



# **A Cross-Cultural Approach to Human Resource Management in Finnish Hos- pitality Companies**

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Bachelor's Thesis  
December 2012  
Hotel and Restaurant Mgmt.

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## **ABSTRACT**

Tampereen ammattikorkeakoulu  
Tampere University of Applied Sciences  
Degree programme in Hotel and Restaurant Management

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A Cross-Cultural Approach to Human Resource Management in Finnish Hospitality Companies

Bachelor's thesis 44 pages, appendix 1 page  
December 2012

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This thesis explores a cross-cultural approach to human resource management and its processes in Finnish hospitality companies. In the hospitality sector, the personnel is considered as an important resource of the company, executing important work when creating the service experience and providing quality service for the customers. Globalization and the overall international character of hospitality business are placing challenges for the companies when providing service to the customers and managing their human resources effectively.

Different cultures and internationalisation are changing the traditional framework of human resource management. The aim of the thesis was to study how internationalization and cross-cultural factors affect hospitality companies and their practices in human resource management in Tampere region.

The theoretical context comprises a presentation of two theories about the differences of national cultures and one theory representing different organisational cultures. In addition, the fundamentals of human resource management are discussed. All the subjects included in the theoretical context are enormous fields of studies on their own, including numerous theories, research and literature. In this thesis, only a small number of research possibilities were discussed.

The conducted study was qualitative, consisting of four theme interviews organised in companies operating in the hospitality business. The interviews were held in November 2012 and the duration varied between 30 and 40 minutes. The interviews were conducted in Finnish, recorded and transcribed before the analysis. All the interviewees were working at a managerial level and provided a comprehensive and adequate material for conducting the research.

All the companies have different business ideas, and the analysis was based on identifying and comparing the specific and similar procedures in their preparations for internationalisation and in human resource management practices. The companies had two clearly distinctive approaches. Two of the companies emphasised intercultural learning and the possibility to provide added value to the customers, while the other two saw internationalisation more as an opportunity to extend their sales and to increase their customer base.

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Key words: internationalisation, globalisation, culture, human resource management.

## TIIVISTELMÄ

Tampereen ammattikorkeakoulu  
Hotelli- ja ravintola-alan koulutusohjelma

TEKIJÄN NIMI: Miika Niemi

Monikulttuurinen näkökulma henkilöstöhallintoon suomalaisissa matkailu- ja ravintola-alan yrityksissä

Opinnäytetyö: 44 sivua, joista liitteitä 1 sivu  
Joulukuu 2012

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Tässä opinnäytetyössä tarkasteltiin monikulttuurista näkökulmaa henkilöstöhallinnon prosesseihin suomalaisissa matkailu- ja ravintola-alan yrityksissä. Palvelualan yrityksessä toimivat ihmiset ovat paitsi voimavara yritykselle, myös erittäin tärkeässä osassa palvelukokemuksen ja asiakastyytyväisyyden kannalta. Globalisaatio ja alan luonteeseen kuuluva kansainvälisyys asettavat yrityksille haasteita niin asiakkaiden palvelun kuin henkilökunnankin tehokkaan johtamisen osalta.

Monikulttuurisuus ja kansainvälistyminen tuovat mukanaan paljon muuttujia perinteisen henkilöstöhallinnon viitekehukseen. Tässä opinnäytetyössä selvitettiin miten kansainvälistyminen ja kulttuureiden väliset tekijät vaikuttavat matkailu- ja ravintola-alan yrityksiin ja niiden henkilöstöhallintoon Pirkanmaalla.

Teoreettinen viitekehys koostui kahden eri kansallisia kulttuureita ja yhden organisaatio-kulttuureja käsittelevän teorian esittelystä sekä henkilöstöhallinnon peruspiirteiden esittelystä. Kaikki teoriaosuuteen sisällytetyt aiheet ovat itsessään valtavan määrän tutkimuksia, teorioita ja kirjallisuutta sisältäviä tutkimusalueita, joten työssä esiteltiin vain pieni osa aiheiden mahdollistamista tutkimusmahdollisuuksista.

Tutkimus toteutettiin teemahaastatteluina neljässä matkailu- ja ravintola-alan yrityksessä. Kaikki haastattelut suoritettiin marraskuussa 2012 ja ne olivat kestoaltaan 30 – 40 minuuttia. Haastattelut tehtiin suomeksi, nauhoitettiin ja litteroitiin analyysia varten. Kaikki haastateltavat ovat ylemmässä esimiesasemassa ja haastattelut tarjosivat kattavan ja monitahoisen materiaalin tutkimuksen toteutusta varten.

Kaikilla tutkituista yrityksistä on erilaiset liikeideat ja analyysissa etsittiin yritysten omia ja yhtäläisiä toimintatapoja, jotka liittyvät kansainvälistymiseen ja henkilöstöhallintoon ja pyrittiin vertaamaan näitä toimintatapoja keskenään. Yrityksistä paljastui selvästi kaksi eri tavalla kansainvälistymiseen suhtautuvaa linjaa. Kaksi yrityksistä painotti kansainvälisen henkilöstöä osana yrityksen oppimisprosessia paremman asiakaspalvelun tarjoamiseksi, kun taas kahdessa yrityksessä kansainvälistyminen nähtiin kansainvälistymisen lähinnä potentiaalina myynnin ja asiakasmääränsä kasvattamiseksi.

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Asiasanat: kansainvälistyminen, globalisaatio, kulttuuri, henkilöstöhallinto.

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**ABBREVIATIONS**

HRM	Human Resource Management
IB	International Business
HCNs	Host-country Nationals
HQ	Headquarter
IDV	Individualism vs. collectivism
IVR	Indulgence vs. restraint
IHRM	International Human Resource Management
LTO	Long-term Orientation
MAS	Masculinity vs. femininity
MNEs	Multinational Enterprises
PCNs	Parent-country Nationals
PDI	Power Distance
RBV	Resource-based View
SHRM	Strategic Human Resource Management
TCNs	Third-country Nationals
UAI	Uncertainty Avoidance Index
WWW	World Wide Web

## 1 INTRODUCTION

This thesis explores a cross-cultural approach to human resource management in Finnish hospitality companies, more precisely located in Tampere region. I have studied and had practice periods in four different countries and seen a great number of multicultural studying groups and working environments, where representing the foreigner myself. The original idea of this thesis dates back to autumn 2010 when I was studying at the University of Salford, England. I selected a course about international human resource management, which for me sounded like an interesting thing to do while studying abroad. Besides being interesting, it opened my eyes in several ways. It is a whole field of study which I have not even heard of in Finland, and just a short flight away, it was something considered almost compulsory. I understand why multicultural knowledge is so vital in England, or in Central Europe, mostly relating to emigration having a significantly larger scale compared to Finland, but the great change in employment will be most likely experienced here one day, too.

However, this thesis is not all about international human resource management, neither about human resource management. All of the subjects found in the theory part are their own vast field of studies, providing a huge amount of research, theories and literature to dig into. I decided to exclude the majority of the topics related and present primarily the cultural side. Particularly the cultural differences make the multicultural workforce so interesting to deal with, because it has dimensions that no one can ever clarify permanently or standardise. Every rule has its exception, and every person is a new subject of study. This thesis provided me with a great chance to deepen my knowledge and identify the very same attributes in myself that are discussed in the sections.

The aim of the study was to find out how internationalisation and cross-cultural factors affect hospitality companies and their human resource management in Tampere region. The research was conducted qualitatively by theme interviews. All the participating companies have different business ideas and are well-known operators in hospitality business. Thanks to the professionals I had interviews with, the material collected provides a comprehensive image of the present situation.

## 2 THE CONTEXT

### 2.1 Definition of product and service

Kotler & Armstrong (2010, 248) define product as follows: “Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need” and continue with a broader definition, suggesting that products “also include services, events, persons, places, organizations, ideas, or mixes of these.” Services are defined as a “form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.” A company’s market offerings exist between being pure tangible or pure service, often consisting of both. (Kotler & Armstrong 2010, 248.)

However, there are four characteristics that distinguish services from physical goods: **intangibility**, **inseparability**, **variability**, and **perishability**. “Pure services cannot be seen, tasted, touched or smelled before they are bought” (Jobber 2007, 895). No one can presume how enjoyable the coming holiday will be because it cannot be shown to the customer before consumption. **Intangibility** also leads to a difficulty of judgement after the service is consumed, for example after car service it is virtually impossible to know if the necessary checks have been done. Intangibility means that the service cannot be owned by the customer. (Jobber 2007, 895 – 896.)

**Inseparability** means that the service is produced and consumed at the same time. The service provider is an integral part of the satisfaction gained by the customer and may play a significant part in the customer’s perception of the service experience. Furthermore, the service may take place in a presence of other consumers which can affect the perceived enjoyment. Possible nuisances can include for example noise, smoke and queue jumping. (Jobber 2007, 896.)

**Variability** makes standardization of a service difficult. Services are conducted in several locations by people who may vary in their attitudes. Due to the simultaneous production and consumption, a faulty service situation, for example rudeness or tiredness, cannot be quality checked and corrected before consumption. Service standardisation aims at solving part of the problems caused by the variability. (Jobber 2007, 897.) Still,

service quality is a subjective perception resulting from attitudes formed by customer's long-term and overall evaluation of the company's performance, and all the links in the service process have their influence on the perceived quality (Reid & Bojanic 2010, 54).

**Perishability** refers to the fact that service cannot be stored for later use. A hotel room or airline seat is sold for the certain day or flight, and unoccupancy represents lost sales. Matching supply and sales is an important task, and during the peak season, service provider might be unable to cater the demand, because building an inventory is not possible. Participation by customers when putting breakfast into buffets, differential pricing to attract customers during the low season, and reservation systems are examples of means to match the supply and demand. (Jobber 2007, 897 – 898.)

