

LAPPEENRANTA UNIVERSITY OF TECHNOLOGY

School of Business and Management

Degree in Business Administration

Master's in International Marketing Management

**MASTER'S THESIS**

THE ROLE OF DIVERSE WORKFORCE IN THE INTERNATIONALIZATION  
PROCESS OF A SERVICE SME IN SCANDINAVIA

1<sup>st</sup> Supervisor: Professor Juha Vääänen

2<sup>nd</sup> Supervisor: Professor Pia Heilmann

*Elisa Pohjola*

2018

## TIIVISTELMÄ

Tekijä:	Elisa Pohjola
Otsikko:	The Role of Diverse Workforce in the Internationalization Process of a Service SME in Scandinavia
Tiedekunta:	School of Business and Management
Maisteriohjelma:	Master's in International Marketing Management
Vuosi:	2018
Pro-gradu -tutkielma:	Lappeenrannan Teknillinen Yliopisto 105 sivua, 11 kuviota, 6 taulukkoa, 2 liitettä
Ohjaajat:	Professori Juha Vääänen Tutkijaopettaja Pia Heilmann
Avainsanat:	Diverse workforce, diversity management, internationalization, SME, service, Scandinavia, qualitative research, case study

Globalisaatio asettaa uusia haasteita yrityksille maailmanlaajuisesti ja painostaa jopa pk-yrityksiä kansainvälistymään ja etsimään kilpailuetuja ulkomailta. Samalla työvoiman liikkuvuus on lisääntynyt, mikä on johtanut monimuotoisuuden kasvuun yhteiskunnissa sekä kotimaan markkinoiden kansainvälistymiseen. Tämän pro-gradu -tutkielman tarkoituksena on selvittää, mikä on monimuotoisen henkilöstön rooli palvelu-pk-yrityksen kansainvälistymisprosessissa Skandinaviassa. Tutkimus pohjautuu aiempiin teorioihin monimuotoisuuden johtamisesta ja pk-yritysten ja palveluiden kansainvälistämisestä. Skandinavian markkina-alueen erikoispiirteet esitellään myös aiemman kirjallisuuden ja tilastitiikan avulla. Tämä kvalitatiivinen case-tutkimus toteutettiin haastattelemalla kymmentä johtotason henkilöä norjalaisen ravintola-alan yrityksestä.

Tutkimus osoittaa, että monimuotoinen henkilöstö voi osoittautua arvokkaaksi resurssiksi yrityksen kansainvälistymisprosessissa, mutta vain jos sen johtamiseen on kiinnitetty yrityksessä huomiota. Tämä tutkimus vahvistaa myös, että moninaisuusaloitteet Skandinaviassa keskittyvät yhä useimmiten tasa-arvoisten mahdollisuuksien takaamiseen kaikille erinäisten hyötymiskeinojen etsimisen sijaan. Tutkimuksen lopussa on ehdotuksia case-yrityksen johtoryhmälle, kuinka moninaisuuden johtamista voitaisiin parantaa yrityksessä, sekä käyttää moninaisuutta arvokkaana tiedon, taidon ja verkostojen lähteenä.

## ABSTRACT

Author: Elisa Pohjola  
Title: The Role of Diverse Workforce in the Internationalization Process of a Service SME in Scandinavia  
Faculty: School of Business and Management  
Master's Program: Master's in International Marketing Management  
Year: 2018  
Master's thesis: Lappeenranta University of Technology  
105 pages, 11 figures, 6 tables, 2 appendices  
Supervisors: Professor Juha Väättänen  
Prof. Pia Heilmann  
Keywords: Diverse workforce, diversity management, internationalization, SME, service, Scandinavia, qualitative research, case study

Globalization sets new challenges for companies worldwide as well as pressures even the SMEs to internationalize and seek competitive advantage from abroad. At the same time workforce mobility has increased, which has led to increasing diversity in societies and internationalization of the domestic market. This thesis aims to investigate what is the role of diverse workforce in the internationalization process of a service SME in Scandinavia. The study is based on previously written theory about diversity management and internationalization of SMEs and services. The special context of Scandinavian market is presented with help of previous literature and statistics. The qualitative case study was conducted by interviewing 10 people from the managerial level of a catering company in Norway.

The study shows that diverse workforce can be used as a valuable resource to the company in the internationalization process, but only if its special features are acknowledged and managed correctly. It is also affirmed in the study that diversity initiatives in Scandinavia concentrate still mostly on guaranteeing equal opportunities for everyone instead of finding out ways to benefit from diversity. At the end of the study there are suggestions for the managers of the case company, how they could still improve diversity management in the company and use diversity as a resource of valuable knowledge, know-how and networks.

## ACKNOWLEDGEMENTS

They say that university is the best time of your life and I could not agree more. These five years have passed faster than I could have imagined and so much has happened during these years that the feeling is almost overwhelming. I have a lot to thank LUT for: the warm welcome to the student community, different opportunities for work and extracurricular activities, hundreds of new friends, new skills to use in and outside of working life and exchange possibilities to New Zealand and Norway, of which the latter has now become my new home.

The thesis project was intensive and demanding, but delivering the thesis and finishing my studies in time are without a doubt an accomplishment that I can be proud of. I would like to thank all my dear colleagues in Olivia that welcomed me to the Olivia-family and inspired me to write about this topic. Especially I want to thank all the managers in Olivia for arranging time from their schedules for the interviews and giving their insight to this study. I would also like to thank both of my supervisors Juha Väättänen and Pia Heilmann for their comments and feedback that guided me to the right direction with my writing process.

For all these five years and memorable times in Lappeenranta I would like to thank my closest friends and my dear neon-yellow Enklaavi – none of it would have been the same if it wasn't for you. A special thanks goes also to my family that has not only supported me unconditionally along the way but also been there to share with me the special moments of joy and success.

In Oslo, 23.03.2018

A handwritten signature in black ink, appearing to read 'Elisa Pohjola', written in a cursive style.

Elisa Pohjola

## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>8</b>
1.1	Research Background .....	9
1.2	Research problem and the aim of the study .....	10
1.3	Literature review .....	12
1.4	Theoretical Framework.....	16
1.5	Definitions and delimitations.....	17
1.6	Research Methodology .....	20
1.7	Structure of the study .....	21
<b>2</b>	<b>DIVERSE WORKFORCE.....</b>	<b>22</b>
2.1	Domestic diversity management.....	23
2.1.1	An overview of initiatives for managing diversity .....	24
2.1.2	Planning, implementing and evaluating diversity management initiatives .....	25
2.1.3	Diversity management and firm performance .....	27
2.2	International diversity management.....	28
2.2.1	International diversity initiatives .....	29
2.2.2	Global HRM perspective on diversity management.....	31
2.2.3	International diversity management in SMEs.....	33
<b>3</b>	<b>INTERNATIONALIZATION .....</b>	<b>35</b>
3.1	Internationalization of SMEs .....	36
3.2	Internationalization of a service.....	38
3.3	Resource-based view and network approach in internationalization.....	40
<b>4</b>	<b>NORDIC BUSINESS ENVIRONMENT .....</b>	<b>43</b>
4.1	The Nordic working model.....	43
4.2	Diversity management in the Nordic countries .....	46
4.3	Internationalization in the Nordic countries .....	48
<b>5</b>	<b>RESEARCH DESIGN AND METHODS.....</b>	<b>50</b>
5.1	Qualitative research .....	50
5.2	Data collection method .....	52
5.3	Data analysis methods.....	54
<b>6</b>	<b>RESTAURANT INDUSTRY AND THE CASE COMPANY .....</b>	<b>55</b>

6.1	Restaurant industry in the Nordics.....	55
6.2	Olivia restaurants .....	57
6.3	Restaurant demographics .....	61
6.3.1	General statistics .....	61
6.3.2	Diversity statistics.....	63
<b>7</b>	<b>EMPIRICAL FINDINGS.....</b>	<b>66</b>
7.1	Diverse workforce and diversity management .....	67
7.1.1	Recruitment and the visibility of diversity.....	67
7.1.2	Performance – advantages and disadvantages .....	70
7.1.3	Diversity management and initiatives.....	71
7.2	Growth strategy and internationalization.....	73
7.2.1	Changes in the company .....	73
7.2.2	Motives and resources behind the strategy .....	75
7.2.3	Networks and diverse workforce as an aid .....	77
<b>8</b>	<b>DISCUSSION AND CONCLUSIONS .....</b>	<b>79</b>
8.1	Discussion of the findings in light of previous research.....	79
8.2	Theoretical contributions .....	85
8.3	Managerial implications.....	85
8.3.1	Acknowledging diversity management in the company .....	85
8.3.2	Multiplying the management initiatives to all the restaurants .....	86
8.3.3	Using diverse workforce as an advantage.....	86
8.4	Limitations and recommendations for future research .....	87
	<b>REFERENCES.....</b>	<b>88</b>
	<b>APPENDICES.....</b>	<b>101</b>

## LIST OF FIGURES

Figure 1. Theoretical framework .....	17
Figure 2. Macro and micro level planning.....	26
Figure 3. Three steps of international diversity management.....	31
Figure 4. International integration of diversity management.....	32
Figure 5. Simplified model of firm internationalization.....	37
Figure 6. Timeline of the development of the Nordic working model.....	46
Figure 7. Demographics of the participants of the interview.....	53
Figure 8. Olivia restaurants in Oslo .....	58
Figure 9. Division between genders in contracts and managerial positions .....	62
Figure 10. Plan for diversity management in internationalization process of Olivia .....	81
Figure 11. Internationalization process of Olivia .....	84

## LIST OF TABLES

Table 1. Exemplary key research on diversity management .....	13
Table 2. Exemplary key research on the internationalization of SMEs.....	14
Table 3. Exemplary key research on the Nordic working environment .....	16
Table 4. Olivia demographics .....	62
Table 5. Example of simplification and categorization of the variables.....	63
Table 6. Diversity at Olivia Restaurants .....	65

## 1 INTRODUCTION

Globalization sets a new challenge for people in different working places to interact with other people from different backgrounds and different cultures, carrying a different ethnical heritage. Since the world has become a one large marketplace, where everything affects everything, emphasizing diversity is the way to react to this change in the gradually globalizing world. Esty, Griffin and Schorr-Hirsh (1995) defined diversity as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance. Diversity is often mistakenly understood to stand merely for different ethnical background, but as noted is in fact a much broader conception that includes variables like age and sex. The increased demand for taking diversity in workplaces into consideration has challenged managers of today's world and can no longer be overlooked by companies.

Globalization has also created a growing urge for companies to internationalize and expand their functions abroad. Especially the establishment of the European Union in 1992 made internationalization a reality to many small and medium-sized firms throughout Europe, however at the time internationalization was mostly considered as a one-way linear process of different stages (Gankema, Snuif & Zwart 2000). Nowadays, there are many different ways for companies to internationalize and internationalization has been written to many strategies during the last decades when designing a growth strategy for a company. Internationalization is also better understood and there are more different ways for firms to internationalize than a linear process described in the Uppsala-model, for example. As Kuivalainen, Sunqvist, Saarenketo and McNaughton (2012) point out that the internationalization process of a firm consists rather of different kind of patterns or recurrent behavioral responses that form the path for internationalization. Even though the amount of studies conducted about the internationalization of small and medium-sized firms has increased in the last decades, the majority of studies still represent internationalization of large companies (Amal & Rocha Freitag Filho 2010).

The aim of this thesis is to examine what kind of benefits or added value can diverse workforce bring to the internationalization of a medium sized service firm and what kind of

roles it might have. Another focus point of this research is to find possible best practices to manage diversity in the context of international growth. This introduction chapter will shed light on the need for research and its background, the research question and used previous literature in the research, the theoretical framework, definitions of the main concepts and delimitations of the study and lastly a more precise explanation of the methods used when conducting the study and the structure of the following report.

## **1.1 Research Background**

In Scandinavia, previous research about diversity management has mainly concentrated on social inclusion, whereas in the United States factors like effectiveness, competitiveness and market advantages have been taken in focus when studying diversity management (Wrench 2007). In this study the focus point will be turned more towards the success factors that the diverse workforce brings to the company. In Norway the percentage of immigrants measured in January 2017 was 13,8 % and Norwegian-born to immigrant parents was 3 % (Statistics Norway 2017). Over 60 % of these immigrants aged 15-74 years were employed in 2016. According to Statistics Norway (2017) in 2015 the amount of immigrants was circa 805 000 whereas ten years earlier in 2005 the amount was 365 000. Due to this growing trend, it is important to turn the focal point from social inclusion to figuring out how the diverse workforce can bring added value to the company.

When a company decides to expand their business or partial functions abroad, they need to consider different ways and models to do execute the expansion. Part of this internationalization process is the question of personnel: whether to employ expatriates, host country nationals, third country nationals or all the three of these and to what extent (Lam & White 1999). Even though Scandinavian countries do not traditionally differ culture wise a lot from each other (e.g. Hofstede Insights 2017), in the end of 2015 in Sweden for example, 17 % of the population was foreign-born (Statistics Sweden 2016a). This creates a challenge for diversity management in companies even though the general cultural differences between the countries are small, the workforce can still be surprisingly diverse.

## **1.2 Research problem and the aim of the study**

The purpose of this study is to investigate what is the role of diverse workforce and what kind of added value it can bring in the internationalization process of a service SME in the Scandinavian market. So far most of the diversity management research has concentrated on the American market and researchers have encountered problems with multiplying the findings from previous studies to market areas with different cultural and diversity background and history (Wentling & Palma-Rivas 2000). In addition, the previous research conducted about diversity management in Scandinavia has concentrated more on discrimination instead of finding ways to utilize diversity in the workplace for efficiency and market advantage reasons (Wrench 2007). Thus, this study aims at providing insight whether diverse workforce can be seen as a valuable resource for a service SME in the Scandinavian market regarding their processes to expand to another country.

The main research question describes the research problem in the form of a question and the following sub research questions are meant to describe the problem in more detail and guide the study in the right direction to answer the main research problem. The main research question is as follows:

**RQ: What is the role of diverse workforce in the internationalization process of a service SME in the Scandinavian market?**

In order to answer the research question comprehensively and have a general grip of the field of the study, there is a need for sub research questions that guide the study. These questions will also be of help when forming the questions for the theme interviews. In order to understand the phenomena of diversity management in the concept of internationalization, these two main factors need to be studied individually in more detail. The following sub research questions further define the main problem of the research.

The first sub research question focuses on the role of diverse workforce in the society and working environment and what are the different initiatives to take into consideration when managing diverse workforce. In order to get the most out of the diverse workforce, it has to be considered in the HR practices of the company. In many cases the decision to hire diverse workforce in the companies comes as an answer to the changes in the society and companies

are not being very proactive when hiring and managing diversity. Hence, different management practices for diversity are often developed only after the diversity in the workforce has increased rather than being proactive and anticipating the changes in the company's workforce.

**SRQ1: What motivates companies to hire diverse workforce and what are the different ways to manage diversity?**

Diverse workforce can create different advantages to the company. However, in order to be valuable to the company, the value-adding features of diverse workforce need to be identified and acknowledged. These features can then later on be utilized in different internal and external projects and processes such as designing and implicating actions of internationalization. These thoughts lead to the second sub research question:

**SRQ2: What factors of diverse workforce can be seen as a valuable resource for the company and how can the internationalization process of a service SME be designed using this resource as benefit?**

To set the previous sub questions into the right concept of the Nordic business environment particularly from the point of view of a service SME internationalization and diversity management and to complement the study to answer the main research question, the last subsection of the study will be designed to answer the following sub research question.

**SRQ3: What are the key features of the Nordic business environment that guide the design and implication of diversity management in the Scandinavian market?**

In other words, the aim of the study is to figure out what is the role - if there is one - of diverse workforce in the internationalization process of a service SME in the Scandinavian market. This will be done by looking for different value-adding attributes of diverse workforce, bringing clarity to diversity management in the Scandinavian area.

### **1.3 Literature review**

Literature review aims at giving a general image of the previously conducted research of the main topics. This chapter will provide a close-up report of what has been studied earlier about the main topics in this thesis: diversity and its management and SME internationalization and Nordic working environment. On tables 1, 2 and 3 below are listed the main articles described in this chapter. The articles are presented in a chronological order in groups of contexts they fit into. The tables include the main concepts, methods, samples and key findings of the presented studies.

The article “Cultural diversity in the workplace: The state of the field” written by Fine (1996) gives an overall glance on the early research conducted on diversity management. According to Fine (1996) the studies about cultural diversity fall into three different categories: general overviews of diversity and issues related to it, reports that offer theoretical point of views and suggestions for new research directions, and research conducted specifically on diversity in organizations. Also McMahon (2011) provides a comparing article of previous studies on diversity management. However, she introduces only articles that study diversity management from the point of view of firm performance. Wentling and Palma-Rivas (2000) introduced in their article “Current status of diversity initiatives in selected multinational corporations” three topics within diversity in organizations: what diversity initiatives are MNCs implementing, what is the process of these initiatives and what initiatives are being planned for the future. The article by Sippola and Smale (2007) “The global integration of diversity management: a longitudinal case study” reaches more out to the main research question of this study since it focuses on diversity management in a global context.

Table 1. Exemplary key research on diversity management

Diversity management					
Author/ Year	Topic	Concept	Method	Sample	Key findings
<b>Fine, 1996</b>	Cultural diversity in the workplace	General overviews, theoretical perspectives, empirical research studies on the topic	Literature review	Previous research on the topic from the 1980's and the 1990's	The literature on the first two categories is growing. The third category remains elusive, but there is rich potential for research.
<b>Wentling &amp; Palma-Rivas, 2000</b>	Diversity practices in MNCs	Status of the diversity initiatives in MNCs in 2000	Semi structured face-to-face interview & document analysis	Eight MNCs, headquartered in the United States	MNCs are planning, developing and implementing a variety of diversity initiatives on domestic and international level.
<b>Sippola &amp; Smale, 2007</b>	Diversity management and multinational corporation	Diversity in an international setting	Longitudinal case study	European MNC TRANSKO adopting Finnish host-country perspective	TRANSKO has committed resources to the global diversity management integration process and has achieved a global level of diversity philosophy, but has used more a multi-domestic approach in implementing diversity policies and practices.
<b>McMahon, 2011</b>	Diversity management and firm performance	The relationship between workplace diversity and firm performance	Literature review	Previous research on the topics published during 2000-2009	Workplace diversity by itself does not affect firm performance, but it has an impact on performance through different mediating, moderating and contextual factors.

In the article “SME internationalization research: past, present, and future”, Ruzzier, Hisrich and Antoncic (2006b) present general history of internationalization and different relevant theories related to it as well as study the differences and similarities of an internationalization process whether the company is an MNE or an SME. Kuivalainen, Sundqvist, Saarenketo and McNaughton (2012) present in their article “Internationalization patterns of small and medium-sized enterprises” an up to date overview of the most important concepts related to SME internationalization. The study conducted by Mohr and Shoobridge in 2011: “The role of multi-ethnic workforces in the internationalization of SMEs” is probably the most

important article that contributes to this thesis. This article enlightens the importance of ethnically diverse workforce in the internationalization process of an SME – a subject that goes hand in hand with the aim of this thesis.

*Table 2. Exemplary key research on the internationalization of SMEs*

Internationalization of SMEs					
Author/Year	Topic	Concept	Method	Sample	Key findings
<b>Ruzzier et al., 2006b</b>	SME internationalization	Similarities and differences in the internationalization of SMEs and MNEs	Literature review	Previous literature on the major theories of internationalization	The positive and negative aspects of each theoretical approach to internationalization
<b>Seggie &amp; Griffith, 2008</b>	Service firm internationalization	The benefit of internationalizing domestic markets in the internationalization of a service company	Literature review	Previous literature on the topic of service internationalization	Aligning resources with consumer needs will leads to competitive advantages in the internationalized domestic market which can be replicated to new markets.
<b>Mohr &amp; Shoobridge, 2011</b>	Multi-ethnic workforce and internationalization of SMEs	The importance of ethnic workforce diversity for the internationalization of SMEs using the RBV	Literature review	Previous literature on the main topics of the article: ethnically diverse workforce, SME internationalization and resource-based view	There is a link between ethnic workforce diversity and increased internationalization of SMEs as well as a range of contingencies of this relationship.
<b>Kuivalainen et al., 2012</b>	SME internationalization	An overview of the main frameworks and concepts for research on internationalization patterns of SMEs	Literature review	Concepts and a conceptual framework to study internationalization patterns of SMEs	The complexities of existing definitions, synthesis of the issues regarding the topic and an integrative model of internationalization are presented.
<b>Raymond et al., 2014</b>	SME Internationalization	Comparative study of manufacturing and service sectors	Quantitative questionnaire	347 SMEs (254 Canadian & 93 French of which 286 manufacturing & 61 service SMEs)	The role of R&D has been underscored in internationalization. Emerging research domains of services and service internationalization.

In table 2. there are also two articles that contribute to the research of service internationalization. The first one of these is an article called “An attribution theory approach for understanding the internationalization of professional service firms” by Seggie and Griffith (2008) that focuses on service internationalization, but emphasizes the possibility for the internationalization process to start already in the domestic market due to globalization. The second article that discusses service internationalization is the article “Internationalization capabilities of SMEs: A comparative study of the manufacturing and industrial service sectors” by Raymond, St-Pierre, Uwizeyemungu and Le Dinh (2014) where the internationalization process in manufacturing and service sectors are compared. Javalgi is another researcher within service internationalization who’s articles were referred in this thesis and is worth mentioning even though his articles are not amongst the most cited ones in this thesis. Together with Griffith, Javalgi is another of the two researchers that often comes up when searching for information about internationalization of the service sector. Especially during the last decade, these two have contributed to the research of service internationalization.

