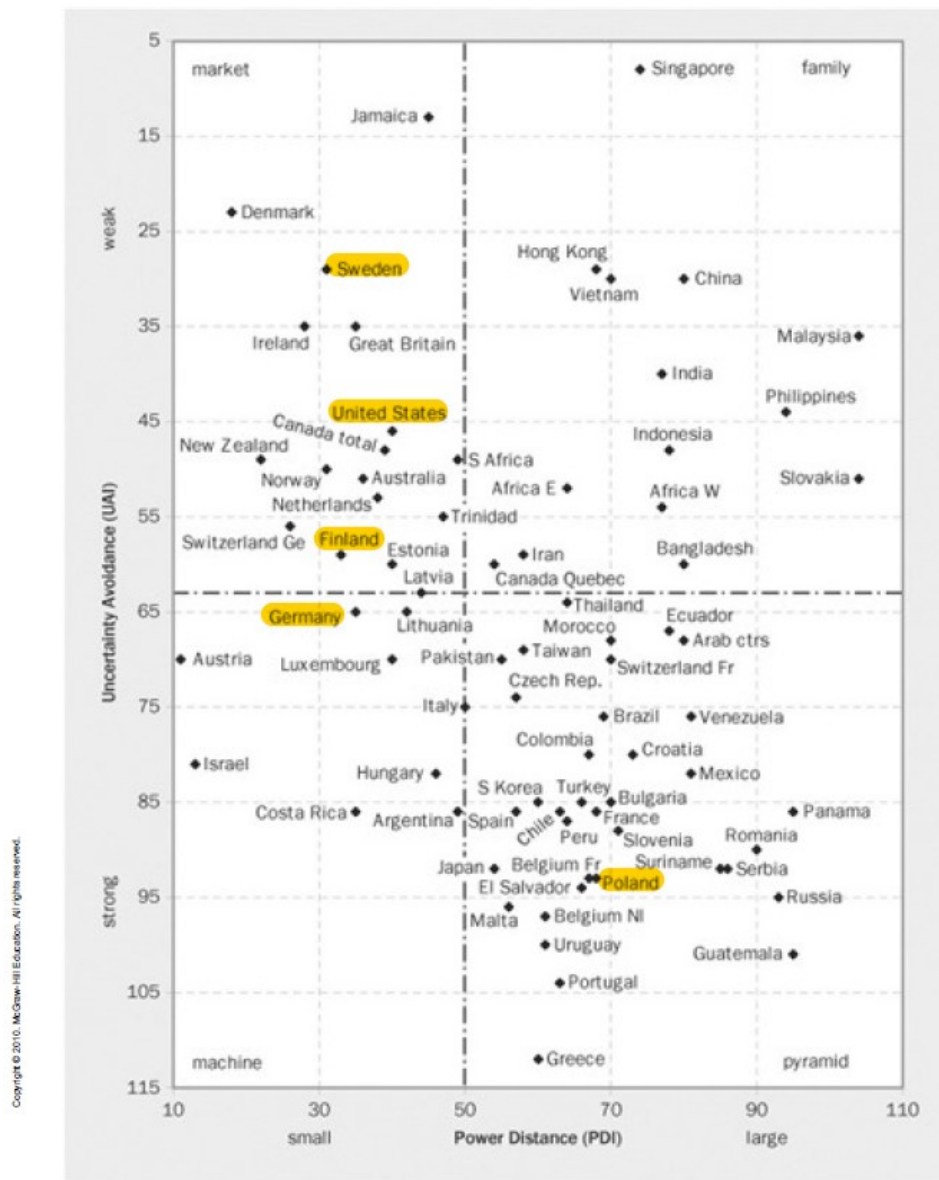


Figure 13. Power Distance versus Uncertainty Avoidance, Hofstede et al. 2010, 254

5.4 Henry Mintzberg theory of organizational culture

On the *Cultures and Organizations: software of the mind* Hofstede presents one of today's leading authorities on describing and summarizing organizational culture to

more practical concepts and easier to understand. Mintzberg's organizational types and structures are:

- The entrepreneurial organization
- The machine organization (bureaucracy)
- The professional organization
- The divisional (diversified) organization
- The innovative organization (“adhocracy”) (Hofstede et al, 2010, 253).

According to Mind Tools article Mintzberg's Organizational Configurations, (MindTools.com, 2020) *the entrepreneurial organization* has a simple, flat structure consisting out of one large unit with one or few top managers. The organization itself is rather unstructured and informal, and where lack of standardized systems allows the organization to be flexible. This kind of organizations are fast, flexible, and lean making it desired structure by many other companies, too. Mintzberg points out that normally young companies that are tightly controlled by the owner are typical examples of entrepreneurial organizations. He says that a strong leader may be able to bolster the organization as it grows but at some point, the structure can turn to insufficient if decision-makers become overwhelmed and start making bad decisions. Latest at this point, the decision-making power should be shared to other leaders to recover or maintain the “healthy” drive. It should also be remembered that if a company is dependent only on one or two individuals it is in high risk when it keeps on growing or the decision-makers move on to new ventures.

The machine organization has very standardized and formalized way of working, there are many routines and procedures, and tasks are grouped, and decision-making is centralized by functional departments. There are formal planning processes with budgets and audits to clearly define each job and these are regularly analyzed for efficiency. The machine organization has a tight vertical structure where functional lines go all the way to the top enabling top managers to maintain centralized control. Large manufacturers, government agencies and service firms, where following procedures and meeting precise specifications are valued, are often machine organizations.

Like machine organization, *the professional organization* is also very bureaucratic. The key difference between these two is that professional organizations rely on top-notch professionals who want to control their own work. Even though machine organizations have talented people and clear processes, and in professional organization the degree of specialization is also high, but the decision making is decentralized. The professional organization is complex with many rules and procedures which allows companies to enjoy the efficiency benefits of a machine structure. However, as the authority and power are spread down the hierarchy, the executives lack in control which can be seen as a clear disadvantage and make change within the organization extremely difficult. This kind of organization has typically a big number of knowledge workers and therefore this structure is most seen in schools, universities, accounting, and law firms.

The divisional (diversified) organization structure can be seen in companies that has many different product lines and business units. There is a central headquarter that supports several autonomous divisions that has their own unique structures and make their own decisions. Divisional structure can be found in mature organizations that operates in different geographical regions producing wide range of different products or have even several brands under the “mother company”. Comparing to machine structure, the divisional structure allows line managers to maintain more control and accountability keeping the day-to-day decision making decentralized and by that allowing the central team to focus on making the strategic plans for the bigger picture. This, however, can cause conflicts when the central team must compete for limited resources from headquarters while resources and activities are duplicated. According to Mintzberg, this structure works well in large companies that do product or market diversification. It works best in industries that are stable and not too complex as these organizations can be rather inflexible.

The innovative organization is used in new industries where companies need to innovate and function on an ad hoc (“made or happening only for particular purpose or need, not planned before it happens”, Cambridge Dictionary, 2020) basis, without heavily limiting centralization, bureaucracy, and complexity. Companies with this structure are usually in filmmaking, consulting or pharmaceutical project-based industries and they have gathered experts from many operational areas to form a

creative and well-functioning team. Decision-making is decentralized and power is given to the one in need, which makes innovative organizations very difficult to control. Having and maintaining a central pool of talented people that can be picked to solve a certain problem and therefore enabling a very flexible working methods are definitely advantages in adhocracy organizations. Employees can move from project or team to another once project ends or new projects require certain competence, which enables companies to respond rapidly to change by matching skilled experts with challenging project. When innovative organizations operate ad hoc, the rapid changes are usually extremely stressful for employees, which can lead to many conflicts, especially when authority and power are ambiguous. Constantly changing working environment can also cause a difficulty to find and keep talented employees. In Mindtools article (2020), it is said that adhocracy is a common structural choice that is popular in young organizations because of its flexibility.

Reflecting the case company organizational structure to the five organizational types described, the last, innovative organization, is the most suitable for describing the company current state. Given that the company had a new CEO in the beginning of 2021 have started a change in the organizational structure. The company being just 6-years old, the ad hoc operating had already begun to show drastic symptoms of failure and dysfunctionality within the managerial side; the flexibility and decentralized decision-making worked well when the company had under 200 employees. Now, with over 360 employees in five different countries and multiple regional locations, the structure is no longer possible to execute when a clear operating processes and hierarchy is required to develop the new international locations to match the mother company structure and culture. Even though the case company has a very strong innovative structure and culture, it has had the first six years also relatively entrepreneurial organization type and culture, too. The decision-making power has been mostly on CEO and CSO, both founders. Even though the organizational structure in management and administration team has been hierarchical and the decision-making power has been ostensibly given to other team leaders, the final word has always been at the CEO, even if the decision would not be considered good, beneficial, or reasonable in any way.

5.5 Psychological safety as part of the culture

Amy Edmondson is the Novartis Professor of Leadership and Management in Harvard Business School and the author of books *Teaming* (2016) and *The Fearless organization* (2018) from which the latter present one of the most important factors of healthy corporate culture, psychological safety. Edmondson states that psychological safety is a group-level phenomenon and sort of psychological, interpersonal experience that without any organization is unable to have a genuinely self-managing organization. “Psychological safety is a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns or mistakes.” Leaders and managers who only welcome good news create an atmosphere of fear and usually confuse setting high standards with good management. Even though, still today people are afraid of losing their standing in the eyes of peers and executives, many organizations are aiming for a fearless workplace. In these organizations the essence of fearlessness has been noticed and understood, thus knowing it is a never-ending and dynamic journey. A psychologically safe working environment is about creating an environment in which people feel comfortable taking risks and by that fostering innovation in workplace. When psychological safety is present, team members are less concerned about the potential negative consequences of expressing their new or differing ideas than they would in an unsafe environment. As a result, team members are more open and willing to speak up which increases motivation and improve their team or company.

