

LAPPEENRANTA-LAHTI UNIVERSITY OF TECHNOLOGY LUT
School of Business and Management
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**CHANGE OF ORGANIZATIONAL CULTURE WHEN THE SERVICE COMPANY
INTERNATIONALIZES**

Examiners: Professor J. Vääänen
Post-Doctoral Researcher I. Laine

ABSTRACT

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Change of organizational culture when the service company internationalizes

Master's Thesis

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Keywords: organizational culture, internationalization of services, change of organizational culture, change management

This master's thesis examined the change in organizational culture when the service organization becomes international. Organizational culture has not been studied much in the context of internationalization, and therefore the study sought to understand whether the organizational culture changes and what factors influence this change. Furthermore, the study examined if the organization can recognize their culture and how the management can impact the change of this culture. The theoretical framework of the study consists of previous studies related to organizational culture and internationalization.

The research was a qualitative study comprised of empirical data collected during June 2020 from four service organizations through interviewing seven employees. The study found no change in the organizational culture of the companies. No changes were observed because the organizations had challenges in recognizing their organizational culture, and the internationalization of the organizations did not require the physical presence of parent company employees in the target country. The study found that open communication by the management was able to contribute to the success of internationalization.

TIIVISTELMÄ

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Työ toteutettiin laadullisena tutkimuksena, jonka empiirinen aineisto kerättiin kesäkuun 2020 aikana neljästä palvelualan yrityksestä. Yhteensä seitsemää työntekijää haastateltiin. Tutkimuksessa ei havaittu muutosta yritysten yrityskulttuurissa. Yrityksillä oli haasteita tunnistaa oma yrityskulttuurinsa. Tutkimuksessa havaittiin, että yritysten johdon avoimella kommunikaatiolla pystyttiin vaikuttamaan kansainvälistymisen onnistumiseen.

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When I started my master's studies, I was afraid of one thing. Master's thesis. All the horror stories I have heard about it. How it takes ages to finish it, or I will never finish it because it is something that seems to happen. Thankfully this was not one of the horror stories. That was more like an adventure story. Without help and support, it would not have been possible. Therefore, it is time to thank.

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LIST OF SYMBOLS AND ABBREVIATIONS

HRM – Human resources management

INV – International new venture

NPD – New product development

SME – Small and medium-sized enterprise

TCA – Transaction-cost analysis

1 INTRODUCTION

The first chapter of this master's thesis introduces the topic of the research thoroughly. In the beginning the aim of the research is explained, and the research question and the sub-questions based on the research gap are presented. The key concepts of the research are introduced and explained. The research methodology is presented briefly as it will be gone through more comprehensively in section four. Then the theoretical framework of the research is introduced. Finally, the limitations that should take into consideration when reading the research are expressed, and the structure of the research is presented.

1.1 The aim of the research and the research questions

Discussion around organizational culture and job satisfaction has been in the air for a while in Finland. Organizations are nowadays paying attention more to the well-being of the employees and thus organizational culture is a more discussed topic. Also, employees think nowadays more is the organization suitable for them as do the values of the organization meet with the values of the employees. In case values match the employees are less likely to leave the organization. Thus, the human resources management can with its practices impact on retention of the employees. (Presbitero et al., 2016) Though organizational culture is built together and it is everyone's responsibility not only HRMs. As Finland is a small market and for organizations, consequently, the growth opportunities are limited and therefore internationalization is a common option to grow (Agndal & Chetty, 2017). Thus, it is interesting and important to study the possible change of organizational culture as both topics are important.

The research about how the organizational culture changes during internationalizing have not yet gained much attention. We can see from the previous studies that leadership has a great impact on organizational culture (Vito, 2020) and business performance (Yildirim & Birinci, 2013). Organizational culture impacts job satisfaction and therefore also to job commitment and turnover (Belias & Koustelios, 2014). The effects of national culture on the organizational culture has been studied (Hofstede, 2001). But there has not been studied does the organizational culture change when the service organization internationalization and in case organizational culture changes how does it change. What the company needs to take into

consideration during the internationalization, can the organization control or manage the change, and what are the factors impacting on the change of the organizational culture.

The aim of this research is to understand better the concept of organizational culture, why organizational culture is important to take into consideration, and how does organizational culture possibly change during the internationalization. As organizational culture has gained more attention since the 1980s (Ouchi & Wilkins, 1985; Hofstede et al.,1990; Yildirim & Birinci, 2013) it is quite new phenomenon and therefore there is still much to study around the phenomenon. Organizational culture as a concept might not be familiar for organizations and the benefits of its understanding are not yet exploited fully in the organizations. Therefore, also one aim of this research is to increase the awareness of organizational culture and its benefits for organizations.

Kumar & Sharma (2018) found that organizational culture has a positive impact on international new ventures (INV) to internationalize in case the culture's characters include creativity and innovation, continuous learning, collaboration and sharing, and customer-centricity. Also, especially the culture of collaboration and sharing might beneficial the INVs to find their resource limitations and increase chances in international markets. To succeed in international markets the INV's should nurture five aspects of their organizational culture. The aspects that should be part of the organizational culture: continuous learning, creativity & innovation, collaboration & sharing, customer centricity, and international entrepreneurial mind-set.

Armenakis et al. (2011) studied how to assess and transform organizational culture. They found five requirements that the organization should have to transform the culture. Elements were cultural leader, cultural carriers, cultural framework, important formal and informal management practices, and cultural internalization. They also point out in their study that it is impossible to know how the precise dynamics will evolve during the change and the transformation process is more like change-reaction-change-reaction. (Armenakis et al. 2011) The change of the organizational culture is seen challenging for various reasons such as the difficulty of adapting the new models and processes (Hoojberg & Petrock, 1993).

Based on the above-presented findings such as beneficial characters of organizational culture and the central topics impacting on organizational culture, we can see that certain characters

are beneficial for internationalization, business performance, and job satisfaction. Therefore, we should study do these organizational culture characteristics change when the company internationalizes? The organization does not want to decrease its business performance or job satisfaction as they internationalize and therefore how the organization can be prepared for the possible change in the sense that those elements remain the same or can even increase. The objectives of the research are to understand how the organizational culture changes when the organization internationalizes and what are the reasons for that change. What factors are affecting the change of the organizational culture, what is the role of the management and can the management impact on the change, and what the organization should take into consideration about the change of organizational culture during the internationalization? Therefore, the main research question is:

How organizational culture changes when the service company internationalizes?

To deepen the knowledge and generate more information about the research topic there are formed sub-questions to support the main research question. The sub-questions of the research are:

1. *Can the company recognize their organizational culture?*
2. *Which factor impacts on the change of the organizational culture?*
3. *How the management can impact the change?*

1.2 Key concepts

The key concepts of the research are organizational culture, internationalization of the firm, and change management. These concepts are chosen as these are an important role in this research as can be seen from the research question and sub-questions. The key concepts are the base of the theoretical framework that is presented in the next chapter. The definitions of these concepts are presented below to help the reader to understand the concepts and therefore have a better understanding of what the research is about. In the theoretical part, these concepts will be discussed and explored more closely.

Organizational culture

“A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (Schein, 2004, 17)

Internationalization of the firm

“The tendency of companies to systematically increase the international dimension of their business activities.” (Cavusgil et al., 2012) and *“The process of adapting to the international environment.”* (Calof & Beamish, 1995).

Change management

“Change management is the discipline that guides how leaders prepare, equip and support subordinates to adopt change successfully in order to drive organizational success and outcomes.” (Tang, 2019, 155)

1.3 Research methodology

This master’s thesis is a qualitative case study research that will study how the organizational culture changes when the service company internationalizes. Qualitative method is chosen as the research is describing real-life phenomena (Hirsjärvi et al., 2004) and this research does not aim to produce statistical generalization (Tuomi & Sarajärvi, 2002). The empirical data was collected from semi-structured interviews from four case companies and all in all seven employees of the case organizations to gain extensive knowledge of the organizational culture of the organization and its possible change. The purpose was to interview two employees of each organization but due to the busy schedule of one interviewee, there was no possibility to interview two employees from organization D. Multiple employees were chosen to ensure the extensiveness of the data as a manager might see the things differently than an employee and people might remember things differently. Semi-structured interviews allow the interviewer to

specify questions and repeat questions during the interview and therefore gain rich data (Tuomi & Sarjärvi, 2002). The service sector is chosen to limit the research and as commonly studies focusing internationalization are focused on manufacturing firms (Coviello & Martin, 1999) therefore it is interesting to focus the study to service organizations that are not studied that much.

Together with extensive theory and rich empirical data can be done conclusions about the change and what are the elements impacting the change. Case companies chosen are Finnish organizations operating in the service sector and internationalization has happened the earliest in 2016 to ensure the quality of the data. A more comprehensive introduction about research methods, case organizations, data collection methods, and data analysis methods of this master's thesis are presented in chapter four "research design and methods".

1.4 Theoretical framework

The purpose of the theoretical framework is to summarize the used theory in this master's thesis and help to understand the used concepts. As the research focuses on the change of the organizational culture when to organization internationalizes the theoretical topics focus on change management, organizational culture, and internationalization of the service organization as presented in figure 1. The theoretical part of this master's thesis is presented comprehensively in chapters two "organizational culture" and three "internationalization".

The figure is in the shape of a pyramid as a change of the organizational culture is the core of this study and other concepts are connected to the core and together as well. All concepts have an equal role in this research. Organizational culture concept presents widely the subject and there are presented different models of organizational culture created by Schein, Mäkipeska and Niemelä, and Hofstede. In the same chapter, there is a theory about change management and its challenges. In chapter three there is a comprehensive theory about the internationalization of the service organizations. There are presented processes of it, management and internationalization, challenges of internationalization, and theory about the internationalization of services.

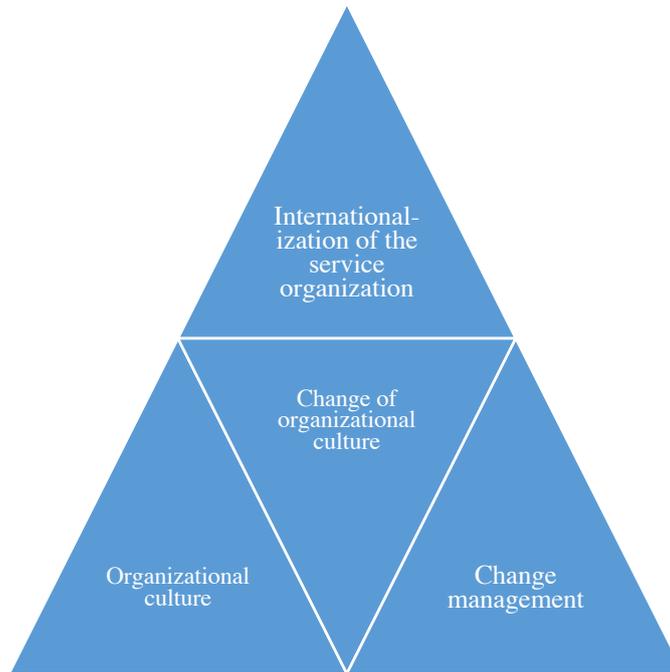


Figure 1. Theoretical framework of this master’s thesis

The most important literature concerning organizational culture is presented in table 1. The table consists of the most important books, articles, and researches concerning organizational culture.

Table 1. The most important literature concerning organizational culture

Organizational culture			
Author / Year	Topic	Type of literature	Findings
<i>Schein, E. 1985</i>	Organizational Culture and Leadership	Book	Widely used definition and dimensions of culture
<i>Hofstede, G. 1980</i>	Culture’s consequences: comparing values, behaviors, institutions, and organizations across nations.	Book	Effects of national culture to the organizational culture
<i>Yildirim & Birinci, 2013</i>	Impacts of organizational culture and leadership on business performance: A case study on acquisitions	Article	Organizational culture impacts on business performance
<i>Armenakis et al., 2011</i>	Organizational Culture: Assessment and Transformation	Article	How to transform and assess the culture

<i>Barney, 1986</i>	Organizational culture: Can It Be a Source of Sustained Competitive Advantage?	Article	Organizational culture can be competitive advantage
<i>Belias & Koustelios, 2014</i>	Organizational Culture and Job Satisfaction: A Review	Review	Organizational culture and job satisfaction are linked

There are two books chosen as the authors of the books have done remarkable work among the organizational culture. Schein's definition is widely used, and his work is well-known among organizational culture researchers. Hofstede (1980) studied the effects of national culture on the organizational culture. Both Schein's and Hofstede's work are introduced more closely in the theory section. Other represented studies have done important findings concerning organizational culture. Even though some of the studies are quite new cannot be said that the study of the field is that young but for example, the article written by Belias and Koustelios (2014) is a review and includes findings from a longer period.

1.5 Limitations of the research

Certain limitations should be taken into consideration when reading the study. The study focuses on service organizations and therefore internationalization of organizations focusing on industry and agriculture are left out of the research. Service organization's internationalization processes differ from for example internationalization of manufacturing organization. Therefore, the discussion about exporting is left out as commonly service organizations are less likely to export (Lejpras, 2019).

All case companies are originating from Finland and the size of the organizations falls into the category of small according to the European Commission's (2003) definition of small and medium-sized enterprises (SMEs). Two main factors are determining the size of the organization: the headcount and turnover or the balance sheet total. The organization is small in case its staff headcount is less than 50, and turnover or the balance sheet total is as much or less than 10 million euros. (European Commission, 2003) The study examines four organizations and two employees of each organization except for one organization there was interviewed only one employee. This limits the study as a bigger amount of organizations and interviewees could have produced different results. As three out of four case companies had

internationalized through an independent sales manager or reseller there were not heard experiences from the target country's personnel and experiences are collected only from the host country's employees.

As the phenomenon is complex and multilayered the qualitative method was used as a research method. With larger data and data analysis method for example combination of interviews with the management team and multiple-choice questionnaires to the rest of the employees could have resulted different data. In chapter 2.3 "measuring organizational culture" are introduced different methods to measure the organizational culture. And in this study, the chosen method was to interview, not a certain framework or a tool as commonly the use of certain framework requires a bigger amount of data and there was not available perfectly suitable tool that would have fitted to this study's purposes.