In order to understand the context of Nordic working life in general and especially from the point of view of diversity management, there are a few articles on these subjects taken into focus in this thesis. The articles “Nordic working life research – Continuity and renewal” and “In search of the Nordic working life model; Introduction to the thematic issue” by Hvid, Bergholm, Gonäs, Juul, Kamp, Karlsson, Kasvio, Klemsdal, Salomon and Skorstad (2011) and Kasvio, Gonäs and Skorstad (2012) give a general picture of the Nordic working life, of which this thesis will focus mostly on the reports of the Norwegian and the Swedish ones. Boxenbaum (2006) and Risberg and Söderberg (2008) have conducted studies about translating American diversity management into Danish context: “Lost in translation – The making of Danish diversity management” and “Translating a management concept: diversity management in Denmark”. These practices will be partly benchmarked into Norwegian context taking into consideration the similarities and possible differences between the cultures of the two countries.

Table 3. Exemplary key research on the Nordic working environment

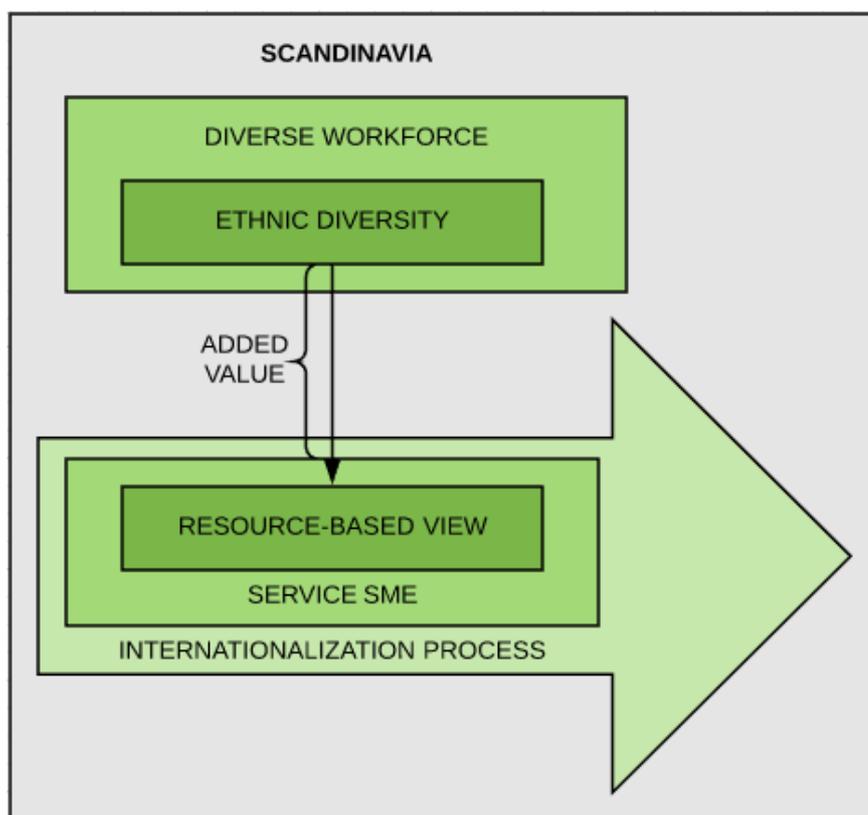
The Nordic working environment					
Author/Year	Topic	Concept	Method	Sample	Key findings
<b>Boxenbaum, 2006</b>	Diversity management in Denmark	Translating the American practice of diversity management to Danish business environment	Ethnographic study, observation and archival material collection, semi structured interviews, keyword searches	Two large Danish firms in service industry	The translation was successful and resulted in a hybrid frame between old Danish practices and new American diversity management practices.
<b>Risenberg &amp; Söderberg, 2008</b>	Diversity management in Denmark	How the concept of diversity management is translated into the Danish societal context	Survey, discourse analysis	100 Danish firms (survey), diversity documents of two frontrunner firms (discourse analysis)	Firms are in need of diversity management, but reluctant to introduce diversity policies. Concepts must be translated for the local context in order to be accepted by the authors.
<b>Hvid et al., 2011</b>	Nordic working life	Nordic working life and its research are introduced on a general level	Literature review	Previous research and up-to-date information on the condition of Nordic working life and its research	There is a so called Nordic model that forms the base for all the new changes and challenges to come in the 21st century.
<b>Kasvio et al., 2012</b>	Nordic working life	What are the characteristics of the Nordic working life model	Literature review, discussion	Previous research reviewed and discussed around the subject	Features of the model are a balanced relationship between the state and the businesses, a welfare system and family-friendly policies.

#### 1.4 Theoretical Framework

Figure 1 will present the main theoretical focus used in this thesis. It will include the main concepts and their interrelations in this work. The purpose of a theoretical framework is to illustrate the concepts of the study as a whole to make it easier to understand. The study is limited to focus on ethnical diversity in the Nordic business environment.

As shown in the Figure 1, the aim of the study is to figure out what added value can a diverse workforce bring to a service SME in an internationalization process from a resource-based view in the Scandinavian market. The study includes previous literature on all of the

concepts shown in the figure: diversity and its management, ethnic diversity, internationalization process – in particular internationalization of SMEs and services – and Scandinavia as a business environment. To understand better the main aim of the study, the subject as a whole will be split into smaller topic areas of diversity management and SME internationalization from the point of views of ethnic diversity and Scandinavian business environment.



*Figure 1. Theoretical framework*

### **1.5 Definitions and delimitations**

This chapter includes definitions of the key concepts used in this master's thesis. For many of the key concepts there are many different versions of definitions available, but to this chapter there have been chosen the ones seen most accurate by the author. This chapter also presents the delimitations for the study after the main definitions. The delimitations will

explain, what dimensions of the subjects presented in the study have been counted in and which ones have been left out to limit the study and focus on more narrow study areas.

*Diversity:* “Feature of a mixed group of people that provides a wide range of abilities, experience, knowledge, and strengths due to its heterogeneity in age, background, ethnicity, physical abilities, political and religious beliefs, sex, and other attributes.” (Business Dictionary, 2017a) There are many ways to define diversity. Some individuals define it very narrowly and some very broadly (Wentling & Palma-Rivas, 2000). The definition from Business Dictionary (2017) above, would be considered as a broad definition whereas a narrow one would include only two or three of these attributes – most commonly age, gender and ethnicity.

*Ethnic diversity:* “The heterogeneity of a population with regard to individuals’ ethnic backgrounds.” (Mohr & Shoobridge, 2011) These two argument their choice of using ethnic diversity instead of cultural diversity was that in many earlier studies there is an assumption that “nation equals culture”, which is often inappropriate since there are cultural differences within a country and people from two different countries can have similar values and norms due to a shared ethnic background.

*Diversity management:* “...Management activities includes educating the group and providing support for the acceptance of and respect for various racial, cultural, societal, geographic, economic and political backgrounds.” (Business Dictionary, 2017b) Diversity management has already been studied for several decades but its relevance has become more important during the last decade due to an increasing amount of women and ethnically diverse people in the workforce (e.g. Sharma 2016).

*Internationalization:* “Internationalization is a synonym for the geographical expansion of economic activities over a national country’s border.” (Ruzzier et al. 2006b) According to Gjellerup (2000) it was in the post-second-world-war era when when the internationalization process accelerated until the early 1970s when globalization started to emerge as a new phenomenon.

*Resource-based approach to internationalization:* Derived from strategic management it (resource-based view) provides value added theoretical propositions about the uniqueness of certain resources that turned out to be critical for the internationalization process of SMEs. (Ruzzier, Antoncic & Konecnik 2006a)

*SME:* “The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.” (Eur-Lex, 2017) When studying the Nordics as a business environment it is very relevant to take SMEs into focus since in the four Nordic countries - Denmark, Finland, Norway and Sweden the percentage of SMEs out of all companies is 99,7-99,8% (Eurostat, 2012).

There are quite a few delimitations in this study, since it covers multiple theoretical areas but the aim is to keep the focus narrow and specific on the case. Diversity in this study will be narrowed down to concentrate on cultural diversity or more specifically ethnic diversity. Even though this thesis will concentrate on the Scandinavian market, it would be wrong to discuss cultural diversity only considering Norwegian, Swedish and Danish culture as such, since there is such a remarkable amount of immigrants and Norwegian-, Swedish- or Danish-born immigrants in both of these countries. This is why the approach of “nation equals culture” is left out and culture is observed from the ethnic point of view.

Also when talking about practices used by diversity management, the ones linked to managing ethnically diverse workforce are taken into account, and practices concerning for example age, sexual orientation or spiritual practice are left out of the focus of this study. The approach to managing diversity will mainly be from the performance point of view and will give less emphasis on discrimination.

The study takes place in Scandinavia, and is conducted to a catering business located in Norway and planning an expansion to Sweden and Denmark during the years 2018-2019. Studies about diverse workforce and internationalization are often conducted from the American perspective, so the aim has been to choose previous research concentrating on Europe and especially on the Nordic countries. The aim is to provide the company a deeper

understanding and information about how they can benefit from hiring and managing multi-ethnic workforce during their internationalization process. The thesis will provide the company qualitative data on the topics and will not provide information on the correlations of causalities of the topics.

The studied company is a medium-sized company, so the taken stand in the study is from the point of view of SMEs when it comes to internationalization theories and will leave out internationalization strategies of large MNEs. Korhonen (1999) divided international operations into “inward” – buying products from abroad, “outward” – selling products to foreign markets and “cooperative” – cooperating with a foreign firm in some area. This study will take into consideration that the focus of the case company is on the outward operations of an SME and more precisely on Foreign Direct Investment and not export. However, the study will focus on the antecedent phase of internationalization – planning the expansion and entering the new market. To study the internationalization of an SME, there were chosen only internationalization models relevant to this specific study – resource-based view and network approach. The perspective of the analysis is often taken from the HR point of view.

## **1.6 Research Methodology**

This is a qualitative case study that is conducted by using semi structured theme interviews to the management level of the case company. The aim of the interviews was to ensure a thorough answer to the research question and a deeper understanding of the role of ethnically diverse workforce as a source of added value in an internationalization process.

The interviews were conducted in a face-to-face setting to 10 managers on different levels of the company and each one of the interviews lasted from 30 minutes up to one hour. A lot of effort was used to collect as reliable and reflective data as possible from the interviewees and in the analyzing phase to contain an objective perspective to the study and the case company. After the interviews, the data was transcribed and categorized according to the main themes of the study. Once the categorization of the answers was done, it was easier to analyze the data, compare it to the existing literature and make conclusions.

## **1.7 Structure of the study**

This chapter presents the structure of the entire research. This report consists of two parts: theoretical part and empirical part. The theoretical part covers the chapters from two to four and the empirical part covers chapters from five to seven. Chapter eight concludes the report by reflecting back to the study and tying up the different chapters to draw the big picture.

The introduction chapter one started with the background for the study – why this study was conducted, why was there a need for it and what makes it accurate right now. The research problem and the aim of the study were presented in the second part of the introductory chapter after which followed the introductions of the literature review and the theoretical framework. The first chapter is concluded with definitions, delimitations and the research methodology.

The so called theory chapters two, three and four present the previous literature on the main theoretical topics of the thesis. Chapter two introduces the main concepts of diverse workforce and diversity management from the domestic and the international point of view. Chapter three focuses on different internationalization theories – mainly from the points of view of SME internationalization, internationalization of a service and the resource based view. In the fourth and the last theory chapter the Nordic business environment is analyzed more in depth and the concept of diversity management is discussed in the Nordic context.

Chapter five, which is the first empirical chapter of this study, presents the research design and methods. First there is an introduction to qualitative research, then how the data was collected in the study and lastly what were the methods to analyze the data. Chapter six introduces the case company and the industry in the Nordic business environment. Chapter seven focuses on presenting and analyzing the findings of the study, and chapter eight will conclude the whole report with discussions and conclusions. In chapter eight, there is a summary of the conducted study, explained the theoretical contribution of this thesis, the practical implications to the management and lastly limitations of the study and recommendations for future research based on the findings in this thesis.

## **2 DIVERSE WORKFORCE**

In order to understand the concept of diversity management and why it is needed, one should first become familiar with what is meant by diversity and why talking about it is becoming increasingly important in societies. According to Business Dictionary (2017a) diversity can be defined as peoples' "heterogeneity in age, background, ethnicity, physical abilities, political and religious beliefs, sex and other attributes." This is a wider version of the definition and this definition will be the thought behind the theory of this thesis even though the main focal point will be on ethnical diversity.

An increase in diversity inside a population together with globalization and increasing mobility have lead to an increased workplace diversity. According to McMahon (2010) the issues relating to population and workplace diversity come from the changes in the competitive landscape initiated in the late 1980's with the fall of the Berlin Wall and the dissolution of the Soviet Union, followed by the opening up of emerging economies in Asia and Latin America. Thus, workforce diversity can be defined just the same as diversity in general, but instead of setting the definition to the context of an entire population, it takes place in a workplace. The global movement of workforce has entered the Nordics more visibly only in the 2000's which has forced the companies to answer to this change.

After recognizing the importance of diversity in the workforce in order to reach competitive advantage, companies have started to implement different diversity programs and training in their orientation and development programs. The first programs applied in companies were often so called "EO"-programs concentrating on guaranteeing equal opportunities to all employees, but nowadays the focal point of diversity management in companies as well as in research has moved from EO to connecting workplace diversity and firm performance especially in America, where still a major part of the studies are conducted. (McMahon 2010)

In this chapter diversity management is divided to domestic and international diversity managements. Diversity management is discussed more on a general level under the chapters of domestic diversity management and presented more in detail and tied to international operations in the chapters of international diversity management.

## **2.1 Domestic diversity management**

It was stated already in 1994 by Triandis and Bhawuk that in the future, only companies with organizational cultures that understand the meaning of diversity management and support it will remain competitive by retaining the diverse talent in the organization. Wentling and Palma-Rivas (2000) define diversity as all the ways in which people differ and all the characteristics that make one individual or group different from another. They claim that all these characteristics affect employees' attitudes and behaviors and ways of working in the workplace as well as their ability to communicate and work with other employees. This is one of the main reasons why diversity management has such a notable importance in nowadays working environment and should not be overlooked by managers. In the 1990's there was a remarkable change in the tone of the literature when diversity in the workplace started to be seen as a valuable factor instead of a burden or an issue (Fine 1996).

There are several forces that influence diversity and diversity management. One of the most important economic forces is the shift to service economy from manufacturing based economy (Wentling & Palma-Rivas 2000). Moreover, service products in an international context require well-developed social skills – in case the service provider and the customer share cultural similarity, the quality and effectiveness of the service may increase (Triandis, Kurowski & Gelfand, 1994, 770). Another influencing force to be taken into account is the globalization of the marketplace. As the global competition increases and many companies continue to expand through both national and international acquisitions and merges as well as transfer parts of businesses overseas, the importance of human resource development and management increases (Fernandez, 1993). Companies are facing an increasing diversity in the workforce, which has made many of them answer to this change with different programs for diversity management (Gottfredson, 1992).

In this thesis diversity will consider mostly cultural and ethnic diversity. The aim has been to use as much literature on ethnic diversity as possible, however, this has not been completely possible since some of the research conducted is still considering cultural background by nationalities (Mohr & Shoobridge 2011). This is somewhat problematic in today's multiethnic world when researchers assume that employees with the same nationality automatically have the same cultural background. There are two main issues in this kind of thinking: first, two people that share the same nationality, might have strong cultural

differences due to different ethnical backgrounds and second, two people that come from two different countries might have similar opinions and values due to a shared ethnical background.

### ***2.1.1 An overview of initiatives for managing diversity***

One of the reasons why there is a need for diversity initiatives is that the intercultural perspective adopted by international human resource management is not sufficient in itself for diversity management. This is due to two main reasons: first, intercultural model focuses on individuals and their relationships with one another instead of the organizational policies and practices. Second, there is an assumption related to the intercultural perspective, that those who represent a minority with a different cultural background, have to adapt to the host country's culture and there is no space left for diversity. (Fine 1996) Diversity also affects group dynamics and organizational communication in a multicultural context, which is why Bantz (1993) suggested four different strategies to help managers to lead a diverse group of employees: "gathering information; adapting to different situations, issues and needs; building a social and task cohesion and identifying clear mutual long-term goals".

Wentling and Palma-Rivas (2000) conducted a study that dealt with different diversity initiatives in multinational corporations. Most of the domestic diversity practices were focused on leadership and management. Examples of these kind of practices were senior management commitment and communication, linking diversity initiatives with the organization's business objectives, using consultants in the initiative implementation process. The second most common practices were under the category "Education and training". These areas were amongst others awareness building, skill building, explaining the need for managing diversity, educating on cultural differences and how to response to them in the workplace. Diversity education was often combined to other training programs such as communication or supervisory skills. Limaye (1994) however, contemplated that previous diversity management research had concentrated too much on the individual-level and that only in few organizations there were consensual practices covering the whole organization about how to manage diversity and take into consideration also the minorities within the organization.

Fine (1996) divided previous research on cultural diversity into three major categories: differences in organizational communication in different cultures, organizational communication in multicultural contexts and exploration of cultural voices in the workplace. Communication was one of the major categories in domestic diversity management practices found by Wentling and Palma-Rivas (2000) as well. Actions taken by companies within this category were having a diversity statement in their annual reports, publishing internal materials in the company about diversity initiatives, publishing both internal and external material about diversity management in the company such as newspapers, calendars and posters.

Walck (1995) took a different perspective to managing diversity: she claimed that diverse people should not be just assimilated into a single organizational culture, but diversity managers should rather try to “negotiate interaction across culturally diverse groups and contrive to get along in an environment characterized by cultural diversity.” Limaye (1994) suggested in his study that companies should introduce a so called “manifested respect”, which includes for example creating organizational structures and practices that facilitate diversity, creating networks and mentoring programs for minority employees and recognizing the right to one’s own language.

The clear majority (75 percent) in Wentling and Palma-Rivas’ (2000) study stated that there were methods measuring diversity performance in their organizations. Diversity performance was linked qualitatively and quantitatively to compensation on both business unit and individual levels so that diversity promoting behavior was rewarded. In many of the firms the managers were also held accountable for developing diversity action plans such as checklists of diversity activities and different feedback surveys. It was possible for the companies also to arrange career counselling, employee networks, support groups and mentoring-coaching programs that were directed to minorities but did not exclude other employees either.

### ***2.1.2 Planning, implementing and evaluating diversity management initiatives***

Different ways for companies to gather data on diversity needs were to conduct questionnaires to employees, demographic statistics, benchmarking, focus groups and employee exit interviews. All the companies that took part in the study by Wentling and

Palma-Rivas (2000) based their planning and implementing of diversity initiatives on this kind of data. Most of the companies executed diversity management initiatives on both macro and micro levels. Macro level planning was done in the headquarters and it meant drawing the bigger picture and making the guidelines to the company. Micro level planning, however, was done by the business unit managers in smaller business units following the bigger guidelines given by the headquarters, but at the same time adjusting the micro level initiatives to the particular needs of the business unit.

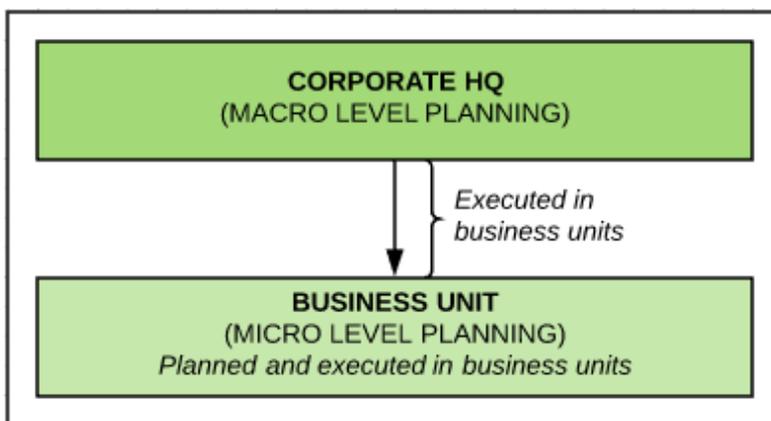


Figure 2. Macro and micro level planning

Framing of the diversity programs or initiatives is important when striving for success. These programs are often seen by employees as threats to overcome, when they should be seen as challenges or opportunities. (McMahon 2010) It is often the business unit managers' responsibility to implement these planned initiatives, even though in some cases, the unit managers are helped by either diversity departments, diversity councils or internal consultants. (Wentling & Palma-Rivas 2000) In half of the companies in the study the diversity initiatives were in one way or another connected to the human resource function of the company. In cases where diversity management was not set under HR functions the main reason given was that diversity in these particular companies was considered greater than just an HR issue.

Creating a diverse workforce can bring notable benefits to the organization, but it does not guarantee immediate improvements in itself. An organization must establish metrics and evaluate the effectiveness of the diversity initiatives - as well as be critical and examine the

metrics themselves. (McMahon 2010) A general opinion about evaluating diversity initiatives was that it took a lot of time and resources but still all of the companies in Wentling and Palma-Rivas' (2000) study attempted to measure the performance of diversity initiatives in the organizations. The most common evaluation methods in the companies were employee surveys, tracking of employment data, management of annual performance reviews, benchmarking, diversity-specific surveys and customer feedback. General feedback of the success of the diversity initiatives was that as long as the managerial level is committed and use resources to pay attention to the diversity initiatives, the success is easier to ensure.

### ***2.1.3 Diversity management and firm performance***

Workplace diversity started to gain attention in organizations from the performance perspective especially in the early 2000's when the emphasis of the research shifted from equal opportunity themes to diversity competences (McMahon 2010). Diversity competence has begun to play a crucial role on both individual and organizational level when it comes to remaining competitive in the global marketplace (De Anca & Vasquez 2007).

In a study by Richard (2000) it was found that firm's strategy moderated the relationship of racial diversity and firm performance: in businesses where the strategy of growth was pursued, there was found a positive relationship between these two while in companies where the strategy was downsizing, the relationship was negative. However, the overall results of the study did not support the hypothesis that racial diversity would be positively linked to firm performance. Further in 2007, Richard, Murthi and Ismail studied the impact of racial diversity on intermediate and long-term firm performance. They found out that racial diversity displayed a positive correlation to long-term performance and that the relationship between racial diversity and firm performance was stronger in service industries than manufacturing industries.