In her book *The Fearless Organization* Edmondson states that many managers are sympathetic to the use of power when insisting employees to achieve certain goals. “The belief that people may not push themselves hard enough without a clear understanding of the negative consequences of failing to do so is widespread and even taken for granted by many in management roles, along with just as many casual onlookers contemplating human motivation at work.” (2018, 57). Even though motivation by fear is very effective for creating the illusion of achievements, it actually harms the efficiency by blocking creativity, good processes and needed passion to accomplish those challenging goals that are set and reached, thus with wrong leading methods.

Psychological safety is often confused with trust and psychological mindfulness. The primary differences between psychological safety and trust are psychological safety focuses on a belief about a group norm, but trust focuses on a belief that one person has about another. Second difference is that psychological safety is defined by how group members think they are viewed by others in a group, but trust is defined by how one views another. Psychological mindfulness differs from psychological safety in that mindfulness is about being aware of one's surroundings, but psychological safety is about being respected in a group. (Psychological safety website, 2021).

VUCA = volatile, uncertain, complex, and ambiguous working culture

Success in VUCA world requires senior executives to engage thoughtfully and frequently with company operations across all levels and departments. Referring to Edmondson's claim (2018, 71), in the case company the employees working in customer projects are the ones in the "front line" creating and delivering strategic data of what the customers want and what competitors are doing and with what technologies. Therefore, the top management should frequently discuss and consult the employees in order to make the most of the situation where their employees are having first-hand information about the new opportunities but also create relationships and trust with the employees. This also applies to those administrative position employees working close to people located and working in customer premises and projects. By delivering information from and reporting how employees are feeling and experiencing varying situations to the top management, the organization can take actions and change their operating to the direction their employees would like them to go and focus.

According to Edmondson there are three steps to create and achieve psychological safety in a workplace: setting the stage, inviting participation, and responding productively. (Edmondson, 2018, 155).

	Setting the Stage	Inviting Participation	Responding Productively
Leadership Tasks	Frame the Work <ul style="list-style-type: none"> • Set expectations about failure, uncertainty, and interdependence to clarify the need for voice Emphasize Purpose <ul style="list-style-type: none"> • Identify what's at stake, why it matters, and for whom it matters 	Demonstrate Situational Humility <ul style="list-style-type: none"> • Acknowledge gaps Practice Inquiry <ul style="list-style-type: none"> • Ask good questions • Model intense listening Set Up Structures and Processes <ul style="list-style-type: none"> • Create forums for input • Provide guidelines for discussion 	Express Appreciation <ul style="list-style-type: none"> • Listen • Acknowledge and thank Destigmatize Failure <ul style="list-style-type: none"> • Look forward • Offer help • Discuss, consider, and brainstorm next steps Sanction Clear Violations
Accomplishes	Shared expectations and meaning	Confidence that voice is welcome	Orientation toward continuous learning

Figure 14. The leader's toolkit for building psychological safety, Edmondson, *The Fearless Organization*, 2018, 155.

The psychological safety has an impact on behavioural management, leadership, teams, and overall wellbeing and to the effectiveness in the working community. Framing the work gives employees a clear image about the team or company expectations and goals, but also why these are the objectives. The leader is obliged to set the direction for the work, to invite relevant input to clarify and improve on the general direction that has been set, and to create conditions for continued learning to achieve excellence. Appealing to employees' motivations enables leaders to help team members unite and work towards common goal. Furthermore, setting the stage is also about reframing failure. It is worth mentioning that framing the work is a continuous process and requires frequent attention from leaders.

After setting the stage by framing the work and he reasons why outspokenness is important, leaders must encourage employees to engage in open conversation and feedback. Edmondson notes that inviting participation needs to happen in a way that "people find compelling and genuine". For this there are two key ways achieving it: adopting a mindset of situational humility (a learning mindset where all parties are aware that employees do not have all the answers) and engaging in proactive inquiry (being curious and continuously inquiring employees for development ideas and areas).

Edmondson notes that the three main elements of a proactive response to feedback and employee input are that it is respectful, appreciative and offers a path forward. Even though not all ideas get to implementation, it is extremely essential to ensure that employees know their voices are heard and important to leader. Leaders who thank employees for speaking up and expressing their mind carries a long way in creating organizational culture that achieves excellence by identifying problems and coming up with innovative solutions.

5.6 Conclusions

The reason for using multiple theories is that they all provide something to the research. As the main focus is on understanding company culture and how to combine different cultures within the organization, it is important to include at least two theories that are focused on purely understanding cultural differences. On the figure 1. is presented how all the theories support the main concept and this study. Edgar Schein theory focuses on understanding what factors affect and help creating company culture, and what is needed to change the culture if needed.

Hofstede's theory provides much information about national cultures and their differences, which is required in multinational and internationalizing company that seeks international growth. Just by observing the Hofstede created charts of regional distribution of different nationalities the case company can see how far apart certain countries are from Finnish cultural norms and by that help the case company to widen their understanding of the resources and actions that are needed to combine and nurture the existing culture. Hofstede's theory brings the cultural aspects forward with very understandable and common way which help people to understand that cultural norms can be adopted from normal encounters and from a very young age. Mintzberg's theory is used to help identifying the current cultural structure of the case company. Amy Edmondson's theory is included as psychological safety is in major role when creating and maintaining a healthy company culture. The research is also partly based on examining the psychological safety within the case company administrative part as the culture is directed from this part of the organization and where the structural changes are more affected by the acquisitions. Change management support the understanding

of, for example, how the lily metaphor should and could be executed in the case company.

6 CHANGE MANAGEMENT

How lead the change in organization and how does it affect to culture and vice versa? Referring to Henry Ford phrase about doing things right when no one is watching defines the relation between culture and quality. (Luukka, 2020, 11). The statement that it is more important to do right things than just do something is highly relatable. Big changes do not happen because they are wanted, but because no other option can be seen to change the operation in an organization. Therefore, the leaders today must be brave and have the courage to stand their ground in order to succeed in change management.

“Leadership is the key to learning.” (Schein, 2017, 14). When talking about organizational culture formation, learning happens through the leadership of a founder or entrepreneur who uses their personal power and status to demand a new behaviour directed toward some new purpose. Leadership is, in fact, involved in the creation of the company culture and at every stage of the organization’s growth and maturity.

Schein introduced a new element for leadership choices of the social “levels of relationship” in his latest edition of *Organizational culture and leadership* (2017). This refers to the formal, personal, and intimate behaviour that all individuals acknowledge within their selves and manage the cultures inside and implements these to their leadership skills. The biggest issue in moving forward in change management is how to manage the process. In practice it means harnessing what have been learned about culture and how it operates in a change program that will draw on company cultural strengths and either change cultural elements that are barriers to the desired change or create some new norms and values that are desired over others. However, those new elements will not take hold unless they fit into the existing culture.

According to Sonia Pearson (Tallyfy, 2019) each department or individual is a contributor to one or more business processes. Therefore, organisations should be managing entire processes instead of managing departments. She says that “a process might flow through a series of teams or departments each with its own set of skills, but the whole purpose of each one is to get results, and results are what matters”. In ideal situation the management is aware of the company culture, it understands the possible difference of target mode and current state and leads the culture actively towards the target mode while being aware of the current status. In this situation also the employees understand what kind of culture is pursued and how they are expected to act. Based on their experience culture can be visible and executed in every-day life which leads to employee satisfaction. (Luukka, 2019). Resistance to change is, however, relatively natural, and especially in the time when technology is constantly developing, people are afraid it will take over the workplace. By helping employees to understand why change is happening and what it will mean to them, can be very beneficial and help creating a more open-minded workplace and culture that is more open to change. When employees understand why change is required and what will be changed, they might become more engaged and by that an essential part in making it happen. According to Prachi Juneja (ManageStudyGuide.com, n.d.) a change in how the company handle the implementation of facilitating interventions and training people to new practices or techniques, can result in remarkable results in terms of the return on investment (ROI). “How organizations manage change or respond to the business transitions largely depend upon the adaptability of people or readiness of the people in understanding the changes in the process and method of handling a job.” (Juneja, n.d.).

The most important point regarding the topic of this thesis is that the change management process may affect the human resource strategies directly depending on the organization set strategies or goals. As it is the responsibility of the case company human resources (people team) to take care of the company employees but also the development of the existing and new regional sites and implement the company culture to those locations, it is even more important to include this particular function to the change management team and process. A well-defined change management process can help in alleviating the risks related the people side. If this aspect is ignored, it might cause an increase to the overall costs, affect negatively to productivity and

employee motivation, increase the level of sick leaves and other absences, and increase employee attrition.

Knowledge still being the central source of competitiveness, it is important to nurture it and develop it further, but it is also important to rethink the operation method to serve the company set goals better. Therefore, functional operation cannot be the only operation method as company must look for a bigger picture and modify the actions to match them in the long run. This means also that team leads must be capable to operate fluently with other departments, in this case other teams, to avoid difficulties in developing operation, products and services. On this case, the biggest disadvantage is the functional organization being slow, meaning the operations being restricted or delayed by the leadership's time, ability, and willingness to act, control and develop. (Pohjus, 2019). At the case company, this is not necessarily the case, but the decision making is definitely slow and information about the decisions made is very often shared only among the other team leads, leaving big part of the rest of the management team clueless. Slow and inconsistent communication and information sharing causes unnecessary delays and information blockages that could be solved by emphasizing the importance of communication and reporting the information to the company used tools.