## 2.2 Perspectives of globalization

In the past, foreign goods and services were exotic and exciting newcomers of the domestic markets. Today, imported goods, services, and processes are used daily in one's life, in such an amount and frequency that we might not even realize it. In business world company investments across borders, international mergers and acquisitions as well as international joint ventures and alliances are continuing their rise, not to mention millions of people living and working outside their home countries. (Briscoe & Schuler 2004, 11.)

There is no simple or single definition for globalisation - people experience globalisation differently, and the definition is always related to the surrounding culture (Ghulam 2011, 13). Globalisation is experienced partly differently in the business world and in the personal life. In the business life, globalisation could be defined as "the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad" (Dessler 2011, 37). According to Kumar (2011, 27), the definition for business globalization is, as one unknown expert puts it: "The bottom line is that the growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition in a wide range of manufacturing and service industries". However, two separate views are debated: convergence and divergence. The convergence view suggests that world is becoming more globalised and hence, all aspects of management, including HRM, are becoming more similar and the practices will become standardised



in the future. The divergence view states that each country will continue to have their own approach to management practises in general and HRM in particular. (Brewster, Sparrow & Vernon 2007, 68). In addition, Hofstede, Hofstede & Minkov remind (2010, 410, 412) that Hofstede's culture indexes explain persistent cultural differences in consumer behaviour, and markets for services support globalisation even less than the markets for goods.

The relationship between globalisation experienced in the business world and from a personal perspective is obvious, because the majority of globalisation is created by companies offering their products or services far away from their national boundaries, and the human perspective can be viewed as a consumption of those products or services. An Englishman, Andrew Leong Murphy, who lives presently in the special administrative region of Macau in People's Republic of China, gives good examples of globalisation experienced at a personal level in his article published in Macau Daily Times website (2011). In the article he explains how he still is constantly amazed, after three decades of expatriate, how the world has shrunk in the past decades, and how it affects his everyday life so far away from home. He has a 24-hour access to English news through the internet and three English newspapers. Internet radio gives him a possibility to listen his home team's matches. In the 90's it was not even possible in England outside the radio station's reception area. At a local store at Macau, he can buy baked beans produced within 50 miles and drink water bottled within 100 miles from his hometown in England. (Leong-Murphy 2011).

### **2.3 Global competition**

Previously listed issues lead to one very inevitable outcome; in almost every nation on this planet, the competition is global. Rivalry in some fields of business can even escalate to the state of hypercompetition, a situation in which there is a great deal of very strong competition between companies, and markets are changing very quickly. Market entries are relatively easy, so it is not possible for one company to keep a competitive advantage for a long time. (Financial Times, 2012.) The companies face real or potential competition from foreign companies, including also foreign-owned subsidiaries or formerly domestic now foreign-owned companies. Assuming that international business is only possible for large firms from developed countries or denying the need to under-

stand or act in a global scale can be fatal for the company. (Briscoe & Schuler 2004, 12.)

The conduct and direction of business has become a global activity for many general reasons, including the following listed by Briscoe and Schuler (2004, 12):

- Increased travel. Travelling is more common, easier and faster than ever. International travellers observe, consume and use products and services abroad. This is one way how knowledge of brands, products, and services is spreading around the world and creating global demand and expectations.
- Global communications. Mobile phones, WWW, e-commerce, Internet, movies, and music provide us with access to every corner of the world, fast and extensively. This creates similar impacts with previously mentioned increased travel.
- Transfer of new technology. Innovations, software, fund transfers and knowledge allow manufacture of quality products and high-class service almost everywhere in the world.
- Growing trade and exposure to foreign competition. With some exceptions, firms are able to operate, manufacture, buy, and sell in other countries hence exposing others and themselves for global competition. Firms need to seek lower costs and new markets outside their traditional national borders.
- Improving education around the world. This allows firms to recruit and train capable work force around the world.
- The emigration in its different forms. It leads to the exchange of different cultures, and to the exposure of different standards of living.

Companies face high pressure on finding the places to manufacture or operate with the lowest costs possible. In most cases firms move or expand their business to areas where the labour and other resources are cheapest and easily available. Lower prices do not mean possibility for producing lower quality products or service - vice versa, the customer demands for the quality of products and services are greater. Companies seek new markets where to extend their operations and grow at the same time. Growth prepares the company to face global competition better, and also company products can be already known and therefore demanded in the target country. (Briscoe & Schuler 2004, 15.)

As already mentioned, travel and worldwide communication are the main factors generating the higher customer demands for quality and the earlier established or self-born brand awareness are at least partially created by the worldwide communication and data flow. Global communications coupled with the technological development provides companies with the possibility for worldwide marketing and e-commerce in a form of web pages and applications. Potential customers can view the webpages and place orders regardless of their current location. Consumer demands are also shaped by the greater integration of cultures and values, which is possible through modern communication devices and methods. Cultural characteristics such as food, music and clothing tend to spread along emigration and lead to a growing demand around the world. (Briscoe & Schuler 2004, 15.)

Besides lower labour costs or favourable availability of resources, government policies can guarantee companies benefits in forms of taxation, legal matters, or in prices and location of business premises. Privatising and tendering open up markets also for foreign companies, and because of modern technology and highly educated work force, a high quality product or service can be manufactured or executed everywhere in the world. Trading blocks, unions, the free movement of goods, and duty-free sales allow companies to enter the markets faster, and with decreasing trade barriers, formerly domestic markets are more likely to be exposed to foreign competition. (Briscoe & Schuler 2004, 15.)

#### **2.4 Affiliations to hospitality business and to HRM**

The characteristics of service create, along the cross-cultural influences, a greater need to understand the connection between internationalisation, HRM and a satisfied customer. As written previously, the service provider is an integral part of the perceived customer satisfaction and experienced quality. The success of the service situation is measured well beyond the technical efficiency and therefore totally dependent on the provider. The occurrence of variability in service quality can be optimised by rigorous selection, training and rewarding of staff. Training should emphasise the standards and quality expected from the personnel when dealing with customers. Evaluation systems provide a channel for customers to report on their experiences with the staff, and received feedback should be discussed. (Jobber 2007, 894 – 897.)

The fact that service cannot be stored and that it is mainly conducted by humans sets challenges to match the demand and supply. During the peak season, supply flexibility can be achieved through the use of part-time staff. (Jobber 2007, 897.) However, use of part-time staff can lead to a deterioration in service quality and affect the image of the organisation negatively (Rao 2011, 206). Employees may also be trained to carry out multiple tasks during their shift, in other words using multi-skilling (Jobber 2007, 897).

Kotler & Armstrong (2011, 270) suggest that successful service companies focus both on their customers and their employees. The service-profit chain links the profits of a service company to employee and customer satisfaction, as seen in Figure 1 below.

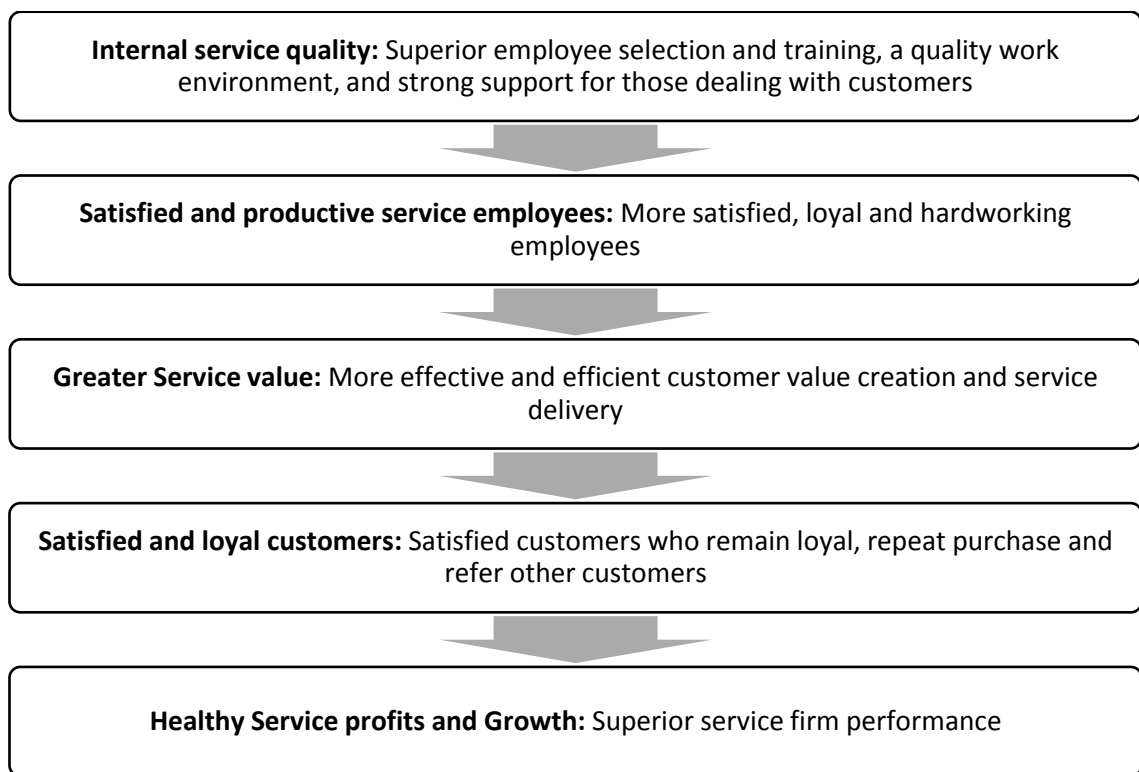


FIGURE 1. Service-profit chain (Kotler & Armstrong 2010, 270).