Effective diversity management is based on finding commonalities and being aware of the differences. On a managerial level, those who accept the differences should apply role modeling behavior, which could help in influencing the organizational culture and thus improve firm performance (McMahon 2010). Bachmann (2006) divided coupling in workgroups in two: structural – or task-related domain and cultural – or non-task related

social domain. The best solution when looking for an effective multicultural team was when the task-related domain had tight coupling and the non-task related a loose one. A tight task-related coupling leads to consensus, effectiveness and stability, whereas a loose non-task related coupling leaves space for diversity, creativity and flexibility. In practice this structural coupling could mean for example clearly clarifying the team's objectives, assigning task roles and allocating authority and responsibilities. Cultural coupling on the other hand could be implemented by creating an accepting atmosphere and mutual respect and being open to cultural differences that might appear while working in a multicultural group.

An overall conclusion of research made on diversity management is that it has been an interesting subject for researchers already for almost three decades. Earliest studies on the subject were conducted already in the 1990's and ever since had an idea of the benefits that a proper diversity management could offer the organization. Nowadays, research has developed to combine diversity management to firm performance and actual applicable results from these studies have been implemented in organizations. Even though financial metrics will keep on dominating especially as short-term performance metrics, there is an upcoming trend to look beyond purely financial metrics to assess performance implications of diversity (McMahon 2010). Diversity itself is not a concept that brings better results in performance, but effective diversity management together with an accepting and respecting organization culture can make a difference.

## **2.2 International diversity management**

According to Fine (1996) the most studied category within diversity management is the one of intercultural communication, from the very beginning research that has been implemented on this field has focused on studying and documenting the differences across cultures instead of focusing on diversity within one nation. However, the research on intercultural communication has evolved from the main subjects of international human resource management: expatriate-training on situations where cultural differences lead to misunderstandings and miscommunication and worker's cultural orientations within other national cultures. Later the same frameworks used in the studies to document cultural differences and the importance of culture in organizational practices were used to examine

the behavior and communication of employees with different cultural backgrounds (Fine 1996). Still, the intercultural model that is used in these studies is insufficient by itself to create a comprehensive platform for further research on organizational diversity.

In diversity management the main groups that have been studied are groups in general and top management teams – relating management team diversity to firm performance, international exposure of members in the top management team to internationalization of the firm or international strategic alliances to mention some (Mohr & Shoobridge 2011). In this thesis the main focus will be on the top management team but also the organizational culture created by the management team and the attitudes of the workforce. Especially in SMEs where there might be a lack of separate management teams or a specialist management staff to take care of the international operations, the importance of the workforce as a whole is emphasized (Reuber & Fischer 19997).

What connects domestic and international diversity initiatives? According to the answers given by the companies in Wentling and Palma-Rivas (2000) study, the diversity initiatives - both domestic and international - should be based on the same principles and values that guide the company and the diversity initiatives. However, in some of the companies in the study the international diversity initiatives were connected to the international department, which made it impossible to establish a link between the two initiative groups.

### ***2.2.1 International diversity initiatives***

When talking about an organization's ability to meet new challenges from a business perspective the importance of greater workforce diversity especially a greater variety of skills and cultural dimensions and values increases and becomes more crucial in today's international business (Thornhill, Lewis, Millmore & Saunders 2000). This should be utilized then in multicultural teams, entering new markets or developing new products for example, but the organization has to make sure that these diversity initiatives are in line with the local strategies and guidelines to avoid biases in the local HRM system (Schneider & Barsoux 2003).

Diversity management can be divided into three categories: strategic approach, design and delivery (Sippola & Smale 2007). In other words, organizations need a strategic approach -

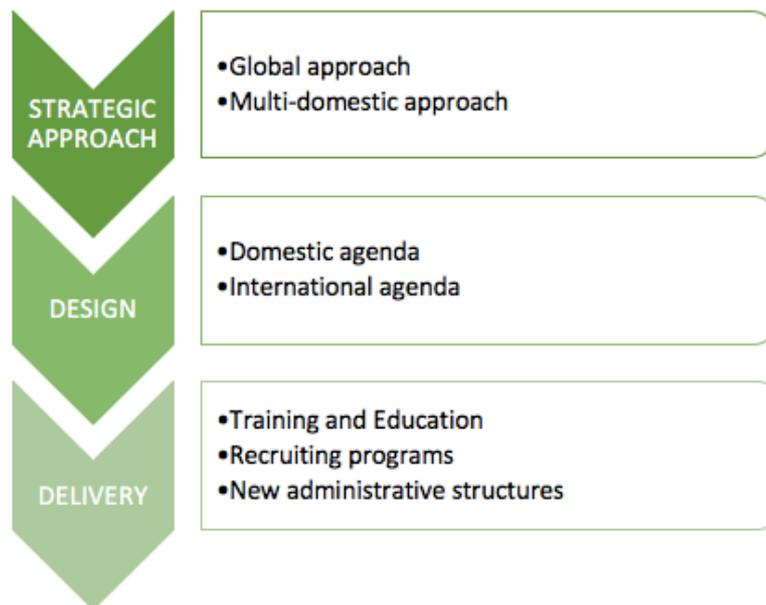
a reason why they would implement diversity management and how could they could benefit from it, design – what initiatives to execute and who to have as the main target group and lastly, delivery – how to implement these initiatives in practice within the organization so that they serve the initial strategic approach behind them.

On a strategic level, companies have used both global and multi-domestic approaches to diversity management, but there has been a remarkable preference of the multi-domestic strategy amongst the companies in the USA (Egan & Bendick 2003). Egan and Bendick (2003) claim that a multi-domestic approach is often adopted due to reluctance to identify global diversity management when using American management practices and the expected complexity of implementing global diversity programs. However, there is evidence of how home-country-derived programs from the USA have failed and been perceived inappropriate, facing resistance on a cultural and organizational level (e.g. Ferner, Almond & Colling 2005). Hence, Sippola and Smale (2007) argue in line with the study of Wentling and Palma-Rivas (2000) that local modifications must be made to global business strategies of diversity management.

There are different variations in the designs of the diversity management programs, but there can often be identified a close relationship between the domestic and international agendas (Sippola & Smale 2007). Furthermore, according to Ferner et al. (2005) the international agendas often derive from the domestic ones. These similarities include for example a broad definition of diversity, development of understanding and respecting cultural differences and adaptation of diversity initiatives to other intercultural programs in the organization (Egan & Bendick 2003; Wentling & Palma-Rivas 2000).

On the delivery level there has been a change towards more complex and sophisticated mechanisms to implement diversity management initiatives (Sippola & Smale 2007). Wentling and Palma-Rivas (2000) found out that half of the corporations in their study, provided their international leaders education and training programs on diversity and one of the studied corporations had had their training and education programs translated to other languages. One third of companies studied had an international recruiting program in place to recruit international employees for domestic operations. Egan and Bendick (2003) also bring out that different administrative structures have been taken to use in MNCs linked to

the attempts to internationalize their diversity management mechanisms. They claim that the most common practices within companies are putting up a “diversity council” or creating executive posts such as “Chief Diversity Officer” or “Diversity Coordinator”.



*Figure 3. Three steps of international diversity management*

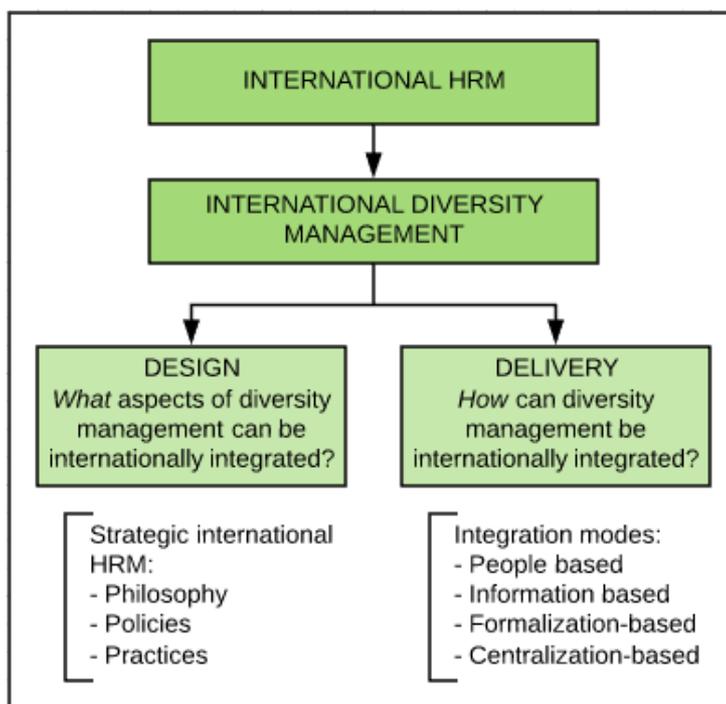
Since an increasing amount of the companies’ sales in Wentling and Palma-Rivas study (2000) were generated abroad, the companies were pushed to contribute money, technology, time, human resources and expertise to enhance different diversity programs. Thus, it can be argued that it is increasingly important for international managers to understand diversity and to effectively manage and communicate with people from different backgrounds. However, Sippola and Smale (2007) point out that it is still little understood how all of these diversity mechanisms are integrated in combination especially in the setting of a foreign subsidiary and what are the perceived and real levels of effectiveness of these mechanisms.

### ***2.2.2 Global HRM perspective on diversity management***

It has been argued whether diversity management is only an HRM issue or if also other sections of an organization should be concerned about it. Based on an earlier chapter of this thesis 2.1.3 Diversity management and firm performance as well as the literature presented

in that chapter, it can be claimed that diversity management should be discussed all over the organization and not just in the HRM department. However, when it comes to developing global diversity management practices, international human resource specialists are most often the right people for the job.

Sippola and Smale (2007) take the “global integration – national differentiation” dilemma for a focal point when designing the theoretical approach to their study. In their model Global diversity management derives from global HRM and leads to the design and the delivery of the global diversity initiatives – what aspects of diversity management are to be globally integrated and how. The design of global diversity management is further divided into philosophy, policies and practices and the perspective of the delivery modes can be either people-, information-, formalization- or centralization-based. The figure below is modified from this model.



*Figure 4. International integration of diversity management (following the theory by Sippola & Smale 2007)*

Tayeb (1998) claimed that since HRM can be categorized as a context- and culture specific-resource, it is problematic but not impossible to transfer it internationally successfully. Thus, it is argued that rather than choosing between a total standardization or localization of HRM practices the debate is more about which practices and how much they should be standardized or localized (Bae, Chen & Lawler 1998). Based on a study where three different business functions were globally integrated, Kim, Park and Prescott (2003) also point out that companies rarely use only one method of HR integration but rather implement multiple mechanisms simultaneously. However, in the study none of the functions were HRM functions, so it is still unclear which modes would be the most appropriate in integrating global HRM functions when Kim et al. (2003) found out in their study that people-based and information-based integration models are the most preferred ones (Sippola & Smale 2007).

### ***2.2.3 International diversity management in SMEs***

Mohr and Shoobridge (2011) claim that there is still little research discussing the ethnic diversity of workforce in SMEs and its role and impact on the internationalization of SMEs. They suggest that diverse workforce can be a potential source of competitive advantage to a SME, since it can: “1) reduce barriers to the SME’s internationalization, 2) facilitate the management of cross-border transactions, and 3) improve an SME’s capability to expand existing international activities”. Mohr and Shoobridge (2011) discuss the subject from the point of view of a resource-based view (RBV) that suggests that organizations’ competitive advantage derives from VRIN-resources, in other words resources that are valuable, rare, inimitable and non-substitutable (Barney 1991a). Barney claims that these resources may conclude for example of different assets, capabilities or firm attributes that allow the company to improve their competitiveness – Richard (2000) adds human resources to this list as collaboration between people in organizations has become a differentiating factor since other sources of competitive advantage, such as physical and technological resources have become easier to copy.

However, the subjects of SME internationalization and ethnic diversity as a part of RBV had not been studied together before the 2010’s and very few studies have covered the subjects together after this either. For example, even though Kazlauskaitė, Autio, Gelbuda and Sarapovas (2015) use RBV when analyzing SME internationalization, they do not take ethnic diversity into account in their explanations.

Mohr and Shoobridge (2011) claim that an SME can reduce different psychological and informational barriers in their internationalization process with ethnically diverse workforce. These kind of barriers can include long psychic distance between the home country and the target country, not being familiar with the target country's economical, political or cultural environment or not having direct or indirect ties to the target country (Mohr & Shoobridge 2011). Thus ethnically diverse workforce can be counted as one of the proactive- or reactive-internal stimuli that strive SMEs to internationalize (Westhead 2008). Overall, the know-how the employees with different ethnic backgrounds have, can reduce the 'liability of foreignness' of the SMEs and provide a reputational effect so that foreign stakeholders will be more willing to deal with the SMEs (Mohr & Shoobridge 2011).

Many practices to manage diversity in SME's is often discussed under the heading of Equal Opportunities (EO) – “the provision of equal opportunities to all employees in order to combat discrimination of specific groups of employees”. Even though EO contributes in getting rid of “glass ceilings” in organizations and can make employees more willingly to reduce different barriers of internationalization by contributing their knowledge to the common use of the company, EO still does not ensure the SMEs to use the whole potential of their ethnical workforce in the internationalization process. (Mohr & Shoobridge 2011)

### **3 INTERNATIONALIZATION**

One way of defining internationalization is according to Calof and Beamish (1995, 116) “the process of adapting firms’ operations (strategies, structures, resources, etc.) to international environments”. The definition by Ruzzier et al. (2006b) that was used earlier in this thesis states that internationalization is “the geographical expansion of economic activities over a national country’s border”. The word “process” is often used together with internationalization and Kuivalainen et al. (2012) define an internationalization process as a path, that consists of several consecutive phases or stages during which an organization follows a certain behavioral pattern of internationalization. All of these phases do not necessarily bring the firm forward in the internationalization but can as well be set backs in the process.

Due to rapid growth of globalization companies face more new challenges and opportunities than ever. Businesses face international competition even when they make a decision to focus on domestic markets – they have to compete with foreign businesses that enter their domestic market or local firms that have shifted parts of their business abroad in search for low-cost competitive advantages. (Winch & Bianchi 2006) SMEs face the same problems of low growth rates and limited resources of their home countries as their larger counterparts do and have to look for new possibilities and resources from abroad (Mohr & Shoobridge 2011).

Globalization started to emerge in the early 1970s and overtook some attention from internationalization. In fact, globalization can be thought as a qualitative extension of internationalization, since it also includes the integration of geographically dispersed economic activities on a global scale. There are generally agreed to be three forces that are driving business towards globalization: the growth of low-cost technology that connects places and people, demolishing of trade barriers and financial regulations and historical change in the political field started by the dissolution of Soviet Union and the opening up of the emerging markets in Asia and South America. (Gjellerup 2000)

However, internationalization has not been overruled or replaced completely by globalization and many previous argumentations and observations remain valid still today.

In fact, it is probable that the depth of globalization's impact on SMEs is more profound than on their larger counterparts. (Ruzzier et al. 2006b) SMEs have become active players in the field of internationalization and their contribution to the future growth has become more crucial since many SMEs have successfully expanded their processes outside their home country borders (Gjellerup 2000). Following Ruigrok (2000) in Ruzzier et al. (2006b), in this thesis the term internationalization will be used to describe the international activities of SMEs and globalization will more describe the phenomenon of the interdependence of national economies and the international connectivity of markets.

### **3.1 Internationalization of SMEs**

There is a vast range research made on internationalization of firms – however, internationalization of SMEs remains still under researched. A lot of research can be found for example on different strategies and models of internationalization (Gankema, Snuif & Zwart 2000), resource-based view on internationalization (Westhead, Wright & Ucbasaran 2001; Mohr & Shoobridge 2011) and network approach and competence (Musteen, Francis & Datta 2010; Torkkeli et al. 2016). Still there are specific issues and barriers that are poorly covered in research concerning SME internationalization that SMEs have to overcome when internationalizing their operations that differ from the issues their larger counterparts face (Mohr & Shoobridge 2011). In addition, there are differences between internationalizing in the manufacturing and service industry (Raymond, St-Pierre, Uwizeyemungu, & Le Dinh 2014). The special case of service internationalization will be discussed more in detail in the chapter 3.2.

Kuivalainen et al. (2012) identify different antecedents of internationalization in their research made on SME internationalization patterns. They claim that there are different antecedents on managerial, firm and environmental level that are for or against the internationalization of the firm. Examples of managerial level antecedents could be the leaders' mindset and earlier experience, on the firm level possible antecedents could be resources, knowledge, networks and capabilities and industry factors, country of origin, distance, different types of environments (market, technology, customer, regulatory etc.) are examples of antecedents on the environmental level. These antecedents also define largely

what kind of a pattern the organization is about to follow in their internationalization process, will the pattern take place in an early or a later phase of the firm's lifecycle and what are the outcomes of the internationalization process.

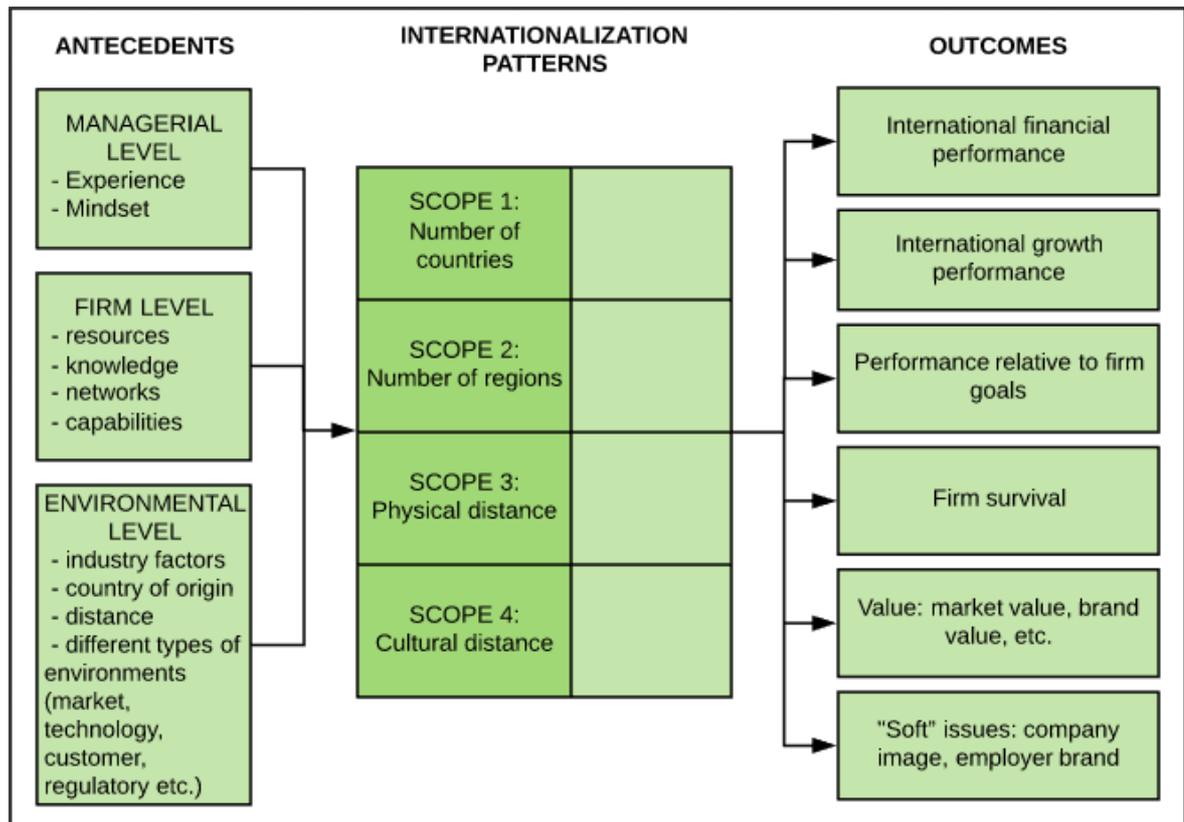


Figure 5. Simplified model of firm internationalization (derived from the model by Kuivalainen et al. 2012)

Kuivalainen et al. (2012) differentiate three perspectives to consider the antecedents of internationalization from: 1) factors that differentiate early and late internationalization, 2) the role of different antecedents in contributing to the scale and scope of internationalization and 3) how these antecedents may change over time. They also claim that more direct entry modes might help organizations to learn from the international markets through feedback, relationships and different characteristics of internationalization that help firms in their subsequent entries in the future.

Mohr and Shoobridge (2011) recognize two resources that could be counted as internationalization stimuli for SMEs. The first one of these is in the SME's relational capital, which in the case of ethnical diversity allows the SME to reach outside the home country borders with heterogeneous and border-crossing relationships. The second one consists of the knowledge and cultural know-how of an ethnically diverse workforce. Both of these resources - SME's relational capital and knowledge and cultural know-how of ethnically diverse workforce - will be discussed more broadly under the chapter 3.3.

### **3.2 Internationalization of a service**

Seggie and Griffith (2008) argue that even though there has been put a lot of effort to understand the internationalization process of a service company, many studies still neglect service internationalization in their domestic market due to international customer base. This change is due to globalization and the researchers suggest that should a service company decide so, they can serve similar multi-ethnic in the domestic market as they do in the international marketplace. Deciding to serve international customers already in the domestic market can turn up to become a valuable resource when expanding the processes abroad, since the company can gain valuable experience of international operations already in the domestic market. Experience was also listed as one of the most important antecedents of internationalization on a managerial level by Kuivalainen et al (2012).

Internationalization of a service hits in the middle of the debate of localization and standardization that has been going on for decades. Companies have to balance between implementing standardized strategies to foreign markets and adapting to local markets and customer preferences. (Baalbaki and Malhotra, 1993) Hu and Griffith (1997) argue that the more homogeneous the domestic market and the target market and their consumer bases are, the better a company can benefit of a standardized strategy. Seggie and Griffith (2008) extend this view by arguing that ethnically diverse domestic markets create this kind of a homogeneous segment, which is why a service company that adapts to the ethnicity of the domestic market, can adopt a such standardized strategy in their internationalization process.