Miika Ranne listed 13 theses for leading a creative work community in Talent center customer magazine (03/2020). He states that people are more likely to commit to objectives when they have been determining those themselves. Things, such, treating everyone equally, listening, informing, giving responsibility and power, encouraging, surprising employees, and celebrating victories, complementing, and giving feedback, building team future and providing a space for natural encounters and innovativeness are key points in creating and leading a creative working community. It is also important to constantly observe the agreed objectives and results to change them if needed.

Once again, it all comes down to the leader and how they enforce the working community and culture with their own example and actions. Schein (2017) also brings a great thought of how the leadership and culture changes with the growth and aging of the organization. This is very interesting thought as the organizations may have the

same leaders for decades and only after their time, the organization can make natural changes to their culture without forcing a certain action model. This is also alarming thought as when world changes and companies grow, their culture should be modified to correspond to the new situation but sadly this is not always the case. While companies grow, the idea of maintaining the same cultural aspects that the company have had when they were 50 employees comparing to the current 360 employees, is impossible.

As stated earlier, change management has a significant role when considering the entity of corporate culture. The study follows a natural development line where first the culture and corporate culture is reviewed and identified, and then reflected to the case company, followed by a research of psychological safety within the case company management and administration team. Once the grounding is settled and the direction for a possible cultural change is determined, the change management is the last part of the process. Referring to the second section of this chapter, learning happens through the leadership by using their personal power and status to demand a new behaviour from each employee. As a recap it must be said that leadership is involved in the creation of the company culture and at every stage of the organization's growth and maturity. Change management plays an important role in successful organizational transitions. It is a complex process and requires serious attention as well as involvement in every level from the management to employees, to achieve a meaningful or a progressive transformation throughout the organization. When change management plan is done well, it improves the overall preparedness in understanding the need for managing change, the key processes involved in it and in understanding the operational technicalities connected to it. If it is effectively implemented, change can help in controlling costs and minimizing risks, reducing the stress by controlling uncertainties but it can also help establishing new objectives, defining priorities, and identifying the limitations for driving excellence in new initiatives. All these are also affected by the company culture and how different cultures can be combined and how the main culture can be implemented in regional sites of the same company.

7 RESEARCH

7.1 Research methods

This study is conducted as a case study. A case study is a detailed study of a specific subject, such as a person, group, place, organization, or phenomenon. Case studies are commonly used in social, educational, and business research, and it involves an up-close, in-depth, and detailed examination of a particular case within a real-world context. (Thies, 2002, 351-372). As case study in business could focus on a particular company strategy, highlighting any group, organization, event, or action, and can include many observations, it is ideal research method for this thesis as it has a touch point in multiple of the latter aspects.

The research of this thesis follows the qualitative research baseline. Qualitative research seeks to understand the phenomenon under study. This means finding out the meaning or purpose of a phenomenon and gaining a holistic and deeper understanding of the phenomenon. Qualitative research relies on data attained by the researcher from first-hand observation, interviews, questionnaires, focus groups, participant-observation, documents, and artifacts. Qualitative research has been used in several philosophical studies examining aspects of human life, including culture, expression, beliefs, morality, and life stress. (Wertz, Charmaz & McMullen, 2011, 16-18). Theory is involved to the study in two ways: theory as a means of helping to do research, and theory as a goal, in which case research seeks to further develop theory. In the first sense, qualitative research needs both: a background theory against which the material is evaluated and an interpretive theory that helps to form questions and what is sought in the material. Theory can also be a goal in qualitative research which arises when making inductive reasoning on the data, i.e. moving from individual observations to general, aiming to create new theoretical knowledge (Alasuutari, 2010, 139-155), which is the aim in this thesis.

In qualitative research, discretionary sampling is usually used. The number of units to be studied is not very large and they are thoroughly examined, in which case the quality of the data is important. The main research method has been collecting information

from various sources and by multiple respected authors, while using interviews and questionnaire to support the gained understanding about the situation in the case company. Qualitative analysis is characterized by inductive reasoning, which seeks to make generalizations and inferences from the data. The aim of qualitative research is to examine the material in a complex and detailed way, highlighting relevant themes and analyze them either by discourse analysis or conversational analysis. (Wertz et al. 2011).

Interviews and questionnaires were used to receive information from the case company and its history to build a picture of how the culture has originally been created and how the employees that have transferred with an acquired company have been introduced and adopted to the case company. The interviews were carried out as a semi-structured interviews meaning the interviewer does not strictly follow a formalized list of questions, but ask more open-ended questions allowing free discussion over a strict question and answer format. (Edwards & Holland, 2013, 2-3). Semi-structured interviews are widely used in qualitative research as it does not restrict the discussion allowing new directions and observations to enter to the discussion, which is why it was chosen as an interview method to this study. The questions for interviews were deliberated based on the need for solving how the employees feel about the case company culture and how it has been created leading to an overall picture about the current state of psychological safety within the management team. The questionnaire of psychological safety followed the original setup of Amy Edmondson and it was executed with Google Forms as an anonymous questionnaire sent to case company employee's by email.

The interviews conducted contained classified information and therefore not the entire conversations have been opened or described more detailed. The questionnaire about psychological safety within the management and administration teams was conducted anonymously to protect the individuals but also to receive an overall view about how the business team experience the atmosphere within the company and to provide the top managers impartial data of the wellbeing of the team.

7.2 Interviews

To receive as valid and accurate information as possible, the interviews were conducted by presenting 26 questions to two founders, two employees that had transferred with an acquired company and the head of people operations, all the interviewees were Finnish. As the interviews included a lot of confidential and company internal details, the results will not be opened in detail in this thesis. The main statements and guidelines will be presented without identifying what has been said by who to protect the individuals from possible negative consequences.

The interview followed a semi-structured model meaning that there were basic questions set but the discussion had the possibility to wonder and develop around the main topic. The questions were divided into five sections (appendix 2): basic information and background of the company and the interviewees relationship to the company (6 questions), organizational culture in the case company (6 questions), values in the case company (3 questions), psychological safety (3 questions) and change management (8 questions). First the person was asked about their relationship for the case company and their history in the field of expertise. Second set of questions focused on determining their thoughts and understanding about the case company culture, following short question sets about company values and psychological safety. Final section focused on change management in the case company. The last questions were to solve how the interviewed experience the employer brand and are they proud to work in the company.

7.3 Analyzing the interview results

Without analyzing the interviews in depth, the most interesting, and theory and conclusion supporting notices have been taken to more close scrutiny. Most of the interviewed said the company culture is a startup type where people get to do what they want and what they have most experience at. This can be seen as an asset as when people get to do what they feel most comfortable at, it most probably increases the productivity and works as a motivator making employees more committed to their own work. However, while company has been growing, this kind of freedom to decide what

one is willing to do must have been limited and outlined so that also some of the unpleasant tasks have been implemented to each employee work, too. Growing means also that not all the functions and processes can maintain as they were at the beginning or not even 100 employees ago. Unfortunately, many interviewees said there are several employees at the top management who refuses to understand that also they must follow the new processes and alignments to continue to grow with the company. These same persons do not necessarily understand that being a visible character for employees they are considered as the cultural trendsetter also enabling the unwanted behavior that might be against company values. This freedom of acting as they please were interpreted as ignorance towards team members and other employees but also disruptive considering the processes and alignments are built to benefit the entire organization towards international large-scale enterprise. These people were described as arrogant, ignorant individual executors who think they are above all rules and common alignments. By individual performance and not following the mutual code of conduct these persons offend and scorn on those working towards mutual goals and aiming for seamless teamwork. This also affect to the psychological safety in a way, as those who do not act according to mutual guidelines are also seen as unpleasant to work with and deliberately making work difficult for others by withholding information or communicating inappropriately.

The psychological safety seemed to be an unfamiliar concept to most interviewees which can also be seen from the questionnaire results. Once the term and concept were opened more, it was thought to be good within a team but among the bigger group of all teams combined, the message was that people are not comfortable discussing and bringing up concerns or ideas as they feel they would be targeted and derided. On change management point of view, there was a common message that especially before the latest change in organization structure, the change management was poorly, if at all managed. The plan or reasons for change were not explained to employees clearly enough which caused more disarray and confusion among the teams. Even though the good effort of team leads trying to manage the change, employees felt confused and slightly more separated from other teams than before.

One interesting point came up at the interview: two of the interviewed stated hearing that the case company is “sold” for new employees or candidates as a company that

develops self-driving car technology and leaves the candidates to believe that they can participate in these projects. This is a false image as most of the employees are located in customer projects and not given a possibility to participate in the company's own solution development. There was one thing that repeated almost in every interview: the top management has been too busy and too focused on growing the business so that the culture and employees have been left aside of the top important things to develop in the company. The interviews were conducted before the latest organizational change in November-December 2020 and therefore the results in this section were not that good and cannot be reflected to the current situation of change management.