1.6 Structure of the research

This master's thesis consists of six chapters. The chapters include an introduction, a theoretical part that is divided into two chapters, research design and data collection, findings of empirical results, and conclusion. The structure of the study is introduced in figure 2. The introduction part presents the topic and opens the background of the study. A brief overview of previous studies concerning organizational culture is summarized and the theoretical framework is formed and explained. The research question is formed based on the research gap, and sub-questions that contribute to the research question are introduced. The limitations of this study are explained as well.

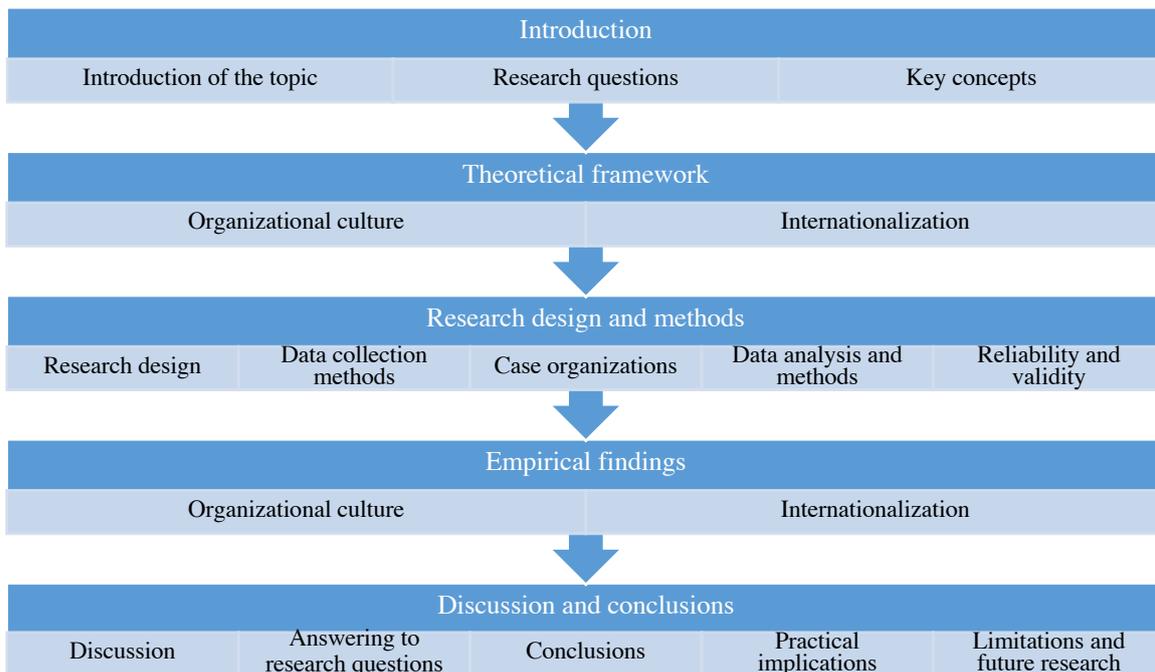


Figure 2. Structure of this master's thesis

Chapters two and three forms the theoretical part of this study. The theoretical part consists of two main topics: organizational culture and internationalization. These are divided into own chapters. In the organizational culture part, there is also one sub-topic, change management, that is part of the theoretical framework. In chapter two the concept of the organizational culture is studied comprehensively and previous studies concerning organizational study are briefly introduced. Chapter three explains the internationalization of service organization and discusses the processes of internationalization.

After the theory part, the research design and methods are discussed and introduced more closely. Data collection methods are reasoned and justified, and the data analysis methods are explained. The analysis of reliability and validity is discussed in this chapter. Case organizations are introduced extensively in this chapter as well as the interviewees from the case organizations.

The findings of the study will be introduced in chapter five and chapter six is the discussion and conclusion of the study. The empirical findings are divided into two sub-chapters as the interview questions were focused on two main topics: internationalization and organizational

culture. The division also eases of the understanding the findings. Chapter six includes also the managerial implications and limitations of the study and suggestions for future study.

2 ORGANIZATIONAL CULTURE

In this chapter, the concept of organizational culture is discussed more closely, and Schein's model of organizational culture is introduced. Other models of organizational culture are presented as well. Different measuring methods are introduced, and much attention gained Hofstede's study about national differences is examined. As the study is about the change of organizational culture the change management and changing the organizational culture has been studied.

2.1 Concept of organizational culture

According to Ehrhart et al. (2014), they see that the study of the organizational culture has started as early as in 1939 when the term "climate" was introduced by Lewin, Lippitt, and White. The study was focused on leadership styles and how this was affecting the atmosphere of the group. In 1953 Fleishman continued the path that Lewin, Lippitt, and White started, and he studied leadership climate. In 1958 Argyris made observations about the organizational climate and how it can be changed by hiring different types of employees. Here can be seen that the previous studies of organizational culture were about the climate. The term organizational culture was introduced later. Ehrhart et al. (2014) see that Schein's book in 1965 and studies represent the new field of organizational psychology. Before the mid-1970s the major challenge of the field was the difference between the conceptualization of the climate as a construct of organizational-level and individual-level study of climate done empirically. The decade of the 1970s can be seen also critical for the development of the climate construct. The study field gained lots of criticism as well. The study of the climate offers roots for the study of the organizational culture. And in some studies, there has been written about culture but has been equal to climate. (Ehrhart et al., 2014)

At the beginning of the 1980s, the study of organizational culture has gained more attention (Ouchi & Wilkins, 1985; Hofstede et al.,1990; Yildirim & Birinci, 2013). According to Hofstede et al. (1990, 286), the first time the term organizational culture was used in U.S.

academic literature was in 1979 by Pettigrew, and the term corporate culture was introduced in 1976 by Silverzweig and Allen, and that become more popular since 1982. Since then the complex phenomena have been more discussed and studied. 1980s and 1990s of the study were intense as there were multiple debates and heat around the topic. But in 2000 the study field was seen as more like a part of the study of organizations and management. (Ehrhart et al., 2014) Organizational culture study has an important role in workplace behavior, cognitions, and outcomes (Heritage, Pollock & Roberts, 2014). Every company has an organizational culture either they are aware of it or not. The organizational culture is an important topic to take into consideration as the decisions might have unpleasant and unexpected consequences in case the company has no awareness of the impacting powers of the organizational culture. (Schein, 1999)

In multiple different definitions of organizational culture, all have common in that it discusses values, beliefs, and behavior that are shared among employees (Belias & Koustelios, 2014). Schein's definitions of organizational culture have been used widely in many research and articles concerning organizational culture (Gagliardi, 1986; Gregory et al., 2009; Armenakis, Brown & Mehta, 2011; Yildirim & Birinci, 2013; Belias & Koustelios, 2014; Ghosh & Srivastava, 2014; Busse & Höfer, 2018; Davis & Dolson, 2018). One definition by Schein is:

“The culture of a group can be defined as the accumulated shared learning of that group as it solves its problems of external adaptation and internal integration; which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, feel, and behave in relation to those problems.

This accumulated learning is a pattern or system of beliefs, values, and behavioral norms that come to be taken for granted as basic assumptions and eventually drop out of awareness.”

(Schein, 2016, 6)

The base of the culture is a cultural leader who can manage the artefacts describing the culture (Armenakis et al., 2011). Schein (1983) sees that the founder of the organizational culture has a great impact on the culture of the organization as the founder has a strong vision of how the organization should look and thus the founder creates a group that can perform the wanted outcome. Organization members must see their leader as credible to transform the organizational culture effectively (Armenakis et al., 2011).

There are internal and external variables impacting on organizational culture. Internal variables are employees' values, recruitment of the personnel, and management style. External variables are the operating environment, attitudes, and behavioral habits of the individuals, and the rules and regulations of the organization. (Franzoni, 2013) These variables are similar as seen in figures 3 and 4. The organization might have subcultures as well and management might not even be familiar with the cultural map of the organization (Hofstede, 1998).

By having a culture that is valuable, rare, and imperfectly imitable the company has a source of sustained competitive advantage and thus can achieve sustained superior financial performance (Barney, 1986). By matching the right employee and the right organizational culture, person-organizational fit, can forecast the employee's job satisfaction and thus commitment to the organization and the turnover (O'Reilly et al., 1991). Lim's (1995) review could not establish a link between organizational culture and performance. During rough times the business performance can be sustained or improved with the developed concept of transformational leadership and culture (Yildirim & Binci, 2013).

Hofstede (2001) describes the visible elements of the culture as an onion that is presented in figure 3. Besides the values, the three visible manifestations are symbols, heroes, and rituals. Values cannot be seen until they come visible through behavior. The outermost layer "symbols" means e.g. gestures, words, and pictures that are shared among the members of the group, and they understand the meaning of those. The layer "heroes" refers to people, real or imaginary, alive or dead. People who are valued in the culture and represent a behavior appreciated in a group. "Rituals" indicates actions that bind the individual into the norms of the group and are socially essential. Such as ways of greeting. (Hofstede, 2001)

The three layers of symbols, heroes, and rituals are visible for everyone, but the meaning can be understood only inside of a certain culture, and the outsiders can see the cultural meaning only in a way people who are part of the culture interpret those practices. (Hofstede, 2001)

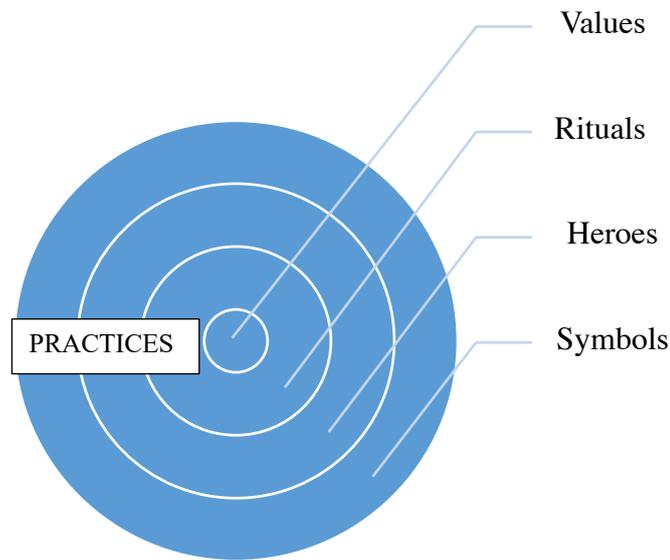


Figure 3. The “Onion Diagram”: Manifestations of Culture at Different Levels of Depth (Hofstede, 2001)

Mäkipeska and Niemelä (2005) have a quite similar description of the structure of organizational culture as Hofstede’s Onion Diagram. They describe organizational culture as circles. The outermost circles describe the elements that can be seen easily from the organization. The “softer” elements of the culture are located in the inner circles and by soft are meant not so easily defined and observed elements. This is illustrated in figure 4. The external image is often a consequence of goal-directed and conscious actions. The outermost layer is often carefully thought and worked. Especially the external image has an impact on how the company succeeds in the market. External image is often supported by marketing and communications, and it includes how the company treats its customers. (Mäkipeska & Niemelä, 2005) Both figures describe similarly how the culture has a core which is more difficult to change than the outermost layers and the core values guide the company and its practices.

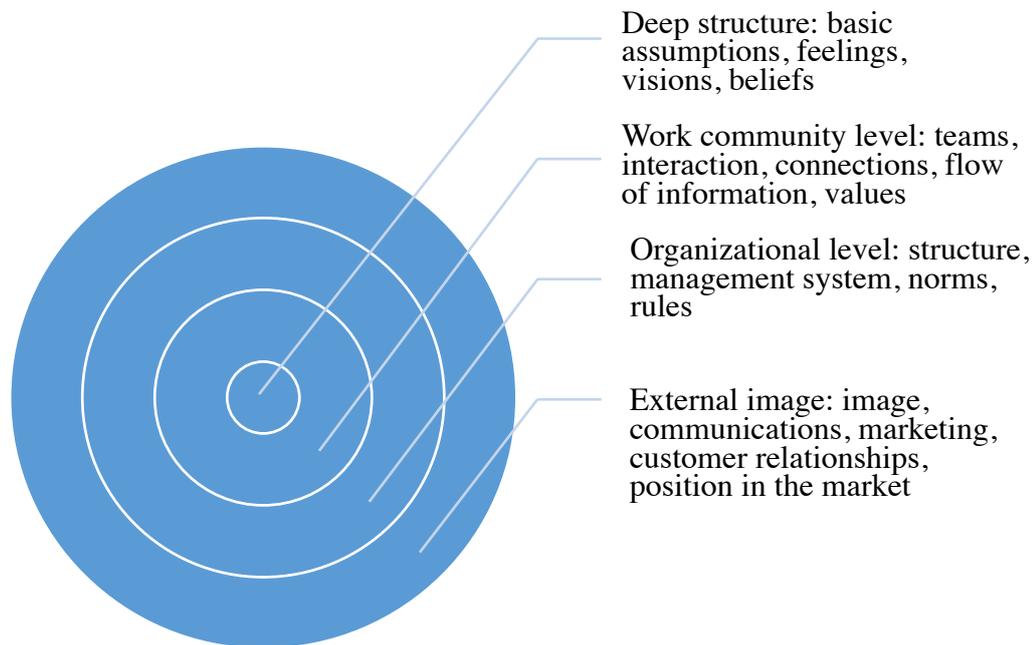


Figure 4. Structure of the organizational culture (Mäkipeska & Niemelä, 2005, 62).

There have been conducted multiple research about organizational culture and job satisfaction (Chang & Lee, 2007; Gregory et al. 2009; Belias & Koustelios, 2014; Janićijević, Nikčević & Vasić, 2018) Gregory et al (2009) found that there is an indirect link between culture and employee satisfaction creating an organizational outcome such as patient satisfaction and controllable expenses in healthcare facilities. Similar results have been noted by Belias & Koustelios (2014) that organizational culture impacts job satisfaction and therefore also to job commitment and turnover. Job satisfaction is influenced by organizational culture as it is an organizational factor and there is an association between a higher level of job satisfaction and certain types of culture (role, power, people, or task culture according to Handy's classification) (Janićijević et al., 2018). Chang and Lee (2007) discovered that leadership and organizational culture affect positively job satisfaction, but the effect is not significant. Then again significantly high positive effect on job satisfaction can be reached through the operation of the learning organization. Belias and Koustelios (2014) noted in their review that between the organizational culture and the preferred organizational culture by the employees exists a disparity that might lead to decreased job performance.

Corporate culture can appear as a proactive customer-centered strategy (Garri et al., 2013). Core values of the culture can be reflected for example as an obsession with customer service and satisfaction (Barney, 1986).