Furthermore, Griffith, Hu and Ryans (2000) divide standardization into program-standardization and process-standardization. Program-standardization refers to the

individual service offering within and across markets and is the more studied topic of these two. Process-standardization on the other hand means the development of a common method through which the different programs of the company are being implemented. Seggie and Griffith (2008) further argue that even though programs are more often context specific, multinationals can reach best economies of scale by standardizing the processes through which these programs are devised. They connect their argumentation with the previous argument about international domestic markets by claiming that if a company can recognize and match firm-specific resources with customer requirements in a specific global segment already in the domestic market, it will be easier later to standardize these programs and processes and expand them internationally.

Javalgi, Griffith and White (2003) claim that when planning the internationalization process of a service, the antecedents can be categorized similarly as in the internationalization process of a manufacturing company: managerial level, firm level and environmental level. The firm and environmental level antecedents are critical in general to the internationalization process of a service, whereas on a managerial level the managerial attitudes depend much on the size of the firm. In larger companies, the managerial orientation comes usually either from growth and resources. The companies tend to start seeking new markets outside the saturated domestic market and they have often more resources to support the internationalization process than their smaller counterparts.

On the environmental level, especially the market characteristics were found to have an influence on the internationalization decisions of the service (Javalgi et al. 2003). Also Dhanaraj and Beamish (2003) claim that those who become the most successful in an international business environment are the firms that have a market-oriented approach. A market-oriented approach gives the company the possibility to gain knowledge from the target market and to better prepare themselves for the commercial risks of internationalization (Raymond et al. 2014).

According to Javalgi and Martin (2007) the most significant difference between the internationalization process of a manufacturing company and a service company comes from the very essence of services: intangibility, personalization and perishability. A service is intangible since it is in a form of an action, personalized because it varies depending on the

customer's needs and preferences and perishable since it can not be physically stored, which emphasizes the importance of employee know-how, skills and competencies. Raymond et al. (2014) also emphasize the meaning of human capital as a resource to the company and further stress the importance of developing human resource systems to support developing employee capabilities.

### **3.3 Resource-based view and network approach in internationalization**

The resource-based view (RBV) states that companies must develop distinctive capabilities to gain long-term firm-specific advantages over their competitors (Barney, 1991b). RBV focuses on the attributes of the firm that are unique and hard to copy by other firms. These models recognize the importance of knowledge-based resources as a competitive advantage and highlight the importance of organizational learning in order to develop new resources and not just the ownership of the resources (Ruzzier et al. 2006b). The reason why both resource-based view and network approach were selected to the study was that these two theories seem to have developed hand in hand and are often even overlapping or complementing each other (see i.e. Ruzzier et al. 2006a).

Kummerle (2002) suggested that resource-based notions on the context of internationalization of the firm can be divided into home-base exploitation and home-base extension. Furthermore, according to this theory the companies can either use advantages that exist in their home-base as the driver for internationalization or optionally they can create resource-based advantages while internationalizing by creating valuable and inimitable resources across national borders. Kazlauskaite et al. (2015) claim that the study does not take SMEs into consideration but has rather concentrated on SMEs' larger counterparts.

One reason for concentrating on larger companies could be, as argued by Ruzzier et al (2006b), that in smaller companies it might be difficult to identify and define these intangible resources due to the heterogeneity of SMEs. Ahokangas (1998) offered a solution to this by suggesting that resource development and internationalization of SMEs should combine the strategic and network perspectives of resources. He claims that the adjustment decision

should be based on two dimensions: whether the resources of the firm are internal or external to the firm and is the resource development firm- or network-oriented.

The information an ethnically diverse workforce possesses can increase an SME's possibilities to succeed in the foreign market, since they might have more insight on the developments in their home country and bring this to the knowledge of the decision-makers of the company. These employees might also be able to provide information on how to follow-up these overseas opportunities, such as information about customer preferences, business culture, marketing channels and different regulations. (Mohr & Shoobridge 2011)

As explained by Ruzzier et al. (2006a) resource-based view in internationalization and network approach seem to have developed together through time. However, resource-based view is still more used of these two, since network approach can be seen as one of the firm's resources and the resource-based view can be thought as an umbrella-theory to network approach. This approach was chosen to this study due to ethnically diverse workforce relying often on their strong networks especially in foreign countries (Westhead et al. 2001)

Network approaches to internationalization explain the success in internationalization as a result of the organizations existing or new network of relationships (Morh & Shoobridge 2011). Johanson and Mattsson (1993, 306) described the network approach as follows: internationalization is a "cumulative process, in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the firm". Jones, Coviello and Tang (2011) point out that networking-related capabilities often are further discussed on an individual level of the firm leaders instead of bringing them up on an organizational level, counted as capabilities of the whole organization.

Torkkeli et al. (2016) build their research around network competence and how it affects the growth of Nordic domestic and international SMEs. Ritter et al. (2002) define network competence as "the ability of firms to develop and maintain relations with key partner organizations and customers and to deal effectively with the interaction in those relationships". Torkkeli et al. (2016) claim that particularly in the Nordic countries, network competence has a linear correlation with increased growth in SMEs and in internationalizing firms in particular.

Johanson and Mattson (1993) divide network model into micro and macro perspectives, where micro perspective covers the networks and relationships that firms have with other firms and macro perspective refers to the relationship the firm has with an entire network. In micro perspective the company has to consider both co-operative and competitive relationships and in macro perspective firms that are partners in the network and those that are not. Even though the subject of network approach has been studied over the years from different aspects, the main focus of these studies remain on individuals and small groups instead of the macro perspective (Mohr & Shoobridge 2011) but still individuals' strategic position and influence seem to be neglected to a large extent. Studies have also largely left diversity out of consideration when analyzing different sources of the organizations' networks. Mohr and Shoobridge (2011) argue that an ethnically diverse workforce can provide an organization a network of worthy relationships with customers or suppliers or other possible partners and hence contribute to the organization's relational capital.

Westhead et al. (2001) suggest that it is often entrepreneurs from ethnic minorities in the UK, for example, that rely strongly on co-ethnic networks to tap into new markets or resources. Mohr and Shoobridge (2011) suggest that this perspective can be broadened to cover SME's and their ethnical workforce so that small- and medium-sized enterprises can rely on their employees' relationship network to facilitate internationalization, no matter what the ethnical background of the owner or the manager of the organization is. The smaller the company is the more it has to rely on the relationships of its employees due to the lack of management team or less hierarchical management structures.

## **4 NORDIC BUSINESS ENVIRONMENT**

In order to set diversity management and internationalization process of an SME in into the right context in this study, it is important to take a look at the most characteristic features of the Nordic Business environment. The Nordic region consists of Denmark, Finland, Iceland, Norway and Sweden as well as Faroe Islands and Greenland that are part of the Kingdom of Denmark and Åland which is a part of the Republic of Finland (Grunfelder, Rispling and Norlén 2018). There is a whole lot of research made on both diversity management and SME internationalization in the Nordics since there are some special features related to the Nordic societies. This chapter starts with an introductory peek to the Nordic working model and how it has developed to be the way it is, after which diversity management and SME internationalization will be discussed in their own subchapters.

### **4.1 The Nordic working model**

Kasvio et al. (2012) argue that the most significant features of the Nordic societies are in particular the cooperative relationship between the state and the representative bodies of employers and employees, centralized collective bargaining systems, a welfare system that protects especially the employees from unexpected changes in the working environment; and family-friendly policies. Hvid et al. (2011) claim instead that the hottest topics in Nordic working life research at the moment are learning in the working life, women in working life, work-free time balance, healthy work, quality of working life and performance; and work and welfare costs.

The roots of the Nordic working model come from the beginning of the 20<sup>th</sup> century when the Nordic societies were still quite underdeveloped but even then the Nordic countries were among the early adopters of Enlightenment's ideas (Frängsmyr 1981). Already in 1930's general agreements were made between the worker's and the employer's associations in Norway and Sweden, which were the first steps of centralized bargaining that is still one of the central features of the Nordic working societies in today's world (Fahlbeck 2002).

During the glorious years after the Second World War, the Nordic countries proceeded more than any other advanced industrial country to offer equal opportunities for professional or

vocational education, homogenous wage-earning, working possibilities and protection against the societal work-related risks (Kasvio et al. 2012). In 1960's and 1970's, the Nordic countries were ahead of other liberal countries in worldwide humanization movement due to well-structured socio-technical experiments and national workplace development programs (Gustavsen 2007). The general Nordic characteristics of liberal and egalitarian values contributed to the integration of immigrant workers so that everyone would find their own place in the working environment (Andersson & Brunk 2009).

However, it should be considered that despite the general name of “the Nordic model” there are differences between the countries. Sweden, for example, has been the one to show the way in almost all of the initiatives and the one the other countries have then benchmarked afterwards. Whereas the political field in Finland has differed from the other Nordic countries especially during the Cold War era and the structural unemployment rate has been higher in Finland than in the other Nordic countries. It should also be kept in mind that no matter what kind the model is, the companies still make their individual decisions and the business environment affects only the decisions from the outside. (Kasvio et al. 2012)

Grunfelder et al. (2018) published a report on behalf of Nordic Council of Ministers that compares and rates the Nordic countries in the areas of demography, labor force, economy, digitalization, bio economy, health and welfare, culture and arts and regional potential index. The main features and trends of this region in today's world according to the report are that combined the Nordic region is the 12<sup>th</sup> largest economy in the world, the Nordic population is growing quick but also aging fast, migration has become the most important source of population increase, female employment rates are comparatively high and the labor productivity is above the EU average.

The Nordic working life model was questioned and under pressure especially during the breakout of a deep economic recession in the beginning of the 1990's when particularly Finland and Sweden suffered major economic losses (Jonung & Hagberg 2005). Several commentators also within the Nordic countries themselves questioned whether the Nordic welfare states could survive the recession or should there be an extensive reform of the current institutional arrangements (The Economist 1993). However, the Nordic countries have recovered relatively quickly from the economic difficulties they have faced during the

years and the Nordic model has been more resilient than many expected. The Nordic countries are doing generally well when measured with and compared to other West European countries their economic growth rates, unemployment rates, foreign trade and public finances (Kasvio et al. 2012). Lately, the so called “flexicurity” policies have gained attention in the Nordics (Wilthagen & Tros 2004). Flexicurity policies encourage people to behave in a flexible way in the labor markets, take risks and use the basic social safety networks as their benefit and security.

In today’s Nordic countries it is a relevant question whether the countries are still actually following the principles of the Nordic working life model. For example, in Sweden the employers have wanted to separate themselves from the previous of three-partite collaboration with the state and the unions. Anti-immigrant attitudes have also increased in the Nordics, which does not support the liberal and egalitarian values of the region. (Kasvio et al. 2012) Hvid et al. (2011) claim that on a national level there is still a clear difference between Nordic countries and other European countries when it comes to the carrying principles of the Nordic working model and especially a high degree of employee involvement.

Kasvio et al. (2012) conclude their article with the key outcomes of the Nordic working life model. Particular features of the Nordic working environment even today are the rather high employment rates of work-age people, high percentage of women in working life, large part of the labor force working in the public sector, high quality of working life and high wage levels. On the other hand, central issues are also heavy taxation and high cost of living, which lead to medium level purchasing power in households. Lastly, relatively few working hours are a sign of high appreciation of leisure time, and better possibilities to combine work and family obligations.

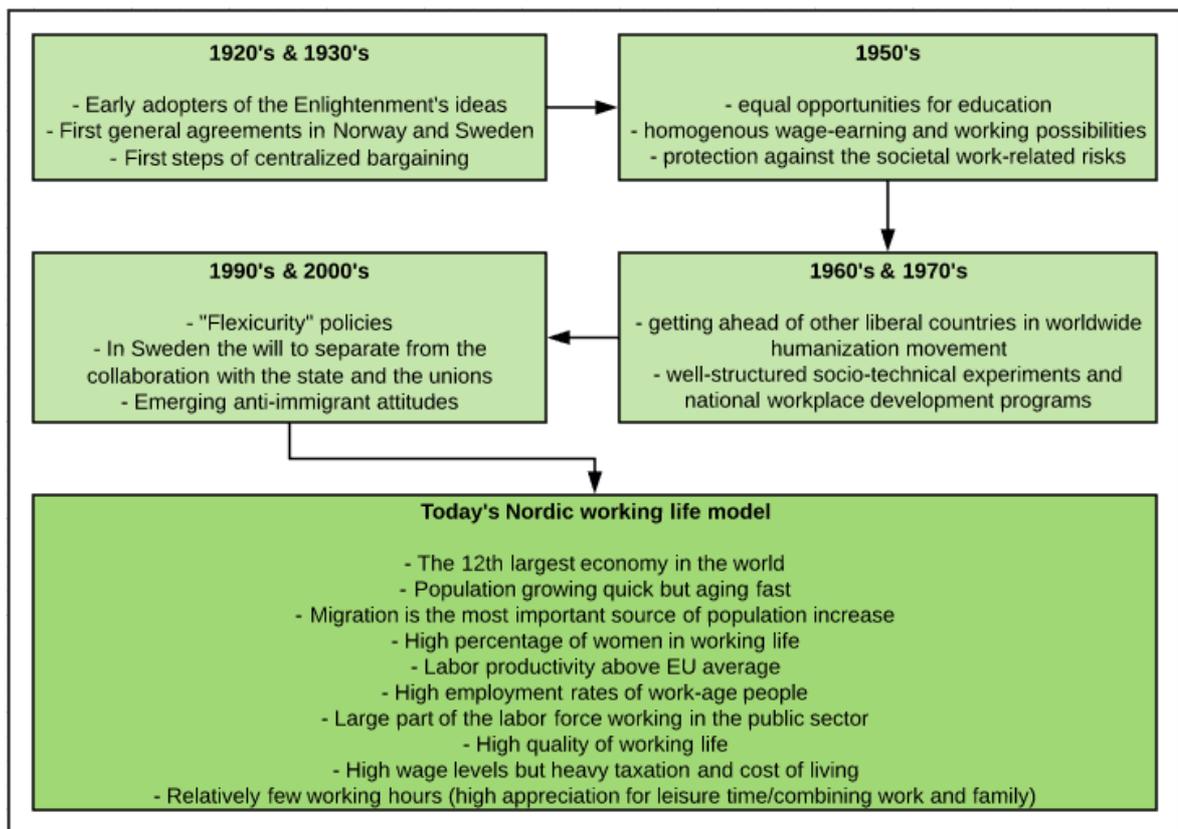


Figure 6. Timeline of the development of the Nordic working model

#### 4.2 Diversity management in the Nordic countries

Risberg and Söderberg (2008) argue, that the main causes for diversity management to have entered the Nordic countries – they use Denmark as an example – are the percentage of immigrants and their descendants that has increased since the 1980s, increasing amount of women in the workplace and the aging of large generations and smaller generations entering the working life. This creates a need for more people at the labor market. Diversity management as a concept was developed in the United States in mid 1990s as an action derived from the Civil Rights Act of 1964 and it consists of recruiting, developing and managing different individuals in a way that simultaneously drives a positive financial performance of the company and individual development of the workers (Kelly & Dobbin 1998).

According to Boxenbaum (2006) the process of bringing diversity management to the Danish society in the beginning of the 2000's needed some special translation, since the

Danish mentality was that everyone should be treated equally on every level of life. Many organizations felt that diversity management was difficult to accept to the organizations culture. Danes were so used to a homogeneous society and talking about diversity led to treating people differently according to their needs which didn't fit the Danish mentality. Also the idea of making money as a bottom line of the company collided with the strong thought of democracy and equality in Denmark.

Kamp and Hagedorn-Ramussen (2004) conducted a survey on diversity management in Denmark using three main arguments for diversity management by Ely and Thomas (2001): anti-discrimination and justice, to gain access to new markets and to gain synergy and organizational learning. However, the participants referred more often to corporate social responsibility as an argumentation for diversity management. Following this argument, in Boxenbaum's (2006) study the main problem when bringing diversity management into the Danish context turned out to be the strategic financial approach. The so called "translators" decided to take financial performance as their main strategic framing for two reasons: they wanted to appeal to the actors who controlled funding and could thus facilitate the implementation process and they wanted not just to implement diversity management but it to have a lasting impact on the Danish society. This strategic framing collided with the existing practices and Danish mentality of democracy and equality so the translators ended up integrating diversity management to corporate social responsibility – an already established practice in Denmark.

In Kamp and Hagedorn-Rasmussen's study in 2004, the majority of respondents that did not have a separate diversity policy explained their stand with "We only hire the best qualified applicant regardless background". Those, who had diversity policies in place, argued that they were set in place to 1) Everyone was welcome into the company no matter their background, 2) everyone has to have the equal right to work according to social responsibility and 3) diversity could be a resource for the organizations to improve their performance.

### **4.3 Internationalization in the Nordic countries**

In Nordic countries there has been quite a lot research conducted on internationalization. SMEs in particular have been seen as an important part of the economics of the Nordic area, since their input to the economic growth of the countries is so remarkable (Stenholm, Kovalainen, Heinonen & Pulkkinen 2012). However, Governments in the Nordic countries have noticed that even though new companies bring growth to the national economy, only a small fragment of these new companies want to grow to the point where they would actually have a societal impact (Rannikko & Autio 2015). This has led to high-growth entrepreneurship policies in the Nordic countries.

A traditional way of understanding internationalization and the internationalization process in the Nordics has been that it proceeds gradually in stages that are sequential to each other and it had been defined as “the process of increasing involvement in international operations” (Welch & Luostarinen, 1993, 156). The two main stage models used in the Northern countries are Uppsala model – the internationalization of an organization proceeds gradually as a result of different types of learning – and the innovation model that concentrates on different stages of export (Ruzzier et al. 2006b).

There are also new models that have come up to challenge the traditional view of internationalization in stages. Examples of these can be the theories of resource-based view and the network approach that were discussed earlier in the chapter 3.3 or a newer phenomenon of so called “born global approach” that has received growingly attention in the last years. Knight and Cavusgil (1996) defined a born global accordingly: “A born global is a firm, that has reached share of foreign sales of at least 25 % after having started export activities within three years after its birth”. For example, Saarenketo (2004) and Oviatt and McDougall (1995) studied born globals and put the emphasis on smaller companies and start-ups, instead of studying larger firms. They claim that fast internationalization or having international approach in the business from the beginning is seen as a possible solution for small firms and start-ups to compete against bigger companies.

Torkkeli et al. (2016) studied network competence and capabilities of SMEs in the Nordic context and discovered that network competence is more beneficial for SMEs in the international context than the domestic context and that benefit for growth from this

approach comes rather from the network-level competence (cross-relational) than dyadic-level competence (relationship-specific). They conclude that in order for SMEs to grow, they need to understand the concept of network competence and especially creating cross-relational competence in particular.

## **5 RESEARCH DESIGN AND METHODS**

The method chosen to be used in this research is qualitative since the aim of the research is to describe the added value diverse workforce can bring to the internationalization process of a service SME. Qualitative data works for the purpose better than quantitative, since the aim is to find motives to understand why the case company functions the way it does and how it has experienced working with diverse workforce and the expansion process with diverse workforce.

### **5.1 Qualitative research**

Instead of trying to fit qualitative research into one definition, Yin (2011, 7-8) offers five main features of qualitative research:

- “1) Studying the meaning of people’s lives, under real-world conditions;
- 2) Representing the views and perspectives of the people in a study;
- 3) Covering the contextual conditions within which people live;
- 4) Contributing insights into existing or emerging concepts that may help to explain human social behavior; and
- 5) Striving to use multiple sources of evidence rather than relying on a single source alone.”

Flick (2009) offers the limits of the quantitative research as a starting point for qualitative research. In quantitative research there is no space for subjective views of the one conducting the research nor the participants of the study due to the need to guarantee the objectivity of the study with standardized surveys. Lack of objectivity, has been one of the main arguments against qualitative research compared to the quantitative one (Flick 2009). Weber (1919 as cited in Flick 2009) stated that science’s main task is the disenchantment of the world. Bonß and Hartmann (1985 as cited in Flick 2009) continued this thought by proclaiming that the task of science has become the disenchantment of science:

“On the condition of the disenchantment of ideals of objectivism, we can no longer unreflectively start from the notion of objectively true sentences. What

remains is the possibility of statements which are related to subjects and situations, and which a sociologically articulated concept of knowledge would have to establish.” (1985, p. 21)

Conducting any qualitative empirical research according to Yin (2011) follows more or less the following structure: 1) Defining something to investigate, 2) Collecting relevant data, 3) Analyzing and interpreting the results and 4) Drawing conclusions based on the empirical findings. There are many different types of methods and studies that fall under qualitative research, such as case study, politics and ethics, interviews and participant observation to mention some (Denzin & Lincoln 2008).

Metsämuuronen (2003, 171) states that the most common method of qualitative research is case study. According to Yin (2011) a case study is “a study of a particular case or set of cases, describing or explaining the events of the case(s). A case study may rely on quantitative or qualitative data (or both) but usually involves some field-based data.” Qualitative research can consist of different methods of gathering data – Hennik, Hutter and Bailey (2011) introduce in-depth interviews, focus group discussions and observation as the main methods. This thesis was conducted as a case study, using in-depth interviews with open-ended questions as a method for gathering data.

Validity and reliability of the study are two factors that all the researchers, no matter if they conduct a quantitative or a qualitative study should consider (Patton 2002). However, when discussing reliability, Lincoln and Guba (1985) emphasize that for example terms like “consistency” and “dependability” are more important criteria of quality in qualitative research than reliability. Since reliability in quantitative research can be defined as the extent to which “1) a measurement, given repeatedly, remains the same, 2) the stability of a measurement over time and 3) the similarity of measurements within a given time period” (Kirk & Miller, 1986, 41-42). In qualitative research it is often a certain phenomenon at a certain time and place that is being studied from a subjective point of view of people, reliability might sometimes be a wrong term to use. Golafshani (2003) defined validity regarding quantitative research as “whether the means of measurement are accurate and whether they are actually measuring what they are intended to measure.” Validity as a measure of quality of the research is not argued by researchers as much as reliability.