7.4 Analyzing the psychological safety questionnaire results

Amy Edmondson's questionnaire of psychological safety was conducted anonymously among case company management and administration teams (appendix 1). The questionnaire was sent to 34 Finland located team members which 20 of them responded. The questionnaire was divided into two sections: first the person was asked to respond on their *own team level*, the second section asked the same questions but on the whole *management team level*. The respondent was able to view their own answers after submitting them but was not able to see other responses or change their own after submitting. The data was gathered to a chart which calculated the averages from each question and each section (team/management team). The Edmondson's questionnaire includes 7 questions measuring team psychological safety, asking how strongly team members agree or disagree with the following statements:

1. People at this organization are able to bring up problems and tough issues.
2. I feel safe to take a risk in this organization.
3. It is difficult to ask other members of this organization for help.
4. No one at this organization would deliberately act in a way that undermines my efforts.
5. Working with members of this organization, my unique skills and talents are valued and utilized.
6. If I make a mistake at this organization, it is often held against me.
7. People at this organization sometimes reject others for being different.

The questionnaire includes deliberately a mix of positively and negatively worded statements to mitigate response bias. Even though, this is a good way to ensure the survey's validity it also makes the survey quite complicated, and the respondents must read the questions carefully. A positive response to the first five statements along with negative responses to the last two statements, usually indicates strong psychological safety within the team or an organization. The answer scale is 1-5 (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree).

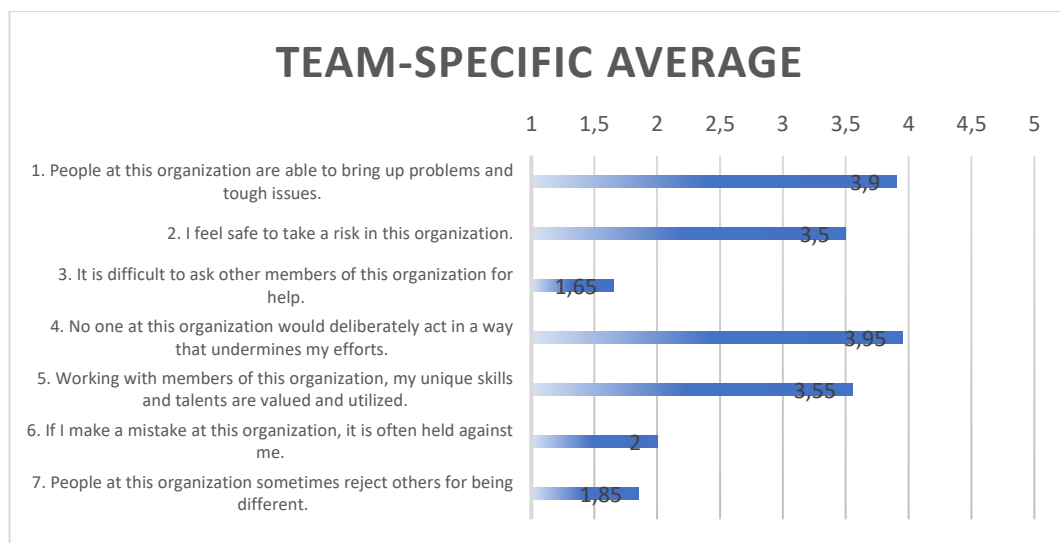


Figure 15. Team-specific answers

On a team level, the psychological safety is good according to the respondents. The total average being 2,91 indicates that on a team level the psychological safety is ok, not good, or bad. As the average is so close to 3 (neutral) the result can be interpreted unreliable. When looking the individual statements on the figure 15, people can bring up problems and tough issues and also feel quite comfortable to take risks. They can ask help from their team members without fearing they would be deliberately put down or criticized. Individual skills and talents are mostly valued and utilized but there is room for improvement in this area. There is a slight fear of making a mistake and being rejected for being different. The only statements that had clearly positive readings were number one (average 3,9) and four (average 3,95). Looking at the responses on individual level, there are some variations between the ratings: on statement one, the rating was mostly between 3-5 but few had rated the statement as 1 or 2. Most variation was on statements three, which indicates that there are quite a lot of uncertainty on

asking for help, and statement six, which indicates that making mistakes is feared in some extent.

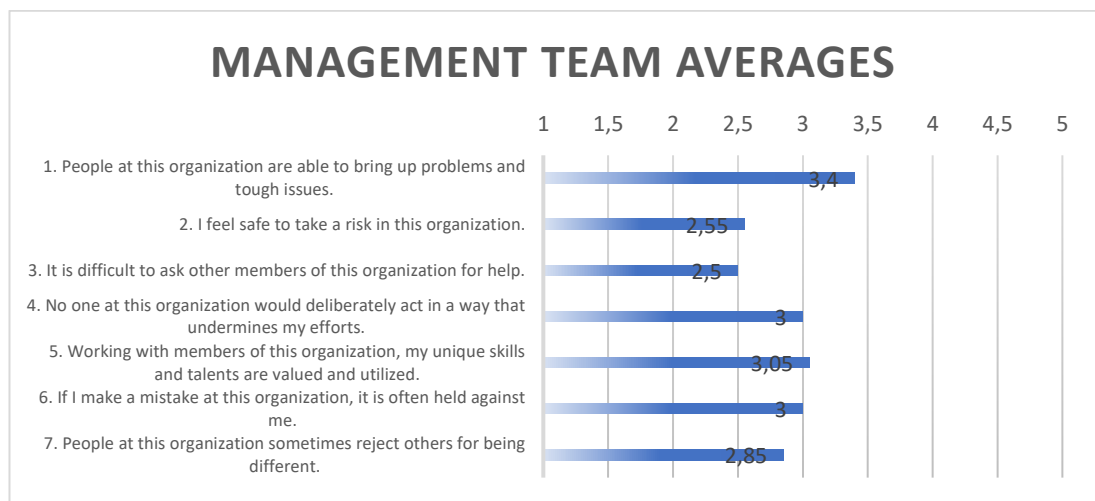


Figure 16. Management and Administration team answers

On management team level the average rate was surprisingly exactly the same as in team specific, 2,91. Even though the statement-based averages are all near to neutral, as seen on the figure 16, there were big variations between individual response rates (both extremes), which explains the near-neutral averages. Based on the responses, people are more alert and uncomfortable outside their own teams but also seem to empower in bigger, united team. The management team query resulted much more neutral results than team specific making the results also unreliable. When looking the Figure 17. the differences in question level can be seen clearer, especially the fact the management level answers are all very near to neutral when team level answers have more variations giving more reliable effect. Unfortunately, both questionnaire parts must be interpreted as unreliable when looking the total average of the questionnaire.

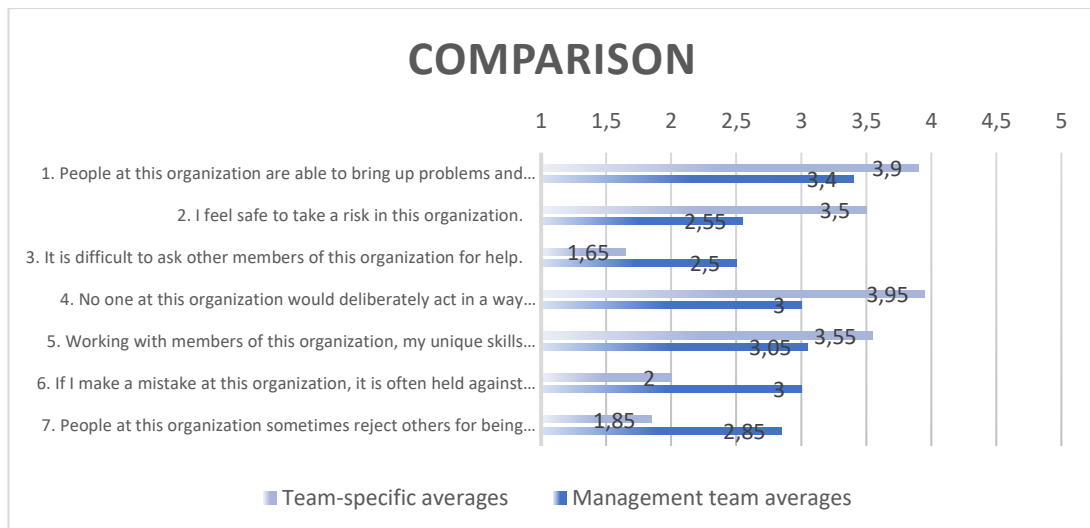


Figure 17. Comparison between team-specific and whole business team results

8 MANAGER'S CHECK LIST FOR INTEGRATING CULTURES

This chapter presents reflection and suggestions based on the results of theory and research giving a better understanding of what should and could be done in order to successfully support the culture integration. In principle, employees are always motivated when starting in a new work. Therefore, it is important to investigate and observe that something in the organization and working community, that decreases the motivation. In this point the importance of leadership cannot be under stressed when discussing about creating and directing the culture to right direction; what kind of culture we want to build, what is encouraged and what is not, what is allowed and what type of actions we want to get rid of. That being said, it is obvious that instead of picking individual misbehavior from the working community, all eyes and focus should be directed to the leaders who should be the heroes and be the model for all the employees by leading by example. How company is run and how things are managed by the leaders, what kind of example is given by the leaders, how the organizational culture is being developed, etc. indicates the wellbeing of the company also. However, this does not erase the individual responsibility as work community skills require team effort. Everyone has their responsibility in creating an open and trustworthy working environment which leads to healthy and happy organizational culture.