2.2 Schein's three levels of organizational culture

Schein (2016) has created an organizational culture model that consists of three levels. The upper level is artifacts that comprise things that can be easily seen, heard, and felt. Such as the products of the company and the behavior and the dress code of the employees. The next level is espoused values that cannot be seen directly but can be understood when observing the organization. The third level is basic underlying assumptions that are the core of the culture and are often so strongly shared that people are mostly unaware of them. The model has been represented in figure 5. (Schein, 2016) The model can be described also as an iceberg as the tip of it can be seen above the waterline and the rest of it cannot be directly seen.

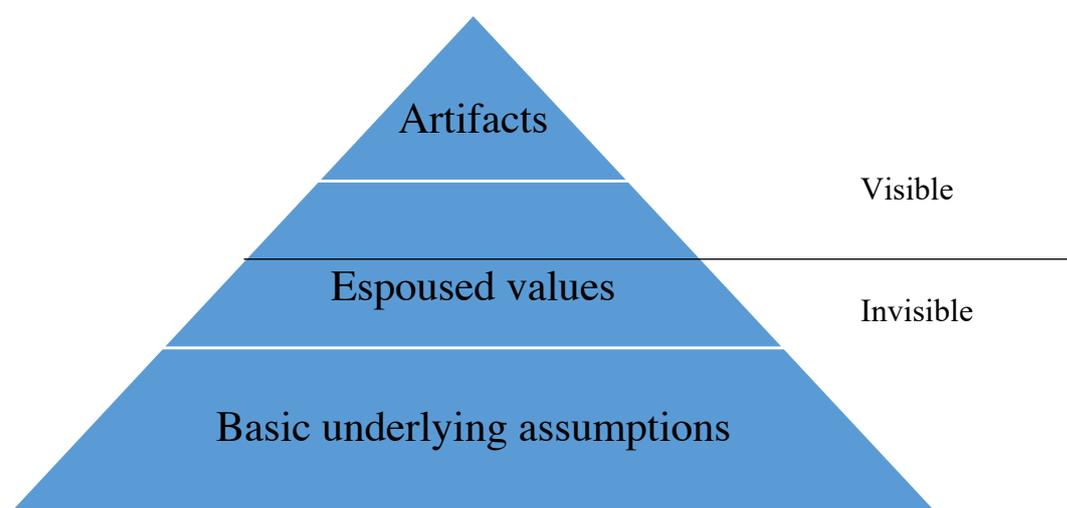


Figure 5. Organizational cultures layer according to Schein (Schein, 2016)

Artifacts are visible and easy to see but difficult to decipher. When a new person enters into the organization artifacts are the thing that the person sees, hears, and feels. Such as the architecture of the premises, language, dress code of the employees, the behavior of the employees, the stories, and myths told about the organization and the products of the company. These are easy to see and hear but not so easy to break down in a sense that what these mean to the organization or do these even mirror the underlying assumptions. (Schein, 2004)

The next level espoused beliefs, and values, include the company's strategies, mission, goals, and philosophies. The behavior seen at the artifact level is most likely reflecting the espoused beliefs and values. Espoused beliefs and values can serve as a source of the core mission and identity of the company in case those are congruent with the underlying assumptions. (Schein, 2004)

Underlying assumptions are often unconscious and easily taken for granted beliefs. It is the ultimate source of values and actions. When a certain pattern of behavior or solution works flawlessly it most likely will be repeated and it will be taken for granted. This is how underlying assumptions are formed. *"This degree of consensus results from repeated success in implementing certain beliefs and values"* (Schein, 2004, 31). Basic assumptions are very challenging to change. (Schein, 2004)

To be able to understand the artifacts correctly and understand the credibility of the articulated values there must be an understanding of the pattern of basic assumptions. The core of the culture is in basic assumptions. Once the basic assumptions are deciphered other layers of the culture can be fully understood. (Schein, 2004)

2.3 Measuring organizational culture

As organizational culture is still lacking a clear and coherent definition it creates challenges to measure it (Busse & Höfer, 2018). Lack of common conclusions about the concept of organizational culture might stem from different cultural scholars and their different research goals, or the concept is complicated, and we are unable to understand the phenomena completely (Ghosh & Srivastava, 2014). As organizational culture is complex and multilayered phenomena it is also difficult to measure as it depends on what will be measured. It cannot be measured in only one way due to its complexity and multiple dimensions. Therefore, there are also multiple ways to measure it and it is recommendable to use a multimethod approach to assess organizational culture to gain more trustworthy and reliable knowledge (Scott et al., 2003).

The pool of measurement instruments is wide and to pick the most suitable instrument for measuring it is important to think about the purpose of the assessment and for what purposes the information will be used. Also, available resources, personal preferences, and perspectives have an impact when choosing the measurement instrument. (Scott et al., 2003; Jung et al. 2009) In their review, Jung et al. (2009) identified 70 instruments used in both quantitative and qualitative research to examine organizational culture. There are no two tools similar (Ghosh and Srivastava 2014). Hofstede (2001) has formed a model that compares cultural values with six dimensions. This model is presented more closely in section 2.4. Ghosh and Srivastava (2014) have constructed a scale to measure organizational culture through its seven elemental dimensions. Competing Values Framework by Quinn, 1988, is also used to explore the company's current and desired organizational culture (Hooijberg & Petrock, 1993).

Table 2. presents different studies where has been measuring organizational culture and its impact or relationship with some elements. The measurement method, the target of the measure, and the results of the study have been presented in the table.

Table 2. Measuring organizational culture

Measuring organizational culture				
Author / Year	Topic	What was measured	Measurement method	Findings
<i>Huhtala et al. (2015)</i>	The Associations Between Ethical Organization Culture, Burnout, and Engagement: A Multilevel Study	The degree of employee's perceptions of their organization's ethical culture are shared within departments and the association between ethical culture and occupational well-being	Ethical organizational culture was measured by 58-item Corporate Ethical Virtues questionnaire, Burnout by 9-item Bergen Burnout Inventory, Work engagement by Utrecht Work Engagement Scale	Higher perceptions of ethical culture associated with lower burnout and higher work engagement
<i>MacIntosh & Doherty, 2010</i>	The influence of organizational culture on job satisfaction	The impact of organizational culture on job satisfaction and intention to leave among fitness staff	The Cultural Index for Fitness Organizations (CIFO)	Work environment that fosters certain cultural dimensions seems to be important for

	and intention to leave			increasing job satisfaction
<i>Lund, D. B., 2003</i>	Organizational culture and job satisfaction	The impact of organizational culture types on job satisfaction	Organizational culture was studied by using model of Cameron & Freeman (1991) and job satisfaction by model of Wright and Cropanzano (1998)	Different organizational types have different levels of job commitment. E.g. Clan culture has higher job satisfaction than hierarchy culture
<i>Büschgens, et al., 2013</i>	Organizational Culture and Innovation: A Meta-Analytic Review	The relationship of innovation and organizational culture	The Competing Values Framework by Quinn & Rohrbaugh	Hierarchical culture has negative correlation with innovation. Ideational culture is clan culture.
<i>Tsai, Y., 2011</i>	Relationship between organizational culture, leadership behavior and job satisfaction	Relationship between organizational culture, leadership behavior and job satisfaction among hospital nurses in Taiwan	Questionnaire combining 23 factors concerning organizational culture study by Tsui et al., 30 items about leadership behavior from Strange & Mumford, 7 dimensions of job satisfaction classified by Vroom.	Significant positive correlation was found between organizational culture and leadership behavior and job satisfaction, and between leadership behavior and job satisfaction
<i>Berson, et al., 2008</i>	CEO values, organizational culture and firm outcomes	Relationship between organizational culture and CEO values, and between firm performance and organizational culture	Values of CEO was measured by Schwartz value inventory, organizational culture orientation by Wallach's measure, organizational outcomes sales growth index	Cultural leaders valuing freedom and creativity are more likely to contribute to sales growth. CEO's valuing stability, predictability, and order have positive association with firm efficiency and employee satisfaction is negatively associated.

As from table 2 can be seen that commonly when measuring organizational culture is linked with something for example job satisfaction. These researches are chosen as these are illustrating the wide scale of different studies and measurement targets of this study field.

Organizational culture itself is difficult to measure as alone it stands for nothing and thus it needs something that is measured in the organizational culture (eg. job satisfaction) or how it affects something (eg. innovation). There are specifically created tools to measure organizational culture such as The Competing Values Framework by Quinn and Rohrbaugh (1983) or it can be combined from multiple different measurement tools as in Tsai's (2011) research.

2.4 Hofstede's model

Hofstede (2001) surveyed employee attitudes. Between 1967 and 1973, he collected data from the large multinational company (IBM). The study had two rounds that resulted in over 116,000 answers from 72 countries. He studied how national culture impacts human behavior and thinking, and values of the organization. The first model included 40 countries and had four dimensions: power distance, uncertainty avoidance, individualism and collectivism, masculinity and femininity. The second model had 50 countries, and one new dimension of culture was formed: long- versus short-term orientation. The model measures the differences between national cultures and has categorized countries based on these dimensions. The model studied nations, not individuals. (Hofstede, 2001) The model has been refined, and even the sixth dimension was added in 2010: indulgence versus self-restraint. (Hofstede, 2011) A deeper understanding of the national culture can improve an organization's international marketing as they have more knowledge concerning culture's role in targeting, segmentation, strategy formulating, and positioning (Yaprak, 2008).

The model is well known, and for example, Szymura-Tyc and Kucia (2016) have used it in their study when studying organizational culture. The model has also gained criticism (McSweeney, 2002; Jones, 2007). There has been criticism e.g. its cultural homogeneity, one company approach (McSweeney, 2002), political influences, and relevancy (Jones, 2007). The study does not take into consideration that multiple nations are groups of ethnic units, the entire culture of the country cannot be observed from one single company. Due to the events of history, the timing of the survey might create certain influences for the study. Hence the timing of the survey and historical events there might have been biased answers concerning masculinity and uncertainty avoidance. And as the measured variable is a value survey is not the right tool to measure cultural disparity. (Jones, 2007) Supporting arguments remind that during the time the

study was delivered there was not much work on culture available, and the study was done carefully following the strict design (Jones, 2007).

2.5 Change of organizational culture

Each company is unique and has its issues. Therefore, each change is unique, and each change has its issues (Busse & Höfer, 2018). To be able to change the organizational culture, the organization must define the organizational culture they are seeking and what are the operations that must be done to accomplish that stage (Hooijberg & Petrock, 1993). Organizational culture grows and evolves as mergers, acquisitions or other organization transactions occur (Franzoni, 2013). During a crisis, the organizational culture must be adapted to the changes that require top managerial competence (Deverell & Olsson, 2010). To change the culture successfully the organization must be prepared to manage the anxiety that will be released by any challenge or questioning the basic assumption, and the management must evaluate if the organization has even potential to learn the new (Schein, 2004). The change of the organizational culture is a slow process and requires a lot of time and resources to implement it successfully. Gagliardi (1986) divides cultural elements into two categories, elements that resist more and are harder to change as assumptions and basic values, and “*secondary cultural elements*” that are simpler to modify (Gagliardi, 1986, 127).

Kotter (1996) has listed the most common reasons why change fails. The current situation is felt satisfied, and people do not understand the necessity of the change therefore they are not ready to give an extra push at work that is often needed. The lack of a strong management team, the underestimation of the vision, the vision is not communicated enough, the barriers of the new vision are not removed, there is no short-term success, victory is declared too soon, and the change is not rooted into the culture. As a consequence of these common mistakes can be seen that the new strategy is not implemented well, mergers and acquisitions do not achieve the expected synergies, re-engineering project takes too long and costs too much, and the projects do not generate wanted results. (Kotter, 1996) The change must be rooted in the culture to make it permanent and not waste the resources used to make the change. With help of different tools, the wanted and the current state of the organizational culture can be understood, and this can assist in the change of the organizational culture (Hooijberg & Petrock, 1993; Armenakis et al., 2011).

As organizational culture is difficult to capture it is vital to understand the importance and the great value of expert knowledge when it comes to organizational culture. Therefore, it is recommendable to use external help when measuring organizational culture and analyzing the cultural differences in cases of mergers and acquisitions. Though often traditional experts in mergers and acquisitions are focused on financial and legal aspects. (Busse & Höfer, 2018) According to Gagliardi (1986), three elements are needed for change. Firstly, there cannot be a conflict between the current assumptions and values and with the ones that are introduced within the new competencies. Secondly, there should be collective experience about success as the new competencies are exercised. And when success has been achieved the management should promote it. Success is a vague term, and it is interpreted inside of the organization. (Gagliardi, 1986) Heinzmann and Machado (2014) conducted a quantitative study where they found that there are differences in values and dimensions of the organizational culture in the different internationalization stages according to the Uppsala model that consists of four stages. They also found that the more advanced the internationalization level was, the more similarities were in values and cultural dimensions. (Heinzmann & Machado, 2014)

The role of organizational culture in mergers and acquisitions has been studied. If the organizational culture is underestimated or ignored during a merger or acquisition, there is a high possibility of failure (Busse & Höfer, 2018). The research conducted in Turkey analyzed the linkage between culture, leadership, and business performance. In this research Yildirim and Birinci (2013) found that during extensive organizational changes (such as acquisitions and mergers), it is beneficial for the company to have transformational culture characteristics in their organizational culture and also competencies of transformational leadership. They summarize that factors for the prosperous performance of the company are culture and leadership. (Yildirim & Binci, 2013)

2.6 Change management

Commonly change management is not a simple task as commonly there is not only one reason for the change, as it consists of multiple things (Jayatilleke & Lai, 2017). Leaders are in charge to choose a proper change management strategy to ease the cultural change. In the case of a merger, the way the change is managed defines how the individuals respect the leader and also

who they will see as a leader. (Kavanagh & Ashkanasy, 2006) Change management is management's responsibility, but everyone can impact how the change is perceived, as how much resistance the individuals express for example.