However, some researchers (see i.e. Davis & Dodd 2002) have preferred to use other terms to describe validity such as trustworthiness, rigor and quality. Consistency and trustworthiness of the study have been considered in this thesis as well, but it is also acknowledged that qualitative research is based on subjective opinions and perspectives and it is strongly tied to its context.

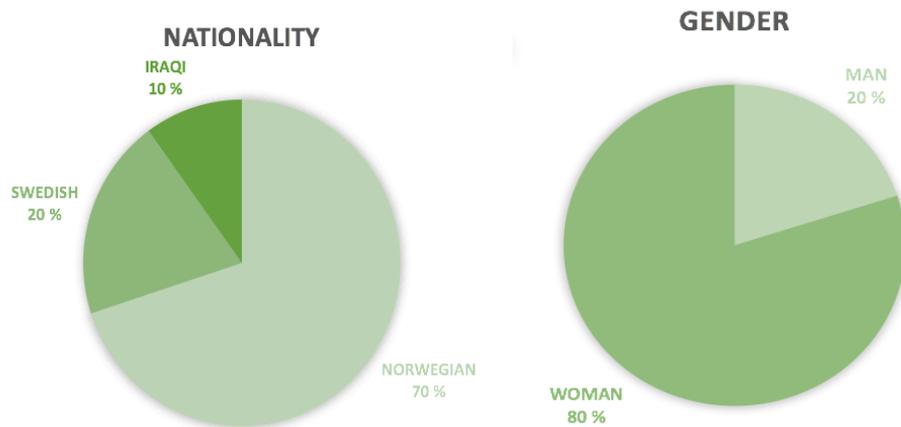
## **5.2 Data collection method**

This study was done by conducting altogether 10 semi-structured interviews to managers of different levels in Olivia-restaurants in Norway. The managers chosen for the interview represented four different point of views – there were six operational managers (one from each Olivia–restaurant), area manager for the Oslo-area, two from the HR-department and the CEO. The interviewees were chosen according to their managerial position, since the perspective of the research was decided to be the managerial point of view. The idea to collect information from the top- and mid-level management was also to figure out whether the idea of diversity management that the top management had matched with the one executed in the restaurants. The questions for the interview were based on the theory of this research and thus the interview questions were divided in three categories: diversity management, internationalization/ growth management and Nordic business environment.

The interviews were conducted in English as face-to-face interviews during the weeks 6-8 in 2018 and two of the interviews were done via FaceTime due to longer distance, since two of the operational managers sit in Bergen and Trondheim. All the other interviews were done in Oslo. The interview of the CEO was conducted first, after which it was easy to mirror the following interviews with the views of the top-management.

The interviewees got a questionnaire of altogether 27 questions, all of which were open-ended. The three first questions were about the interviewees own background, after which there were 12 questions about diversity management in the company, 7 questions about the growth strategy and lastly five questions about the Nordic business environment (Appendix 1). All the interviews took from 28 to 52 minutes. There were 8 women and only 2 men that participated the interview. Out of these participants 7 were Norwegian and three were

Swedish but one of them moved to Sweden at the age of 7 from Iraq. The demographics of the interviewees were taken in order to understand the diversity of the managerial level of the company, but the interviews were conducted anonymously so that it will not be possible to trace the answers back to the interviewees.



*Figure 7. Demographics of the participants of the interview*

The interview questions that were sent to all of the participants differed depending on whether the person in question was an operational manager in a restaurant, when the questions were considered from the individual restaurant point of view, or if the person in question was responsible for other operations in the company, the questions were considered from the company's point of view. All the questions of the interviews were open-ended so that the interviewees could answer them completely according to their own knowledge, experience and how they understood the question.

Since the interviews were conducted anonymously, the aim in the reporting was that the interviewees could not be recognized based on their answers. Thus, the selection of the personal quotes was done by trying to avoid mentioning the gender of the answerer. The interviewees were allowed to base their answers on their personal experiences and give their own insight to the questions since the aim of the interviews was to find out how the phenomena of diversity management in the case company was experienced on different levels of the company. However, personal bias was to be avoided in the answers and they were also left out of the analysis of the interviews.

### **5.3 Data analysis methods**

This research was conducted according to the case study roadmap created by Patton and Appelbaum (2003) based on the works of Stake (1995), Hamel (1993) and Eisenhardt (1989) which proceeds accordingly: 1) Determine the object of study, 2) Select the case, 3) Build initial theory through a literature review, 4) Collect and organize the data gathering, 5) Analyze the data and reach conclusions. The first parts of this thesis have already reported the four first steps and the rest of this report will cover the last step.

After collecting the data with interviews, it needed to be analyzed. The interviews were recorded and the first thing to do after that was to transcribe the interviews into text form. When the transcriptions were ready, the data was cleaned and restructured and categorized. The categorizing was done by the main themes of the thesis and looking for similarities in the interviewees' answers. When analyzing and narrating the data it was acknowledged that the generalization of the data needed to be done with caution. It was also accepted that the results cannot be generalized outside the case industry and in some cases not even outside the case company.

## **6 RESTAURANT INDUSTRY AND THE CASE COMPANY**

The empirical part of this thesis starts with an introduction of the restaurant industry and the case company Olivia. When introducing the restaurant industry in the Nordics, there are presented some common features and differences between the countries. In the company presentation there is a recap of Olivia's history and general information about the company's current state. The information about the company was gathered from managerial level interviews, Olivia restaurants' home page, personnel material that is available on Olivia's personnel interface as well as the writer's own experience as a waitress and a guest at Olivia restaurants. It should be noted that in the chapter 6.2.1 the vision and values of Olivia are presented the way they are presented to Olivia's employees, and it is not in the focus of this thesis to argue how these are visible or followed by individual workers in the restaurants.

### **6.1 Restaurant industry in the Nordics**

According to Statistics Norway (2016), the turnover of restaurant industry in Norway increased from 2014 to 2015 with 9,3 percent from 33,12 billion NOK (3,44 billion €) to 36,2 billion NOK (3,76 billion €). In 2015 there were all together 6 719 restaurants that employed 61 464 employees in Norway. Norway is generally known as an expensive country and in January 2018 the Consumer Price index was 108.0 where 2015 is held as 100 (Statistics Norway, 2018). This indicates an increase in the consumer prices for goods and services that are purchased by private households, however, the index does not take tax changes into consideration.

Norway is an expensive country from the employer point of view as well. The newest change in the industry and the salary levels took place this January 2018, when there was set a minimum wage to everyone who works in the industry (see i.e. Aftenposten 2017). This change means that anyone over 20-year-old working in the industry will be paid at least 157,18 NOK per hour and anyone between 18 and 20-year-old will be paid minimum 125,94 NOK per hour. This change was done as a move against social dumping, since especially foreign workers were willing to accept a lower salary. The change will affect about 91 000 workers in the hotel, restaurant and catering industry. Evora, Beja, Setubal, Sagres, Lagos

In Sweden people eat more out than before. According to Statistics Sweden (2016b), this is mainly due to Sweden getting out of the financial crisis and the decrease of the restaurant VAT in 2012. Compared to the beginning of the 2010's, people use relatively more money on a monthly basis on eating out and less on buying groceries than before (Statistics Sweden, 2016b). This change can also be seen in the revenue index of restaurants and hotels in Sweden where year 2010 is again 100, in 2016 the index showed 137,4 in 2016 (Statistics Sweden 2017).

Also in Sweden the salary levels have increased during the last decade. In 2014, the average monthly salary in the private sector was SEK 32 200 (~3 200 €) in addition to the average monthly salary, employers pay statutory social security contributions of 31,42 % and for employees under 26 the same contribution rate is 25,46 % (The Swedish Trade and Invest Council 2015).

In Denmark the amount of restaurants has grown with 10,1 % from 2008 to 2015 and the revenue from restaurants has increased during the same time range 29,7 % and was in 2015 39,625 million DKK (5,322 billion €) (Horesta 2016). In Denmark as well the employers will have to adjust to changes in the branch since starting from March 1<sup>st</sup> 2018 the minimum wage of those with a permanent position will rise with 2,00 DKK per hour and those with a commission wage will have a rise in guarantee loan of 2,50 DKK per hour (Horesta 2018).

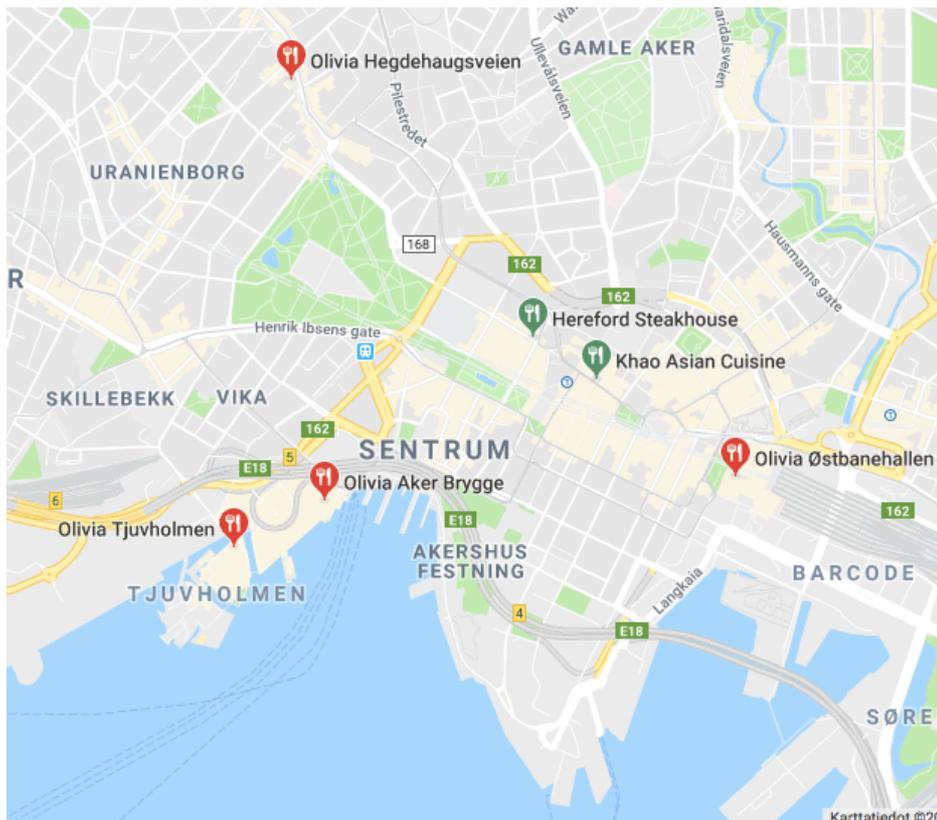
White Guide Nordic that is a leading restaurant guide in Sweden, was launched also in Denmark in 2014. It has published a restaurant guide including all the Nordics for four times now. According to White Guide 2017 – 2018, the restaurant scene is generally getting more popular in the Nordics and restaurants are focusing more for example on sustainability amongst other features. In the listing there are all together 95 restaurants from Denmark (including 1 from Greenland and 5 from the Faroe Islands), 61 from Finland, 16 from Iceland, 65 from Norway (including Svalbard) and 104 from Sweden. In the top 30 list there were the most restaurants from Denmark with 14 restaurants, second came Sweden with 10 restaurants, third Norway with four and both Finland and Iceland had one restaurant on the top 30 list. (White Guide 2017) Even though Olivia does not compete in the same category with these restaurants, it shows that there is a somewhat tough competition in the branch - especially Sweden and Denmark.

## 6.2 Olivia restaurants

“Olivia is authentic Italian food in modern surroundings with colleagues and a service that shines of fellowship and passion – just like in an Italian family.”  
(Olivia 2018)

Olivia was founded in 2006 by three Norwegian women Gry Holm, Kristin Gjelseth and Anne Koppang who all shared common passion for Italian cuisine and wine culture. The first restaurant was started at Aker Brygge (2006), which is the famous waterfront of Oslo, the second restaurant Olivia Hegdehaugsveien (2009) is located at the central-end of Oslo’s most famous shopping street Bogstadveien and the third opened in 2011 at Tjuvholmen - one of the high-class suburbs in Oslo, located above water nearby Aker Brygge.

In February 2016, major part of Olivia’s shares was bought by a private equity Herkules Capital. Herkules Capital saw a potential in Olivia and bought it with the ambition to expand the business and establish more Olivia restaurants. In October 2016 the fourth Olivia in Oslo was opened besides the central train station at Østbanehallen. All the Olivia restaurants have taken inspiration from different Italian cities in what comes to inside decoration and menu: Aker Brygge as the first restaurant represents Naples, which is the home of pizza; Hegdehaugsveien with its central location behind the King’s castle and along the shopping street has gotten its inspiration from Rome, the capital of Italy; Tjuvholmen represents naturally Venice being located above water at the seafront of Oslo and Østbanehallen has gotten inspiration and pictures from Milan that is also famous for its large and historical central station. Below you can find a map of the Olivia restaurants in Oslo to render better the idea where the restaurants are located as their similarities and differences are also discussed later on in this chapter.



*Figure 8. Olivia restaurants in Oslo (Google Maps 2018)*

The first restaurants outside Oslo were opened in May 2017 in Trondheim Solsiden and Bergen Zachariasbryggen. Olivia Solsiden, located in Trondheim with its Nidelva river and the many bridges that cross the river has gotten its inspiration from Florence and Olivia in Bergen Zachariasbryggen, that is located right at the harbor next to the Fish market represents Palermo, Sicily, which has been inhabited and been one of the busiest harbors of Italy already from as early as 8 000 BC (Palermo 2018). The next opening will take place in May 2018 in Stavanger – a city located south from Bergen in the west coast of Norway. The representative Italian city of the new restaurant has not been published yet. After the opening in Stavanger, Olivia will start turning its gaze outside Norway towards Sweden and Denmark as its next prospect countries, having in mind especially the largest cities of these countries: Stockholm and Gothenburg in Sweden and Copenhagen in Denmark.

Olivia's vision is to be a natural meeting place for everyone. The idea is to connect authentic Italian food and drinks to people who love Italian cuisine so that there is something for

everyone and every wallet on the menu. The atmosphere is easy-going, pulsing and informal but at the same time professional. In all of the restaurants there are also open pizza-kitchens in the heart of the restaurant to increase authenticity. Olivia has three promises to guests:

- 1) The guests will be served authentic Italian food
- 2) Olivia is proud over the experience that is offered to the guests
- 3) The pizza kitchen is in the heart of the restaurant with an informal, urban and modern style that gives the guests an experience of Italian pulse and environment.

Every operation in Olivia is based on a set of values – behavior at work, customer service, recruitment, promotion decisions, teaching and development etc. These values are: assertive, passionate, informal, professional. Assertive means that the employees should be ready to take initiative, be proactive and problem solving. They should stretch themselves to go the extra mile at work, be observant and recognize the needs of guests and coworkers. The guests should be positively surprised when they come to Olivia and everyone at the restaurant should always strive for surpassing expectations. Employees should be passionate and engaged to their work. They should be proud to work for Olivia, be knowledge seeking and come to work with a spark in the eye. Informality at Olivia means kindness, smiling, openness and being service-minded. The guests should feel like they get individual service and that the employees are personal without becoming private. However, informality does not mean being unprofessional. The fourth value of Olivia is professional – responsible, well-organized, conscious about the quality, guest oriented and trust-worthy. Being professional should cover all the encounters with customers and suppliers as well as employees.

Hard-working and committed employees that live and work by the values of Olivia tend to be acknowledged and given the possibility to build a career within the company. The main idea behind the company is that the employees that take willingly more responsibility and initiative will also receive more responsibility and trust. Many of the today's leaders started with Olivia "on the floor" and have then climbed their way up the ladder. Everyone is welcome to contribute to the restaurants' practices and give suggestions how to develop them and the restaurants themselves.

The main goal for all the Olivia employees that is also written down in the personnel handbook is that the guest should always leave happy. To make this happen, Olivia has written down guidelines for the employees working front-of-house that are shortened to letters according to their initials: SEE, SMILE, ASK and RECOMMEND (S-S-A-R). “SEE” means that employees should always pay attention to their surroundings whether there are any customers that need something or look like they need help or if there is someone waiting at the door. “SMILE” refers naturally to being friendly and smiling to the customers that walk in to Olivia and are being served. It is surprising how much smiling can affect a guests’ experience at a restaurant. Sometimes guests do not dare to complain or if something has been just fine but not really good, they do not want to take it up themselves. With “ASKING”, many of the possible problems come to the personnel’s knowledge and something can be done to make sure that the guest leave happy. And lastly, with “RECOMMENDING” different meals or drinks according to employees’ personal experience and professional knowledge, a guest’s experience can be made much more personalized and valuable.

These guidelines are to be followed by the personnel at all times and they can be translated also to internal communication between the employees as well. In busy restaurants, it is crucial that the employees work as a team and help each other out instead of concentrating only on the tables that they are mainly responsible for. Thus, “SEEING” one’s co-workers and their need for help is important in a hectic working environment. “SMILING” and being friendly also to your coworkers contributes to creating an easy-going and welcoming working environment. “ASKING” for help is always better than making a mistake or having too much to do at the same time so that some of the tables end up waiting for their turn too long. “RECOMMEND” could in the internal communication translate to “sharing best-practices” and “teaching”. For example, many of the waiters might have non to little experience from the branch, and all the restaurants differ from each other with their internal practices – hence, it helps if coworkers share their best practices with each other and teach especially the newcomers the Olivia-way of doing things.

The practices and guidelines mentioned above are defined by the company and the managerial level and the customers and employees get to evaluate how well these guidelines come true on a daily basis. Guest can give feedback through Questback feedback form that

is sent after the visit at Olivia to everyone who booked a table and employees get to answer the questionnaire of Great Place to Work on an annual basis.

### **6.3 Restaurant demographics**

Next there is a presentation of general demographics of Olivia as a company. This presentation includes the occupational situation at Olivia as well as the division between genders and different aged people. It should be noted, that the information is from 2016, when there were only four Olivia restaurants in Oslo and Olivia Solsiden in Trondheim and Olivia Zachariasbryggen were not opened yet. Further in chapter 6.3.2 there is a more detailed presentation of the diversity statistics of Olivia restaurants.

#### ***6.3.1 General statistics***

According to the general information given in the culture audit 2016-2017 to Great Place to Work, there were altogether 149 fulltime workers, out of which 91 were men and 58 were women. A reason for this difference is that there are generally more men working in the kitchen and more women working front-of-house. In front-of-house positions there are much more part-time workers than back-of-house. There were 123 workers with a permanent part-time contract - of which 56 were men and 67 were women - and 104 workers with season contracts, 60 women and 44 men. The division between genders is illustrated in the figure 9 below.

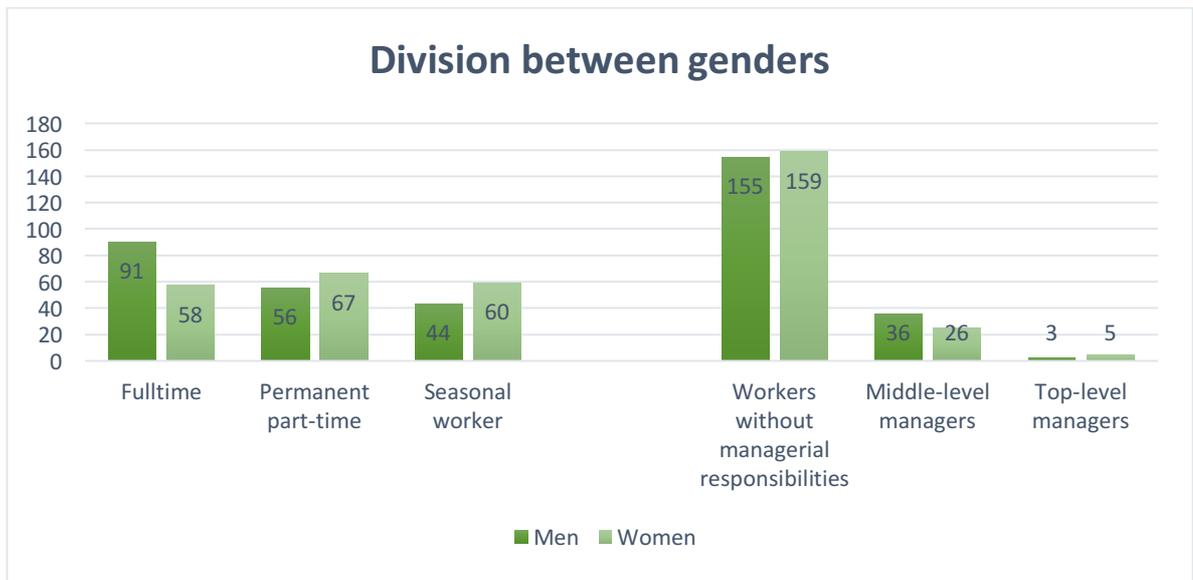


Figure 9. Division between genders in contracts and managerial positions

The main demographics of the company are presented in the table 4 below. The seasonality of restaurant branch in Norway is one reason for the large amount of employees working only less than two years at Olivia. The large amount of under 34-year-olds is common in the branch and the amount of young employees working at Olivia can be explained also with students especially in front-of-house positions that work besides their studies. What should be noted is the equal amount of men and women in the company, also in the managerial positions.