Schein (2017, 9) points out that culture is mostly thought to be behavioral and with time and shared learning, the ground for how to talk, perceive the relevant environment and what to think about it, and what brings people good or bad feeling, is forgotten. The longer the organization has existed and continued with the same cultural path, the more the thoughts and emotions within the group come to be alike. Troubles occur when subsidiaries of companies try to execute and function efficiently in a different country. The trouble occurs from language differences, common thoughts, and beliefs but also emotional processes that are in contradictory with the local behaviors. In some companies the culture is so strong, well adopted and embedded that local offices in different countries look like and operate exactly the same as the mother company headquarter in another country. In the case company this is not encouraged or expected but adopting and executing the mother company values and common work ethics while combining them into the local subculture are those cultural factors that from the authors and so-called culture responsible perspective are crucial in order to create a sense of belonging throughout the entire organization. The following aspects and factors are significant when company want to combine and develop company culture.

8.1 Communicating

Clear, direct, and candid communication is an important aspect of creating a healthy and well-functioning workplace and culture. Communication has also a big role in psychological safety side as in team with high level of psychological safety, there is a culture of inclusion, people feel safe to speak up, ask questions and present their ideas. Conversely, in teams with a low level of psychological safety people are not comfortable speaking up and experience there might be consequences if things are questioned. Communication between teams and within the entire organization shows out as a solid teamwork and gives employees impression of transparency and trust. In the case company, the communication and information sharing are one of the most troubling issues, that causes friction and delay processes. Also, the style of communication is occasionally unacceptable and poor, which increases the sense of unsafe and disrespectful working environment effecting the company culture. This is the number one issue that must be corrected before other steps can be carried out.

8.2 Distance and cultural tensions

As described earlier, roughly 85% of the case company employees are working in customer projects in customer premises or remotely elsewhere, especially during the Covid-19, people have been working mainly remotely. This causes gaps and feel of not belonging to the mother company. Aalto University professor Niina Nurmi has investigated the theory of virtual and remote work. She indicates that physical distance triggers a sense of “social distance”, meaning employees feel low sense of “togetherness” and shared identity with the mother company and other employees. Distance also hinders creating shared understanding of what is done by who, how and why. The lack of understanding can cause disagreements in the work being done but also interpersonal conflicts and lack of trust that can ruin the teamwork. (2010.) After the latest organizational reorganizing, there has been more effort and thought put into describing and documenting the actual organizational structures and responsibilities, to share the information and clarify the rather confusing hierarchy and responsibility structures to employees. The flat organizational structure is rather new and unfamiliar within Finnish working culture and therefore the case company employees are struggling to understand the lack of supervisors or managers, which causes the sense of poor communication and unclear operating model for people who have worked in tight hierarchical companies throughout their lives.

Edward T. Hall (1976) has visualized corporate culture in the shape of an iceberg. According to his analyze of corporate culture, it is a pattern of fundamental assumptions that are used to solve internal and external problems. Also, personal and work behavior can be referred to the ice-berg metaphor. The visible part i.e., the tip, stands for all the observable aspects. Behavior springs from attitudes, beliefs, traits, motives, and values followed by thoughts, feelings, and perceptions. All of these are impacted by the expectations from social environment that are coming from home, work and national environments and family and friends. If there is any cultural tension in the company or working environment, these cultural tensions will define the company team results.

8.3 Company values

On a HubSpot executed research (2020) about defined company culture it is said that the most important things job seekers value and want to learn about the company are: what makes the company an attractive place to work; compensation/salary; benefits; mission, vision, and values; and basic company information. According to that study the most critical step in developing a company culture code is creating company's unique set of values. The core values provide clarity but also create a long-lasting, successful, and motivating place to work.

The company values talk much about the company culture. Are the values accurate and how they are reflected in every day working and life in the company? The case company values were introduced already in the chapter 5.2. The company advertises itself as being "built around its people", which is somewhat true; they are an essential part of the company to succeed and grow but otherwise the values give very business focused picture and leaves employees second. The managers should be able to describe in detail, how the company values celebrate and support the statement that employees are the stars, as in general level, none of the latter directly indicates that the employees working at the customer projects are the stars. This leaves a relatively shallow and hollow impression of what is in fact meant by these values.

Schein states that businesses study their culture to drive positive change which can be turned back to profitability. (2017, xix). The current work age is soon to be retired and the millennials are expected to turn all expectations around by focusing more on environmental, spiritual, and collective shared interests, artifacts, conventions, and assumptions, which are basically the cultural DNA of the company, than the economic self-interest that has been driving the current generation in work life. The new generation values freedom, flexibility, new companies, new networks and exposure to many people and experiences, which, according to Schein, may be the issues that draw employees towards new challenges despite all the emphasis companies put on creating a culture of engagement at work. (2017, xxii).

The case company is agile, flexible, adaptable, and tempting in terms of working opportunities and therefore appealing employer. However, in the current world situation where most companies can provide similar benefits and salary level as the case company, minimizing the attrition is rather challenging as there might not be anything that case company can provide to keep the employee if they are not enjoying their current project or feel too separated from the mother company. From the case company exit questionnaire responses can be seen that the threshold to switch to another company is very low when employee have been working in a customer project in a customer premises the entire time and never even visited the mother company offices. Therefore, the commitment should be able to guarantee with other ways such as providing the ability to invest in company shares or being able to effect to the company operating in some other manner. One effective way that has been taken into use is to provide employees a possibility to change a project and by that keeping them motivated and prevent them from leaving.

The organizations workplace values set the tone for company's culture and they identify what the organization as a whole cares about. When employees' own values are aligning with the company set values, people understand one another, and they do things for right reasons. These common purposes and mutual understanding help people build great working relationships and by that creating stronger society within the organization. If values are out of align, employees work towards different goals with different, sometimes selfish, intentions and with different outcomes, which can damage work relationships, productivity, job satisfaction and creative potential. As mentioned earlier in this thesis, the case company have been enabling personal performances and ignorance towards other employees on some level which have been identified as one disruptive factor within the management teams.

8.4 Buddy program

In a company which overall structure is very shattered, it becomes more important to have someone from the mother company to guide and support new employees on their first weeks. Having a 'buddy' in the working environment is highly beneficial for new employees but it also brings more value to the entire organization. If the transition

process is implemented well in the beginning of the employment it most likely leads to a better employee retention. If the new employee has a positive early experience, they are more likely to feel comfortable in their new role, maintain a confident attitude and stay with the company longer. A formal buddy program can also become an unstructured knowledge share leading to a more efficient working and communicating within the team. A 'buddy' would also work as a cultural ambassador of the mother company while being in the customer premises strengthening the sense of belonging to the case company and not to the customer company. Currently the case company does not have a buddy program in use but have been gathering information and thoughts about how it could be implemented to their operating model and how it would be compensated. During the Covid-19 this have not been actively driven as the team sees it would be better to implement the program once teams return to offices and are able to physically meet each other's again.

8.5 Recruiting

Multiple studies indicate that when company focuses on recruiting suitable people with a personality and mentality that support company culture and its values, the culture and commitment to the company are more likely to sustain. The hiring practices of managers are a clear reflection of the overall corporate culture cultivated within the companies. (good.co, 2016). The company should focus on taking individual differences into account when making large-scale assessments of patterns in industry. This highlights especially when more women continue to enter the tech industry. Based on Good & Co. executed two-year study (2016) about corporate culture in IT companies, it takes a certain type of person to work and succeed in IT industry. It states that in an industry with so many introverts, socially bold and capable managers are a necessity in creating a successful company and culture. On the other hand, it also indicates that employees lacking in social boldness and persistence might struggle to advance in the technology field.

Knowledge of motivating factors and manipulating them is used in marketing and other aspects of industrial psychology. Even though emphasizing the groundbreaking solutions and other appealing things the company does, it might actually harm the

employer brand if an employee feels they have been tricked during the recruitment process and after realizing they might never be able to work with those solutions, they have been told during the recruitment process. It can affect to the employee to that stage where employee resigns shortly after starting, which is very expensive to the company.

8.6 Motivation

“Motivation is the process that initiates, guides and maintains goal-oriented behaviors.” (Kendra Cherry, 2020). It is the desire that makes a person to act towards of a goal, a need that requires satisfaction and in everyday use it describes why a person does something. The needs or desires may be acquired through influence of culture, society, or a lifestyle. Motivation can be either extrinsic or intrinsic motivation: *Extrinsic* motivations are external and often involve rewards such as money, social recognition, or trophies; *intrinsic* motivations arise from the individual themselves, and it can be just as simple as seeking for personal gratification of completing a challenging crossword or running a half-marathon. Employees who are intrinsically motivated are more likely to engage in the tasks willingly as well as work to improve their skills, which on the other hand increases their capabilities. Eventually, all motivation comes from within, whether it is triggered externally or internally. Beata Souders (2020) says that organizations that provide their employees meaningful, engaging work do not only contribute to the growth of their bottom line but also create a sense of vitality and fulfillment that resonates across the organizational culture and their employee’s personal lives. In the workplace, the motivation is usually understood in terms of extrinsic rewards that is driven by benefits, monetary compensation, awards, or career progression.

Salary and benefits are extrinsic motivators. Case company has quite unique salary model for employees working in customer projects. The model is attractive to many as it is transparent, meaning every party (case company, employee, and customer) have the same understanding and visibility on how the costs, billing and net salary is formed/calculated. It offers the consultant the possibility to have a raise with good work by succeeding in the project and delivering value to the customer. Even though

the case company mainly hire direct employees (until further notice and fixed term contracts), they also use freelancers and subcontractors in customer projects. The two latter offers the possibility for effective risk mitigation and cost containment but on the downside, the company loses all the knowledge and competences when the employee leaves the project. This also includes the time that has been used to train the employee to the project and houses protocols.