De Bretani and Kleinschmidt (2004) found characters that support the company to succeed in the company's new product development (NPD) program in international markets. The elements were: company committing sufficient resources (money, time, and people), top management was involved in the program, and innovative and globalization culture of the firm. (De Bretani & Kleinschmidt, 2004) Customer experience management can be affected positively through organizational culture change management in an organization. An instrument to improve customer experience is a customer-oriented culture that is created by the leaders. To be able to construct a customer-oriented culture, the employees need to know what is important and where to focus, what is measured, and how it is measured. (Chakravorti, 2011)

The best way to manage organizational culture and design of the company during succession is good preparation, and the process should include certain characteristics such as acknowledging the history, remaining objective, and embracing the change. The leader's management ability has a great impact on whether the succession process fails or flourish. (Davis & Dolson, 2018) To be able to execute the change in the best suitable way, the management should be aware of different change management models. Models such as Kurt Lewin's Change Management Model, Kotter's 8 Step Change Model, ADKAR Model, The McKinsey 7-S Model, and General Electric's Change Acceleration Process Model (CAP). (Galli, 2018) Engagement in the change can be foreseen from the change management, and change management can be foreseen from how in-line the change leader schemas are (Hechanova et al., 2018).

Commonly the internationalization is a big process, thus the change is a big process as well, and it consists of multiple phases. The success of the change depends greatly on the leadership (Galli, 2018). The result of the change can be complex, and employees can be scared of it. Careful planning and communication can reduce the negative impacts of the change. During the change communication, and preparation from the management are required, in case permanent results are wanted. A common problem with communication is that management does not communicate enough, or they communicate inconsistently. (Kotter, 1996) The project

manager will face defiance after presenting the offer no matter is it big or small therefore preparation and communication must be done well (Galli, 2018).

3 INTERNATIONALIZATION

This chapter discusses more closely the internationalization of services, the process of internationalization of service organization, the challenges of internationalization, and the management and internationalization. According to the European Commission, the share of SMEs in Finland was in 2018 90,9 % (Clark, 2019). And the share of the service sector in the gross domestic product in 2019 in Finland has been 60,35 %. Between 2009 to 2019 it has been varying between 58,94 % to 60,82 %. The second-largest sector is an industry and the smallest sector is agriculture. (Plecher, 2020) The study of internationalization is often focused on manufacturing firms (Coviello & Martin, 1999; Erramilli & Rao, 1993) and the internationalization of service firms have not been studied as much. (Erramilli, 1991; Rammal & Rose, 2014; Roberts, 1999)

3.1 Internationalization of services

The study conducted in engineering consulting sector revealed that the internationalization of an SME is a complicated operation, and to study it more comprehensively there should be used multiple theoretical frameworks as the research presents that concepts of foreign direct investment theory, the stage models, and the perspective of networks are related to the internationalization of a service SME (Coviello & Martin, 1999). Another challenge to study internationalization of services is the categorization of them. Services are not easy to categorize due to the complexity and diversity of all the business activities that belong under the category of services (Bryson & Daniels, 2015, 5). There are multiple ways to categorize services. Based on the value creation logic Jensen and Petersen (2014) have divided services into six categories such as entertainment, network access, analytics services, and production of goods. The category of the service impacts the entry mode of internationalization and it also affects pace of the internationalization. Lovelock and Yip (1996) distinguish services into three categories based on the nature of the process as is it mainly tangible or intangible and the amount the customer must be present physically during the service process. Possession-processing services require tangible activities to physical elements to increase their value to the clients, such as

freight transport and car repair. People-processing services require tangible activities to the customers personally, such as health care and passenger transportation. Information-based services include less physical presence of the consumer and service is often intangible, such as accounting and education. (Lovelock & Yip, 1996)

Going international is not always an organization's decision as in some cases the customers domestically might insist on the organization to serve internationally as well (Grönroos, 1999). Suseno and Pinnington (2018) found out in their study that organizations valued strong ties when they are internationalizing and being able to use the same service organizations in international markets as they are using domestically. To be able to grow in a small economy such as Finland there are not many options except to internationalize the business (Agndal & Chetty, 2007). The above presented matters are supported by a study conducted by Söderqvist and Holstius (2005). The most important reason for a Finnish service SME to internationalize was to expand the customer base and the second important reason was to follow the customers abroad.

There are multiple reasons why the organizations internationalize, and different sectors have different elements influencing to internationalization. According to Jensen and Petersen (2014), the main reasons why organizations internationalize are: the organization has already a competitive advantage domestically that they want to use internationally as well, the organization must internationalize to maintain their competitive advantage, and the organization is seeking the competitive advantage abroad for example by gaining access to a critical resource. They have also analyzed three value proposition drivers of internationalization: brand awareness worldwide, distribution and supply globally, and global connectivity. (Jensen & Petersen, 2014) According to Coviello and Martin (1999), important elements are influencing the internationalization of the engineering consulting sector: the service is provided by professional personnel, client involvement is high, capital intensity is low, and the style of the business is project-based.

As Finnish service SMEs internationalize the most common entry mode is exporting and other common entry modes are joint ventures, franchising, and licensing. Finnish service SMEs have commonly at least one subsidiary abroad. (Söderqvist & Holstius, 2005) According to Lejpras (2019), service organizations are less likely to export and on average present lower shares of

export compared to manufacturing organizations. The existence of a CRM software and internationalization mode is positively correlated especially in case of a merger, an acquisition, and usage of distributors and wholesalers (Garri et al. 2013).

The service sector faced major implications as the technology of communication and information developed rapidly. The main effects were “*the importance of linkages between the production of goods and services, the increased transportability of services and knowledge-intensity of services*” and these have resulted in the reshaping of all economic activities. (Miozzo & Soete, 2001, 163) The development of technology has established new opportunities to build and establish new services (Bryson & Daniels, 2015). The development of technology increases the efficiency of the international organization and it offers tools to offer services across borders (Roberts, 1999). Also creating networks is easier with the help of the Internet and thus the internationalization to physically distant countries is more likely than before (Moen et al., 2004). Service transnational organizations have gained an opportunity to serve services globally as the information and communication technology has improved. Especially management and computer-based service organizations were internationalizing fast due to the improvement of the technology. (Miozzo & Soete, 2001)

Szymura-Tuc and Kucia (2016) found out that higher power distance (dimension from Hofstede’s model) might help the company to achieve goals of internationalization and innovativeness. Also, a higher degree of internationalization can be reached with lower uncertainty as it leads to higher openness for new opportunities and risk acceptance. (Szymura-Tuc & Kucia, 2016) Internal knowledge (highly educated workforce and R&D intensity) and external knowledge (collaboration activities, licensing technology, and support of government) impact on organization’s international engagement both directly and indirectly (Lejpras, 2019). The international performance is influenced by the innovation capability of the firm and sectoral differences are impacting the organization’s internationalization strategies and performance (Castellacci, 2009). Differentiation from the competitors and additional value can be created with supplementary services of the core service product. Supplementary services include billing, order taking, payment, information, consultation, expectations, caretaking, and hospitality. All supplementary services do not always exist in every service. As the organization develops its transnational strategy it must choose which of the elements should be offered

remotely and which locally. Certain elements must be offered locally due to the need for the physical presence of the element such as hospitality. (Lovelock, 1999)

3.2 Internationalization process

The process of internationalization depends on the type of organization as every type has its requirement for the degree of presence and physical presence, and the focus of entry which then again impact on the process of internationalization. Every organization type has its way to commit their resources in the host market. The internationalization process is also impacted by the uncertainty of the market. (Malhotra & Hinnings, 2009) Commonly the first attempt to internationalize is made to physically close market with a network partner but with the later attempts to internationalize the physical distance does not have much influence (Moen et al., 2004). This is also supported by Söderqvist and Holstius (2005) as the most common target market of Finnish SMEs were Russia and Sweden followed by Western European countries where English, French and German were spoken.

The experience factor has an impact when choosing the target country. Less experienced service organizations tend to internationalize countries that are similar to their home country. When the experience of the service organization grows, they pursue markets that are not so close in culturally and geographically. (Erramilli, 1991) Even though internationalizing physically distant markets can be challenging the new business opportunities resulting from the new unexploited markets can compensate for possible challenges (Azar & Drogendijk, 2014).

Meyers et al. (2015) have developed a model of service firm internationalization. The service firms have certain unique characteristics in their service production processes that the model takes into consideration. These are uncertainty of the end-user, the weakness to buffer the production from interruptions, and the use of knowledge resources to reduce the uncertainty. The mode of internationalization depends on the range of customer interaction and the number of service products. (Meyers et al. 2015) According to Roberts (1999) that service organizations commonly internationalize through different stages and the process is not usually similar to manufacturing organizations have. A study by Coviello and Martin (1999) also supports the discussion that the service organizations do not internationalize as the models based on manufacturing organizations suggest.

Grönroos (1999) separates five main strategies for service organizations to internationalize: direct export, systems export, direct entry, indirect entry, and electronic marketing. Besides, market-seeking and client-following Grönroos (1999) has identified electronic marketing as a one entry mode for a service organization. At the same time, the electronic marketing mode can be seen as market seeking. The entry mode of the service depends on the nature of the service. In case the consumption and production of the service happen simultaneously such as tourism and transportation the organizations internationalize commonly by franchising, licensing, or foreign direct investment. (Rammal & Rose, 2014) In the study by Castellacci (2010) international sales and cooperation were felt the most relevant channels to internationalize. R&D outsourcing operations were felt more limited strategy as it is commonly used more in knowledge-intensive business services. Different channels of internationalization are seen as more complementary than an alternative strategy to face the international markets. (Castellacci, 2010) The organization does not need to internationalize always in the same manner as they have previously internationalized. An organization can change its internationalization mode strategy and the original market strategy as the company internationalizes. Changes in mode are influenced commonly by direct network relationships and business network relationships are seen as more important influencers in change than social relationships. Then again social relationships have more influence on market strategy changes. (Agndal & Chetty, 2007)

The export behavior and internationalization of a small software organization are influenced by multiple factors. The sector is fast growing in an active global industry, the size of the organization does not affect much as even little amount of developers can create great products with excellent export capability, entry barriers of the sector are not high, physical distribution is easy due products high-value and low-volume offerings, there is a great service component in specialist software, relationships with manufacturer of equipment and integrated systems developers, and centralization of the software markets. (Bell, 1995) The Internationalization of small software firms is highly impacted by networks and the entry form can be impacted by the options available in their network relationships as the entry form is less important in case finding the right networking partner (Moen et al., 2004).

3.3 Internationalization and the management

Management's global mindset seems to be one key element for the company's international performance (Nummela et al., 2004) and the attitude of management plays important role in the internationalization process (Javalgi & Grossman, 2014). International vision, commitment, and proactiveness are seen as important characters for managers in international business (Nummela et al., 2004). Also, entrepreneurial orientation through its networking and experimental learning characteristics can contribute to remarkable international performance during the internationalization of SME (Karami & Tang, 2019). A modified transaction-cost analysis (TCA) framework can offer a helpful tool for a manager when evaluating the most suitable entry mode (Erramilli & Rao, 1993). A greater degree of internationalization can be obtained with an internationally experienced management team as they often utilize foreign strategic partners and they seek faster to international markets after start-up (Reuber & Fischer, 1997). There has been also noticed that knowledge management correlates with SME internationalization and internationalization can be improved by developing innovation and increasing the level of IT (Lecerf & Omrani, 2019). In a small professional service organization, the internationalization is influenced the most by internal, tacit knowledge. To achieve international growth, it is important to understand employees' experiences to build organizational wisdom. To achieve growth internationally the organization should value employees' tacit market and client knowledge. That also benefits product development. (Scott-Kennel & van Batenburg, 1991) According to a study conducted in African banks, the CEO's vision impacts the path of internationalization. In case the vision is clear, and it is communicated well it has a positive impact entering into a target market. (Gentile-Lüdecke et al., 2019)

During the internationalization process, there will occur managerial dilemmas with strategy, structure, and human resources and how these dilemmas would interact consistent and congruent internationally. The management must choose how to compete in the international markets, how to coordinate the international operations, and how to manage the international personnel. (Lam & White, 1999) As the organization internationalizes the management can face challenges with employees from a culturally diverse background. Through managers' behavior and by inspiring employees' managers can reach a better level of understanding the vision of the organization and thus reach the wanted service level of the organization. (Vallaster & de

Chernatony, 2005) Finnish service SMEs value cultural knowledge of the employees and during the internationalization organizations Finnish service SMEs prefer hiring a person with good knowledge of the business culture of the target country in case the resources allow. In case the resources do not allow hiring an experienced consultant some other support will be used to explore the business culture of the target country. (Söderqvist & Holstius, 2005)

Board members can be very useful during the internationalization and they can also prevent the internationalization and the same goes for the management. A study by Barroso et al. (2011) shows that board members who stay long in the board of director affect negatively on the internationalization of the organization as they stick with the current strategies and are not interested in new strategic changes such as internationalization. Then again from the same study can be seen that the experience of the board members can predict the direction of the organization's internationalization and board members can serve helpful networks and connections abroad. (Barroso et al., 2011) Managers' international backgrounds and experiences seem to be beneficial when internationalizing. But in case the top management team is highly internationalized it might affect negatively as the company might increase its internationalization beyond the profitable point. (Nielsen, 2010) In the financial service sector, the management faces challenges to produce structures and systems which can be adjusted for the wide range of products and markets that require different strategies. As the sector internationalizes the different markets create more challenges to adjust the efficient strategies. Therefore, the management of the financial service organization needs to emphasize experimentation, adaptation, and learning while they are internationalizing. (Grant & Venzin, 2009) Local adaptation is important in other service sectors also in the sense that the organization must adjust the strategies to fit for a certain market and the management needs to emphasize the same elements to adjust the strategy. As earlier noted according to Scott-Kennel and van Batenburg (2012) international is highly affected by the internal, tacit knowledge. To exploit the knowledge during the process of internationalization the management needs to support the learning of employees, create a system that encourages sharing the tacit knowledge, and develop organizational wisdom.

Managers entrepreneurial skills, especially language skills, cultural knowledge and global mindset, networks, and available resources are in a key position when location-bound service SMEs such as tourism organization internationalizes (Turunen & Nummela, 2016). Networks

and alliances with local partners can help the company to overcome weaknesses in resources and capabilities when entering into new markets (Lu & Beamih, 2001).

3.4 Challenges of internationalization

There can be different barriers and challenges depending on the host country. In 2017 in Finland, the main challenges in exporting were lack of internal resources for export projects, lack of financing, administrative and bureaucratic factors, and economic conditions of the main export markets (Statista Research Department, 2020). Similar challenges have found Söderqvist and Holstius (2005) as the most common problems Finnish service SMEs faced were bureaucracy, communication, and human resources. A study conducted by Korsakienė and Tvaronavičienė (2011) was found out that the main barriers to internationalize in Lithuanian SMEs were unavailability of market information and big start-up costs. But these challenges can be overcome with the help of business networks as they noticed in their study.