In addition to service characteristics, sections 2.2 and 2.3 indicate clearly how the insistent growth of globalisation and technical development has changed some of the traditions and patterns of conducting business. Companies work hard to find new and more efficient ways to keep and improve their competitive positions in the intense rivalry. As a result, MNEs have started to view employees, HR systems and supporting activities as competences which provide sustainable and inimitable competitive advantage. This way of thinking is linked to the resource-based view, RBV, of the firm. (Holwerda 2006, 5.)

As a field of study, RBV has brought to yet another branch and direction to HRM; strategic human resource management, SHRM. The idea and discovery that HRM can play a strategic part in firms' success led to the development of this fairly new field of research, which represents the fusion between strategic management and HRM. (Allen & Wright 2006, 4.) RBV will be explained and discussed in section 4, while SHRM, due its enormous possibilities and extremely wide scale nature, will be excluded from this thesis.

### 3 CULTURES AND ORGANISATIONS

#### 3.1 The definition of culture

The concept of culture is considered vague and hard to grasp and it is difficult to attempt to give it definitions. At present, it is estimated that culture has more than 200 different definitions. (Brewster, Sparrow & Vernon 2007, 14.) In this thesis, culture will be discussed briefly on national and on organisational level providing several general definitions and well-known theories. One of the definitions is given by Kottak (2008, 2).

Cultures are traditions and customs, transmitted through learning, that form and guide the beliefs and behaviour of the people exposed to them. Cultural traditions include customs and opinions developed over the generations about proper and improper behaviour. (Kottak 2008, 2)

Hofstede, Hofstede & Minkov (2010, 6) state that culture is a learned, collective phenomenon. It derives from individual's social environment rather than genes, therefore it is not innate. During one's life, she or he finds her or his place in many moral circles. Every group or category of people has its own, common mental programmes that form its culture. One can belong to numerous groups and categories at the same time, and unavoidably carry several mindsets which correspond to different levels of culture. (Hofstede et al. 2010, 18.) The different levels according to Hofstede et al. (2010, 8) are particularly:

- National level according to the country (or countries if the person migrated)
- Regional and/or ethnic and/or religious and/or linguistic affiliation level
- Gender level
- Generation level, separating grandparents from parents from children
- A social class level, associated with educational opportunities and with one's occupation or profession
- For those who are employed, organisational, departmental, and/or corporate levels according to the way employees have been socialised by their work organisation.

In a modern society, the levels are often partly conflicting, for example religious values may conflict with the generational values, and gender values may conflict with organisational practices. (Hofstede, Hofstede & Minkov 2010, 18.)

In a highly globalised and internationalised world, managers need to know how the differences in national cultures may affect an organisation's structure and processes, notions of leadership, HR practices, and other operations. (Brewster, Sparrow & Vernon 2007, 19.) Culture is also present in the advertisement, design, and quality of products, and it is part of the presentation of many services. (Hofstede et al. 2010, 409 – 411.) As a result, management scholars have been interested in combining the work of social anthropologists to the business world. (Brewster et al 2007, 19.)

In the following sections, two influential theories will be presented: Edward Hall's and Geert Hofstede's studies about differences in national cultures. Both of these studies provide an endless selection of example situations, opportunities, point of views, and affiliations to business and personal life, resulting in the following sections only scratching the surface of these great studies.

### **3.1.1 Hall's research**

Edward Hall's research about cultural differences is based on the statement "culture is communication". The world of communication can be divided to three parts: words, material things, and behaviour. Words represent the medium of business, diplomacy and politics, material things usually indicate status and power, and behaviour is the feedback about other people's feelings and helps us to avoid confrontations. By studying these three parts among different cultures, a vast region of human behaviour lying somewhere behind our conscious awareness can be recognised. Hall uses the term "silent language", which refers to a broad range of evolutionary concepts, practices and solutions to problems, which have their roots in the shared experiences of ordinary people. This silent language is usually conveyed unconsciously. (Hall & Hall 1990, 3.)

Cross-cultural communication will not work if crucial steps are ignored, which happens when individuals unconsciously apply their own cultural rules to another system. According to Hall, the essence of effective cross-cultural communication is in right re-

sponses rather than in the right messages. Besides messages, cultural communication can be examined by the high and low contexts, space and time. (Hall & Hall 1990, 3 – 4.)

**Messages** can be divided into two separate types: **fast and slow**. For example, a television advertisement is a fast message, easily understandable at the same second when it is seen, whereas a documentary aired on television is a slow message, demanding more time to understand the meaning and its deeper message. The speed which a message can be decoded and acted is an essential characteristic in human communication. People who expect or are accustomed to receive the message at a different speed than it is delivered are likely to miss the meaning. (Hall & Hall, 1990, 4 – 6.)

In the midst of a slow message is a person. The speed of the message varies between cultures; in this case, how fast or slow people will get to know each other well. As an example, Hall compares Americans and Europeans; according to his studies, Americans are accused of creating informal, superficial friendships without any exchange of deep confidences, whereas European relationships and friendships are highly valued and take long time to solidify by creating networks. Additionally, they are hard for a foreigner to break into. (Hall & Hall 1990, 4 – 6.)

**Context** is the information surrounding an event, a solid bind with the meaning of the event and a need for completing the background data. In Hall's theory, context is divided into **high-context** and **low-context**. In a high-context communication or message, most of the information is already in the person, and very few things are in the coded, explicit, transmitted part of the message. High-context people keep the most important persons around them informed about everything, and they have extensive communication networks within their family, friends, colleagues and clients. This leads to an outcome, where most of the normal transactions in the daily life are handled without much requirement or expectance for in-depth background information. For example, Japanese, Arabs and Mediterranean people fall in the high-context category. (Hall & Hall 1990, 6 – 9.)

Low-context people often compartmentalise their personal relationships, work issues, and many other aspects in their lives. As a result, in every interaction they need more detailed background information and the mass of the information is vested in the explic-



it code. For example, Scandinavians, Americans, Germans and French are low-context, but the French are much higher in the scale than Americans or German. (Hall & Hall 1990, 6 – 7.)

Contexts perform several functions and every culture has their specific individual differences between contexts. Shifts in contexts may act as a way of communication, where up the scale movement expresses warming of the relationship, and down the scale refers to coolness or displeasure. An example for context acting as a form of feedback or expressing acceptance can be seen in the following situations: an American boss can change from the informal high-context first-naming to the formal low-context way of using full names when expressing annoyance to a subordinate, and the subordinate realises that what he or she did was not desired. Another example can happen in Japan, where very formal honorifics are used in the beginning of the day, and if the day is progressing in a desired way, these honorifics are dropped away. (Hall & Hall 1990, 6 – 7.)

**Space** in this context refers to the personal boundary around individuals, and includes terms such as personal space or territoriality. **Territoriality** refers to a habit rooting back to hundreds of millions of years, the act of laying claim to and defending a territory. It is a vital factor in the chain of functions to survive. Territoriality is highly affected by the surrounding culture, and it can be seen in places and possessions considered “mine”. **Personal space** can be presented as a bubble around every person, and depending on the culture, the bubble varies in size and means of penetration. In some cultures, personal space can be seen as a sign of power as well, for example, a private office is far more appreciated in some cultures than an open office. **The multisensory spatial experience** describes how the personal space is acquired with all the senses, not only by vision. Surrounding noises, smells, personal distances, and temperature affect one’s ability to concentrate and feel calm and comfortable. (Hall & Hall 1990, 10 – 12.)

In Hall’s research, **time** is not absolute, and each culture has a different concept of time. The most important time systems for the international business world are the **monochronic** and **polychronic** times. These two systems do not mix and have their own features, although they are not applicable to all cultures. Monochronic time can be seen as a linear concept of time - it is scheduled and compartmentalised allowing a person to do one thing at a time. Schedules and deadlines are highly respected, unalterable and promptly adhered. Time is considered almost tangible and a classification system for

setting priorities and orders in life. Monochronic people do not like to be interrupted and time acts as a room, accessible only for certain people to entry. Scandinavia, Germany, Switzerland, and United Kingdom are traditional examples of areas and countries having a monochronic culture. However, Hall and Hall argue that monochronic time is not a natural time for humans; it actually violates many of humanity's inherent rhythms. (Hall & Hall 1990, 13 – 14.)

Polychronic time system is a very opposite of the monochronic time. It features being involved with many things and people at the same time. It has a strong emphasis on completing the human interactions rather than obeying a certain schedule. It is seen less tangible, and polychronic people tend to change plans and they are distractible and subject for interruptions. Mediterranean and Latin cultures are good examples of polychronic time systems.

### 3.1.2 Hofstede's research

Hofstede's framework is widely used in the field of intercultural management. Hofstede's theory explains the difference between cultural characteristics with four dimensions: Power distance (PDI), individualism versus collectivism (IDV), Masculinity versus femininity (MAS) and uncertainty avoidance (UAI). Later on, a fifth dimension, long-term orientation (LTO), was added in 1991 based on a study of Michael Bond. In 2010, based on an analysis conducted by Michael Minkov, a sixth dimension, indulgence versus restraint (IVR) was augmented to the theory. All the dimensions can be rated with country scores, and Hofstede itself stresses that the country scores on the dimensions are relative, and achieved through comparing societies to the others. Without a comparison, these scores would be meaningless. (Hofstede, 2012.)

**Power distance** expresses how a society deals with inequalities among people and the degree to which the less powerful members of a society accept and expect that power is distributed unequally. In societies where a large degree of power distance is exhibited, acceptance of a hierarchical order in which everybody has a place and which needs no further justification is common. Vice versa, in societies with low power distance, people attempt to distribute power equally and demand justification when power is distributed unequally. (Hofstede, 2012.)

**Individualism versus collectivism** describes in which level individuals are expected to take care of themselves and their immediate family, relatives or members of a particular group. Individualism can be described as a preference in which individuals are expected to take care of themselves and their immediate families only. On the other hand, collectivism represents a preference for a tightly-knit framework in a society in which individuals can expect their relatives or members of a particular in-group to take care of them in exchange for unquestioning loyalty. (Hofstede, 2012.)