Abraham Maslow's hierarchy of needs (2013) is one of the most widely discussed theories of motivation. The needs hierarchy system is a commonly used scheme for classifying human motives. It consists out of five hierarch classes, from basic to most complex: *physiology, safety, love and belonging, self-esteem, and self-actualization*. When thinking about these needs on work life point of view, the needs could be something as described on the figure 18. below.

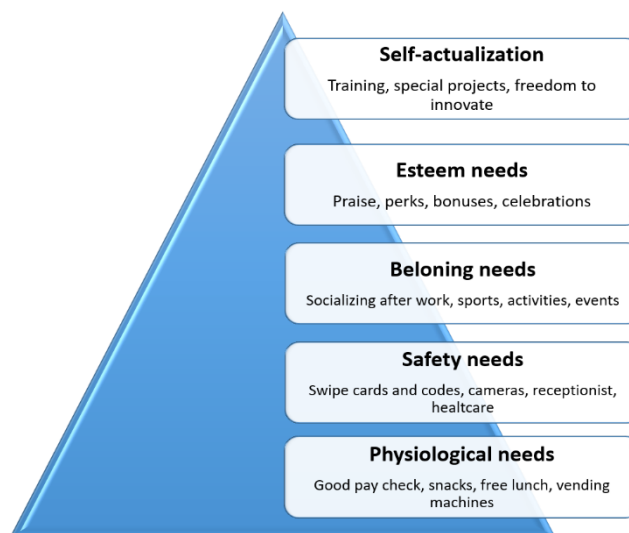


Figure 18. Hierarchy of need in the workplace, Tanner, 2020. Motivation – Applying Maslow's Hierarchy of Need Theory

In business, at lower levels of this hierarchy money functions as a motivator, however, it usually has only a short-term motivating effect on employees. At higher levels praise, respect, recognition, empowerment, and sense of belonging are much more powerful motivators than money, and these higher-level motivators companies should enforce. According to Maslow, people are inherently motivated to better themselves and move toward expressing their full potential. As in general occasions, also in business life, the basic (lower-level) needs must be satisfied before trying to satisfy

the upper-level needs, otherwise employees will not be motivated. Leaders should remember that not everyone will be satisfied with the same needs. A good leader should identify which levels of needs are relevant to a given employee. Leaders should also recognize that motivated employees are more quality-oriented, more productive and they always look for better ways to do their work.

In the case company, the motivation is driven by personal development, career progression and possibility to change the project to a more interesting or challenging. Referring to the uniqueness of the salary model, this is also seen as an attractive and motivating factor for candidates and existing employees. Albeit money being the main motivator among the employees in the case company, it also refers to the common, relatively outdated belief that pay could solely be considered as the main motivator. The company have narrowed other benefits and amusements at the offices to be able to pay employees higher salary. In the case company, the employees are proven to value interesting working opportunities and projects, which has been motivating enough in itself for senior-level technology consultants. However, as stated earlier, not all employees are the same and different people are motivated by different factors. Monetary compensation and interesting projects alongside with the company developed solutions can be seen as the main motivators at the case company. There are numerous ways of motivating employees and they vary with whatever perspectives leadership describes to motivation and how that is presented to employees and incorporated into practices, policies, and culture. One key factor for increasing motivation and work engagement is tied to the psychological safety described more detailed on chapter 5.5. Psychological safety allows an employee or team member to engage in interpersonal risk taking and enables them to bring one's authentic self to work without fear of having negative consequences to self-image, status, or career.

8.7 Employee wellbeing

A well-being and healthy employee is the most beneficial to the company. Therefore, taking care of employee's health and general well-being also outside work as in physically but also mentally, is a big part of creating a healthy company culture, too. As part of the latest well-being query, there will be a comprehensive well-being

strategy developed and implemented, which includes also improving the company early support model and disability management. Disability management (also work ability management) is the management of an individual's personal resources and work, working conditions and management that affect their work. During the Covid-19 the well-being of employees have been decreasing and there have been multiple long sick leaves due to burnout and depression. If the company is unable to enforce their well-being strategy these long sick leaves can cause severe costs in a long term. In the case company the well-being and taking care of people is considered to be solely people team task. When developing and changing the culture, it should become clear that everyone in the management and administration team has the responsibility of taking care of employees' well-being, not just one team.

8.8 Summary of manager's checklist

This subchapter describes how the theory and research have been filtered to such list. As stated in the beginning of chapter 8. Schein's theory has had a great impact to gathering the manager's checklist. The Schein's artifacts, that are used also in the lily pond metaphor, indicates that all is connected and if things are wanted to be changed, it requires effort and dedication for much larger group than just one or two persons within the organization. Communication and the importance of it has been brought up multiple times and it can be seen as the very basic and ground level issue that must be enhanced so that the group members are aware of the mutual rules and alignments that create the base for the company culture. As presented on the figure 3, the three distinct levels, *artifacts, values and assumptions*, must be clearly described and understood by the group members in order to create a clear and functional culture, and this requires communication.

While investigating Hofstede's theory of multinational cultures, it became clear that distance and cultural inheritance and -tensions affect to the company culture. Physical distance of the employees working in the customer premises triggers a sense of social distance and feel low sense of togetherness which leads to shared identity with the mother company and other employees. Also, as stated earlier, distance also hinders creating shared understanding of what is done by who, how and why which points

back to communication. Hofstede's theory brought more clarity to the physical distance aspect and showed how important it is to understand what challenges internationalization brings to the already complex issue of combining cultures. Understanding the feelings of the employee's located at the customer premises, could help the company to decrease the sense of not belonging and enable creating a remote but unique company culture where the distance is acknowledged but it does not limit or prevent the company culture of succeeding.

As stated earlier in this thesis, the case company values does not support the basic idea of the employee being the star. Referring to Schein's thoughts about values and their importance as the core of the company DNA, it would be recommended to investigate the case company values more and by that drive positive change which can be turned back to profitability.

Buddy (or coach) program was raised from the need of soft factors in organization and by combining them to culture, the sociological views, including the cultural aspects, could be multiplied conveniently within the organization. In other words, a buddy or a coach could work as a cultural ambassador for the mother company at the customer premises.

The importance of recruiting the most suitable employees and group members is drawn from different theories and models handled in this thesis. The fact that resistance for change and individual execution are creating unwanted culture and behavior that could affect to the cultural development, is undeniable. Therefore, recruiters should be able to identify these unsuitable and undesired individuals before they are part of the community and can start affecting negatively to others. This refers to the lily pond metaphor where the soil and all the other supporting factors must be nurtured to be able to grow and blossom. Recruiters have a great responsibility in interpreting the candidates and they must have a good knowledge of human nature to identify the unwanted and possibly toxic features within the short time of interview and recruiting process.

Referring to Hofstede, employee motivation itself is a classic concern of management; how to motivate employees to stay and commit to the company? Also Edmondson's

theory of psychological safety indicates that healthy working environment can be motivating to employees. A well-organized change management can affect to the employee motivation. There are multiple reasons why motivation in the case company should be investigated more deeply so that leaders can focus on those things that are found the most motivating and appealing, when considering employer branding, too.

Employee well-being is a sum of multiple factors but on theory wise, well-being is a basic assumption and value that all individuals seek, as described on Schein's and Edmondson's theories. In company culture well-being can mean many things but overall, the base of healthy company culture is employees that are feeling physically and mentally well. Focusing on work ability management and by creating a leadership model that speaks caring and people centricity the company can achieve a new level of commitment and sense of togetherness.

9 SUGGESTION FOR CASE COMPANY

Clarity and serious improvement in communication and information sharing is requested throughout the management and administration team actions. For employees it is important to know who does what and what are each ones' core responsibilities. In a company that is this shattered across Finland and currently internationally too, clarity and consistent operating in each action is extremely important, regardless employees might never need this information, but it gives a stabile impression and a more professional picture of the entire company. Referring to Schein's pyramid of artifacts on chapter 5.1. all three levels: *artifacts*, *values* and *assumptions* are in a major role in communication. Underlying assumptions, the unconscious beliefs are directing the other artifacts as these beliefs about company culture are reflecting throughout the other artifacts and therefore affecting to the overall company culture. It is these underlying assumptions that should be already modified to make a change happen in other, more visible matters. The seven suggestions described on previous chapter can help the case company towards more unite company culture. Each point described is significant already individually measured, but when all these are

combined and they are used to create a clear leadership strategy, the company can succeed in combining cultures and develop it further to the desired direction.

On paper the formula for success might seem simple and effective – when you invest to employees, they respond by commitment. Committed employees enable a low organization which enables agile actions. By being able to react agile on local level means more reactive and sufficient operating throughout the organization. The main concern of senior management in all organizations is, how to engage their employees and how to motivate them to stay and recommend the company to their contacts as an employer. This information reflects to retention and hiring, improved productivity and optimized organizational designs. There have been several annual Pulse questionnaires executed in the case company to track these previously mentioned factors and the company have had some useful information on how it should develop its actions towards more transparent and functional culture, but more deeper investigation is still needed. IT and technology industry has very different cultural norms which can be seen in the response rates and willingness to clearly state how employees would like the company to develop their actions. The importance of giving feedback and replying to company sent development questionnaires are emphasized already in the onboarding stage but for some reason the case company employees are not willing to speak up even in an anonymous questionnaire, which makes developing the operations and focusing on the desired aspects near to impossible.