As in earlier noted networks are important and having a great on the internationalization of the organization. But the networks can create challenges as well. In case the internationalization takes place through network relationships the organization must be prepared that internationalization might occur rapidly, and the network partner might limit organizations entry mode thus limiting the growth opportunities of the organization. (Coviello & Munro, 1997) Therefore, the network partner must be chosen carefully to avoid unpleasant situations. Also, ownership has an impact on the internationalization of the organization. In case the owners of SME are mostly internal the tendency to grow the scale and scope of internationalization seems to remain lower as they are likely more risk-averse. External owners increase the scale of internationalization. (George et al., 2005) Always attractive location and good connections are not enough to create international opportunities as it need also entrepreneurial capabilities and good networks. Without these elements, internationalization might be challenging. (Turunen & Nummela, 2016)

4 RESEARCH DESIGN AND METHODS

This chapter introduces the research design and methods. First, the research design of the study is introduced and explained, and why the chosen method is used. Data collection methods are

presented and explained. Also, the case companies and the interviewees are presented in this chapter. Data analysis and method are discussed, and the method is explained. Finally, the reliability and validity of this research are considered carefully.

4.1 Research design

This study was conducted as a qualitative multiple case-study research that was organized in June 2020 in four service organizations. The idea was to interview two persons of each organization to gain a more comprehensive view of each organization. The service sector was chosen to limit the study and because services are more reliant on language and culture than manufacturing organizations (Lehmann, 2009). This aspect would let assume that there are more possibilities that the organizational culture could change and that would make this study, and the results more interesting. Also, the research about internationalization has commonly focused more on manufacturing organizations therefore, it is more fascinating to study in turn service organizations.

The basis of a qualitative method is to describe real-life (Hirsjärvi et al., 2004) as in this research there were studied real cases and their experiences from real life. Commonly qualitative material is expressively rich, multilayered, and complex (Alasuutari, 1999). The study aims to examine the subject as comprehensively as possible and commonly is said that qualitative research aims to find or reveal facts more than verify already existing claims therefore, the qualitative method was chosen (Hirsjärvi et al., 2004). The topic of this research is not yet much-studied, the intention is to reveal and find new perspectives, and the phenomenon is complex and multilayered. Therefore, qualitative multiple case-study method was chosen for this research.

A typical question that arises when collecting the data is how much data needs to be collected. Qualitative research does not aim at statistical generalization but to describe phenomenon or occurrence, understand particular actions, or offer a theoretically reasonable explanation for a particular phenomenon. Therefore, the quality of the interviewees is important, and quality means that the interviewee has knowledge or experience about the studied phenomenon. (Tuomi & Sarajärvi, 2002)

According to Yin (2003) case study research strategy is convenient when the researcher wants to or is forced by circumstances (a) to represent the study topic widely, not narrowly, (b) to count on numerous sources of evidence, and (c) to cover circumstantial or complicated multivariate conditions, not just detached variables. Case study research should be seen as a research approach or research strategy instead of a method. As organizational culture is a complex phenomenon the case study is chosen as it can present complicated and hard-to-grasp business topics in a reachable, rich, personal, and down-to-earth format. (Eriksson & Kovalainen, 2008) The study aims to provide data that is easy to understand and easily accessible as the topic is a complex phenomenon.

Typical character for qualitative research is the use of inductive analysis as the purpose of the researcher is to reveal unexpected things and therefore, the basis of the research is not to test the hypotheses or theory but to examine the material in a multilateral and detailed manner (Hirsjärvi et al., 2004). The major aim of the case study is to seek and explain how the case works as a structure and ideographic unit of analysis. Not to present knowledge that could be generalized to other contexts in the typical meaning. (Eriksson & Kovalainen, 2008)

A common mistake for a researcher is to try to answer too many questions in a study, and the study scope is too wide. Therefore, narrowing down the study object ensures that the research stays reasonable. (Baxter & Jack, 2008) The limits of the case are defined by the researcher, as the researcher converts the study object into an object of interpretation and understanding (Eriksson & Kovalainen, 117).

4.2 Data collection methods

The empirical part of the research was done through semi-structured interviews. Interviews are one of the most used data collection methods, and especially the use of semi-structured interviews has increased (Hirsjärvi & Hurme, 2015). Interviews were chosen for the data collection method because an interview is flexible when comparing for example questionnaire as it allows the interviewer to repeat the questions and ask for clarification for an answer (Tuomi & Sarajärvi, 2002). The benefit of using open-ended questions is to allow the real thoughts of the interviewee and thus gain a more comprehensive view of the topic (Hirsjärvi et al., 2004). The main benefit of semi-structured interviews is that they offer data that is quite standardized

and extensive as the nature of the interviews is quite informal (Eriksson & Kovalainen, 2008). As using a semi-structured interview, the themes are decided in forehand and the questions can be as well, but it allows to change the order of the questions and the interviewer has a chance to ask specific questions (Eriksson & Kovalainen, 2008; Tuomi & Sarajärvi, 2002).

The interviews were conducted face-to-face and also via Teams and Hangouts platforms based on what was the most suitable way for the interviewee as the COVID-19 pandemic created certain challenges to meet in person. The interview questions (Appendix I) were sent beforehand for the interviewees thus they had a chance to think the answers more thoroughly to achieve more valuable and important data (Tuomi & Sarajärvi, 2002). To the questionnaire form were attached three models of organizational culture that were represented in chapter 2 to support the collected data in case the topic of organizational culture would not be that familiar, and therefore the answers would be lacking vital information.

The case companies were chosen from the service sector, and from each company, two persons were interviewed. Two persons were interviewed to gain more comprehensive knowledge and wider opinion about the topic as there might be differences in how internationalization has been perceived. The requirements for the interviewees were that at least one interviewee was a management-level employee, and both of them needed to work at the company before the internationalization process. The selection of the interviewees was not random as there were carefully selected criteria applied (Tuomi & Sarajärvi, 2002). The chosen companies were Finnish companies that have internationalized no earlier than 2017.

The interviews were conducted in June 2020, between the 10th of June to the 30th of June. The researcher approached possible case companies via email, and the case companies had a chance to choose the interview time and the method, face-to-face, or via an online tool. The interviews were recorded with the permission of interviewees and transcribed afterward. Unfortunately, one interview did not occur as the interviewee postponed the interview meeting five times, and then he did not reply to an email to agree to the sixth meeting for the interview.

The interviews were implemented individually to avoid situations where the interviewee has not the courage to express his/her real thoughts. As implementing the interview in a group, the group might obstruct the negative issues of the group to emerge (Alasuutari, 1995; Hirsjärvi et

al., 2004) or in this case the negative issues of the organization or the process of internationalization. In a group interview, there is also a possibility to have a person who dominates the discussion and defines the direction of the interview (Hirsjärvi et al., 2004). Information about the interviewees' is represented in table 3.

The anonymity of the interviewees and the case companies wanted to be secured. Therefore, the description of the case company and the interviewee is kept very general level. By doing the interviews anonymously, the researcher wanted to ensure that the interviewees were as open and honest as possible. Table 3 presents information about the interviews. The interviews were done in Finnish, and afterward, the results were translated into English for the master's thesis. The results of the research were published in Finnish for the case companies.

Table 3. Information about the interviews

Company	Title	Date	Duration	Place
A	Team Leader	10.6.2020 12:45	39 min	Case organization's office premises
A	Sales Manager	10.6.2020 13:30	28 min	Case organization's office premises
B	Head of HR & Finance, Partner	15.6.2020 06:00	58 min	Teams online meeting
C	Sales Manager	17.6.2020 12:00	38 min	Teams online meeting
B	Project Manager	25.6.2020 10:00	28 min	Teams online meeting
D	Online Team Leader	30.6.2020 11:00	29 min	Hangouts online meeting
D	Account Manager	30.6.2020 12:00	26 min	Hangouts online meeting

4.2.1 Descriptions of the case organizations

Four case organizations were interviewed, and there were a couple of criteria for the case organization: must operate in the service sector, must have international operations, and the internationalization process should have started no earlier than 2017. All case organizations were Finnish and had operations abroad. Also, according to the categorization of SMEs, all organizations fall into the category of a small enterprise (European Commission, 2003). Two of the case organizations had a strong focus on the Swedish market, and two organizations had a strong focus on the Spanish market. General information of the organizations is presented in table 4.

These certain organizations were chosen because they fulfilled the requirements, and there were similarities in their target countries. As having the same target countries, the data could provide interesting results, and there could be a possibility to find similarities or differences between the target markets. The establishment year of the organization or the more specific industry did not have an impact when choosing the case organizations as it seemed not to be relevant for the research.

Table 4. Information about the case organizations

Company	Establishment year of the organization	Start of internationalization	Industry of the company	International locations
A	2008	2019	Software	Sweden
B	2011	2017	Consulting	Spain
C	2009	2017	Communication	Spain, Germany
D	2014	2019	Software	Sweden

Organization A was established in 2008 and has been internationalized in 2019 to Sweden. They have office premises in Stockholm. The organization has two service products that both are available in Sweden. The aim was to export one software to Sweden, but due to the COVID-19 pandemic, they applied for funding and were able to start exporting the other service as well.

The organization aims to expand to other markets in the future, such as Germany, Italy, and France.

Organization B offers digital consulting, and they operate mostly in remote that enables them to work everywhere, thus some of their employees work from the UK and France. This has allowed them to work for a couple of Swedish and Estonian customers before they opened their office in Spain. The organization has been established in 2011 and internationalized in 2017 to Spain. In 2018 they officially established an S.L. to Spain. The organization has office premises in Spain where currently work approximately 15 employees. The aim from the very beginning has been to internationalize the organization.

Organization C has been established in 2009. The organization offers IT communication services for organizations. In 2017 they have internationalized to Spain and Germany. Their goal is to establish independent reseller channels to countries where they operate. In Spain the reseller is independent and in Germany, they have not yet achieved the independence of the channel.

Organization D is in 2014 established software organization operating currently in Finland and Sweden. In Sweden, they have started their operations in 2019 by hiring a sales manager. In spring 2020, they were able to hire another sales manager in Sweden. They will open soon their office premises in Sweden, and they are currently looking for market opportunities in the USA, Estonia, and other Baltic countries.

4.3 Data analysis and methods

Qualitative analysis strives to explain meaningful actions (Alasuutari, 1999) and the purpose, and the aim of the case study defines the methods of the analysis (Eriksson & Kovalainen, 2008). There is no only one way to analyze qualitative research, the most suitable analysis method is the one which brings the best solution for the problem (Hirsjärvi et al., 2004). For example, Eriksson and Kovalainen (2008) mention different analysis techniques, such as content analysis, conversation analysis, and discourse analysis. Then again, according to Yin (2009), there are five techniques to analyze case studies. Techniques are pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis. (Yin, 2009)

Analyzing qualitative material combines analysis and synthesis. Data collected in an analytical process is chopped into conceptual pieces, and with the help of synthesis, the pieces are combined into scientific conclusions. (Grönfors, 1982) A technique to analyze multiple-case is called cross-case analysis that requires some sort of comparison between cases finding similarities and differences across cases and against the theory (Eriksson & Kovalainen, 2008). Commonly qualitative data is analyzed partially at the same time as the data is collected, and usually, the person who collected the data is the person who can analyze the data (Grönfors, 1982). This master's thesis is analyzed deductively (Tuomi & Sarajärvi, 2002).

This master's thesis analysis follows Alasuutari's (1999) analysis method that consists of two phases reduction of findings and solving the mystery or interpretation of results. These phases often intertwine together. As reducing findings there must pay attention to the data that is relevant when looking at the theoretical framework and the research questions as the same data can be observed from different viewpoints. Solving the mystery means that with the help of produced leads (perceptions) and available hints (theory), there will be formed the importance of interpretation of the study object. (Alasuutari, 1999) Interpretation of the data is also clarification and reflection of the meanings (Hirsjärvi et al., 2004).

Following the previously described Alasuutari's method (1999) in this research first, the theoretical framework, and the research questions were formed. Based on the theoretical framework and research questions, the interview questions were created. Interview questions form two base categories organizational culture and internationalization process. During the data collection process, the researcher was able to get familiar with the material for the first time. After the interviews, the interviews were transcribed carefully as all the interviews were recorded. When the transcription process was ready, the researcher went through the material multiple times. Based on the answers, the material was divided under the themes, and irrelevant material was left out from the research. There were two base groups, organizational culture, and internationalization process. From these groups were formed subgroups. The grouping is presented in figure 6.



Figure 6. Grouping of the interview material

The answers were collected under the subgroups, and observations from the interviews were combined. The aim was to find relevant observations that could answer the research questions. Based on these observations, the researcher was able to have a clear understanding of the material and was able to interpret and explain the observations by using theory. The findings were mirrored to the theoretical framework, followed by the forming of conclusions that can be seen as solving a mystery. The analysis of the entire research is presented in figure 7.