Table 4. Olivia demographics

Variables	Men	Women	Sum	Age	Time period working at Olivia
<b>Fulltime</b>	91	58	149	<b>≤25</b>	<b>&lt;2</b>
<b>Permanent part-time</b>	56	67	123	<b>26-34</b>	<b>2-5</b>
<b>Seasonal worker</b>	44	60	104	<b>35-44</b>	<b>6-10</b>
	191	185	376	<b>45-54</b>	<b>11-15</b>
<b>Workers without managerial responsibilities</b>	155	159	314	<b>≥55</b>	<b>The company was established 11 years ago</b>
<b>Middle-level managers</b>	36	26	62		
<b>Top-level managers</b>	3	5	8		

The human resources statistics were quite positive looking at the previous year of conducting this particular Great Place to Work –study. The turnover was quite low in the company since there had been 38 that quit voluntarily and two that were fired. During the year 2015-2016 Olivia had 1050 new applicants for the open positions and the absence due sickness percent was only 4% (absence days per employee divided by total amount of opening days). Olivia also uses practices of performance and coworker appraisals and offers its employees the possibility to get sponsored if they want to participate to a Norwegian language course outside working hours.

In the next subchapter, there is a short presentation of the diversity statistics that are present at Olivia restaurants at the moment. The restaurants are presented and compared in the order of their establishment. Before presenting the data it had to be simplified and coded so that all the nationalities were translated into English and positions were categorized into managers (M) that include operational managers, restaurant managers and kitchen managers; front-of-house (F) that includes waiters, butlers, booking-assistants, runners and hosts; and back-of-house (B) that includes sous-chefs, cooks, pizza cooks, kitchen assistants and bar workers. The value of N/A – no answer given is always either 1 or 0. A more detailed division of all the nationalities in all of the Olivia restaurants can be found from Appendix 2.

*Table 5. Example of simplification and categorization of the variables*

Position	B/F/M	Country NOR	Nationality ENG
Kokk/Pizzakokk	B	Italia	Italian
Servitør	F	Sverige	Swedish
Driftssjef	M	Norge	Norwegian

### **6.3.2 Diversity statistics**

From table 6. below you can see the division between the amount of workers front-of-house and back-of-house as well as the amount of nationalities in these groups. In front-of-house Norwegian and Swedish were dominant nationalities, since knowing a Scandinavian language is obligatory when working front-of-house at Olivia.

At Olivia Aker Brygge (AB) there are altogether 110 employees that come from 24 different countries. Olivia Aker Brygge is the second largest of all Olivia restaurants and shares the first place in the amount of nationalities with Olivia Østbanehallen. There can be seen a slight dominance of Polish people working back-of-house, however, the division between nationalities working front-of-house is the largest of all the restaurants.

Olivia Hegdehaugsveien (HV) represents middle-cast in size with its 62 employees from 12 different nationalities. Clearly dominant nationalities Norwegian and Swedish are presented at front-of-house where there are only two other nationalities. Back-of-house Polish is again the dominant nationality. However, it is worth noticing that four out of four managers of the restaurant come all from different countries.

Tjuvholmen (TH) is the smallest of all Olivia restaurants. There are 54 employees from 12 different countries. Unlike in Aker Brygge and Hegdehaugsveien the dominant nationality in back-of-house personnel are Estonian and Nepalese, since all the kitchen assistants are from Nepal. Also in Tjuvholmen there are most Norwegians and Swedish workers on the floor at front-of-house. What should be paid attention to, is that even though Tjuvholmen is the smallest of the restaurants, they still have as many different nationalities as Hedgehaugsveien.

Olivia Østbanehallen (Ø) is the largest of all the Olivia restaurants with the total headcount of 140 employees. These 140 employees come from 24 different countries with a quite equal division between front- and back-of house personnel. Østbanehallen was the one to have the most equal division between nationalities back-of-house, since there are quite equally Polish, Norwegian, Lithuanian and Italian personnel. Also the amount of Norwegians working back-of-house was larger than in other restaurants. However, on the managerial level there are only two nationalities represented and four out of five of Østbanehallen's managers were Norwegian.

According to the records, Olivia Solsiden (SS) is about the same size as Olivia Tjuvholmen with its 53 employees. However, there is wide diversity between the nationalities of the employees especially of the people working back-of-house. This being said, Solsiden is the most diverse of the Olivia restaurants compared to its size. Back-of-house there is very equal

division between the nationalities, whereas front-of-house Norwegian and Swedish are once again the most dominant ones.

Olivia Zachariasbryggen (ZB) in Bergen falls in the middle in the size of Olivia restaurants with its 73 employees from 16 different countries. The diversity its employees can be found to rely on the back-of-house personnel, since 37/39 employees categorized as working front-of-house are Norwegian. Back-of-house the nationalities have divided quite equally and there is a good mix of people, the majorities being represented by Bulgarian, Italian, Nepalese and Polish.

*Table 6. Diversity at Olivia Restaurants*

	Personnel Count						Nationalities					
	AB	HV	TH	∅	SS	ZB	AB	HV	TH	∅	SS	ZB
<i>Front-of-house</i>	69	37	29	81	25	39	16	4	8	15	6	3
<i>Back-of-house</i>	36	21	22	54	21	31	15	9	6	18	14	13
<i>Managers</i>	4	4	3	5	2	3	3	4	2	2	2	3
<i>N/A</i>	1	0	0	0	1	0	1	1	1	1	0	1
<i>Total</i>	110	62	54	140	53	73	24	12	12	24	20	16

## 7 EMPIRICAL FINDINGS

This chapter presents the empirical findings based mainly on the conducted interviews and other data given by the case company. Before presenting the findings, the interviews were transcribed and categorized by their themes: diverse workforce and diversity management; and growth and internationalization. The Nordic business environment was used as a context theme when proceeding deeper in the category and trying to find more specific answers. The interviews were done reflecting the previous research made on the subject and presented in chapters 2-4 in this thesis.

Categorization of the interview results was generally straight forward since the interviews were already structured according to the themes. Nevertheless, in some cases the conversation went slightly back and forward and some of the interviewees' answers overlapped with several themes. Also the answers to questions about the Nordic Business environment had to be divided into the two categories. There were also some answers that fell outside these two categories, but were relevant to other parts of this study. These answers formed the category "Other". Reflecting the results of the interviews to previous literature and the themes of this thesis leaves less space for own interpretations of the researcher. The main themes and previous literature used in the analysis of the empirical material were:

- 1) diversity management and especially the articles by Fine (1996); and Wentling and Palma-Rivas (2000).
- 2) internationalization of service SME and the articles by Kuivalainen et al. (2012), Mohr and Shoobridge (2011); and Seggie and Griffith (2008)
- 3) Nordic business environment and the main articles used in this thesis by Boxenbaum (2006); and Risenberg and Söderberg (2008)

More general connections between the theory and the interviews are done in the chapter 8: discussion and conclusion.

Demographic factors and statistics about diversity were already presented in the previous chapter. Hence, this chapter starts with the motives to hire diverse workforce and different practices to manage people with different backgrounds. The second part of the chapter covers the motives of growth and internationalization of the company and the selected modes and practices the company has chosen to expand the business. In both parts of the chapter

there are answers from all of the interviewees. In this presentation the interviewees were divided into two groups: group O, that consists of the six operational managers and group T that consists of the CEO, HR-manager, Recruitment manager and the Regional manager of Oslo. To hold on to the anonymity of the participants, the interviewees of group O were given a random number between 1-6 and named as Interviewee O1, Interviewee O2 etc. The same was done to the representatives of group T and they can be found in the chapter as Interviewee T1, Interviewee T2 etc.

## **7.1 Diverse workforce and diversity management**

The interviews started with general information of the interviewees. Even though the interviews were made anonymously and the information is not revealed in this report, the questions were made to understand the background of the participant and to evaluate whether it affects the person's way to answer the questions. Thus, we will move straight to discuss the features of diverse workforce at Olivia and how diversity management is taken care of in the company.

### ***7.1.1 Recruitment and the visibility of diversity***

Operational managers are responsible for recruitment in their own restaurants and get help from HR especially during the peak-seasons. The official questionnaire-part started with asking why does Olivia hire diverse workforce. All of the participants answered more or less the same way:

“The general idea is that it doesn't matter that much where a person comes from, as long as he or she has the same values that we have. That is the idea. So we don't necessarily go and look for people with a diverse background and we don't necessarily try to avoid diverse backgrounds. But we look for the personality regardless of diversity.”

-Interviewee T2

“If that is somebody from Italy, or if that is somebody from Lithuania, or somebody from Nairobi... So be it.”

- Interviewee T4

General comments about recruitment were that Olivia hires personnel mirroring the society that is becoming more and more diverse, hiring is done value based and emphasizing the personality and the fit to Olivia’s values. These answers are in line with the answers gotten from other companies without diversity policies in Kamp and Hagedorn-Rasmussen’s (2004) study. The only condition is that a person working front-of-house needs to know a Scandinavian language and people working back-of-house need to know at least English.

“You can train them [employees] what they need to say, but you can’t train them to actually like what they’re doing and to want to do a good job. That’s hard to train if they don’t have it [the right attitude].”

- Interviewee T1

Diversity in Olivia is visible to the customers through the looks of the diverse personnel, especially with the open pizza-kitchens the customers can see the diversity of people working back-of-house and hear them speaking mostly English and sometimes another foreign language. A foreign accent of the front-of-house personnel is often noticed by the clients and can be brought up in the conversation with the waiter. The employees are allowed to show their personality and serve the guests in their own language when possible. However, it should be kept in mind that Olivia is an Italian restaurant and that should be dominant over the other cultures. Also in this question almost all of the interviewees pointed out Olivia’s values and that the culture and atmosphere are quite laid-back and the employees are allowed to have a blink in the eye as long as their behavior is in line with the core values or the company.

“We want the restaurants to have a little bit of personality, since we are inspired by different cities and regions of Italy.”

- Interviewee T2

The participants were also asked how they see the Nordic environment regarding acceptance of diversity and what could still be done. Very similar answers were given regarding that Norway and its cities Oslo, Bergen and Trondheim are becoming more open and accepting when it comes to diversity and the use of English for example - nevertheless, the attitudes could still be better. Linked to this, all of the participants emphasized that they still see learning Norwegian as one of the most important goals for people moving to Norway in order to integrate better to the society and become better accepted. In general, the interviewees thought that people should have better knowledge about diversity and its needs and learn to look away from a name or a different background and concentrate on their experience and talent.

Olivia is very proud to be a restaurant with employees from many different nationalities. Externally this comes up on Olivia-video, which is an introductory video of what Olivia is and how it is to work in one of Olivia's restaurants. In this video diversity is well visible especially when filming at back-of-house. Internally the variety of cultures can be seen in staff-meetings and –parties as well as in general communication which is done in both Norwegian and English. It is quite rare that a company language is English in a domestic company with domestic owners already before it has any international activities. Also, as last year's Christmas gift, all employees got a cook book that was especially made for them and included traditional recipes from all the countries that are present at Olivia restaurants. These practices represent similar diversity initiatives as in studies by Fine (1996) and Wentling and Palma-Rivas (2000), where communication was one of the major categories of diversity initiatives.

“Every culture is bringing something new to the table. -- The cook book is a good example of how diversity can be treasured and bring everyone together.”

- Interviewee O5

“In the summer party some employees from African countries that made food from their own countries. On Sundays there is a staff breakfast and sometimes the chefs are cooking meals from their own countries and trying different things.”

- Interviewee O6

### *7.1.2 Performance – advantages and disadvantages*

According to the interviews, it is hard to put a finger on specifically the performance of diverse workforce, since finding the ways to measure it can be difficult. Externally the company gets qualitative measurements from the Questback feedback that is automatically sent to all the customers who booked a table at Olivia restaurants. In this feedback form, customers get to evaluate the food, service and the overall experience. Sometimes there are also comments about the diverse workforce in these feedbacks – most of which only positive, but sometimes guests have felt that they would rather have been served by Norwegian personnel. In 2017 over 10 000 people gave feedback through Questback, which represents then the whole table, so the amount can be multiplied by three or four depending on the amount of guests at one table. Internally, diversity management can be measured with Great Place to Work –questionnaire, where the employees get to give feedback about the working environment, atmosphere, leadership and different challenges. There is also a separate “Cultural audit” in the Great Place to Work –questionnaire, where the organizational culture of the company is discussed in detail. In the audit there are also questions related to diverse workforce and diversity management.

Many of the participants pointed out that diversity is not measured in the restaurants on a daily basis, but that the managers are very aware of the benefits and the disadvantages of having diverse workforce in the restaurants. One of the biggest advantages named by many of the interviewees was the common acceptance of diversity and learning from each other when employees are so tightly interacting with each other all the time at work. Some of the participants said that diverse workforce brings “color to the working environment” and another called Olivia’s working environment a “big multi-ethnic family”. The claims that diversity is not measured in Olivia were slightly controversial with other answers of the participants where they described practices that were very similar with the diversity evaluation methods presented by Wentling and Palma-Rivas (2000): employee surveys, tracking of employment data, management of annual performance reviews, benchmarking, diversity-specific surveys and customer feedback.

The most common disadvantage that came up in the interviews however, was the different clashes and misunderstandings between employees that might be due to not having a common first language or some non-verbal communication that another person misses.

Different backgrounds often also mean different models of reacting in interaction which once again can lead to miscommunication and misunderstanding. This supports empirically the notions made by Fine (1996) that intercultural communication is still the most studied category within diversity management.

For people coming from different working cultures it might sometimes be hard to understand the low-hierarchical working culture that is dominant in Norway – especially when this is combined with having women in higher positions in the company. The attitude towards work can also differ from country to country, thus especially in the kitchen there are sometimes different opinions of the ways of working when some of the back-of-house employees are used to or appreciate an easy-going and laid-back way of working whereas others can be very work-oriented or authoritarian.

Nevertheless, many of the interviewees highlighted that all the working environments have clashes between employees and misunderstandings between people. Thus, all of the miscommunications cannot be said to be due to cultural differences or different backgrounds.

### ***7.1.3 Diversity management and initiatives***

At Olivia, there is not one person named to be responsible for diversity management but it is thought as a shared responsibility. Everyone working with a managerial responsibility is responsible for diversity management in their own actions, the operational manager is generally responsible for diversity management in their own restaurant and HR personnel is responsible for giving support and possible guidelines to operational managers if needed.

Managers are not given specific guidelines concerning diverse workforce and there is no specific diversity policy defined in the company. General guidelines for managers can be found on the leader handbook: how to communicate generally with employees and deal with different situations.

“We have discussed that people are different, with different cultures, that we have to think about how we speak and humor is different. But that’s the same with people [in general]. Even though we wouldn’t talk about different backgrounds or diversity but just talk about how you have to lead people differently.”

- Interviewee O3

One participant emphasized communication and its clearness. A manager nor an employer cannot just assume things, there has to be an open communication connection between the managers and their employees especially since people interpret things differently. The manager has to be aware that there is always a communication gap between the employees and the managers and that the gap might be even larger when one is dealing with multiple cultures.

Training is the keyword when it comes to leading diverse workforce. This view was shared by all of the participants, which once again was similar with the answers given in Wentling and Palma-Rivas’ (2000) study where “Education and training” was the second most common practice category in diversity management. When things are explained thoroughly beforehand, employees feel more comfortable to work, they have guidelines to follow and they know how to do things right. Olivia offers its employees a vast range of courses starting with an introduction course and continuing with different wine, beer and combination of drinks and food –courses. In the beginning of the employment there is also a training period with a mentor, who has been trained to guide the beginners. There are different management courses for employees who would like to build a career inside the company. Anyone in the company can take a test to earn a silver and a golden olive as a sign of professionalism.

The sponsoring of a Norwegian course for all Olivia’s non-Norwegian-speaking workers can be seen as a pure diversity initiative. If an employee would like to improve their Norwegian by taking a Norwegian course, Olivia is willing to sponsor this up to 50 % of the price of the course. Another example is the “Dishwasher to Chef” –program, where the aim is to offer dishwashers – or kitchen assistants - the possibility to proceed inside the company and to become chefs. This is part of the idea of giving everyone equal opportunities in the company and in society (see e.g. Mohr & Shoobridge 2011). Kitchen assistants especially

sometimes already have a higher education, but they cannot find work within their branch since they cannot speak Norwegian.

“Everyone in Olivia should be able to take on a higher position if you work hard enough or long enough or do good enough job – regardless of ethnicity.”

- Interviewee T4

There are also smaller practices in the restaurants that take diversity in account. Examples of these are the possibility for chefs to use their imagination when making Sunday breakfast, considering different diets and family-situations when planning personal feasts for the personnel – having vegetarian and alcohol-free alternatives, using English as the language of communication and finishing the feast earlier, writing “Merry Christmas” on the wall in the personnel-room, telling employees to bring some traditional dish from their land to the staff party etc.

## **7.2 Growth strategy and internationalization**

The intention of this chapter is to discuss the growth strategy and the internationalization of Olivia restaurants. As mentioned earlier, since the private equity Herkules Capital took over Olivia, the expansion of the company has been rapid opening one to two new restaurants a year and the goal is to open the first restaurant outside Norway during 2018-2019.

### ***7.2.1 Changes in the company***

The growth strategy has brought a lot of structural changes to the company with it. In the transforming phase it has meant more work for those already working for Olivia, before a person for the certain position is found. The growth has also brought a lot of new opportunities with it: there are new positions opening all the time especially in the managerial roles and nine out of ten managerial recruits have been found inside the house.

Examples of these new positions are the position of the regional manager in Oslo, recruitment manager for HR, country managers to Sweden and Denmark and all the positions that are the same in all Olivia restaurants that need to be filled when opening new restaurants

in new cities. Finding the right people to big managerial roles was one of the main concerns mentioned by the interviewees. Especially the country managers' roles are going to play a crucial role, since they will have a lot of responsibility being further away from Oslo and the headquarters. This is where training comes to an even more important role: it will be particularly important to train new leaders but also to keep up developing the ones that are already in leading positions. They are the ones who get more responsibility due to the expansion, since an HR-department consisting of only two people has limited resources and a limited amount of time.

“We will have to think even more to train leaders. If we need five new leaders ourselves, we might have to train ten, because we know that we will lose people to go training new people in new Olivias during their opening weeks or become managers there. We need to think even more about training good leaders.”

- Interviewee O1

The original restaurants get also their share of the changes in the organization. Since Østbanehallen opened, it has taken some of the customers from other Olivia restaurants in Oslo that do not have as convenient transport connections or parking possibilities. All of the existing restaurants have had to give away or borrow some of their best employees that have either gotten a promotion or have been a part of the so called “dream team” that travelled to Bergen and Trondheim to help with the opening of the new restaurants and train the new employees.

“The fact that the company is in the expansion phase is very exciting but also demanding. It is challenging to teach so many at the same time to properly adopt our core values and to understand the concept. At the same time, it is important to reach the right people and have enough [people] to borrow them to the new openings.”

- Interviewee O4

These notions are in line with a lot of the research made on SME internationalization and growth strategies. The importance of good managers is also emphasized by Kuivalainen et

al. (2012). In their model of firm internationalization managerial level forms an entirely own category of internationalization antecedents. Having to make compromises with the division of tasks before the right people for the position is recruited is a sign of limited resources that SMEs often face when dealing with rapid growth as earlier claimed by Mohr and Shoobridge (2011).

### ***7.2.2 Motives and resources behind the strategy***

The most common reply when asking about the motives behind the selling of Olivia and the following growth were “Because Olivia deserved it”. The company had potential and Herkules Capital offered to buy it and bring the company to another level where the initial owners did not have the resources to take it.

“The concept is in a really positive flow right now. It is a popular brand. We have people standing in line every day. We are not in the position when we are giving discounts and coupons to get people to come to us – they are the ones to come to us.”

- Interviewee O6

The most important driving resource is the financial one guaranteed by Herkules Capital. Olivia has also its own import company with a lot of knowledge of the market. This allows Olivia to import most of the goods by its own and it has to buy only some of the goods from outside. Another factor that could be named is the business intelligence of the owners and the managers. The concept of the company is good and the owners – both current owners at Herkules Capital and the three previous owner-ladies – have been able to be open-minded, to react and to adapt to the changes that have taken place in the market. They have improved the company in every possible way without making shortcuts.

However, there are some concerns concerning the growth. The ones that were the most brought up by the participants were: becoming too much of a chain-like company, losing the quality of the service and food, losing the family-like feeling and the two-way communication and forgetting the existing restaurants while focusing so much on the new openings.

“Not to rush things. We should keep our standards and values and not give them up because we don’t have time. It will lead to that we will make decisions that we shouldn’t because we should stay true to our brand.”

- Interviewee O3

However, the brand is one of the biggest concerns when entering the new market because it is not known in the new countries yet. Norway is a small country and word-of-mouth proceeds fast, but how to get Olivia known and accepted in the new countries the same way it is known at home. One of the key features the owners look at when deciding where to expand the business next is the location. The city itself has to be big enough, which is why the next prospect cities are the biggest cities in Sweden and Denmark and not just any smaller city in Norway. The location of the restaurant in the city is also important: it has to be at a good, visible and busy spot that attracts preferably both locals and tourists. It is a plus if there is a water element nearby the restaurant – at the moment all the other restaurants except for Hegdehaugsveien are located near water. There should also be enough space outside the restaurant to have an outside serving as well. In order to find these locations, the owners need to have a vast network of connections and a lot of luck.

One answer to many of the concerns mentioned above seems once again to be the key-personnel, according to the participants: to recruit the right people, to train the mid-level managers and give more responsibility and to have the right people to educate and train the employees of the new restaurants and hand on the Olivia-atmosphere. Another driver is the concept that seems to be working well – at least in Norway. It is not said that a business model that works in Norway is going to work in all of the Nordic countries. However, having the know-how how to multiply the concept and having the right people to do it, should already be an advantage when entering a new market.

“The concept can be described, which makes it possible to copy-paste it. We know how to make the food, we know how to decorate the restaurants, we know how to build the service plan from the moment they come in to when they are leaving.”

- Interviewee O6

The internationalization approach adopted by Olivia has some traits of similarities with the most common features of service internationalization, the most visible of which are the standardization of the product – the concept – and the processes around the concept (Griffith et al. 2000). With proper documentation and by borrowing some of the best personnel to new restaurants and using internal recruitment, Olivia can reassure the standardization of processes.