Corporate culture plays an important role as culture in general can vigorously affect human behavior. As stated on chapter 5. culture can be challenging to change especially as it is not something that can be physically touched and molded. Shared values are more difficult to change than behavior because shared values are more deeply rooted in the culture. Culture-change programs have naturally some dangers but one of the greatest is to assume that strategy and the external adaptation issues are separate from culture. Other danger lies when leaders focus on the desired culture changes only on internal mechanisms side making life pleasant only for their selves forgetting the aim of common good and comprehensive change. Schein, Hofstede and Luukka, all points out that it is the top managements and leader's responsibility to take care of executing and developing culture in the organization, HR, or in this case the people team, only facilitates it. The top management and leaders have a major role in

defining culture, but it is everyone's responsibility to live and act according to culture. Luukka (2019) then adds that even a great HR cannot save the company from poor management. It should be remembered that the desired organizational culture is reached only by leading. Therefore, it could be stated that leaders receive exactly the culture they deserve with their own actions.

John Kotter's (2012) idea of anchoring a change in the culture is part of his theory of how to lead change. Anchoring change in a culture is about adjusting the organization to align its culture with new challenges. The intent of this is to prevent the organization from going back to its old ways of doing business. To succeed in the anchoring, it should be discussed with employees and justify the superiority of the new changes and explain the benefits these changes could bring to the company and employees themselves. The organizational processes, procedures and possible reward programs should be modified to align with the new changes. Training and development activities should be included to the skills and competencies associated with the new changes. The new norms and values should be identified and then promoted when screening for new talents to the company to ensure they are willing to support the new changes and therefore also fit to the new culture. It should be remembered that if there are employees that are barriers to the change progress, these employees should be reassigned or removed to finalize the change. This applies also to the employees transferring with an acquired company. Anchoring the change in company culture is successful when the new changes become accepted as the normal way of doing business and when the old ways are not used as widely, or they have been replaced by the new ways. However, culture changes only after management has successfully altered every employee's actions, after behavior produces some group benefit in a certain period of time, and after people see the connection between the new actions and the performance improvement. In the case company this means that everyone must act according to the new alignments and managers should focus on those individual performers to make sure they are committed to work with others and follow the new rules. There are eight steps in Kotter's model of change management but the anchoring the change in a culture comes only on the last step. This is because most alterations in norms and shared values are reached at the end of the transformation process.

In sense of involving employees more to the company culture and to its development, the company should produce a latter of success together. The “latter of success” is a picture that describes in detail the steps towards mutual (or individual) success. The case company could involve their employees to the creation which would give much needed aspect to managers of employee’s perspective but also enforce the culture and sense of belonging when everyone could join to the process in identifying and declaring the mutual working model and strategy.

According to ManagementStudyGuide.com article by Prachi Juneja, organization can strengthen their adaptability mechanisms and build their internal competencies for future by improving the readiness for change. The readiness can influence organizational strategies and policy related decisions as it involves a comprehensive and well-planned approach and implementation of systemic interventions that might influence also to the processes, people, and the entire organizational structure. The change is needed to meet the variations and instability in the business environment. Juneja stresses that to have any successful change made in an organization, there must be a comprehensive planning made with focused approach and involvement of the stakeholders throughout the entire process. (n.d.) Therefore it is highly recommended to enforce the communication and involving employees to the integration of different cultures in an organization. As stated earlier in this thesis, the case company values, and core functions are based on the idea of employees being the most valuable asset in the company so this would be the best way to show they really are highly valued and their voices and opinions matter. Employees are in the key role in driving the business excellence which is why they should be listened and involved more to the company development.

For new employees, whether they have been applying to the company or transitioned with an acquired company, starting at a new company is an excellent opportunity to bring up questions of why things are done as they are, and brining new perspective to those who have been executing the same patterns multiple years. Culture is such a strong element that newcomers usually adopt the common manners and protocols in short time, but before this happens, the new employees should be interviewed to gain information about those things that seemed peculiar to the person, which enables leaders to receive an objective view of those points in the culture that work and what

does not make any sense to the newcomer. Some companies use an external consultant to do this kind of scouting without realizing it could be done internally as described, however, this would require more workforce as the monthly flow of new employees is relatively large being 10-20 employees per month. In case the interviews are taken into use and the data will be gathered, the current culture should be first documented to make it easier to understand the direction of the cultural leadership and develop the transparency.

Once the organization keeps growing, the core team operating models become weaker. It is the responsibility of the people management to produce and secure cultural structures and encounters and remind top management and other leaders about the importance of employees and culture. However, it should be noted that small team can only do so much and cannot be solely in responsible of producing these structures and other cultural aspects. Once again, it all comes to mutual guidelines, teamwork and leading by example.

As on the normal onboarding phase, introducing employee to the house customs, this also applies to combining and integrating employees to the mother company after acquisition. As an action points, company should note the following:

- Determine the benefits and other cultural aspects from the acquired company.
 - Regional and cultural differences must be taken into account, especially in international locations differences may vary greatly.
- Deliberate whether those are applicable to the acquiring company as they are.
 - If not, ground the reasons and explain them to the employees.
 - If yes, explain how they differ from their previous alignments if change is required.
- Explain why the company have made these alignments.
 - For example, equality and higher salary level that is designed so that employees have the opportunity to use their money on the things they enjoy and want.

10 SUMMARY AND CONCLUSIONS

10.1 Reliability and creditability

Reliability and validity in qualitative research is about selecting the correct data collection methods to receive answers to the research questions. It is also about presenting the right questions that cover the topic as well as possible. The research methods, practical development and research with questionnaire and interviews, were chosen because the study objective required a deep understanding and knowledge about culture and especially what factors affect to it before being able to draw any reliable conclusions or provide suggestions for correcting the unwanted behavior and change the company culture.

The theory part was first investigated and narrowed to the most suitable ones concerning this particular study. Schein's theory was chosen because it has been the ground for cultural studies and have been progressing during the year providing the most comprehensive view to company culture. Schein's lily pond metaphor is the most profound way to understand what is needed to change the culture in any company but especially in the case company. Hofstede's multinational theory was chosen to receive understanding of the multinational aspect and how regional differences and inherited behavior itself affects to company culture formation. Hofstede's figures provide a visual understanding of how far apart certain national cultures are from the mother company, Finnish culture.

Psychological safety is a major part of healthy company culture and therefore Edmondson's questionnaire of psychological safety was conducted to the case company management and administration teams. The questionnaire was sent to the entire team including male and female recipients in ages from 25 to 55. Due to the anonymity, it is impossible to validate that responses from all teams and age groups have been among the answers.

The interviews were conducted by using a video call where the interviewer was able to read the interviewee's face expressions and receive a better understanding of how

the person react to each question making the responses more reliable. Persons to be interviewed were selected by the author based on their history in the case company; two of them were founders, two have transferred with an acquired company and one had been creating the people operations and culture formation in the company since the early days giving valuable information of what had been the thought in the beginning. The interviews followed a semi-structured path and therefore the questions were not delivered or presented beforehand to the interviewees. The collected data in both, questionnaire, and interviews, was gathered by using Google tools and then stored and analyzed by author to guarantee the anonymity of the respondents and their individual experiences and opinions about the company state. Study can be seen valid when findings correlate with the reality and results answer to the study purpose. (business research methodology, n.d.) By providing a manager's checklist of development ideas in integrating cultures followed by suggestions for the case company, the purpose and aim of this study have been fulfilled.

10.2 Conclusions

The culture in the case company should be modified more towards factory industry culture where teamwork comes more naturally, and people know what the targets are and that everyone is needed to reach that destination. Individual executing is toxic and does not support the company in a way that fast-growing international organization would expect. Preventing this kind of culture, requires encouraging people throughout the company to share information, communicate and actively report on what is really happening in the company to create a continuous loop of learning and agile execution. "Workplaces where employees know that their input is valued create new possibilities for authentic engagement and stellar performance." (Edmondson, 2018, 104). She also states that creating an environment that values employees yield benefits in engagement, problem solving and performance. All of these would need to be developed and enforced in the case company, which will happen only if management and leaders start executing this kind of culture in the company. The lily pond metaphor is one of the key ideas that should be adopted and implemented within the case company management and administration teams as it emphasizes the main idea that is missing in the current operating; all starts from leading with example and that

everything affects and is connected to others and therefore change requires commitment and actions from everyone, as one person cannot create change.

As stated earlier in the study, the entity and scale of the research can be referred to a common immigration and the vast challenges related to relocation and adapting to new country culture and habits, indicates how complex topic combining cultures and, corporate cultures, is. The objective of this study was to find the most important issues that might prevent or that must be noted when combining different corporate cultures on the time of and after acquisition. The realization of the complexity of the task caused a long break to the study postponing the finalizing process. As Hofstede stated, "In culture there is no shortcut to the business world." (2010, 33.). After the latest change in organizational structure there have been several steps taken towards multiple changes that follow the study theoretical part and also the suggestions towards more united and teamwork-oriented direction. The partial change in top management level have given a much-needed push to the more structured and clearer operating which benefits also employees at the project level to for example, identify their managers and understand better the management and administration level operating. Yet, the latest well-being query conducted in March 2021, indicated that there is still a lot of work to be done to reach a state where all the employees feel they are heard, and their questions are answered.

The cultures are developing and getting more interconnected (economically and politically) while business world is becoming global. Global business requires much more international and cross-cultural communication, collaboration, and cooperation to succeed in this global economy. By improving cultural awareness within the organization company can build and develop international competencies and enable individuals to become more globally sensitive. According to Global Business Media (2010) the knowledge of the impact of cultural differences is one of the keys to international success. Even though the internal cultural artefacts, symbols and common behavior combine the company's employees, the culture turns as an attraction and competitive advantage only when common shared world view and set of values are adopted.