**Masculinity versus femininity** expresses the values preferred in society. A society which is more masculine can be described as more competitive, and a society with more femininity is likely to be consensus-oriented. The masculinity values achievement, heroism, assertiveness and material reward for success, whereas femininity stands for a preference for cooperation, modesty, caring for the weak, and quality of life. (Hofstede, 2012.)

**The uncertainty avoidance index** expresses how a society deals with the fact that the future can never be known, and whether the members of the society should control the future or just let it happen. It measures the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. Strong UAI societies maintain strict codes of belief and behaviour and have intolerance towards unorthodox behaviour and ideas. Societies with weak UAI maintain a more relaxed attitude in which practice is more valued than principles. (Hofstede, 2012.)

**The long-term orientation versus short-term orientation** dimension can be interpreted as dealing with a society's search for virtue. Short-term orientated societies focus on achieving quick results. Besides, this orientation emphasises a normative way of thinking, exhibits great respect for traditions, and has a relatively small tendency to save for the future. In societies with a long-term orientation, people tend to believe that the outcome depends very much on the situation, context and time. They show an ability to adapt traditions to altered conditions, and perseverance in achieving results. (Hofstede, 2012.)

**Indulgence versus restraint** compares the allowance for free gratification of basic and natural human drives related to enjoying life and having fun. Where indulgence allows a

full freedom of choice, restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms. (Hofstede, 2012.)

### **3.1.3 Implications**

Intercultural encounters can lead to various situations with various outcomes, both in the personal life and in the business world. Intercultural encounters are especially usual in the hospitality business. International customers can form a large part of the clientele, and services are by their nature personalised for the customer (Hofstede, Hofstede & Minkov 2010, 412). According to Hofstede et al (2010, 392) “tourism represents the most superficial form of intercultural encounter.” Tourists travelling in masses may spend two weeks wherever in the world, still not adopting anything about the local culture. On the contrary, people working in the tourism industry in the host country will learn something about the culture the tourists are representing, but usually the image received is highly twisted, not actually telling how the tourists live their lives at home.

The degree of achieved satisfaction or experienced dissatisfaction is greatly dependent on the customer’s national culture. In societies with high collectivism, customers tend to establish their satisfaction on trust, caring and long-term commitment, whereas individualistic societies value more promptness, efficiency and error-free service. The national culture also affects customer loyalty and commitment, as well as the way of addressing complaints and criticism. For example, in collectivistic cultures where social harmony and loyalty are desired, customers hesitate to complain. Tourists coming from high-uncertainty avoidance cultures have higher intention to praise and compliment the service providers if they are satisfied with the service quality. (Reisinger 2009, 339 – 340)

Moreover, Hofstede et al (2010, 399 – 416) list several implications where the understanding of culture differences is essential: intercultural negotiations, multinational business organizations and international organisations, international mergers and joint ventures, and international marketing and advertising. Disregarding organisational cultures, which are discussed in the next section, a detailed processing of the mentioned implications will be excluded from this thesis.

### 3.2 Organizational cultures

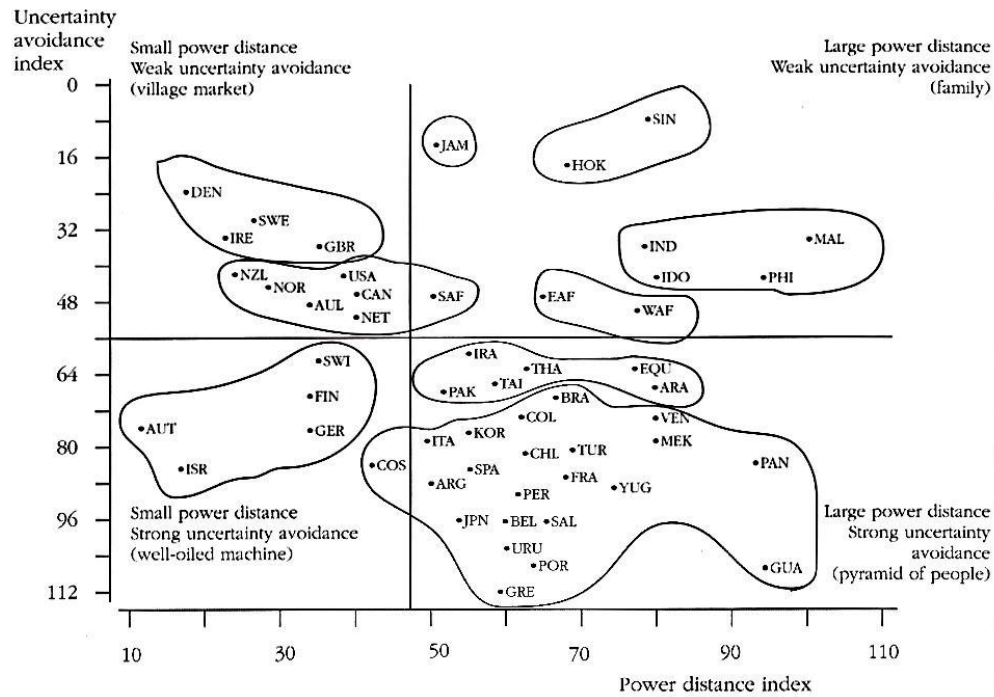
This section explores different types of organisational cultures. It shows how the differences between national cultures help to determine the “chosen” corporate culture, according to Trompenaars and Hampden-Turner (1997, 157). The capability of employees to harmonise their efforts and put together their separate skills does not only depend on their interpersonal skills, but also the organisational environment. (Grant 2010, 131) The organisational culture is shaped by the cultural features of its employees and leaders (Trompenaars & Hampden-Turner 1997, 157.) According to Grant (2010, 131), the culture of the organization is determined as a key intangible resource and affects its internal collaboration. The term organizational culture relates to the values, traditions, and social norms of an organisation.

Trompenaars and Hampden-Turner (1997, 157) name three aspects of company structure which are especially important when determining company culture: Their model about different company cultures will be discussed later in this section.

1. The general relationship between employees and the organisation
2. The vertical or hierarchic system of authority defining superiors and subordinates
3. The employees’ general views about the organisation’s destiny, purpose and goals, and their part in them

Mathis and Jackson (2012, 3) argue that only a company that has a history in which people have shared experiences for years is capable for organisational culture stabilisation. A company younger than 2 operational years may not have established a stabilised culture yet.

As an example how Hofstede’s dimensions of national cultures are used to note differences between countries’ organisational cultures can be seen in Figure 2 on the next page. It shows the differences that people from different cultures might have as regards organisational structure and functioning when PDI and UAI are presented together.



Key							
ARA	Arab countries (Egypt, Lebanon, Libya, Kuwait, Iraq, Saudi Arabia, the UAE)	EAF	East Africa (Kenya, Ethiopia, Tanzania, Zambia)	IRE	Republic of Ireland	PHI	the Philippines
ARG	Argentina	EQA	Ecuador	ISR	Israel	POR	Portugal
AUL	Australia	FIN	Finland	ITA	Italy	SAF	South Africa
AUT	Austria	FRA	France	JAM	Jamaica	SAL	El Salvador
BEL	Belgium	GBR	Great Britain	JPN	Japan	SIN	Singapore
BRA	Brazil	GER	West Germany	KOR	South Korea	SWE	Sweden
CAN	Canada	GRE	Greece	MAL	Malaysia	TAI	Taiwan
CHL	Chile	GUA	Guatemala	MEX	Mexico	THA	Thailand
COL	Colombia	HOK	Hong Kong	NET	the Netherlands	TUR	Turkey
COS	Costa Rica	IDO	Indonesia	NOR	Norway	URU	Uruguay
DEN	Denmark	IRA	Iran	NZL	New Zealand	USA	the USA
				PAK	Pakistan	VEN	Venezuela
				PAN	Panama	WAF	West Africa (Nigeria, Ghana, Sierra Leone)
				PER	Peru	YUG	Yugoslavia

FIGURE 2. Power distance and uncertainty avoidance index comparison (Hoecklin 1994, 34).

High power distance and low uncertainty avoidance societies such as Singapore, Hong Kong and Indonesia tend to view their organisations as **‘traditional families’**. The family members expect physical and economical protection from the head of the family. In exchange the family members show continued loyalty. Standardising work processes by specifying the contents of work is a key control and co-ordination mechanism for the family. (Brewster, Sparrow & Vernon 2007, 27.)

When both, power distance and uncertainty avoidance are high, in societies such as France, Brazil and Mexico to name a few, the organizations are seen as **‘pyramids’**. Authority is well emphasised, reporting lines are clear, and management provides co-

ordination and control by showing who has the authority over whom and which are the ways the authority is executed. (Brewster, Sparrow & Vernon 2007, 27.)

**‘Well-oiled machine’** is a definition for organisations which are a combination of medium uncertainty avoidance and low power distance. Germany, Austria, Switzerland, and Finland are examples of this definition. The roles, processes and procedures are well-determined. Control and co-ordination are obtained through certifications and standardisations of the skills. (Brewster et al 2007, 27.)

The fourth quadrant is described as a **‘village market’** model. This model is apparent in countries where low uncertainty avoidance meets low power distance, for example the USA, the UK, Denmark, and Ireland. Control and co-ordination is formed through mutual adjustment of people by informal communication, and by defining the wanted outcomes. (Brewster et al 2007, 27.)

Trompenaars and Hampden-Turner (1997, 158) present four different organisational cultures, which partially share the attributes found in the previous division. They use **egalitarian – hierarchical** and **orientation to the person – orientation to the task** dimensions to distinguish four different company cultures: family, Eiffel tower, guided missile and incubator, seen in Figure 3 below. These four vary significantly in terms of how they learn, think, change, reward, motivate and resolve problems.