### ***7.2.3 Networks and diverse workforce as an aid***

Many of the interviewees mentioned personnel as one of the main resources the company has. It does not matter where they come from as long as they have the right attitude, are being role models for other employees and the new recruits and want to be part of the success story of Olivia. The know-how of the employees is utilized when opening new restaurants. For example, people working in the kitchen or bar are asked for an opinion, what are the things that work in the design of the kitchens and the bars and what do not.

In addition to the networks of the owners that are used for example when looking for new locations for the restaurants, the networks of individual employees are utilized in hiring as well. Olivia offers hiring bonuses for employees if a person they have winked gets hired. This bonus is 500 NOK (~50€) for a front-of-house recruit and 1000 NOK (~100€) for a back-of-house recruit. This way it is more probable that Olivia gets the good people in, but at the same time they have to be aware of keeping a good mix of different kinds of people and nationalities and not to create clusters inside the restaurants.

The brand that “Olivia is for everyone” is considered important both when targeting customers and as being an employer. This is where diversity comes into picture. Diverse people bring different kind of know-how to the company and their often tight networks of diverse people (see e.g. Mohr & Shoobridge 2011; and Westhead et al. 2001). They might also be more willing to move after opportunities than people that have lived their whole lives in Oslo or any other place. There are also a lot of Swedes working at Olivia as well as people that have previously lived in Sweden before moving to Norway that bring knowledge of the target market and some of them could see themselves moving back to Sweden to help with the new openings.

“We have to have local knowledge. We cannot think that we can go to Sweden and know how that works. We have to have people who have actually been there and worked there. Even though it’s so close it’s not the same. Stockholm is not Oslo.”

- Interviewee T4

Social networks online are also used to find the right people – first and foremost Facebook. In Denmark Olivia does not have the same advantage of having a bigger pool of people that would have special knowledge about the target market and the restaurant branch in the country. There it will have to rely more on other factors and to find people from inside of the company that would be willing to move temporarily or permanently to help the business get a kick-start in the new market.

## **8 DISCUSSION AND CONCLUSIONS**

In this last chapter of this thesis the findings of the qualitative research are combined and reflected to the theory of the main topics. The chapter starts with going through all the research questions from the sub-research questions to the main research question. Along the way the last connections of the theory chapters and the empirical research made about the case company are concluded. After this there is a presentation of the theoretical contribution of the study – what did this study add to the previous research, what was in line with what has been stated earlier and what argued with the previous literature. There are also some suggestions to the managerial level regarding diversity management and the role of diverse workforce in the internationalization process of the case company. Lastly, this report concludes with introducing different limitations linked to the study and recommendations for future research about the topic.

### **8.1 Discussion of the findings in light of previous research**

The conclusions are made in reversed order starting from the sub-research questions and the answer to the main research question is built with help of the sub-questions. The findings of the study are presented in light of previous literature.

#### **What motivates companies to hire diverse workforce and what are the different ways to manage diversity?**

As presented earlier, according to Triandis and Bhawuk (1994) only companies that understand and support the meaning of diversity management will remain competitive in the market. Specified by Triandis et al. (1994, 770) especially in the service industry in an international context, the personnel is required to have excellent social skills and sharing a cultural similarity might increase the effectiveness and the success of the serving experience of the customer. The interviewees from Olivia also mentioned that their recruitment reflects the changes in the society, which is a sign of globalization of the Norwegian working market.

The three main categories of diversity management in the earlier presented literature were 1) Management initiatives, 2) Education and training (Wentling & Palma-Rivas 2000) and

3) communication (Fine, 1996). In the case company the management was aware of the cultural differences that were present in the company and they were encouraged to hire also diverse workforce as long as the personality of the candidate matches the company's values and build a good mix of people to the working community. The employees were offered similar education and training at work regardless of their background and in the training different aspects of varying backgrounds were considered. The importance of internal and external communication was also emphasized in the interview. Examples of diversity management's internal communication are using English as a communication language, giving the multicultural cookbook to all the employees as a Christmas gift and communicating with the employees about their possibilities to attend different courses and training. An example of external communication of diversity management is the Olivia-movie that was made to enhance Olivia's employer brand and to raise general awareness of Olivia as an employer. The film was made in English and diversity of the workforce plays a visible role in the movie.

Most common evaluation methods of management that were mentioned in literature presented earlier in this thesis were internal questionnaires, demographic statistics and customer feedback. All of these were also used in Olivia, however they were not considered only as a way to measure diversity. I.e. McMahon (2010) noted that effective diversity management is about finding commonalities and being aware of the differences in the workforce and stressed that those who help influencing the organizational culture by being willing to pay attention to diversity initiatives and apply role modeling behavior, have a better chance in succeeding in improving the performance of diverse workforce.

Olivia has also, unknowingly, applied in the organization the theory of Bachmann (2006) where the best results are reached with tight task-related coupling and loose non-task-related coupling. Tight task-related coupling would in Olivia's case be defining the goals and the working models of the company clearly and the value of professionalism and loose non-task-related coupling in Olivia's case mean being passionate and informal and showing a bit of personality in the communication with customers.

**What factors of diverse workforce can be seen as a valuable resource for the company and how can the internationalization process be designed using this resource as benefit?**

According to Mohr and Shoobridge (2011) that diverse workforce can possibly 1) reduce barriers of internationalization, 2) facilitate the management of cross-border transactions and 3) improve the SME's capability to expand their activities internationally. They discuss the internationalization from a resource-based view, meaning that diverse workforce can bring competitive advantage to the company with their general know-how and cultural knowledge. In Olivia's case especially the points 1) and 3) are very accurate as the non-Norwegian workforce can lower the barrier to expand to Sweden and Denmark and with their know-how and networks they can improve the SME's capabilities in the internationalization process.

Diverse workforce an especially reduce the 'liability of foreignness' of Olivia in the new countries and strengthen the image of Olivia being for everyone as an employer as well. Richard (2000) emphasizes the role of human resources as a VRIN-resource, since the know-how, silent knowledge and the collaboration between people has become a differentiating factor due to recognizing that other sources of competitive advantage, such technological and physical resources have become easier to copy.

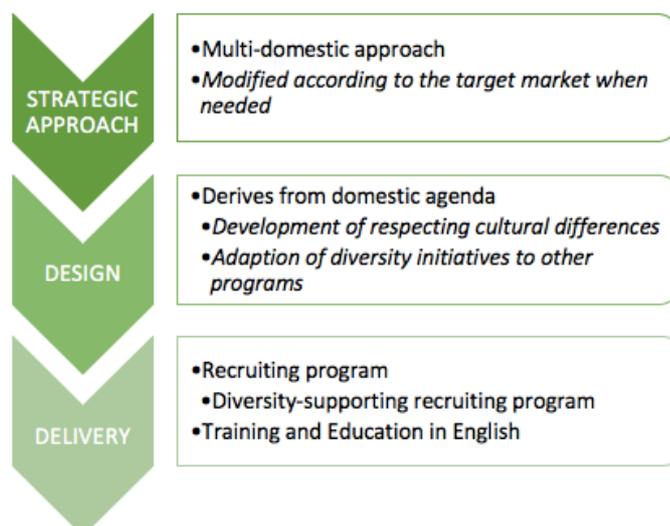


Figure 10. Plan for diversity management in internationalization process of Olivia

The natural option of strategic approach for Olivia is to take the multi-domestic approach when starting to expand abroad since international and domestic diversity management initiatives are based on the same principles and values. However, the company needs to modify the approach according to the target market when needed. Using multicultural teams in planning and delivering the opening of the new restaurant is a great way to hand over the values, atmosphere and the initiatives of the company.

The international design of diversity management often derives from domestic agenda, and this is the case for Olivia as well, since they are planning on multiplying the concept and programs to the new restaurants. In the delivery side the company can use for example diversity-supporting recruiting program and use the Olivia-movie to develop Olivia's employer brand in the new markets also holding the education and training programs for leaders and other employees in English supports an international diversity management approach.

**What are the key features of the Nordic business environment that guide the design and implication of diversity management in the Scandinavian market?**

The Nordic business model is guided by liberal and egalitarian values that are dominant in the Nordic societies. The Nordic welfare system that is present in all Nordic countries, is also based on these values. In working life this welfare system protects especially the employees from unexpected changes in the working life and offers family-friendly policies to employees.

According to Mohr and Shoobridge (2011), many practices of diversity management in the Nordic countries are still disguised under the theory of Equal Opportunities (EO) – offering everyone equal opportunities at work in order to combat discrimination of certain groups of people. The concept of equal opportunities was also brought up by the participants during the interviews. Even though “equal opportunities” might make the employees to offer more willingly their know-how to the common use of the company, it does not ensure the company the opportunity to use the whole potential of their diverse workforce.

In the two studies about translating diversity management practices into the Danish society that were introduced in the theory chapters of this study, the researchers Boxenbaum (2006) and Risenberg and Söderberg (2008) both came to the conclusion that diversity management practices are needed in the Danish working life. One reason for this need are changing demographics of the workforce, but the practices need to be brought to the Danish culture through corporate social responsibility since the idea of the company financially benefitting from their diverse workforce collides with the liberal and egalitarian values of the society.

The same values and mentality can be seen in the answers of the participants of this study. Mentioning equal opportunities and treating and recruiting people equally regardless their background were dominant themes in the interviews. All of the interviewees in Olivia also explained the recruiting policies with: “We hire the best qualified applicant regardless their background.”, which is exactly the same answer that was given by the majority of respondents in Kamp and Hagedorn-Rasmussen’s (2004) study by the respondents that did not have a separate diversity policy in the company. Those, who had the policy in place argued their stand with three points: Everyone was welcome to the company regardless of their background, everyone has equal right to work according to social responsibility and diversity could be a resource for the company to improve their performance.

### **What is the role of diverse workforce in the internationalization process of an SME in the Scandinavian market?**

Based on the answers of the sub research questions and the whole research conducted it can be concluded that diverse workforce can be a value-adding resource to the company in the internationalization process of an SME. However, the full capacity of diverse workforce has not been completely understood in the Scandinavian market due to the strong base of egalitarian values.

The figure 11. below gathers the information collected in this study from the point of view of the case company. Olivia is still in the antecedents in the internationalization process, the antecedents on a managerial level have been fulfilled since the owners and top management of Olivia have experience and the right mindset to start expanding the company to an international level. The theories of resource-based view, network competence and diverse

workforce are the ones having an impact on the firm level (circled in the figure). The knowledge and the capabilities of diverse workforce and its networks should also be considered by the firm as a resource when planning the internationalization. In addition, as mentioned earlier in this study, it is not enough to have diverse workforce for the company to perform better, effective diversity management and a respecting and accepting organization culture need to be in place to make the difference. Last one of the antecedents is the environmental level, which the firm needs to take carefully into consideration and of which some factors were shortly introduced in the Nordic working environment chapter. These factors were not covered on a deeper level in this research. Based on the antecedents of the internationalization of the case company, it was possible to fill the different scopes to the internationalization patterns. Olivia will be targeting two countries – Sweden and Denmark, in one region – Scandinavia, where both the physical and cultural distances are short. The outcomes of the internationalization are impossible to report here, since the actual expansion outside the home-country will take place in the future.

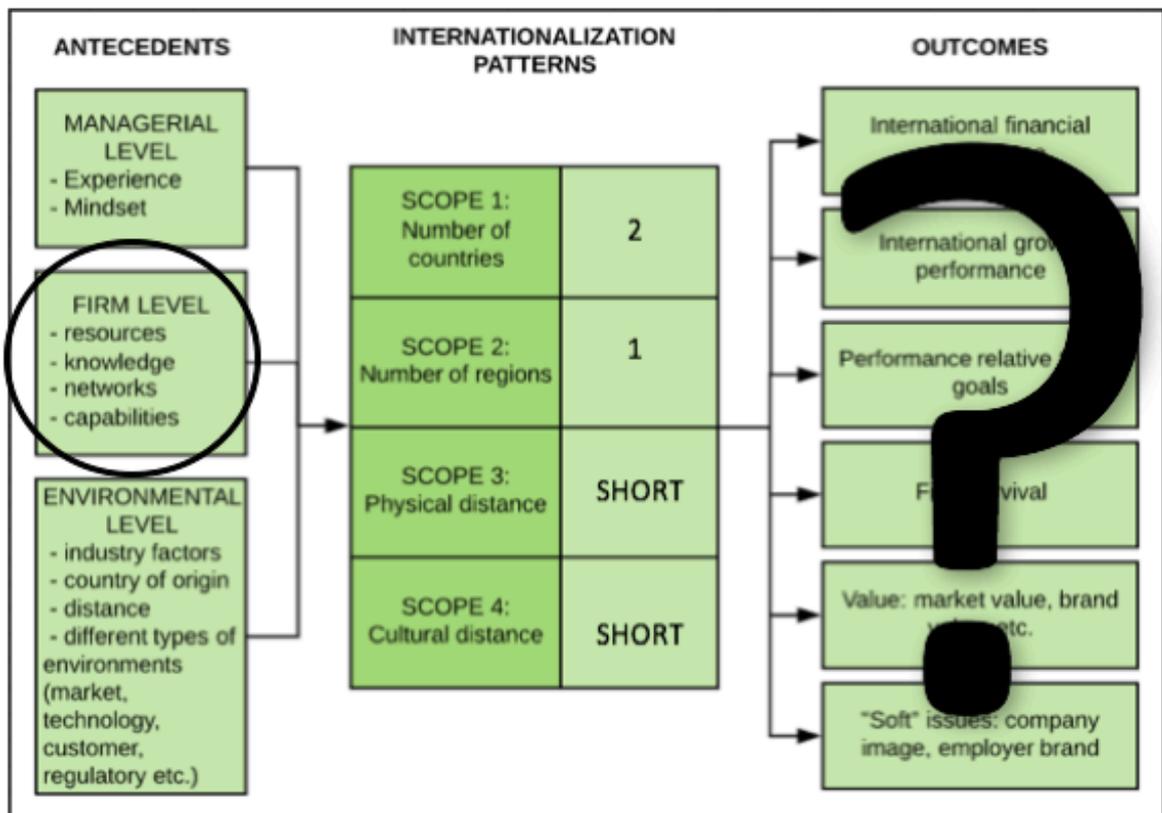


Figure 11. Internationalization process of Olivia

## **8.2 Theoretical contributions**

The theoretical contributions of this study are rather affirmative to previous studies than arguing with earlier findings on the studied subject. The novelty of this study was to combine the elements of diversity management and internationalization in the Nordics since both of the subjects had earlier been studied in the Nordic context separately but not together.

The concept of diversity management, as it was translated to the Danish context in the study by Boxenbaum (2006) over ten years ago, has been adopted quite similarly in Norway and there is still a long way to go to get to the mentality of actually fully benefitting of diverse workforce from the performance point of view. Some of the suggestions for diversity initiatives, like establishing new managerial positions due to diversity management (Egan & Bendick 2003), are arguably not translatable to the low-hierarchic Nordic business environment. Many of the diversity initiatives presented in the study by Wentling and Palma-Rivas (2000) are already in use in the Nordic companies, but they are not recognized or documented as diversity initiatives. This study showed also similarities with earlier literature on service internationalization as studied by Griffith et al. (2000) and SME internationalization as in Mohr and Shoobridge (2011) and Kuivalainen et al. (2012).

## **8.3 Managerial implications**

In this chapter different managerial implications that Olivia could consider applying in their firm activities are presented. The suggestions are mainly made for the case company since it is arguable to what extent the results of this study can be generalized.

### ***8.3.1 Acknowledging diversity management in the company***

As explored in this study, presented in the previous literature and concluded in the discussions, a company can benefit from diverse workforce in their internationalization process as long as the diversity is recognized and managed. There are a lot of signs of diversity management and different diversity initiatives in Olivia, however, they are not documented by the company in any way. Diversity initiatives that are mentioned only in the Great Place to Work –report were for example the possible Norwegian classes, but the

company does not have a documented diversity policy, even though they already apply all the features of a diversity policy in their everyday business.

Gathering these things to the leader handbook for example under diversity policy, would prove the company is following today's trends and compared to the Nordic area in general – ahead of its time. In addition, the role of general documentation becomes even more important now that the company is in the expansion phase and growing rapidly.

### ***8.3.2 Multiplying the management initiatives to all the restaurants***

After acknowledging these initiatives and documenting them, the next step would be to multiply them to the new restaurants abroad as well. Applying these initiatives after documentation is important since especially the new restaurants being further away from the headquarters both physically and slightly culturally as well, having the plan for diversity management in the internationalization process written down might help to smooth the process of adapting the program amongst others. Proper documentation would also divide the responsibility of recruiting and managing diverse workforce from individual leaders. The idea behind diversity management programs of Olivia is still to offer equal opportunities to everyone, however acknowledging and specifying a diversity policy in the company and pointing out that there are diverse people in the company that might need special programs does not make people any more unequal or increase general inequality.

### ***8.3.3 Using diverse workforce as an advantage***

The companies that had a diversity policy in Kamp and Hagedorn-Rasmussen's (2004) study the reasoning behind the policy was explained by three points: “

- 1) Everyone was welcome into the company no matter their background.
- 2) Everyone has to have the equal right to work according to social responsibility.
- 3) Diversity could be a resource for the organizations to improve their performance.”

The arguments one and two were discussed also in the interviews with Olivia's managers, amongst many other diversity initiatives that they had in place, but the last argument of using diversity as a resource of performance improvement did not come up in the conversations.

This would be the last statement to put in place for the diversity policy of the company. To actively think how the company can benefit from the great and diverse personnel it has and the knowledge and know-how of the diverse workforce, some of which are due to the people having a different background and thus a different perspective to things at hand. To benefit the most of diverse workforce, the diversity needs to be recognized and managed and the organizational culture must be supportive and respecting. However, in Olivia's case making structural changes regarding diversity management such as establishing a new managerial position of a "Diversity Coordinator" (a suggestion by Egan and Bendick 2003) would be exaggerating at this point.

#### **8.4 Limitations and recommendations for future research**

This research was conducted to cover a very niche segment of research combining the features of diverse workforce and internationalization and binding it to the context of Nordic business environment. It should be noted that the results and last recommendations of this study were given keeping the focus on the case industry and the case company and cannot be generalized to other industries and applying them to other companies within the same context and industry should also be carefully evaluated. Since this was a case study, the sample has a lot to say in the outcome of the study when comparing to previous research. Having a different kind of sample – another company, another industry, another perspective than managerial – the results could be different.

It would be interesting to compare the results of this study with other companies that either do not have such a diverse workforce as Olivia has, or have defined clear diversity policies and compare them with the results of this study. Also conducting this study in another context or environment would also change the outcome of the study since in the Nordics the cultural distance between the home and the host countries is after all very short. However, doing a longitudinal research about the topic would arguably not change the results remarkably if not during a very long time frame, since Olivia can still be seen as a pioneer in the branch and diversity related initiatives and attitudes have the tendency to change quite slowly.

## REFERENCES

- Aftenposten (2017) Fra nyttår skal ingen ha under minstelønn i hotell- og restaurantbransjen. [online] Available at: <https://www.aftenposten.no/norge/i/9gV0p/LO-jubel-for-minstelonn-i-hotell-og-restaurantbransjen> [Accessed 27 Feb. 2018].
- Ahokangas, P. (1998) Internationalization and resources: an analysis of processes in Nordic SMEs, doctoral dissertation, Vaasa, *University of Vaasa*.
- Amal, M. & Rocha Freitag Filho, A. (2010) Internationalization of small- and medium-sized enterprises: a multi case study. *European Business Review*, 22(6), pp. 608-623.
- Andersson, P., & Brunk T. (2009). Occupational Promotion of Migrant Workers. Dublin, *European Working Conditions Observatory*.
- Baalbaki, I. B. & Malhotra, N. K. (1993) Marketing management bases for international market segmentation: an alternative look at the segmentation/customization debate, *International Marketing Review*, 10(1), pp. 19-44.
- Bachmann, A. S. (2006) Melting Pot or Tossed Salad? Implications for Designing Effective Multicultural Workgroups. *Management International Review*. 46(6), pp. 721-747.
- Bae, J., Chen, S. & Lawler, J. (1998) Variations in Human Resource Management in Asian Countries: MNC Home-country and Host-country Effects. *The International Journal of Human Resource Management*, 9(4), pp. 653-670.
- Bantz, C. R. (1993) Cultural diversity and group cross-cultural team research. *Journal of Applied Communication Research*, 21, pp. 1-20
- Barney, J. (1991a) Firm resources and sustained competitive advantage, *Journal of Management*, 17, pp. 99-120.

Barney, J. (1991b) Resource-based theories of competitive advantage: a ten-year retrospective on the resource-based view. *Journal of Management*, 27(6) pp. 643–650.

Bonß, W. & Hartmann, H. (1985) Konstruierte Gesellschaft, rationale Deutung - Zum Wirklichkeitscharakter soziologischer Diskurse, in W. Bonß and H. Hartmann (eds.), *Entzauberte Wissenschaft: Zur Realität und Geltung soziologischer Forschung*. Göttingen: Schwartz, pp. 9-48.

Boxenbaum, E. (2006) Lost in Translation. *American Behavioral Scientist*, 49(7), pp. 939-948.

Business Dictionary (2017a) Definition of diversity. [online] Available at: <http://www.businessdictionary.com/definition/diversity.html> [Accessed 24 Dec 2018].

Business Dictionary (2017b) What is diversity management? definition and meaning. [online] Available at: <http://www.businessdictionary.com/definition/diversity-management.html> [Accessed 11 Nov. 2017].

Calof, J. L. & Beamish, P. W. (1995) Adapting to foreign markets: explaining internationalization, *International Business Review*, 4(2), pp. 115-31.

Davies, D. & Dodd, J. (2002) Qualitative research and the question of rigor. *Qualitative Health research*, 12(2), pp. 279-289.

De Anca, C. & Vasquez, A. V. (2007) *Managing Diversity in the Global Organization*. New York, Palgrave Macmillan.

Denzin, N. & Lincoln, Y. (2008) *The landscape of qualitative research*. 3rd ed. Sage Publications, Thousand Oaks.