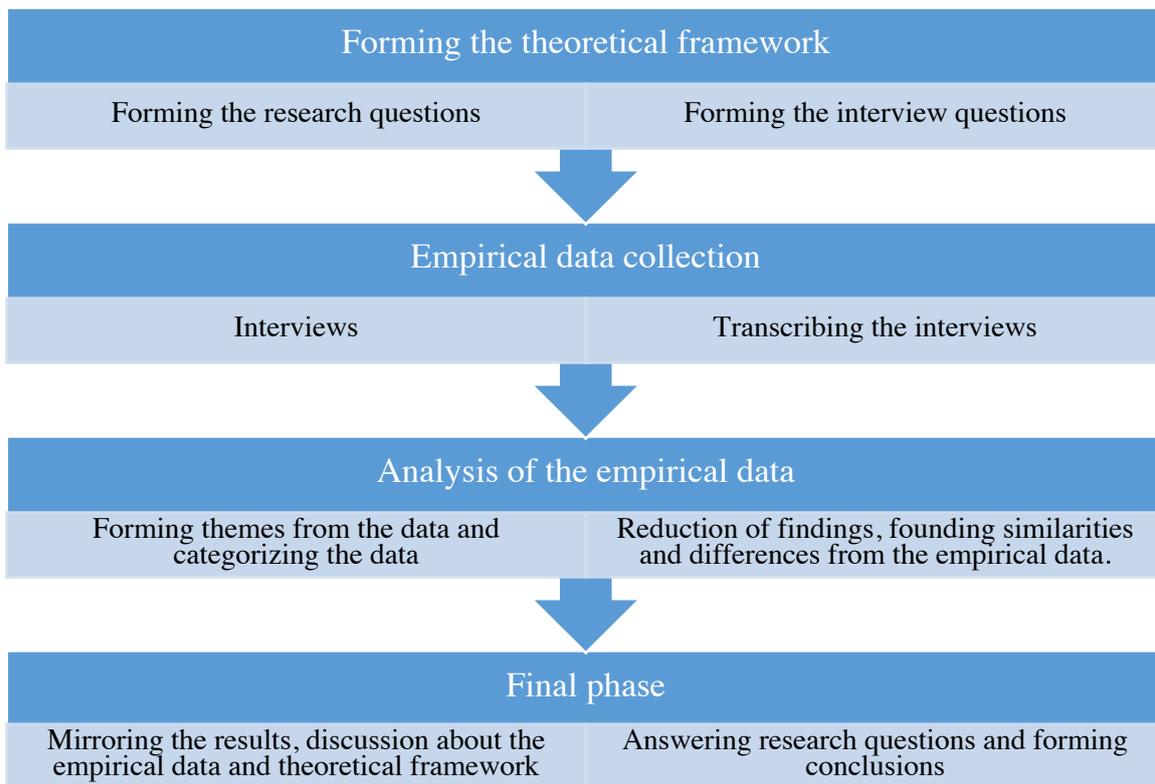


Figure 7. Data analysis of this master's thesis

4.4 Reliability and validity

The reliability of the research means repeatability of the measurements. The reliability of the research means the ability to give results that are not random, and another researcher would be able to get similar results if similarly repeating the research as for the first time. (Hirsjärvi et al., 2004; Eriksson & Kovalainen, 2008) The reliability of this research is ensured by sharing information as openly as possible about the research process. The length and location of the interviews and the interview questions are told. The methods of how the research was done are discussed comprehensively.

The validity of research means the ability of the research method or the measurement tool to measure what was it supposed to measure. Such as the interviewee understands the interview questions similarly as the interviewer had intended. (Hirsjärvi et al., 2004) This was ensured by offering the material beforehand for the interviewees. The material included the same models of organizational culture as used in the research. How well the researcher can conclude research

offers a valid explanation or description of what happened, indicates the validity of the research (Eriksson & Kovalainen, 2008).

The current pandemic COVID-19 also brought limitations to this study as there were restrictions at that time the interviews were done, and people were avoiding face-to-face if possible. Therefore, five out of seven interviews were done through online platforms such as Hangouts and Teams. The use of an online platform creates a different atmosphere for the interview situation, and therefore it can produce different data as the face-to-face interview would have resulted. For the interviewer, it creates a challenge to create a trustworthy atmosphere where the interviewee feels safe and is willing to share confidential information. Also, some people might feel uncomfortable discussing confidential issues through an online platform.

The time frame of having the interviews was quite wide as there were some challenges to set up a meeting with one interviewee, and the meeting was postponed multiple times. Therefore, there was no possibility to start a deeper analysis of the results to ensure that the last interview would not have any biases from previous interviews. As it is recommended to start to analyze the material as soon as possible (Hirsjärvi et al., 2004) in this case it was not possible. All the interviews were recorded and transcribed that allowed the researcher to return to the original interview texts and situations. Thus, there was no possibility to forget what had happened during the interviews.

As a researcher and an interviewer, I am not experienced yet, and that can impact the reliability of the research in a sense that I might not notice something important, and that might cause different results than as an experienced researcher would have done this research. Also, during the interview sessions, my inexperience might result that I could not ask some very important and specific questions to gain even deeper data. To ensure the reliability during the interviews as a researcher, I did my best to be unbiased and not to ask leading questions.

As earlier mentioned, one interview did not take place, and thus there were interviewed only one person from company C. Interview was agreed to happen first on the 18th of June, and the last attempt was agreed to take place on the 3rd of July. As this came up at the beginning of July, there was no possibility to find a new company to replace company C as it was the holiday

season going on in Finland. That might have impacted the results as the other companies had two interviewees. As a researcher, I have tried to consider it when analyzing the results and do my best to be as objective as possible.

5 EMPIRICAL FINDINGS

This chapter introduces the results of the interviews that are collected from seven interviewees from four different organizations. As the interview questions were divided into two parts, internationalization, and organizational culture, the results will be gone through in the same order as the interview was structured. The interview was structured that first, there was an introductory part which included also a question if the interviewee can recognize the organization's organizational culture. Then we discussed internationalization and its processes. After this, there were questions about the organizational culture, its change, and management.

After transcribing the data all unnecessary parts were removed, and the data was organized under the themes. The results of these themes are discussed in two sections internationalization and organizational culture. The results are gone through in the order as the questions were represented as an exception question number three is moved to the section that covers the organizational culture. Also, question number 16 about the achievements of internationalization is moved to the end of the section about internationalization.

5.1 Internationalization

There were nine questions about the internationalization of the company in the interview. The questions addressed the internationalization process, how did the company internationalize, how it was planned and executed, how did the management communicate about the process, and about the challenges and what went well. There was also asked why a certain target country was chosen. The goals and achievements of internationalization are discussed at the end of the section.

Reasons to internationalize and choosing the target market

The reasons why the company had decided to international were quite similar. All four companies point out that the Finnish market is small and limited. Also, all companies felt that

their product was ready to internationalize. The product was either easy to scale, or it was completely ready for the international markets. Two companies mention that the decision came from the board of directors as they had seen potential in the organization and the product. Also, the target market decision was from the members or a member of the board who had previous experience and reference from that target market.

Company B had different approach as they had known that they will internationalize since they established the organization, but their approach was also to recruit employees who had certain language skills as every sometimes their clients needed, for example, a Danish speaking employee. Therefore, they can offer their services wider and help their customers as well in case they are planning to internationalize or expand their business. B1 also mentions that the reason they internationalized was purely to keep up their interest.

“For example, finding Danish and Norwegian employees from Finland is much more difficult than from Spain.” (B1)

Company A chose to internationalize to Sweden due to its size as it is approximately twice as big as in the Finnish market. Company A also mentions that as a Finnish company, it is easy and smooth to internationalize to Sweden even though the culture is different. Sweden was also chosen as the organization’s board members had experience about internationalizing in companies successfully to Sweden. A1 believes that the idea to internationalize might have come up for the first time soon after their board of directors got two new members who both had experience in internationalizing process.

“Compared to that as a small company we would like to go to Germany or England or even some bigger country, we would drown there. But the Swedish market is one and a half or two times the Finnish market. That is a wise step to take first.” (A2)

Sweden was chosen by company D as it was seen familiar and easy country to expand. D1 mentions that Sweden is culturally similar to Finland, and there were existing connections already. Spanish market was chosen by company C as their member of the board of directors had a personal connection there.

Internationalization process

The process to internationalize had similarities among the organizations. The organizations which internationalized as the board of directors decided so told that since the decisions were made, they recruited either a country manager or a salesperson with whom they started to build the business there. Company D had discussed the internationalization for a year, and they had done a market survey and explored the market on site. Funding received from outside was the final push to internationalize. Company B mentions that they did a market survey before internationalization and explored the market on site.

Company B had a different approach as they have had a vision to internationalize since the establishment of the organization but at that time, they had a good place in their personal lives, and therefore co-founder of the organization decided that now it is the time to internationalize. The co-founder packed the packs and moved to Spain. The idea was to get familiar with the opportunities and environment, build connections, and see how things work there.

“My colleague announced that she was leaving for Spain now and we thought that it is good. It is going to be good. -- This was done in purpose. As we wanted to see and sniff around in peace that what and how we should and must do. We wanted to also network more, get familiar with facets, people, and services, everything which takes us forward.” (B1)

Company D had similar actions in their internationalization. They had a certain plan as the external funding required plan of how the organization internationalizes, and it required also certain goals concerning i.a. sales, number of customers. Besides that, they did not have an exact plan on how to proceed.

“We have tested, failed, and tried again. -- It was quite that we just went to sell, and let’s see what happens. At least at the level of the executive committee, we have not much planned it [internationalization]” (D1)

As the organizations have planned the internationalization, they have been recruiting. Three organizations have recruited an external person to do the business in the target country. Besides recruiting the salesperson to Sweden, company D recruited Swedish speaking customer service team to operate from Finland. Company A mentions that they recruited plenty of employees at

that time also because they had growth in Finland as well. Company C recruited an employee who has experience in international contracts to take care of the contract negotiations. Company B needed to hire an attorney who helped them with the bureaucracy and all the daily arrangements as the work culture, and legislation are not similar to in Finland.

Preparation for the change

The preparation for internationalization was not significant, according to the interviewees. A1 sees that there was no change when the company internationalized because the operations in Finland and Sweden are separated. Sweden has its operations, and Finland its own. A2 sees that there was good preparation for the internationalization and its possible changes except as A2 moved to Sweden to help the country manager at the beginning of the internationalization the CEO did not take into consideration that A2 needs to concentrate on helping the country manager and therefore, his input on his sales tasks is not as high as normally.

Company C tells that they prepared themselves to support and give their time to help the Spanish reseller, and in the beginning, there was a Finnish employee in Spain to support the Spanish reseller. Company B networked and thus prepared for the change. They see that as their work is mostly remote, it does not matter if the employee works from Spain or Finland, and thus, they see that there was no change. Company D says that they did recruitment and also changed their official working language from Finnish to English as they got their first Swedish employees. D2 mentions that there was not much of a change with internationalization, but their organization clarified the roles of the employees and therefore the processes become clearer.

“Of course, inside of the organization we have organized ourselves differently but, still things work in the same mentality as before. Even though I told you about the startup spirit we have now more like, we have processes and responsible persons and we have clear that who does what and who is in charge of what and how do you proceed if you have a problem who can help you with that.” (D2)

Changes in organizational structure

When asking the question about the change of organizational structure, first some of the interviewees say that there was no change. But when going through the entire interview, they tell things that changed in the organizational structure. Company A had a big growth in

employees during the internationalization, and it was caused also growth in Finland at the same time. They recruited Swedish speaking employees and they bought an IT company which operates in Malmö, Sweden. A1 also tells that she was hired by the company five months before the organization's internationalization to grow and lead a certain team inside the organization that indicates that the organization was prepared for the growth and the change. Also, A2 had worked for the company 10 months before the internationalization, and he has experience in the internationalization of two companies, one of which was exported to Sweden. That can be seen also as an indicator, that the organization has been preparing itself for internationalization.

“The biggest job why I got hired, is just because of how I will develop the team, how we will grow as a team, what kind of tools it requires. -- Internationalization can be seen on my desk that, I am glad that I can be part of the Swedish team. I give the tools I have for the use of the Swedish team.” (A1)

Company B tells that after opening the office in Spain, they established a new department which operates in Spain. B1 says that during the time of internationalization they established business units that they did not have before, but it was related to the growth in Finland that they had at the same time. They also started to operate more hierarchically at the time they established the business units.

D1 tells that sees no organizational changes, but D2 tells about how they established an executive committee which they had not before, there happened also clarification of the tasks and processes. They also established an HR department a year ago, which is a couple of months before the internationalization. This would indicate the preparation for internationalization and growth.

Changes communicated by the management

The changes during the internationalization were mostly communicated well, but little issues were mentioned. All the interviewees tell that communication in the organization is open in general, and therefore there were no problems during the internationalization. After company A had recruited the country manager, they brought him to the office and introduced him to the entire company, and everyone had a chance to speak with him privately. In company A there

were minor communication issues as A1 tells that when they were recruiting multiple people in a short time, there were sometimes questions in the air.

“The size of the team grew in a short time from a quite small number. So, the number of employees grew which meant that of course, our existing employees met plenty of new people. And of course, there were questions now and then who is that, what is that, and what he will do. So here we come to the openness that the B2C department is growing fast, and these kinds of projects are coming, and we are hiring new people.” (A1)

B1 admits that there is always something to improve when it comes to communication. It is constant balancing with the timing and the amount of information. They have faced situations when they were needed to inform that they still recruit and are aiming to grow in Finland as well even they have opened the office in Spain. B2 sees that communication has always been really good, and the information comes in a very clear form. D2 as an employee sees that the information flow was good, and she received enough information during the internationalization.

Challenges and successes of the internationalization

Challenges of the internationalization were mostly related to the different cultures of the target market. Companies did not face any extreme challenges. Three of the companies have operations in Sweden, and all of them mention that decision making is slow there and the discussion culture in Sweden is completely different. In Sweden, they do more small talk and the discussion is less rapid than in Finland. Companies say that it was more of a surprise and thing where needs to be adjusted than a challenge. Company D also mentions that recruiting from Sweden took some time. That was a little challenging, but as the recruitment was completed, the result has been great, and things have gone very well.

Companies B and C do not see any challenges in the culture of the target country. C1 tells that it is very different than in Finland, for example during a meeting Spanish are not afraid to show their emotions, and someone can even get a little angry, but they calm down quickly. But C1 tells that as they are offering communication services, they have noticed that their service might be a bit modern for the users as they prefer more old-fashioned communication ways. B1 says

that the Spanish labor market is quite different and challenging. Without the help of an attorney, things would not have gone as smoothly and well.

Companies A and B are satisfied with their recruitments as they see that finding the right people for the positions has helped their internationalization. Company D praises the friendliness of Swedish people. Even they were not always able to close a deal with a customer, very often the customer recommended another customer to whom they should contact and who could be interested in their product. C1 tells, that it has been happy to see how well their product can scale up to other markets, which have been a big benefit when internationalizing. Company B then again has gained surprising benefits as they internationalized. They have seen that now they have the ability to internationalize together with their customers as they can offer more employees with different language skills. Their customers can get more widely services from one address.

“Well, maybe that is important that we can internationalize together with our customers. We can, we have a possibility for multiple languages, multiple different nationality employees from Spain. So, we can enhance also our own customers’ access to new markets or the service for international clients. Without that, they need to buy customer service for different languages from different places. Or anything like that. I do not think that it was much planned, it was sort of a bonus, and we realized that it is a great thing.” (B1)

One challenge companies B and D faced was the change of language. As the main language of the company has been previously Finnish, but due to the internationalization and hiring employees who do not speak Finnish made them change it to English. Both companies tell that in the beginning, it decreased the formal discussion, and company D tells that in the beginning, it caused misunderstandings. Company B said that they solved the situation by changing the language back to Finnish, but they admit that in the future, it will be a challenge when they internationalize more, and there comes the time when they need to change the language into English. Company D tells that it was only in the beginning and quite quickly people adapted into English and things work well now.