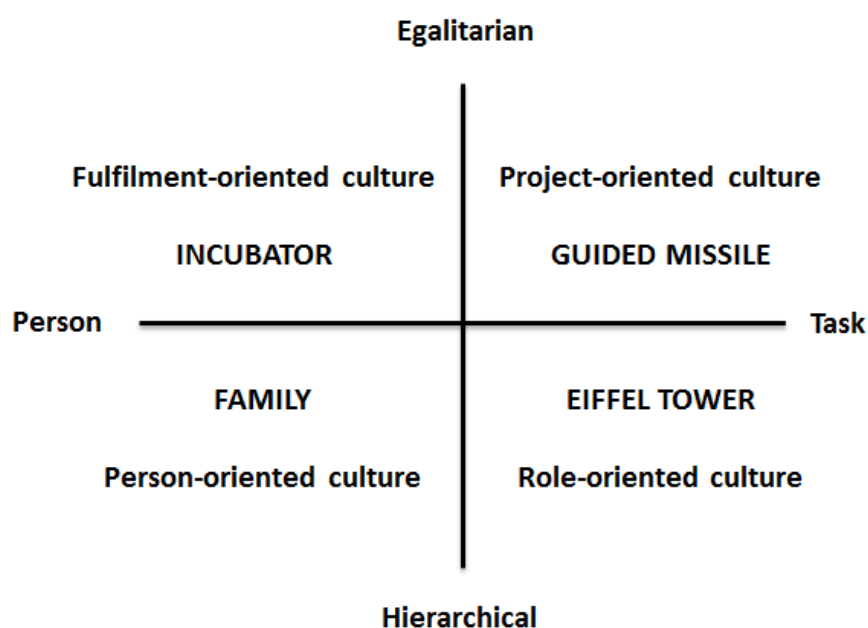


FIGURE 3. Corporate Images. (Trompenaars & Hampden-Turner 1997, 159.)

Trompenaars and Hampden-Turner (1997, 158) use the metaphor **family** for the culture type which is personal with close face-to-face relationships and hierarchical, resulting in a power-oriented company culture where the leader is seen as a caring father. The reason for working, performing well and resolving conflicts in this culture is largely about the pleasure originating from such actions. Pleasing the superior is an award in itself for the subordinate. The pressure is moral and social rather than financial or legal, and the main sanction is loss of affection and place in the family. Power and differential status are seen as natural characteristics of a leader, and are not related to success or failure in the tasks they are performing. At its best, power in this culture is executed through its members, which are acting in accord. Family-style cultures tend to be **high-context** (see section 4.2.1) and strangers might be excluded unintentionally. (Trompenaars & Hampden-Turner 1997, 158 – 160.)

**Eiffel tower** symbolises the culture which is steep, symmetrical, stable, rigid, robust, narrow at the top, and broad at the base. Its hierarchy differs greatly from the family culture: the leader is obeyed because his or her role is to instruct the subordinates. The leader has a legal authority to tell the subordinate what to do, and the contract of service obliges the employee to work according the instructions given. One supervisor can oversee the completion of tasks and manager can oversee the work of several supervisors above them in the hierarchy. Each higher level possesses a clear and demonstrable function holding the levels below together. The culture is highly role-oriented, there is barely any room for individual characteristics, and everybody is replaceable. The roles are specific and the status inside the company is tightly related to the role. The purpose of HR department is to find the right skills and capabilities, rather than the right person, to fill an open position. Personnel is considered similar to cash or capital as a resource. Professional qualifications often assist the career development and hence each role in the company is evaluated by its difficulty, complexity and responsibilities, and the salary is attached to those attributes. (Trompenaars & Hampden-Turner 1997, 166 – 170.)

**The guided missile** differs from the two mentioned cultures being egalitarian, but resembles the Eiffel tower in being impersonal and task-oriented. The tasks are carried out in project groups or in teams, which do everything they need to persevere with the strategic intent and to reach the target. What is needed is often unclear and may have to be discovered during the project. The members and the roles of the groups are not fixed. Each group has a co-ordinator or leader, who is responsible for the outcomes, but often



know less than the experts in the group. The guided missile culture is expensive, because the experts are costly to hire. The assembled groups and relationships tend to be temporary, only aiming at the conclusion of the common project. After or during the project, employees will join new groups for other projects. The ultimate criteria of human value is how the employee performs and in what extent he or she can contribute to the solution, besides the problem-solving with the other members. (Trompenaars & Hampden-Turner 1997, 172 – 173.)

**The incubator culture** derives from the idea that organisations exist to serve as an incubator for self-expression and self-fulfilment. This culture is both personal and egalitarian, having almost no structure at all. It operates often in an environment of intense emotional commitment. The structure is more about providing premises for the individuals. The companies are often entrepreneurial or founded by a creative team. The roles are crucial including confirming, criticising, developing, and finding resources to complete the innovative projects. Besides being innovative companies, they can be doctors in group practise, consultants, or professionals working usually alone, but willing to share resources while comparing experiences. (Trompenaars & Hampden-Turner 1997, 175 – 176.) The Figure 4 below shows how certain countries rank using Trompenaars and Hampden-Turner's four different corporate culture types.

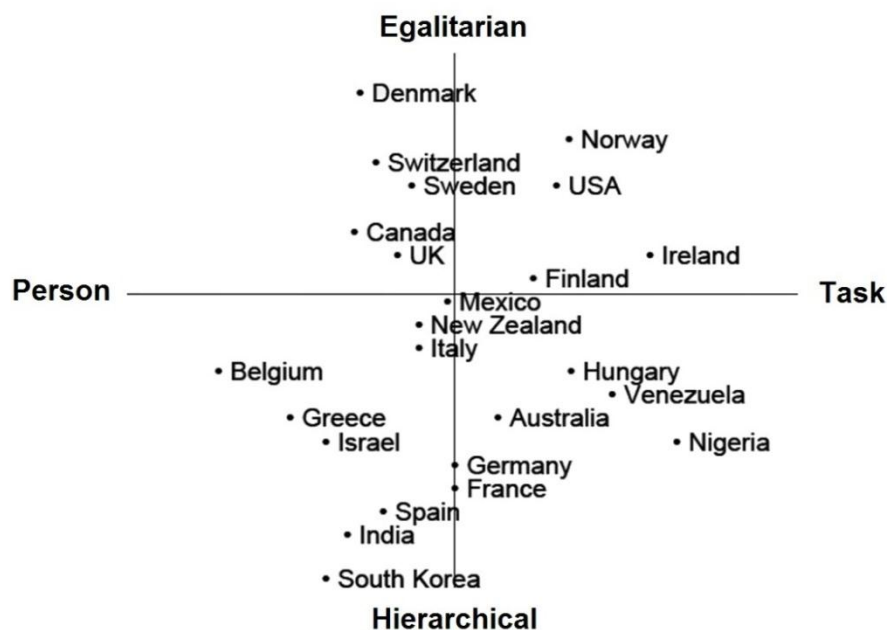


FIGURE 4. National patterns of corporate culture (Adapted from Trompenaars & Hampden-Turner 1997, 179).

## 4 HUMAN RESOURCE MANAGEMENT

### 4.1 Definition

According to Eräsalo (2011, 14), human resource management is about leading the direction, establishing and sustaining the relations to the business environment, building and taking care of qualified human resources. When referring to hospitality business, Kotler and Armstrong (2010, 270) state: “Reaching service profits and growth goals begins with taking care of those who take care of the customers.”

Most of the experts agree that the management process includes five functions; planning, organizing, staffing, leading, and controlling. A corporate strategy sets organisational goals, and a company represents an organisation consisting of people working together with assigned roles to achieve the organisational goals. A manager is a person responsible for the accomplishment of the goals by managing the efforts of the organisation’s personnel. HRM is the process of acquiring, training, appraising, and compensating employees, and of attending to their labour relations, health and safety matters, and fairness concerns, such as equal opportunity and affirmative action. (Dessler 2011, 30.)

Mathis and Jackson (2012, 9) make a statement that “in a real sense, every manager in an organisation is an HR manager.” Supervisors, project managers and heads of departments all engage in the HR department, and their success partially depends on the HR systems of the organisation. But in a real sense, it is unfair to expect that every manager or supervisor would be familiar with the nuances and details of professional HRM terms and practices. For that reason, many organisations have their own department specialised to HRM. However, in smaller organisations, the situation is often very different. In smaller companies, the owner usually takes the responsibility for HR issues. As the organisation grows, often a clerical employee is hired to handle payrolls, benefits and required record keeping, while the owner and managers usually take care of recruiting, selecting and training. These HR-related actions consume the time the managers and supervisors could use for operations, sales, marketing, accounting and other business areas. Thus, many small or large employers have outsourced some of their HR

activities. Mathis and Jackson (2012, 9 – 10) argue that typically, firms which are employing 100 or more need a designated person to specialise for HR functions.

## 4.2 Resource-based view

Resource-based view, RBV, “stresses the inherent ‘immobility’ of valuable factors of production and the time and cost required to accumulate those resources.” (Brewster, Sparrow & Vernon 2007, 217.) Firms possess variable physical and intangible assets, which are only imitable if the followers have gone through the same process of investments and learning. (Brewster et al 2007, 217.) The personnel of the firm can be dealt with as one of these resources.

According to Barney (1991), when the following qualities of resources meet, they can contribute and lead to sustainable competitive advantage.

- Valuable resource exploits opportunities and or neutralises threats in a company’s environment.
- Rare resource is unusual among the current and potential competitors.
- Inimitable resource is difficult for other firms to copy or otherwise reproduce the resource for their own use.
- Non-substitutable resource with other strategically equivalent resources.

RBV has been the basic theoretical foundation for strategic management research regarding knowledge-based views of the firm, human capital, and dynamic capabilities studies. It has also promoted HRM as part of strategic decision-making in the firm. (Allen & Wright 2006, 6.)