Dhanaraj, C. & Beamish, P. W. (2003) A resource-based approach to the study of export performance. *Journal of Small Business Management* 41(3), pp. 242–261.

The Economist (1993) Farewell Nordic Welfare. *The Economist*, October 23rd.

Egan, M. L. & Bendick, M. (2003) Workforce Diversity Initiatives of US Multinational Corporations in Europe, *Thunderbird International Business Review*, 45(6), pp. 701–27.

Eisenhardt, K. M. (1989) Building Theories from Case Study Research. *Academy of Management Review*, 14(4)

Ely, R. J. & Thomas, D. A. (2001) Cultural diversity at work: the effects of diversity perspectives on work group processes and outcomes. *Administrative Science Quarterly*, 46(2), pp. 229-73.

Esty, K., Griffin, R. & Schorr-Hirsh, M. (1995) Workplace diversity. A managers guide to solving problems and turning diversity into a competitive advantage. Avon, MA: *Adams Media Corporation*.

Eur-Lex (2017) *EUR-Lex - 32003H0361 - EN - EUR-Lex*. [online] Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361> [Accessed 11 Nov 2017].

Eurostat (2012) Statistics on small and medium-sized enterprises. [online] Available at: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics\\_on\\_small\\_and\\_medium-sized\\_enterprises](http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises) [Accessed 25 Jan 2017].

Fahlbeck, R. (2002) Industrial relations and collective labour law: Characteristics, principles and basic features. *Scandinavian Studies in Law*, 43, pp. 87–133.

Fernandez, J. P. (1993) The diversity advantage. San Francisco, *New Lexington Press*.

Ferner, A., Almond, P. & Colling, T. (2005) Institutional Theory and the Cross-national Transfer of Employment Policy: The Case of “Workforce Diversity” in US Multinationals, *Journal of International Business Studies*, 36(3), pp. 304–21.

- Fine, M. (1996) Cultural Diversity in the Workplace: The State of the Field. *Journal of Business Communication*, 33(4), pp. 485-502.
- Flick, U. (2009). An Introduction to Qualitative Research. Thousand Oaks, *Sage Publications*.
- Frängsmyr, T. (1981). The Enlightenment in Sweden. In R. S. Porter (ed), Enlightenment in the National Context. Cambridge, *Cambridge University Press*, pp. 164–175.
- Gankema, H. G. J., Snuif, H. R., & Zwart, P. S. (2000) The internationalization process of small and medium-sized enterprises: An evaluation of stage theory. *Journal of Small Business Management*, 38(4), pp. 15-27.
- Gjellerup, P. (2000) SME support services in the face of globalisation, concerted action seminar, Opening address, Conference Proceedings, *Danish Agency for Trade and Industry*, Copenhagen, pp. 16-28.
- Golafshani, N. (2003) Understanding Reliability and Validity in Qualitative Research. *The Qualitative Report*, 8(4), pp. 597-606.
- Google Maps. (2018) Olivia restauranter Oslo. [online] Available at: <https://www.google.no/maps/search/Olivia+restauranter+Oslo/@59.915582,10.7195789,14z/data=!3m1!4b1> [Accessed 28 Feb. 2018].
- Gottfredson, L. S. (1992) Dilemmas in developing diversity programs. *S. E. Jackson & Associates, Diversity in the workplace*. New York, Guilford Press.
- Griffith, D. A., Hu, M. Y. & Ryans, J. K. (2000) Process standardization across intra- and inter-cultural relationships, *Journal of International Business Studies*, 31(2), pp. 303-24

Grunfelder, J., Rispling, L. & Norlén, G. (2018) State of the Nordic Region 2018. [online] Copenhagen: Nordic Council of Ministers, pp.12-201. Available at: <http://norden.diva-portal.org/smash/get/diva2:1180241/FULLTEXT01.pdf> [Accessed 10 Feb. 2018].

Gustavsen, B. (2007) Work organization and 'the Scandinavian model'. *Economic and Industrial Democracy*, 28(4), pp. 650–671.

Hamel, J (1993) Case Study Methods. Newbury Park, California, *Sage Publication*.

Hennink, M., Hutter, I. & Bailey, A. (2011) Qualitative research methods. London: *Sage Publications Ltd*.

Hofstede Insights (2017) Compare countries - Hofstede Insights. [online] Available at: <https://www.hofstede-insights.com/product/compare-countries/> [Accessed 23 Oct 2017].

Horesta (2016) Bespisningserhvervet 2015. [online] Available at: <http://www.horesta.dk/da-DK/OekonomiStatistik/Tal-Statistik/~media/Filer/Analyse/Bespisningserhvervet%202015%20-%20v2.ashx> [Accessed 27 Feb. 2018].

Horesta (2018) Lønændringer: Er du opmærksom på reguleringer i overenskomsten?. [online] Available at: <http://www.horesta.dk/da-DK/Nyheder%20og%20Politik/Nyheder/Nyhedsarkiv/2018/02/Loenandringer%20Er%20du%20opmaerksom%20paa%20reguleringer%20i%20overenskomsten> [Accessed 28 Feb. 2018].

Hu, M. Y. & Griffith, D. A. (1997) Conceptualizing the global marketplace: marketing strategy implications, *Marketing Intelligence & Planning*, 15(3), pp. 117-23.

Hvid, H., Bergholm, T., Gonäs, L., Juul, I., Kamp, A., Karlsson, J., Kasvio, A., Klemsdal, L., Salomon, R. & Skorstad, E. (2011) Nordic Working Life Research - Continuity and Renewal. *Nordic Journal of Working Life Studies*, 1(1), pp. 3.

Javalgi, R. G., Griffith, D. A. & White, D. S. (2003) An empirical examination of factors influencing the internationalization of service firms. *Journal of Services Marketing*, 17(2), pp.185-201.

Javalgi, R. G. & Martin, C. L. (2007) Internationalization of services: identifying the building-blocks for future research. *Journal of Service Marketing*. 21(6), pp. 391–397.

Johanson, J. & Mattsson, L.-G. (1993) Internationalization in industrial systems – a network approach, strategies in global competition, in Buckley, P.J. and Ghauri, P.N. (Eds), *The Internationalization of the Firm: A Reader*, Academic Press, London, pp. 303-22.

Jones, M.V., Coviello, N. & Tang, Y.K. (2011) International entrepreneurship research (1989-2009): a domain ontology and thematic analysis, *Journal of Business Venturing*, 26(6), pp. 632-659.

Jonung, L., & T. Hagberg (2005) How costly was the crisis of the 1990s? A comparative analysis of the deepest crises in Finland and Sweden over the last 130 years. *European Economy. Economic Papers* 224.

Kamp, A. & Hagedorn-Rasmussen, P. (2004) Diversity management in a Danish context: towards a multicultural or segregated working life?, *Economic and Industrial Democracy*, 25(4), pp. 525-54.

Kasvio, A., Gonäs, L. & Skorstad, E. (2012) In Search of the Nordic Working Life Model; Introduction to the Thematic Issue. *Nordic Journal of Working Life Studies*, 2(4), pp. 1.

Kazlauskaitė, R., Autio, E., Gelbuda, M. & Sarapovas, T. (2015) The Resource-based View and SME Internationalisation: An Emerging Economy Perspective. *Entrepreneurial Business and Economics Review*. 3(2), pp. 53-64.

Kelly, E. & Dobbin, E. (1998) How Affirmative action became diversity management: Employer response to anti-discrimination law, 1961-1996. *American Behavioral Scientist*. 41, pp. 960-984.

- Kim, K., Park, J.-H. & Prescott, J. E. (2003) The Global Integration of Business Functions: A Study of Multinational Businesses in Integrated Global Industries. *Journal of International Business Studies*, 34(4), pp. 327-344.
- Knight, G. & Cavusgil, S. T. (1996) The Born Global Firm: A challenge to traditional internationalization theory. *Advances in International Marketing*, 8, pp. 11-26
- Korhonen, H. (1999) Inward-outward internationalization of small and medium enterprises, doctoral dissertation, *Helsinki School of Economics and Business Administration*, Helsinki.
- Kuivalainen, O., Sundqvist, S., Saarenketo, S. & McNaughton, R. (2012) Internationalization patterns of small and medium-sized enterprises. *International Marketing Review*, 29(5), pp. 448-465.
- Kuemmerle, W. (2002) Home base and knowledge management in international new ventures. *Journal of Business Venturing*, 17(2), pp. 99-122.
- Lam, L. W., & White, L. P. (1999) An adaptive choice model of the internationalization process. *International Journal of Organizational Analysis*, 7(2), pp. 105-134.
- Limaye, M. R. (1994) Responding to work-force diversity: Conceptualization and search for paradigms. *Journal of Business and Technical Communication*, 8, pp. 353-372.
- Lincoln, Y. S. & Guba, E. G. (1985) *Naturalistic inquiry*. Beverly Hills, CA, Sage Publications.
- McMahon, A. (2011) Does Workplace Diversity Matter? A Survey of Empirical Studies On Diversity and Firm Performance, 2000-09. *Journal of Diversity Management (JDM)*, 5(2).
- Metsämuuronen, J. (2003) *Tutkimuksen tekemisen perusteet ihmistieteessä*. Jyväskylä. Gummerrus Kirjapaino Oy.

Mohr, A. & Shoobridge, G. (2011) The role of multi-ethnic workforces in the internationalisation of SMEs. *Journal of Small Business and Enterprise Development*, 18(4), pp. 748-763.

Musteen, M., Francis, J. & Datta, D. (2010) The influence of international networks on internationalization speed and performance: a study of Czech SMEs, *Journal of World Business*, 45(3), pp. 197.

Olivia (2018) Olivia Restaurant. [online] Available at: <http://oliviarestauranter.no/#!/english> [Accessed 28 Feb. 2018].

Oviatt, B.M. & McDougall, P.P. (1995) Global Start-ups: Entrepreneurs on a Worldwide Stage. *Academy of Management Executive*, 9(2), pp. 30-44.

Palermo (2018) History of Palermo - City of Palermo, Sicily, Italy. [online] Available at: <http://palermo.com/history-of-palermo/> [Accessed 28 Feb. 2018].

Patton, E. & Appelbaum, S. (2003) The case for case studies in management research. *Management Research News*, 26(5), pp. 60-71.

Patton, M. Q. (2002) *Qualitative evaluation and research methods* (3rd ed.). Thousand Oaks, CA, Sage Publications, Inc.

Rannikko, H. & Autio, E. (2015) The impact of high-growth entrepreneurship policy in Finland [online]. Science Business Publishing. Aalto University, Finland. Available at: <https://www.czelo.cz/files/The-impact-of-high-growth-entrepreneurship-policy-in-Finland.pdf> [Accessed February 17th 2018]

Raymond, L., St-Pierre, J., Uwizeyemungu, S. & Le Dinh, T. (2014) Internationalization capabilities of SMEs: A comparative study of the manufacturing and industrial service sectors. *Journal of International Entrepreneurship*, 12(3), pp.230-253.

Reuber, A.R. and Fischer, E. (1997) The influence of the management team's international experience on the internationalization behaviors of SMEs, *Journal of International Business Studies*, 28(4), pp. 807.

Richard, O. C. (2000) Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View. *Academy of Management Journal*, 43(2), pp. 164-177.

Richard, O. C., Murthi, B. P. S. & Ismail K. (2007) The Impact of Racial Diversity on Intermediate and Long-Term Performance: The Moderating Role of Environmental Context. *Strategic Management Journal*, 28(12), pp. 1213-1233.

Risberg, A. & Söderberg, A. (2008) Translating a management concept: diversity management in Denmark. *Gender in Management: An International Journal*, 23(6), pp. 426-441.

Ritter, T., Wilkinson, I.F. & Johnston, W.J. (2002) Measuring network competence: some international evidence, *Journal of Business and Industrial Marketing*, 17(2/3), pp. 119-138.

Ruigrok, W. (2000) Globalisation and small and medium sized enterprises: an unlikely marriage that works, keynote speech, Conference proceedings, Concerted Action Seminar on SME Support Services in The Face of Globalisation, *Danish Agency for Trade and Industry*, Copenhagen, pp. 29-37.

Ruzzier, M., Antoncic, B. & Konecnik, M. (2006a) The Resource-based Approach to the Internationalisation of SMEs: Differences in Resource Bundles between Internationalised and Non-Internationalised Companies. *Zagreb International Review of Economics and Business* 9(2), pp. 95-116.

Ruzzier, M., Hisrich, R. & Antoncic, B. (2006b) SME internationalization research: past, present, and future. *Journal of Small Business and Enterprise Development*, 13(4), pp. 476-497.

Saarenketo, S. (2004) Born Global Approach to Internationalization of High Technology Small Firms – Antecedents and Management Challenges. In: During, Wim, Oakey, Ray, and Kauser, Saleema (Editors): *New Technology-based Firms in the New Millennium*, 3. Elsevier: Oxford, pp. 301-317.

Schneider, S. C. & Barsoux, J. (2003) *Managing Across Cultures*. Harlow: *Financial Times and Prentice Hall*.

Seggie, S. & Griffith, D. (2008) The resource matching foundations of competitive advantage. *International Marketing Review*, 25(3), pp.262-275.

Sharma, U. (2016) Managing Diversity and Cultural Differences at Workplace. *IPE Journal of Management*, 6(2), pp. 63-79.

Shoobridge, G. E. (2006) Multi-ethnic workforce and business performance: review and synthesis of the empirical literature. *Human Resource Development Review*, 5(1), pp. 92-137

Sippola, A. & Smale, A. (2007) The global integration of diversity management: a longitudinal case study. *The International Journal of Human Resource Management*, 18(11), pp. 1895-1916.

Stake, R.E. (1995) *The Art of Case Study Research*. London, *Sage Publications*.

Statistics Norway (2016) Large growth for hotels and restaurants. [online] Available at: <https://www.ssb.no/en/transport-og-reiseliv/artikler-og-publikasjoner/large-growth-for-hotels-and-restaurants--309860> [Accessed 27 Feb. 2018].

Statistics Norway (2017) Immigration and immigrants. [online] Available at: <http://www.ssb.no/en/innvandring-og-innvandrere/nokkeltall/immigration-and-immigrants> [Accessed 16 Oct 2017].

Statistics Norway (2018) Consumer Price Index. [online] Available at: <https://www.ssb.no/en/priser-og-prisindekser/statistikker/kpi> [Accessed 27 Feb. 2018].

Statistics Sweden (2016a) Finland och Irak de två vanligaste födelseländerna bland utrikes födda. [online] Available at: [http://www.scb.se/sv\\_/Hitta-statistik/Artiklar/Finland-och-Irak-de-tva-vanligaste-fodelselanderna-bland-utrikes-fodda/](http://www.scb.se/sv_/Hitta-statistik/Artiklar/Finland-och-Irak-de-tva-vanligaste-fodelselanderna-bland-utrikes-fodda/) [Accessed 23 Oct 2017].

Statistics Sweden. (2016b) Svenskarna äter ute mer. [online] Available at: [https://www.scb.se/sv\\_/Hitta-statistik/Artiklar/Svenskarna-ater-ute-mer/](https://www.scb.se/sv_/Hitta-statistik/Artiklar/Svenskarna-ater-ute-mer/) [Accessed 27 Feb. 2018].

Statistics Sweden (2017) Omsättningsindex hotell och restaurangverksamhet. [online] Available at: <https://www.scb.se/hitta-statistik/statistik-efter-amne/handel-med-varor-och-tjanster/inrikeshandel/omsattning-inom-tjanstesektorn/pong/tabell-och-diagram/partihandel-och-ovriga-tjanstenaringsbranscher/omsattningsindex-hotell-och-restaurangverksamhet/> [Accessed 27 Feb. 2018].

Stenholm, P., Kovalainen, A., Heinonen, J. & Pukkinen, T. (2012) Global entrepreneurship monitor – Finnish 2012 report, Report No. A1/2013, *Turku School of Economics, University of Turku*, TSE Entre, Centre for Research and Education, Turku.

The Swedish Trade and Invest Council (2015) Business Costs And Prices Of Key Services. [online] Available at: <https://www.business-sweden.se/contentassets/57b6640f48db4cb29d03402d59df650a/10.-business-costs-and-prices-of-key-services.pdf> [Accessed 27 Feb. 2018].

Tayeb, M. H. (1998) Transfer of HRM Practices across Cultures: An American Company in Scotland. *International Journal of Human Resource Management*. 9(2), pp. 295-318.

Thornhill, A., Lewis, P., Millmore, M. & Saunders, M. (2000) Managing Change. A Human Resource Strategy Approach. Harlow: *Financial Times and Prentice Hall*.

Torkkeli, L., Kuivalainen, O., Saarenketo, S. & Puumalainen, K. (2016) Network competence in Finnish SMEs: implications for growth. *Baltic Journal of Management*, 11(2), pp. 207-230.

Triandis, H. C. & Bhawuk, D. P. (1994) Bridging the gap between theory and practice. A comparative study of current diversity programs. Final report, working paper no. 2. Champaign, *University of Illinois Center for Human Resource Management*.

Triandis, H. C., Kurowski, I. I. & Gelfand, M. J. (1994) Workplace diversity. In H. C. Triandis, M. Dunette & L. M. Hough (Eds.), *Handbook of industrial and organizational psychology*. Pp. 770-872, Palo Alto, CA, Consulting Psychologists Press

Walck, C. L. (1995) Editor's introduction: Diverse approaches to managing diversity. *Journal of Applied Behavioral Science*, 31, pp. 119-123

Weber, M. (1919) *Wissenschaft als Beruf*, in J. Winkelmann (ed.) (1988), *Max Weber: Gesammelte Aufsätze zur Wtssenschafislehre*. Tübingen: Mohr. pp. 582-613.

Welch, L. & Luostarinen, R. (1993) Internationalization: evolution of a concept, in Buckley, P.J. and Ghauri, P.N. (Eds), *The Internationalization of the Firm: A Reader*, *Academic Press*, London, pp. 155-71.

Wentling, R. & Palma-Rivas, N. (2000) Current status of diversity initiatives in selected multinational corporations. *Human Resource Development Quarterly*, 11(1), pp. 35-60.

Westhead, P. (2008) International opportunity exploitation behaviour reported by “types” of firms relating to exporting experience, *Journal of Small Business and Enterprise Development*, 15(3), pp. 431-56.

Westhead, P., Wright, M. & Ucbasaran, D. (2001) The internationalization of new and small firms: a resource-based view, *Journal of Business Venturing*, 16(4), pp. 333-58.

White Guide (2017) White Guide Nordic Results 2017-18. [online] Available at: [http://www.whiteguide-nordic.com/sites/default/files/press\\_wg\\_nordic\\_results\\_2017-18\\_jun26\\_3.pdf](http://www.whiteguide-nordic.com/sites/default/files/press_wg_nordic_results_2017-18_jun26_3.pdf) [Accessed 28 Feb. 2018].

Wilthagen, T., & F. Tros (2004) The Concept of 'Flexicurity: A new approach to regulating employment and labour markets. *Transfer, European Review of Labour and Research*, 10(2), pp. 166–186.

Winch, G.W. & Bianchi, C. (2006) Drivers and dynamic processes for SMEs going global, *Journal of Small Business and Enterprise Development*, 13(1), pp. 73-88.

Wrench, J. (2007) Diversity Management and Discrimination: Immigrants and Ethnic Minorities in EU, London, Ashgate.

Yin, R. (2011) Qualitative research from start to finish. New York, *The Guilford Press*.

## APPENDICES

### Appendix 1. Interview schema

#### RESEARCH METHOD – SEMI-STRUCTURED INTERVIEW

This interview is semi-structured, which means that the structure and the questions of the interview are decided and sent to participants beforehand. The interview is going to take from 30 to 60 minutes and the participants are going to stay anonym – thus, it will not be possible to trace the answers back to the participant.

#### Basic information

1. Name
2. Position
3. Background

#### Diversity management

*Diversity*: “Feature of a mixed group of people that provides a wide range of abilities, experience, knowledge, and strengths due to its heterogeneity in age, background, ethnicity, physical abilities, political and religious beliefs, sex, and other attributes.” (Business Dictionary, 2017a)

*Ethnic diversity*: “The heterogeneity of a population with regard to individuals’ ethnic backgrounds.” (Mohr & Shoobridge, 2011)

4. Why do you hire diverse workforce?
5. How is diversity visible in the restaurant/company?
6. Who is or should be responsible of diversity management in the restaurant/company?
7. What are the benefits and disadvantages of having diverse workforce and can you give a real-life example?
8. Do you have a way to measure the way diversity affects your performance?
9. Up to what degree do the employees have to adapt to the culture of the country and the company and how much can they show their background?

10. How is diversity taken care of in your internal and external communication?
11. How can diversity be seen in the organization's culture?
12. Do you have any guidelines how to manage or lead diverse workforce or what do you need to take into consideration?
13. Are there any other initiatives in the restaurant/company for diversity that you could name? (Actions to take diverse workforce more into consideration)
14. Have you had to witness any cultural clashes or other confrontation in the restaurant/company that you could say was due to diversity?

#### Growth strategy/Internationalization

15. How is the growth strategy affecting your restaurant/position in the company?
16. What changes has the growth strategy brought or will bring to your own position in the company?
17. What are the main drivers behind the growth strategy? Why would Olivia expand its business?
18. What are the main challenges it has faced or will be facing?
19. What kind of advantages could you see in having diverse workforce brings when expanding the company? (inside and outside of Norway)
20. What networks could be or have been utilized in the expansion?
21. What are the resources particular to Olivia that drive and make the expansion possible?

#### Nordic business environment

22. How would you see your own city and suburb as a good environment for the restaurant?
23. What are the difficulties?
24. How would you describe the business environment for restaurants in Norway compared to other Nordic countries and Europe based on your own experience?
25. How open for diversity do you think Norway and your hometown are?
26. What is there still to be done in the Nordic business environment regarding diversity from your own point of view?

## Appendix 2. Diversity charts of all Olivia Restaurants