Goals of the internationalization

When asking about the goals of internationalization and how these are achieved, companies have very different answers about the goals and achievements. Three companies see that their internationalization has just only begun, and this is just a first step to the world. Company A had a clear break-even point and other numerical measurements, but these are lacking behind. A1 and A2 both say that they do not know how much the COVID-19 has been influenced or were they just overly optimistic when creating the goals.

Company B has not had clear goals, and therefore they cannot say if they have achieved them. After a while, B1 thinks that they have been aiming to balance the amount of work. As in Finland during the summertime, most of the works stop as there is vacation season. And the same during the Christmas time. Big silence concerning works due to the holidays. This is not a global issue, and therefore, they wish that they could divide the amount of work more equally. Also, they wish that economical fluctuations in a certain country would not affect them strongly as they have a wider presence over the globe.

The goal of company C was to make the sales channel independent. The reseller could independently acquire customers, launch the customers, and make the contracts. All in all, act independently in sales. Company C told that with the Spanish reseller they have achieved the goal but, with Germany, things are still pending.

Company D aimed to expand abroad and gain market share from Sweden. The bigger goal is also to expand elsewhere. As for Sweden, things look good, as they have been there for almost a year. They recently recruited another seller in Sweden. That indicates that internationalization has been successful so far. They admit that the work is still in progress, and the funding has defined the objectives, but they have been achieving the numerical measurements well.

“The idea is that ten years from now, Wikipedia would write about Company A that it certainly already has competitors and is still the best and most dominant product in the industry.” (A1)

“Well, that is just the beginning. No goals have yet been achieved if they exist. After all, the world is still being conquered. Now only a little research is done here.” (B1)

Altogether based on the interviews there can be said that all the internationalization processes have gone mostly well. All have been able to gain customers and acquire market share even a little. Most of the companies did not have an exact and clear plan inside their house how they would internationalize. Company D had clear goals as the funding required those. Companies B and D decided to try, and especially in the interview with company B there are mentioned a couple of times “culture of experimentation”. Behind the ideas of internationalization, two companies had the experience of the board members, one company had contacts abroad, and one company had the possibility and courage to internationalize. One common reason for all was the limited size of the Finnish market.

No company mentions major challenges or adversities. There were minor challenges for every company, but most companies mention that those were more issues where the company needed to adjust. All companies are hungry to internationalize more, and companies A and D told the next countries that they are planning to go next. Company B mentioned a couple of markets that they would be interested in.

5.2 Organizational culture

About organizational culture, there were all in all five questions. Questions were widely related to the organization’s own organizational culture. They were asked to describe their own organizational culture, and to help with that question in chapter 2 introduced models were shown with brief descriptions. There were questions about the possible change of the organizational culture and management of the organizational culture.

Describing the company’s organizational culture

As there were offered three different models of organizational culture and brief descriptions of the models only one interviewee used one of the models to describe their organizational culture. When discussing the organizational culture three companies mentioned their values to describe their organizational culture. Company A told their values and described how these are seen in their organization’s daily life. A2 exploited Hofstede’s “Onion diagram” and described their heroes, rituals, and values. There was no description or recognition of symbols. They see that these values are important to the company and important to show to employees as they mention

that plenty of their employees are young. Therefore, it is important to show in a positive way what working is.

“Eventually everything goes back to basics when talking about organizational culture. So, I always think about what our basic values are. In fact, these values are written on our wall with various posters. -- The values are the basis where I start to criticize things. Am I doing things according to our values, do I represent the company in the way they want to communicate outside of us. What are the important inner values that we are able to implement this.” (A1)

Company B’s interview shows their values, and they describe how their business has been built around the values. They describe well how these values are seen in their organization’s daily work. The values are not just named but also illustrated through examples. B2 sees that the organization’s founders have built the organization to be a place where they enjoy working as they are not employees enjoying working from 9 to 5. The company points out that one of their value is quality that is related to their culture of feedback. Employees are encouraged to give feedback to other employees and to the company itself. The aim of that is to improve the quality and keep the customers satisfied. As the company has been able to grow in Finland and Spain, it indicates that they are successfully exploiting this value and their culture of feedback seems to work well. At the end of the interview, B2 wants to point out that in her opinion companies commonly do not communicate enough, and they are afraid to internationalize. B2 sees their culture as very open and very communicative, and she recommends this to other companies as well.

“Our most comprehensive value both outward and inward is freedom. We are built around it, which means that people have the freedom to choose almost everything. In particular, their place to work, working hours, and workload. To some extent, customers and what they want to do.” (B1)

There is mostly a description of their workplace, what kind of team they have. Company C does not separately tell their values, but these can be read from the lines. They tell lightly how the characteristics of the team can be seen daily. The answers hint that the organizational culture is not much recognized, and therefore there is not mentioned multiple examples or values.

Both interviewees in company D admit that they have not defined their organizational culture. They can both describe the characteristics of their company, and the values are mentioned. Even though values are told, there are not specified how these values are seen at the company. They tell that they have been recently discussing about their values and gone through if those are still valid or should there do some modification. Their concept of organizational culture is currently being observed, and it is considered more than earlier.

“In my opinion, we have not fully defined that organizational culture. And it is undergoing a transformation with internationalization. -- And it has only been, after all, all companies have that culture, even if it is not consciously built in any way, then it may not be consciously built.”
(D2)

Change of organizational culture

When asked can they recognize if their organizational culture changed when they internationalized, they see no change or only a minor change. A1 points out that organizational culture did not change, as their values did not change. As values are the core of the organization, there was no change. Company A cannot recognize any changes in its organizational culture.

Company B tells about one challenge they faced. They see that when they changed the language from Finnish to English, it decreased daily communication. As they are working remotely, it is important to communicate other things as well, not only work-related topics. B1 sees that the change happened because in case it must be written in English and sentence needs thinking, it is often left saying. Soon they switched the language back to Finnish. B2 recognizes that as they grew, and more employees were hired supervision of work changed. Clearer processes, roles, and responsibilities came along the internationalization. B1 tells that they established business units during that time. The establishment of business units would indicate that they clarified the processes, roles, and responsibilities. B2 also mentions that of course there was no major change as their values remained the same. B2 sees that the change happened due to their growth, and more people were hired.

Company C told that internationalization increased hecticness in their organization. The internationalization has required resources to support the Spanish sales channel. During the interview, there was no mention of recruiting more people into the organization except the

reseller for Spain and a person to help with the contract negotiations. As other companies have mentioned recruitments, it would seem to be natural that the hecticness increases if internationalization is managed with their current employees. C1 sees that hecticness was caused the desire to succeed with the right partner. They wanted to make the processes and relationship work smoothly and well. They told that as they got a big company to their customer, they needed to put a big effort into thinking about how the processes would work in that big company because they did not have all the processes ready for their customer. That, of course, requires resources that decrease other areas' resources.

“For example, when Company [large Finnish organization] became a customer in Finland, it has changed our processes. Of course, you have had to think about how you can as smoothly as possible serve a large organization when we may not have ready processes for all points. It is constant development, and through it, of course, it eats up resources from Finland and other areas.” (C1)

Company D notices a similar change in their organizational culture as company B. They switched the language from Finnish to Swedish, which in the beginning decreased the small talk and even caused misunderstandings in communication. D2 points out that their rituals have changed a bit as their mode has changed from start-up to more like a big organization that has happened through clearer processes and roles. According to D2, it has been only a positive change as you do not need to be part of everything unless you want, but still, you have the opportunity to develop the organization, and it has not complicated the work. The change happened because there was a need for it.

“Maybe such a need. Clearly, the need was that hey, when there are a lot more people, then it also needs to be controlled differently. Then, of course, our own mind that we are a bigger company now and we can do bigger things. Maybe it has been that need. That it had to be done.” (D2)

Managing the organizational culture by the management

When discussing the management of the organizational culture, the answers are not similar among the companies. Company A tells that their organizational culture is managed through examples. The management executes their organizational culture through their behavior, and it

is a part of daily routines. Managing the organizational culture is maintained well, and there are given some examples that support the company's values. They give examples of how the discussion is handled openly, and they aim to keep things transparent as one of their values is openness. There is always a person who the employees can contact and ask. They also point out that as the values are chosen carefully and well, it is easier to stand behind those as well. A2 sees that it is important for them to have those values. As the COVID-19 caused an exceptional situation for the company, it was easy to lean on the values and trust that those values work during the crisis as well. This indicates that the values are chosen thoroughly, and the values work in every situation and those can be managed.

"However, it is important that we had them [values]. And there is still. And it is known that we can rely on them in the future that this will work." (A2)

Organizational culture is managed through examples in company B. B1 tells that as managers, they speak openly and speak out. They also show their weaknesses and their own mistakes and successes to support others to show them as well. As the co-founders cannot manage everything, and there are other managers as well. Therefore, they say that starting from the familiarization, they go through their values and want to make sure that everyone understands them. They also encourage their employees to let them know if there is something wrong, and then there can be done improvement. As an employee, B2 sees that the organizational culture is managed well and is glad about the management style of the organization. B2 feels that there is always a possibility to tell your opinion, the discussion is open, and employees have a great chance to make a difference and impact on the organization's decisions.

"It goes without saying for people how to communicate. When there comes an instruction, then all people understand why those changes are happening. They have been told clearly why some software is being introduced, or why it is necessary to do so, or why it is being billed in this way. That, I think, is that clarity and transparency. After that, it is really easy to obey and follow when you understand the instructions." (B2)

Company C tells that they have open discussion channels, they aim to learn from the mistakes, and they are doing by learning. As in the earlier phase said company C does not recognize their

organizational culture therefore, they do not give examples of the management of the organizational culture and recognize how it is managed.

As the company D earlier admitted that as their organizational culture has been under discussion only a short time and they have not that well defined it, they also admit that therefore it is not managed. They are interested in organizational culture and have been improving it lately, but so far, it has gone with its own weight. They can tell their values, but they do not yet recognize how these are seen in their daily actions and how these could be managed. As their HR department has been an own unit only for a bit over a year, the resources have been used to do basic things, and there have not been yet resources to focus on deeper issues. D2 says that the culture is not managed as they do not discuss much of it. Then again, the organizational culture is managed a bit as they had recently a discussion about values and if those are still suitable, and is there something that should be changed or improved. As they have taken them into account means that those are managed at some level.

“As I said earlier, that there has been a recent talk and more. It is currently under its own weight. Which is not a very good thing, of course, but now it is starting to get attention. So, I would say that so far it has done its own way, it has not been consciously managed.” (D1)

Supporting the organizational culture by the management

Answers about the support of organizational culture are very similar to managing the organizational culture. Company A tells how their management lives through values, and multiple times openness is mentioned when answering this question. Both A1 and A2 have similar answers regarding supporting organizational culture.

Company B tells that they support the organizational culture by being examples themselves. B1 tells that it is very important to communicate openly, and especially as they are working remotely, it is vital to take care of each other. The communication channels must open to avoid unpleasant situations and keep up the good work and spirit. B2 mentions that their management is always available in case the employee needs them.

“Such a culture of caring and immediacy. Not judging people, not thinking that everyone is productive machines that need to produce or else they are a problem. But that life hurts and

happens. We bring out that we also have our own lives and there are many kinds. Work is not everything. Work is a part of life, and a person will not be able to work as a robot if your own life goes all the way upside-down. Let's support it. These are really important things, and they come through our own example. -- It is maybe because that culture is spiritual, so it needs to be cherished differently." (B1)

A showing example is an important thing in company C. C1 tells that on his behalf, he tries his best to show a good example to others, such as being in a good mood and learning from mistakes. C1 also mentions that they should feel proud of their company and their product. They can feel proud of what they are doing, and they are having a unique innovation. Therefore, it should see outside of the company as well from the employees' behavior.

Company D refers to the previous question and says that as it is not that much known and managed, it is not supported either that much. They do recognize certain elements of how the management supports the organizational culture. Such as they support and encourage employees to work remotely, and they communicate openly, and there are no strict hierarchies inside the company. Everyone has a right to be what they are, and everyone can develop the company and tell the development ideas. Now they are talking and recognizing more the organizational culture and defining themselves, where they are now, and where they want to be in the future. D2 notifies that the organizational culture is not much supported as it is not even managed. It is hard to manage something that you do not recognize.

All companies were able to describe what kind of they are, and three companies directly mentioned their values. Two organizations were able to describe how these values can be seen in their daily actions. Company D admitted that they do not have a clear organizational culture, and therefore they do not see that it would be managed or supported. They showed great interest in organizational culture, and both interviewees told that this topic has been under discussion lately inside the organization, and hopefully in the future, there will be a change concerning their organizational culture and its management.

Common character for all organizations is that they mention being open and communicating openly. A couple of companies mentioned good examples of how these characteristics can be seen in their organization. But all in all, the recognition of the organizational culture was quite

pale. There were not many examples of how organizational culture is seen in their daily actions. There were interviewed two persons from three companies, both interviewees had similar answers, and often the answers were supplementing other's answers. There were no differentiating answers between the interviewees.

6 DISCUSSION AND ANSWERS TO THE RESEARCH QUESTIONS

Chapter six presents a discussion of the research and answers to the research questions. As the research approach was qualitative, the results of the interviews are mirrored to the theoretical framework which is introduced in chapters two and three. The empirical material was collected from seven interviews from four organizations. The answers to the research question and its sub-questions are answered individually.

6.1 Discussion

As the concept of organizational culture is complex and multilayered, it can be difficult to understand and recognize it. As in these interviews, there were difficulties to recognize the culture and how it appears in the organization's daily processes. The core of the culture is values (Hofstede, 2001) that are guiding the behavior of the employees (Schein, 2004). As one organization noted their culture did not change as their values did not change. Values remained the same, and therefore, the behavior remained the same as before the change.

As Hofstede (2001) had noted the differences between the national cultures and how these impact human behavior and thinking, these came up in the interviews as well. The different cultures of Swedish and Spanish compared to Finns were mentioned. All organizations mentioned the same difference between Finns and Swedish. Swedish do small talk more and, decision making takes longer.