It is important to differentiate between the terms resources and capabilities of the company. Resources can be seen as the productive assets owned by the company, and capabilities refer to the things the company is able to do. None of the resources offers competitive advantage alone; they must work well together to create organizational capability. Capability is the essence of superior performance. (Grant, 2010, 127.) Figure 5 on the next page shows the relationship between resources, capabilities and competitive advantage.

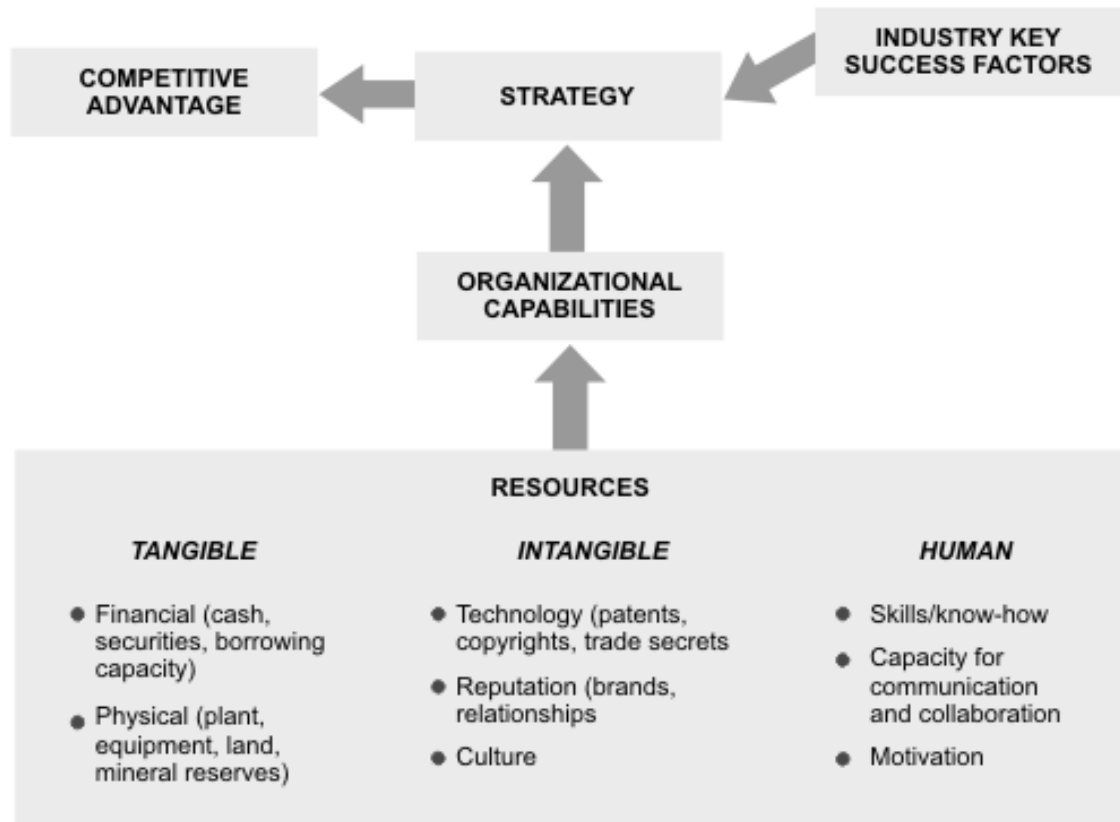


FIGURE 5. The links among resources, capabilities and competitive advantage (Grant 2010, 127).

The company does not own its employees, but it is considered one of the resources because of its stable and long-term nature in practice. The human resource of the company contains the expertise and the effort offered by the personnel. These features are hard to evaluate or identify, so human resource is more intangible than tangible resource. The personnel also possess a great deal of tacit information. (Grant 2010, 127.)

### 4.3 Primary HR functions

Primary functions of HRM which are directly related to obtaining, maintaining, and developing employees are presented by Werner & DeSimone (2012, 9) as follows:

- HR planning activities are used when trying to forecast the future HR needs according to firm's strategical changes. HR planners must be fully updated and aware about firm's demands on external markets and its plans, programs and actions.

- Equal employment opportunity guarantees that all activities related to HR are conducted legally and in a moral manner without discriminatory policies, procedures or practices.
  - Staffing (recruitment and selection) aims for identification of the potential employees for the current and future job openings. Selection and placement decisions are made by assessing and evaluating the candidates.
  - Compensation and benefits administration creates an equitable internal wage structure, a competitive benefits package and is responsible for deciding individual, team or organisational performance incentives.
  - Employee and labour relations activities include building up a communication system where employees can express their problems and grievances. Relations, contract negotiations and agreements with labour union are also part of these activities.
  - Health, safety and security aims for promotion of safe and healthy working environment. Safety training, health and wellness programs might be provided as a part of this activity.
  - HR development is ensuring that the current work force will have the needed education, competences and skills for the present and future job demands.
- (Werner & DeSimone, 2012, 9.)

The list above is a very brief overlook of the primary functions of HR. HRM is a vast field of study, with numerous theories, directions and alterations. Detailed processing of the nearly endless possibilities of HR as a study will be excluded from this thesis.

#### 4.4 What the “I” adds to HRM

International HRM examines how international organisations manage their human resources across different national contexts (Brewster, Sparrow & Vernon 2008, 6). Due to the varying national contexts, which were discussed in section 3, all HRM theories and practices are not universally applicable to manage human resources around the world. HR managers need to take cultural values into account when trying to understand the behaviour of people **from** and **in** different countries. (DeCenzo & Robbins 2005, 7.) HR managers in various types of firms will or can confront at least some aspects of internationalisation. These aspects include the operation of parent-country firms overseas,

the operation of foreign firms in the home country, and the employment of foreign citizens and immigrants. (Briscoe & Schuler 2004, 23.) Especially concerning the last aspect, Dowling and Welch (2004, 5) provide a solid statement why the knowledge of domestic HRM practices is inadequate alone.

Domestic HRM is involved with employees within only one national boundary. Increasingly, domestic HRM is taking some of the flavor of IHRM as it deals more and more with a multicultural workforce. (Dowling & Welch 2004, 5.)

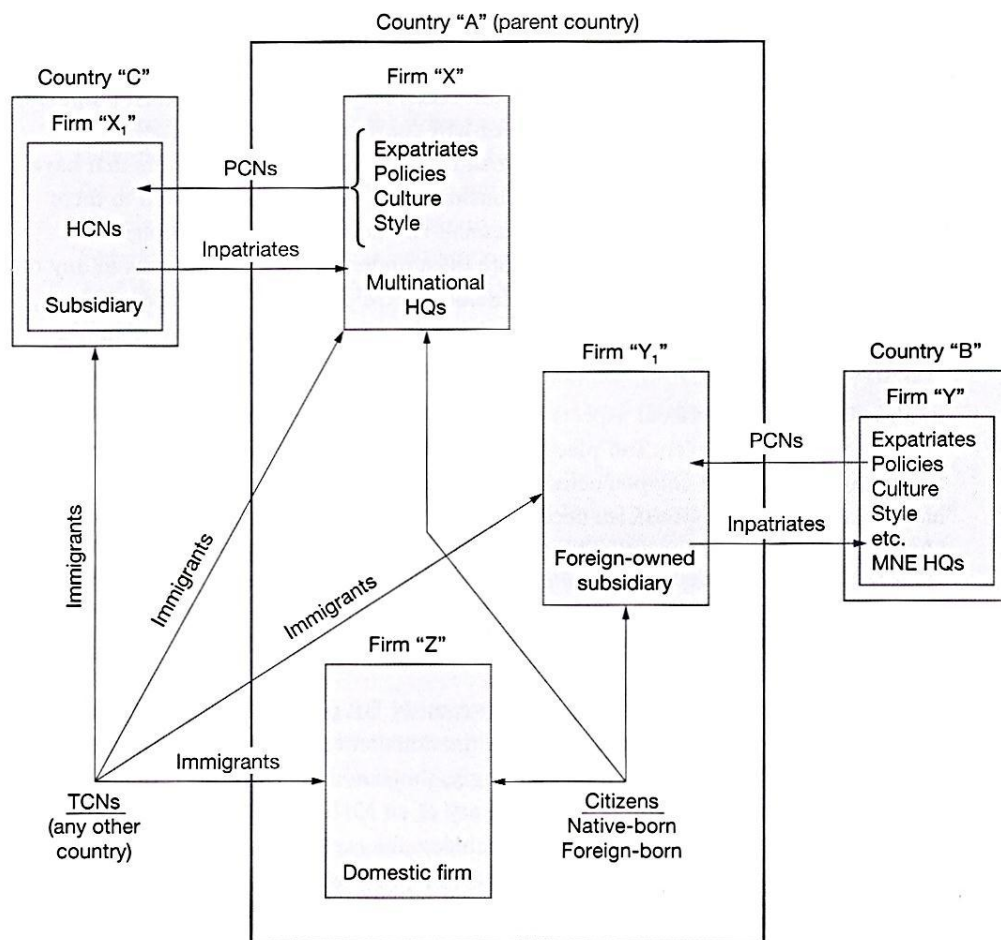


FIGURE 6. International Human Resource Management (Briscoe and Schuler 2004, 22).

Figure 6 above presents the framework and dimensions of IHRM. This thesis is based on examining the aspects of IHRM in the parent country, in this case Finland. While the differences between domestic and international HRM are numerous, and often related to the expansion abroad and the associated issues, the detailed processing of these aspects will be excluded from this thesis.