All development in the company, whether it is cultural or something else, should always be goal-oriented and move towards a certain direction. Company culture should always be developed so that it serves and supports the company overall business direction as well as possible. To succeed in the cultural development, company should acknowledge what culture is and then decide, what culture is being pursued. After that the processes and operations should be systematically molded to support and enable the cultural aspects to derive. To make the new employees have a sense of belonging, the company should include them to the development process and make them feel their opinions and effort are appreciated and acknowledged. As stated earlier in this thesis, every organization has its own culture, and each culture has its own history, traditions, languages and symbols that separate them from others. Referring to Simon Sinek (2014), when an employee does not have the sense of belonging to the company and its culture, they may wear the company t-shirt as a pajama or when renovating their house. When employee have the sense of belonging, they wear the company provided merchandise with proud in public. This is just one thing that shows employees are committed to the company and are showing it openly. Even though the purpose is to combine and unify the corporate culture, it does not mean that all the offices should look and act exactly the same everywhere.

As this thesis indicates, there is so much related to culture that it is impossible to set in one document, not to mention a clear way to describe how cultures should be combined in any situation. Regional and inherited cultural patterns alone affect heavily to combining cultures within the organization, not to mention other factors that modify internally and externally the culture in the mother company and its subsidiaries. Hofstede states in his research that the research results regarding national cultures and their dimensions are only partly useful in understanding corporate cultures. He also says that it is encouraged to create subcultures and develop the culture regionally, but it must still ground to the company common values and common culture that work as a corner stones to subcultures. (2010, 50).

10.3 Summary

The journey of becoming familiar with and resulting a comprehensive understanding of corporate culture have clearly indicated that culture in itself is a vast and versatile concept that has as many points of views as there are people on the planet. One thing, however, is certain: culture can be learned, taught, changed, and managed. The most important point that this study resulted is that the responsibility of managing and executing the culture is in firsthand the company leaders, but also individual responsibility must be remembered. Based on the research and the theories, it could be said that there are at least three things that should be remembered on building a strong and functional company culture:

- The top management must breathe, live and act according to the culture: it should be authentic, and it should be done systematically.
- The maintaining and continuous development is an ongoing and never-ending process, and it is never finished.
- Companies should remember their distinctiveness and originality, and forget what other companies do. Creating the “own thing” is what makes the company culture special and easy to adopt.

By combining high-level autonomy with a culture of caring, it benefits the entire organization. As a conclusion, the company should focus and invest heavily to the overall well-being of employees and educate the management and administration team towards teamwork oriented and involving operating that would support the cultural change. The corporate culture has no intrinsic value. It is a tool whose sole purpose is to enable the company to achieve its goals by succeeding in employee and customer experience, which leads to employee and customer loyalty and by there to company overall success. When leaders come to deliberate how the company culture could be developed and changed towards more unite and teamwork focused, the following points should be remembered.

1. Culture is a characteristic linked to a group.
2. Culture is created together, inside a group.

3. Culture is learned and it can be taught.
4. Culture is divided: it combines group members, but it also separates them from others.
5. Culture affects and unites group by assumptions, values, and behaviours.
6. Culture is always stronger than individual. (Luukka, 2019, 14)

The overall aim for this study was to become familiar with culture and especially corporate culture. Objective was to provide a comprehensive overview to corporate culture and point out the alternative ways for combining and developing the culture, and to provide more understanding for leaders about corporate culture and how it affects to the productivity, motivation, and retention in the company. This theoretical research was followed by suggestions in facilitating an internationalizing company to find and adopt the best methods in integrating and adapting organizational cultures in the time of and after acquisition in domestic and international acquisitions and when developing further their united culture within all the offices including international locations. The theory supported generating the manager's check list by rising thoughts about how things are done and handled what in the case company and referring these actions to what the theory suggested and indicated for the ground of healthy culture and operating. Psychological safety questionnaire helped in determining the status of the management and administration teams which should be the ones leading by example. The study focused on the practices that should be taken into consideration when integrating company cultures and when developing the existing one. As the ideal outcome and the aim were to find practices that would unify the entire organization into one united company that has one shared operating model with local special features it is reasoned to say that this aim was reached. The results of this study will be presented and discussed with the management team and based on the discussion, a long-term plan for adopting the suggestions will be made and then adopted to the company mutual processes and protocols. Even though the process was very long, and the objective changed slightly from the beginning, it resulted valuable information that can and will be used in developing the case company culture and people functions towards more united model despite the teams being fairly separated from each other's.

Even though there are multiple ways to describe company culture and all of them are equally right, the most illustrative is presented on figure 4. The company culture

happens in the middle of People, Processes and Technology. In order to create and maintain a well-being, healthy, and happy company culture that is adoptable and easy to fit in for new employees, all of these sections must be well managed and organized individually but also work well together. Leaders can manage things which leads into leadership; however, it must be remembered that management is not leadership. Leaders lead people, managers manage things. Everyone in the organization can and should be leaders, because leadership is not a position or a title that is tied to one individual or a group, it is a state of mind.

For further research would be suggested to study solely the leadership in the company and how to develop it and how to make it more culture oriented. This could also include, how company culture and employer brand can affect to business. Other studies could focus more on international functions and especially, to work-based immigration and relocation in a new country and culture.

To finish this study in a thought rising and summarizing way, it is only suitable to site few great insights about company culture that would be good for the case company leaders to consider and adopt, too:

“Determine what behaviors and beliefs you value as a company and have everyone live true to them. These behaviors and beliefs should be so essential to your core, that you don’t even think of it as culture.”
– *Brittany Forsyth, SVP of HR, Shopify*

“Now, thanks to the radical transparency made possible by a connected world, your business is a glass box. People can see all the way inside. And that means that now the brand is everything they see. Every person. Every process. Every value. Everything that happens, ever. There’s a single word that sums up what a person sees when they look deep inside your business: they see your culture.”
– *David Mattin, Head of Trends & Insights, TrendWatching*

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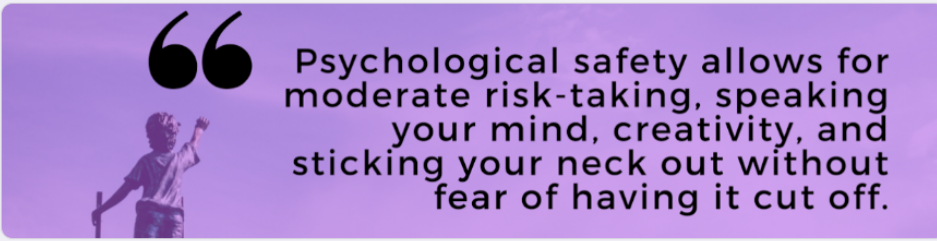
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Questionnaire about Psychological safety.



“ Psychological safety allows for moderate risk-taking, speaking your mind, creativity, and sticking your neck out without fear of having it cut off.

Psychological safety

Psychological safety is a key entitlement for positive and healthy working environment. It is also the base for organizational culture to grow.

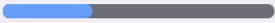
This questionnaire measures the psychological safety within Business Team and is a significant part of my Master Thesis about How to combine corporate cultures after acquisition? It is based on Amy Edmondson theory of psychological safety in organizations.

The questionnaire is very simple and it takes only few minutes of your time. On the first section, think about your team and on the second section the whole Business Team when answering.

The questionnaire is anonymous, however, if you want to indicate your name or team, you can tell them at the end of the questionnaire.

Thank you in advance for helping me with my Master's Thesis completion!

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Psychological safety in your TEAM

In this section, give your answers on your own team level. How do you experience the following between your team members?

Rate the following seven statements on a scale of 1-5 (1 being strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, and 5 being strongly agree).

1. People at this organization are able to bring up problems and tough issues. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

2. I feel safe to take a risk in this organization. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

3. It is difficult to ask other members of this organization for help. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

4. No one at this organization would deliberately act in a way that undermines my efforts. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

5. Working with members of this organization, my unique skills and talents are valued and utilized. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

6. If I make a mistake at this organization, it is often held against me. *


	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

7. People at this organization sometimes reject others for being different. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

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Interview questions

Company history

1. What is your personal history at the company? Did you know the founders, how?
2. Who originally invented the company name?
3. Whose idea the founding of a new company was?
4. Did you have a clear mutual vision of a certain type of company? What was it?
5. Did everything come up as planned or did you need to lose some ideas?
6. How did/does the decision making happen? Who had the most power in the decision making?

Company culture at case company

1. What does culture and especially company culture mean to you?
2. What kind of culture or workplace you wanted to create?
3. How would you describe the case company culture (now)?
4. Have it changed during the years? How?
5. How do you think project employees experience the company culture?
6. Would you like to change something in the current culture?

Company values: Customers and results first, honesty, taking responsibility, competence ja together.

1. How/why were these values chosen?
2. What do you think about the ground statement the Case company has been built around people?
3. How does this reflect the values?

Psychological safety is part of well-being company culture.

1. What does psychological safety mean to you?
2. What is your opinion of the case company status in terms of psychological safety (top management, management & administration, project teams)?
3. If you think there is something to improve, how would you develop or change the situation?

Change management

1. What is in your opinion the current status of change management? Does it work?
2. Could it be improved, how?
3. Do you think the case company vision is realistic?
4. Do you think the case company strategy is realistic?
5. Do you think driving a change is possible at the case company?
6. What could prevent the change (unnecessary hierarchy, pointless processes etc.)?
7. Is the case company a good place to work in your opinion?
8. Are you proud of how the case company is seen and experienced?