## 5 THE QUALITATIVE RESEARCH

The empirical study was conducted as a qualitative research by using theme interviews as a research method. Interviews are an especially good method when the purpose is to survey the research area, to aim for concrete examples, to observe a subject which is hard to measure with objective tests, and to interpret the questions or to specify the answers. (Hirsjärvi & Hurme 1985, 15.) An interview is an interactive situation, where both the interviewer and interviewee have an effect on each other (Eskola & Suoranta 2003, 85). Other characteristics of an interview are advance planning, the interviewer's acquaintance with the subject, the interviewer initiating and directing the interview, the interviewer motivating and maintaining the interview, the clear roles during the interview, and the interviewee's feeling that the provided information will be confidentially processed. (Hirsjärvi & Hurme 1985, 27.)

According to Metsämuuranen (2008, 41), in a theme interview the researcher has only guideline questions, the research area is mainly determined, the amount of interviewees is few, the dedication of the researcher is high, and the amount of work relating to the analysis of the collected data is great because of the depth of the information. Eskola and Suoranta (2003, 85) add that the interviewer should confirm that all the prepared themes are discussed, but the order and the comprehensiveness of the themes may vary between interviews.

Lincoln & Guba (1985, 290) argue that the trustworthiness of qualitative research is a combination of **truth value**, **applicability**, **consistency**, and **neutrality**. The criteria for the **truth value** are often considered as equivalence and trustworthiness. The research is reliable if the researcher is establishing confidence with the respondent. **Applicability** refers to the extent of portability, in which the results can be transferred to other circumstances of the studied phenomenon. **Consistency** indicates if the results can be achieved with the same or similar respondents in a same or similar context. The criterion for **neutrality** is validation, which means that the same result can be achieved with various methods of analysis, and it is not affected by biases, motivations, interests, or perspectives. (Lincoln & Guba 1985, 290.) All the mentioned attributes can be recognised in this particular study.

The aim of the study was to investigate how internationalisation and cross-cultural factors affect hospitality companies and their human resource management in Tampere region. The potential interviewees were chosen from hospitality companies operating with different kinds of business plans and representing different forms of hospitality companies. Five persons working in a managerial level in four different hospitality companies located in Tampere region were interviewed. Three of the companies were domestic and one company was a foreign-owned subsidiary. Referring to figure 6 in section 4.4, three of the companies represent Firm “Z” and one company represents Firm “Y”. One representative of a domestic company answered the request by saying that they feel uncertain whether they can contribute to this study. The request for the interview was also sent to a company, whose headquarters are located in Finland but it has operations abroad, therefore representing Firm “X”. Due to scheduling problems, the interview was not conducted before the intended deadline for the thesis.

The invitations for the interviews were sent in advance by e-mail. Apart from one exception, I had to call the respondents to remind about the request. The objective was to arrange the interviews and contact a person working at the highest position possible in the organisation concerned. In my opinion, all the interviewees were in a position, where they can oversee and provide a wide and relevant viewpoint for the research. Therefore, it is safe to say that even though I had only four interviews and five interviewees, the material was comprehensive and adequate to execute the research and the analysis. All the interviews took place in November 2012, and the duration varied between 30 to 40 minutes. The interviews were conducted in Finnish, and recorded and transcribed before the analysis of the collected material. I had previously listed themes (Appendix 1) but the participants were encouraged to express their own opinions and allowed the interview to develop to the direction of their expertise. Because the companies represented different business ideas, the focus of the analysis was to find their own procedures, but also similarities between companies and the importance of them for the company operations were sought. All the companies are well-known operators in the hospitality business.



## 6 RESULTS

The interviewed companies related to internationalisation from different perspectives. Naturally, internationalisation and globalisation can be seen in various processes in hospitality business, for example in procurement, technological development, marketing, branding, and as multinational companies, in their standardised concepts. Keeping in mind the overall international environment and nature of hospitality business, only the results relating to human resource management and company culture are discussed in this section.

All of the interviewed companies had experiences of employees with foreign a background. These employees presented a clear minority in the current workforce in all companies, ranging from zero to less than 10%. Some companies had foreign workforce as part-time employees via HR offices. One company considered Finnish persons with working experience from abroad and good language skills as employees with an international background, while other companies referred to employees with foreign background.

Two of the companies brought up straight away the internalisation of their employees, while two of the companies mentioned primarily the clientele and the business environment in the globalised world. One of these companies indicated that internationalisation can be seen in the personnel gradually but slowly, and the other noted that it is not really seen yet. The other perspective including personnel point of view can be seen in the statement given by one interviewee: “It (internationalization) can be seen in the clientele and of course in our personnel [...] so internationalization is seen clearly in our daily action.”<sup>1</sup>

All of the companies saw and emphasised the clear distinction between Helsinki and Tampere. As one interviewee said: “Helsinki is a way more international environment.”<sup>2</sup> In one company, there was have full-time workforce from five different coun-

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<sup>1</sup> Se (kansainvälistyminen) näkyy meidän asiakaskunnassa ja tietysti meidän henkilökunnassa [...] eli näkyy hyvin arkipäivässäkin kansainvälisyys.

<sup>2</sup> Helsinki on huomattavasti kansainvälisempi ympäristö.

tries: “There (in Helsinki) the number could be 45, when speaking of nationalities”<sup>3</sup> and continues: “This is a trend we are aware of (here in Tampere region), and the change will happen particularly in the personnel.”<sup>4</sup>

None of the companies saw internationalisation in competition. One of the companies thought that being local is an advantage compared to others, one did not face any potential competition, one emphasised their domestic origins, and one saw the internationalisation, especially in the other fields of industry, as a factor which supports the hospitality business.

The original perspective of internationalisation was an affecting factor through the whole interview. Customer perspective companies emphasised how to develop the service quality for international customers. The aim was that the service situations could be handled in several different languages. Companies which stressed the service perspective had organised or supported education for their employees to learn languages, and one company even organised a brief training about other cultures, but in a way that it improves quality experienced by the customer, not the interaction with foreign colleagues. In all of the companies, language skills are highly appreciated when recruiting new employees, especially Russian skills were mentioned.

Personnel perspective companies saw the opportunity to utilize the multicultural workforce in adding value to the service quality. One respondent said:

Internationalization and international workforce are seen absolutely as a richness bringing added value to us, when the whole process is done according to our concepts and standards.<sup>5</sup>

Another company mentioned that an international background can be one of the criteria even when recruiting part-time employees via an HR office for a specific event. They had had events where the personnel with international background had contributed added value, especially with guests who were not able to communicate in English. They also mentioned the how the company could learn from one’s foreign background.

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<sup>3</sup> Siellä (Helsingissä) voidaan puhua 45 kansallisuudesta.

<sup>4</sup> Tämä on sellainen trendi (Pirkanmaalla), joka me tiedetään ja että työvoiman puolelta se muutos tapahtuu.

<sup>5</sup> Kansainvälistyminen ja kansainväliset työntekijät koetaan ehdottomasti rikkautena ja ne tuovat lisäarvoa. meille, silloin kun se tehdään tietenkin näiden meidän konseptien kautta ja palvelustandardien mukaan.

All the interviewed companies thought that all the domestic customers in Tampere region were not ready to be served in English, and added, that people from the capital area and younger people make an exception. Knowledge of Finnish language is a requirement for working in the companies in the position which includes customer service, but the required level varies. At the other end of the scale, one interviewee said that everybody working in the company had to be able to speak Finnish really well. When the position did not include customer service, the language skills were not crucial, but as one interviewee said, sometimes the language problems were also experienced among the personnel. Certain managers were sometimes unsure of how their subordinates would react or thought that older personnel can face problems when working with persons speaking English. Two of the companies require the language skills of the personnel to be sufficient, like the company which stated:

They (employees with a foreign background) are able to communicate in Finnish, but probably things like text processing and understanding manuals written in Finnish related to machines or equipment can be challenging.<sup>6</sup>

If the language subject was examined by making a reference to job induction and internal communication, excluding the actual service situations, the companies used several different practices. In one company, there had been discussions about the language subject from a legal and instructional point of view. In this company, another company language besides Finnish had been suggested. The other language could be useful when providing induction and information related to safety and instructive issues. In one company, due its multinational operations, the company language was English. All the computer systems, manuals and instructions were available in English. In this company, the language requirements varied between jobs and it was mentioned that there should be an understanding between the instructor and the employee in a way that the quality of the induction cannot only depend on the English manuals. In one company the respondent did not see the need for translating the manuals or instructions. However, recent foreign trainees had brought up the issue how the cultural background affects the induction methods used and what methods are considered efficient.

The cultural differences can be experienced in diverse ways. Nevertheless, cultural differences do not affect the fundamental values, rules or procedures in the companies.

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<sup>6</sup> He (ulkomaisen taustan omaavat henkilöt) pystyvät kommunikoimaan Suomeksi, mutta ehkä tekstin tuottaminen ja joittenkin esimerkiksi laitemanuaalien ymmärtäminen suomeksi saattaa olla haasteellista.

We are trying to build the Finnish version and make it as brilliant as possible, so it is good enough regardless of nationality. It takes the nationality into consideration, but we are not changing our style to do things.<sup>7</sup>

In one company, the respondent gave several examples of the differences related to working situations: “Some of the cultural differences have to be taken into account, and sometimes the things originate from the religion. For example, the person is prevented to work on certain times.”<sup>8</sup> Other differences included things such as not taking orders from females, the concept of time, “sloppiness” in using right equipment or not minding all the legal matters. One company highlighted how important it is in the hospitality business to prepare the food precisely according by the given recipes, and it had proved to be challenging for foreign personnel. One company mentioned that sometimes they have to discuss the mentioned differences and tell how the Finnish system works: “Mainly they understand the issue. That now when they are in Finland, the equality is on a different level than in many other countries.”<sup>9</sup>

All of the companies admitted that there were a great number of cultural differences they could learn from. One respondent reminded that in some countries the service itself had been a profession for decades or centuries, and criticised that in Finland service is carried out impersonally and it is not smooth or very customer-oriented. According to one respondent, “in some cultures, it (the basic level of service) is very high, so when we can strengthen that culture in Finland, it would be a really big thing.”<sup>10</sup> A couple of years ago, one of the foreign employees of this company was selected as a best customer service provider of the year, and the respondent praised: “Her/his customer service mentality was on a whole different level!”<sup>11</sup> When talking about the possibilities to learn from, one company mentioned especially the better motivation for work, respect for the older people, and the level of caring.

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<sup>7</sup> Me yritetään rakentaa sitä suomalaista versiota, tehdä siitä niin hyvä, että se kelpaa kansallisuudesta riippumatta. Se huomioi kansallisuuden, mutta ettei me pyritä varmaan siinä mielessä muuttamaan sitä meidän tapaa toimia.

<sup>8</sup> Täytyy ottaa huomioon tietyt kulttuurilliset erot ja joskus uskontoon liittyvät tietyt asiat. Henkilö saattaa olla esimerkiksi estynyt tekemään töitä tiettyinä aikoina.

<sup>9</sup> He pääsääntöisesti ymmärtää sen. Että kun kuitenkin ollaan Suomessa, jossa kuitenkin tasa-arvo on eri luokkaa kuin monessa muussa maassa.

<sup>10</sup> Joissain kulttuureissa se on jo niin hyvällä tasolla, että sellaista kun saadaan meillä vahvistettua, niin se on tosi kova juttu.

<sup>11</sup> Hänen asiakaspalvelumentaliteettinsa oli ihan eri tasolla!

When asking how the interviewed companies had been preparing for internationalisation in their human resource practices, the answers varied. One company was currently looking for and collecting experiences from the current practices and thinking how they could utilise the internationality of the employees, and how to develop the employees as individuals considering their background. They sought to design HR processes which would take into consideration the fact that in the future part of the employees will be from other countries. One company indicated that the possible limitations originating from a culture or religion and affecting one's work have to be identified during the recruitment phase. "They (the limitations) must be discussed. They cannot be a restriction for the work, because after all we are doing it for our customers."<sup>12</sup> One company's policy was that everybody who is applied for a job should be ready to do all the tasks contained in the job in question. When asking about limitations originating from a culture or religion, an honest answer was provided: "You know, I have never thought about it earlier."<sup>13</sup>

Two of the companies clearly expressed that already by now there is a lack of competent work force in the hospitality business. One of these companies identified a risk relating to the availability of professionals but said that the on-going recession actually saved them from the most urgent need. However, they did not want to make the error of forgetting the need and as a result, it will stay in their agenda as an issue they will invest in. The other company thought that a substantial challenge will be faced in the future:

...there are some fields of business, where the retirement will be so intense that when we are looking for the next 10 to 15 years, there will be quite empty workplaces, unless those companies will really start to hire people from abroad.<sup>14</sup>

All of the companies stressed the importance of competent personnel for the hospitality business. One company also brought up that they were concentrating on creating career possibilities and personal development plans so the recruited personnel would stay in the company, which in turn saves them from time and resource consuming short-time employments. The same company wanted to use its human resource policies as a part of

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<sup>12</sup> Ne on vaan keskusteltava. Eihän se voi olla sen työn tekemisen este, koska me tehdään sitä kuitenkin meidän asiakkaille.

<sup>13</sup> Mä en oo tiäksää tätä koskaan aikasemmin ajatellut.

<sup>14</sup> ...on tietyt toimialat, missä eläköityminen tulee olemaan niin hurjaa, että kun katotaan kymmenen viidentoista vuoden päähän, niin on aika tyhjät työpaikat ellei sinne oikeasti oteta myöskin ulkomailta työvoimaa.

marketing by stating: "...we market ourselves as an operator who tells openly what our personnel thinks about us."<sup>15</sup>

The respondents said that the company culture was very low in hierarchy in every interviewed company. The managers tried to be as close as possible for the subordinates and the open environment for feedback, critics and improvement ideas was emphasised. All companies had job satisfaction surveys. One company stated that they were currently transforming their line organisation to separate processes. These processes functioned simultaneously and consisted of persons working in different positions, aiming for a better customer experience.

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<sup>15</sup> ...me markkinoidaan itseämme asiakkaille toimijana, että kerrotaan avoimesti, mitä henkilökunta on mieltä meistä.

## 7 DISCUSSION

Because all of the companies or their local agencies were operating in the same area, the stage of internationalisation of hospitality business could be seen as a common factor. Companies did not employ numerous foreign employees yet, but the process had apparently begun. According to the comparisons between Tampere region and the capital area, the situations were totally different. Still, two types of companies were easily identified. One company already had functions with foreign employees and was experienced with the different procedures relating to them. One was aware of the coming change and was preparing its operational models to match the future needs. Two companies were seeing the change more in the amount of international customers and considering how they would be able to meet the needs of the customers. These companies also mentioned that there were several things to learn from other cultures, but they did not have any ready or concrete procedures or plans.

The companies which saw the internationalisation from the customer perspective rather than the personnel perspective identified an opportunity to extend the sales and increase the number of customers. The companies which saw internationalisation through the customer perspective focused more on how the company could develop and educate employees to serve international customers better. On the contrary, the companies which saw internationalisation through both, their employees and their clientele, strived to utilise their multicultural workforce to serve their customers better and allow the company to learn in the process. Two of the companies mentioned the added value contributed by the foreign employees, which were able to provide native knowledge in certain situations. One company identified a need of recruiting employees with an international background, and other companies stressed the importance of language skills.

The cultural differences in the concept of time, in legal matters and in obeying certain rules were easy to spot, because Finnish people are in general very specific with time and obey the regulations to the letter. In my opinion, every culture has its own attributes and some cultures blend together better than others. Edward T. Hall's research acquainted me with the high and low context cultures and introduced the monochronic and polychronic concept of time. I was astonished how fully I identified features of Finnish culture in the research. When you compare the Finnish tendencies, for example to Span-

ish ones, the difference is huge, and still we are talking about two countries located in Europe. After some amount of speculation, it is fairly obvious why Finland as a country can be a challenging place for a foreigner to move or work in.

The language issue was brought up in all of the interviews, and it seemed to be a problem for foreigners. First of all, to be able to work in a restaurant in Finland, one has to be conscious of the legal requirements, which are strict in issues relating to the work safety, customer safety, HACCP plans, the selling of alcohol, and hygiene requirements. Understanding all the written material can be a challenge for a native Finn, so it must be very obscure for the foreigners. If the company is not providing the material in English, they must spend a great deal of their time for induction. Who is responsible if something happens for the employee or for the customer if a certain law is not obeyed?

Foreigners face language problems also on the service side. Customers in Tampere region are not ready to be served in English, and therefore the knowledge of Finnish is an essential skill to be able to work in the hospitality business. In some companies, the language requirements were high. For me, it raised a question. Which one is better for the future, an employee with Finnish as a native language and weak English skills, or an employee with poor Finnish skills and a foreign language as a mother tongue?

All the companies appeared to be low in hierarchy, and the relationships between subordinated and managers seemed to be quite casual. I think that many Finnish firms follow the same formula and authorities are acknowledged based on other principles than titles. All the organisations welcomed positive and negative feedback, and were visibly interested in the employees. A good example of the low hierarchy is that I was able to do the interviews in relatively short timeframe with persons in high positions in the concerned companies.

As written in section 6, the interviews provided a comprehensive image and adequate material to execute the study. Concerning Lincoln and Guba's attributes (1985, 290) of the trustworthiness of qualitative research, all of them were fulfilled, and hence, the study can be considered reliable.



There are several subjects for further study. First of all, the discussed topics in the thesis were shortened greatly and the possibilities of HRM, IHRM and cultural studies are endless. Still, the previous fields of study are well researched, providing loads of interesting literature. The collected material clearly indicated that the companies are proud of their practices and policies. I started to think about the relation between the divergence and convergence views. Today, when foreign employees represent such an obvious minority in the companies, I think it is normal that a company does not change its practices. But what will the situation be in 10 or 20 years, when some professions might be mostly dependent on foreign employees. Probably some fields of business are handled by companies founded by foreign employees, or domestic companies have to adjust to some special requirements more openly. Strategic human resource management is also a very fascinating direction of study. I think SHRM is especially feasible in the hospitality business, where the performance and profits are significantly related to the employees performing the service itself.

My purpose in this thesis was not to provide any ready answers or suggested practices for any cultural-related question or issue. My aim was to present some of the theories which can be used for examining cultural-related differences and assisting in seeing things from a new angle. I have noticed that some people really do not accept or even fear the change, which is, in my opinion, inevitable and necessary, certainly something not to fight against. Generalisations and stereotypes do not do any good for cultural learning or perception of cultures, but some of them are needed to use as examples to illustrate the context. We have to remember that every one of us is an individual and an exception proves the rule. When we first recognise and understand the differences and accept them, it makes the utilisation of these differences possible, and we can learn in interaction. No matter whether one finds this ability useful in the business or personal life, it is one large step forward.

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## APPENDICES

### Appendix 1. Theme questions for the interviews in Finnish and in English

1. Miten kansainvälistyminen näkyy edustamassasi yrityksessä?
  2. Miten edustamasi yritys on valmistautunut kiihtyvään kansainvälistymiseen?
  3. Miten yritys on vaihtanut toimintamallejaan henkilöstöhallinnossaan?
  4. Miten eri kulttuurit ovat vaikuttaneet yritykseenne?
  5. Miten kuvailisit johdon ja työntekijöiden kanssakäymistä?
  6. Miten kuvailisit edustamasi yrityksesi organisaatiokulttuuria? Miten se on muuttunut kansainvälistymisen myötä?
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1. How can internalisation be seen in the represented company?
  2. How has the company prepared for growing internalisation?
  3. How has the company changed its practices in HRM?
  4. How have different cultures affected the company?
  5. How would you describe the interaction between managers and employees?
  6. How would you describe your company culture? How has it changed due to internalisation?