As Kotter (1996) has noted good communication can decrease the negative impacts of the change and can help to root the change into the organization. In the interviews, there were told that communication was open and clear. This supports Kotter's claim as there were only a few

negative impacts caused by the internationalization. But generally, there were no major negative issues according to the organizations in this sample.

The decision why the organizations decided to internationalize support previous findings. All organizations mentioned that the domestic market was too limited. Internationalization is a common reason to acquire growth in a small market (Agndal & Chetty, 2007). Commonly Finnish SME's internationalize to follow their customers abroad and they want to expand their customer base (Söderqvist & Holstius, 2005) and this was also supported in this research. Company B had done some work cases abroad as their clients asked for before they had decided to internationalize. Also, Grönroos (1999) suggests that sometimes organizations internationalize by the request of the current client. Suseno and Pinnington (2018) noticed organizations appreciate if they can use the same organization domestically and internationally, and Jensen and Petersen (2014) noted that one reason why organizations internationalize is to gain access to a critical resource. Organization B was able to recruit a workforce that is skilled in languages, and they gained that access. Organization B gained both these benefits as they internationalized. They were able to serve their customers more widely and even help their customers to internationalize with their help. Company A, C, and D had a competitive advantage domestically that they wanted to use internationally as Jensen and Petersen (2014) pointed out the reason why organizations internationalize. Also, all of the organizations wanted to grow and expand their customer base.

This study supports the claim of Lejpras (2019) that service organizations are less likely to export compared to manufacturing organizations as any of the case organizations did not do exporting. One organization hired an independent reseller, two organizations chose to use sales managers and open an office in the target country, and one organization established a subsidiary in the target country.

It has been studied that commonly the organization's first attempt to internationalize is made to physically close country (Moen et al., 2004) as in this research as well. Two organizations internationalized first to Sweden, which is also one of the most common countries to internationalize from Finland (Söderqvist and Holstius, 2005). According to Erramilli (1991), less experienced organizations internationalize commonly to a less physically distant country. This finding is also supported in this research. Two organizations internationalized to Spain

that is not physically close as Sweden is, but it locates also in Europe and therefore, can say that it is not that far away physically.

Bryson and Daniels (2015) have pointed out that technological development has created new business opportunities, and according to Roberts (1999), it offers tools to serve across the borders. Both claims are supported in this study. Organization B offers services mostly virtually, and technological development has allowed them to internationalize quite smoothly and without major plans how the organization continues its operations in Finland, even the other co-founder moves to another country. Technological development has also allowed organizations A, C, and D to internationalize smoothly, as they can communicate easily through different technological devices. Company C's reseller was chosen from the CEO's network and according to Moen et al. (2004) creating networks is easier as the technology has developed. This can be seen in the case of organization C and also in organizations A and D as they have been able to successfully recruit personnel to their target countries even though they did not have business operations in the target market at that moment.

Can be said that all organizations used direct entry as their entry mode. Two of the organizations hired sales personnel and established office premises in the target country, one organization started its operations by their personnel and established office premises in the target country, and one organization hired an independent reseller to start the operations in the target country. That can be seen also as an agent. But based on Grönroos's (1991) categorization, these would be all direct entries. Then again according to the study of Castellacci study (2010) could be said that three organizations used international sales as their entry mode to internationalize that is also the most relevant channel to internationalize among the cooperation. Only organization C had operations in more than one country, but they had used a similar entry mode to both countries even it is not necessary to use the same entry mode to every country (Agndal & Chetty, 2007).

According to Moen et al. (2004) finding the right networking partner is more important than the entry mode in case a small software organization internationalizes. This finding gets support from organization C in the sense that they internationalized to Spain because their network partner was in Spain. Their network partner defined their target country. Bell (1995) notes that organizations operating in the software sector can be even small in case they are

internationalizing, as a small number of developers can create fine products. Organizations A, C, and D support this finding, as all of the organizations are small according to the SME categorization of the European Commission (2003).

Organization B told that the idea was to internationalize the organization since the organization was established. Both founders had experience in international business meaning that the managers have a global mindset and a positive attitude to internationalize. This finding supports notes by Nummela et al. (2004) and Javalgi and Grossman (2014). According to the interviews seems that other organizations' management has had a positive attitude to internationalize as all the organizations are small and all have internationalized. Especially organization D as they were established only 5 years before internationalization compared to organizations A and C. It took 11 years for organization A to internationalize and 8 years for organization C to internationalize. Of course, the time it took to internationalize since the establishment of the organization does not tell anything. It took 6 years for organization B to internationalize even though they had in mind from the very beginning that they would internationalize. More important than the age of the organization seems to be the management's vision and mindset. As Gentile-Lüdecke et al. (2019) found in their study that clear vision and communication are impacting positively on internationalization. This finding gets support from this research as organizations B, C, and D had clear visions and good communication, and their internationalization has been successful so far.

According to Söderqvist and Holstius, Finnish SMEs prefer hiring a consultant with cultural knowledge of the target country or other consulting support will be commonly used in limitations of the resources available. Organization C used a person to take care of the internationalization process and help with all the procedures and paper works but not especially with the culture. Then again organization B did not use any help with the culture, but they also hired a person to take care of the paper works and procedures in the target country. Organization A then again did some research and used available tools to study the culture of the target country. In this sense, the research by Söderqvist and Holstius (2005) is not supported by this research.

A study by Barrosso et al. (2011) pointed out that the experience of the board members can forecast the direction of internationalization as they can serve useful networks. And according

to Nielsen (2010) manager's international experiences and backgrounds can be helpful during internationalization. Organizations A and C support these findings. Organization C internationalized to Spain due the manager had networks to Spain, and organization A internationalized to Sweden as their board members had experience in internationalizing to Spain, and besides, organization A hired their sales manager ten months before the internationalization, and the sales manager had experience about internationalizing to Sweden. This can be seen that the organization thought that his experience and background could be helpful and beneficial when thinking about internationalization.

As asking for challenges organizations faced during the internationalization there were not many, or those were not major challenges that could not overcome. Organization A admits that they have had some challenges to internationalize, but it cannot be said what has caused the challenges; COVID-19 pandemic, over-optimistic goals, or something else. They have a great employee operating in the target market with excellent networks and therefore, it cannot say that the networks would cause the challenges. Common challenges that occur during the internationalization are caused by lack of finance, bureaucratic factors, target country's economic situation, lack of internal resources, communication, and human resources (Statista Research Department, 2020; Söderqvist & Holstius, 2005). These were not mentioned in any of the interviews as mainly the challenges were quite small and solvable.

As Kotter (1996) listed the reasons why the change fails it was mostly because of the management. The main reasons were the lack of communication and lacking capabilities of the management team. Therefore, these elements are important for managers during the time of internationalization or when there are changes needed in the organization. When the need for a change occurs, it is vital to get all the employees to accept it and thus avoid unnecessary resistance and anxiety that might impact negatively on the change. This requires open and clear communication and management skills from the management team. All organizations in the interviews told that their communication has been good and open. It indicates that the changes have gone well as there have been open communication channels, and the management has had the capabilities to internationalize the organization.

6.2 Answers to the research questions

The master's thesis aimed to study organizational culture and its possible change when the service organization internationalizes. To study this topic the main research question was formed and three sub-questions to support the main research question and deepen the knowledge of the topic.

To answer the main research question: How organizational culture changes when the service company internationalizes?

There was no previous study conducted concerning this issue. Multiple studies concerning internationalization and organizational culture exist. The challenge with this is to recognize the organizational culture as it is a multilayered and complex phenomenon. Change can be a long process that happens little by little. Commonly the change does not happen in one night, and change is more like a process. Organizational culture can also be an issue that is not well recognized, discussed, or managed in an organization. It is something that exists in every organization, but it is not managed in every organization. One organization told that when they internationalized, they established an executive team, and they did not mention that it would have changed the culture. It might not have affected the culture, but it can also point that noticing the changes might be difficult and recognizing the issues that happened during the internationalization are not seen due to the length of the process. Another organization hired a person to manage the team's growth before the internationalization. And this was not even mentioned when asked about the changes in the organizational structure when the organization internationalized. To see all the elements that can be part of the organizational culture and internationalization are difficult to recognize.

The internationalization method of the case companies was mostly similar. Only one organization sent a partner abroad to establish business operations there. Half of the organizations hired an independent sales manager to proceed in the target market, and one organization hired an independent reseller to start operations in the target country. Commonly the change can occur when the organization grows or something remarkable happens, such as a merger or acquisition. Therefore, in all cases there was no big change in the organizational culture as they opened independent channels whose activities were not visible for the host

organization and therefore had no impact on the organization culture. And the organization whose partner left to establish the new office was working remotely before the internationalization, and therefore there was no impact that where she was working from. The organizational structure did not change remarkably in any organization. Therefore, the notions made about the national culture by Hofstede (2001) had no impact on the organization as the new employees worked independently and did not become that much part of the host organization. Even though the target markets were culturally different as the organizations mentioned. Multiple times the slow decision making, and the different discussion culture of Swedish came up, and difference of the Spanish culture was mentioned as well. Different internationalization approaches could have had an impact on the organizational culture.

Issues that changed organizations mentioned were quite small and more like artifacts than core elements of the organizational culture. A couple of organizations told about a decreased level of communication as the main language was changed from Finnish to English. One organization had changes in their processes and clarification in practices as they grew, and therefore some changes needed to make in their work manners. But these issues did not create bigger challenges or problems according to the organizations and for example, there was not needed for a consultancy or help from a professional to solve the challenges.

When observing Schein's three levels of organizational culture, the lowest level is basic underlying assumptions that is the core of the organizational culture and extremely difficult and slow to change due to the manner those underlying assumptions are formed and harnessed in use. (Schein, 2004) And this might be one reason why there were no big changes in the organizational culture as the organizations did not change or modify their values. There could have been minor changes in the upper levels of the pyramid because it is easier to change artifacts than the values. So, all the issues brought up by organizations can be categorized as artifacts, and therefore the change was possible to happen and notice. In case something from the lower levels of the pyramid would have changed, it might have required more effort to see the change, and as mentioned noticing and recognizing all the elements of organizational culture seemed to be challenging in most of the organization.

To answer the first sub research question: Can the company recognize their organizational culture?

As organizational culture is a complex phenomenon, it can be hard to recognize. Therefore, there were offered three organizational culture models including verbal explanations for the interviewees to ease the answering and assist the interviewee to recognize the organizational culture. These were provided in advance of the interview. It is also possible that everyone sees their organizational culture differently as it is a complex and multilayered phenomenon, as can be seen from different models describing the organizational culture. In case the phenomenon would not be that multilayered, there would not exist so many interpretations of it, and there would be one universal definition for it. All the elements that are part of the organizational culture are not seen as a part of the organizational culture. Therefore, these are taken for granted and not explained to the interviewer.

The problem to see the change in organizational culture could arise from the problem to define the organizational culture. One out of seven interviewees used an offered model to explain their organizational culture and therefore was able to recognize and explain heroes, rituals, and values of the organization. Two out of seven interviewees admit that they do not have an organizational culture, and one out of seven was able to explain their organizational culture well, explaining the values and how these affect daily life. Therefore, three out of seven interviewees did not explore the organizational culture much, values were told. The definition of the organizational culture was pale and lacking.

Interviewees were able to define their values but were lacking to explore their rituals, heroes, and symbols (Hofstede, 2001) or define their structure according to Mäkipeska and Niemelä (2005) or describe their artifacts (Schein, 2016). A deeper understanding of the organizational culture was lacking. One organization admits that it does not have a clear organizational culture. They are currently developing it, and therefore in the future, the recognition of it might be easier. That might be the situation for other organizations as well that they are lacking the knowledge of their organizational culture, therefore it is difficult to recognize it, but organizations do not want to admit the lacking knowledge. As every organization has organizational culture either they are aware of it or not (Schein, 1999).

To answer the second sub research question: Which factor impacts the change of the organizational culture?

The interviewees were able to present some reasons that affected the change of the organizational culture. According to the companies, the reasons were a change of the language, an increased number of employees, the need for the change, and the increased workload. In this research, interviewees did not notice changes in the organizational culture except for some small issues. Thus, it is difficult to see the factor that has impacted the changes as the changes are not noticed.

Commonly the organizational culture changes when, for example, the size of the organization grows as the people and the processes are shaping the culture. A new department of the organization can create a new subculture, or it might impact the organizational culture in case processes change. Organizational culture grows as the organization grows. One of the case organizations told that during their internationalization, they needed to change their spirit from startup minded more like professional minded. That required changes in their minds but also in their processes and structure of the organization.

Hofstede (2001) presented how national culture impacts human behavior, thinking, and values of the organization. Hofstede found differences between nations, and this could be one factor impacting the change of the organizational culture. As Lam and White (1999) noted managers might face challenges with employees from a culturally diverse background. The amount of how much physical presence is needed to complete the service is an impacting factor on the change. The more people are required from the host country to be part of the international processes, the more it can have an impact on the organizational culture. But in this research, these factors were not seen due the employees did not work in multicultural environments or were not needed to be physically present in the target countries.

To answer the third sub research question: How the management can impact the change?

Each organization told that the discussion about internationalization was done openly and therefore there were no surprises concerning internationalization. As mentioned, there were difficulties to note the change, and thus can be said that management has managed the change

well. As the leadership has great power and it impacts the success of the change (Galli, 2018), and according to the interviewees the internationalization processes have gone well.

As Barroso et al. (2011) noted, board members who have stayed long on the board can slow down the internationalization process and their experience can impact the direction of internationalization. This gets support from two of the case companies as the idea of internationalization came from their board members, and in one organization the idea came up soon after two new members joined the board. And their previous experience led the organizations for the markets where the new board members had the experience. Therefore, can be said that the management can impact the change by their decisions. The board members' experience and decisions guided the path of internationalization. Also, management's networks seemed to be in a big role during the internationalization. Two organizations noted that the network of management had a great impact on the success of internationalization. One organization decided the target country based on its networks, and another organization created a well-working network in the target country that helped their business abroad and was helping them to establish permanent operations abroad.

Management has plenty of possibilities to impact the change. Organizational culture is seen to impact job satisfaction (Belias & Koustelios, 2014; Gregory et al., 2009). And by having a rare and imperfectly imitable culture, the company can achieve sustained superior financial performance (Barney, 1986). These are in the hands of the management as according to Armenakis et al. (2011) cultural leader who can manage the artifacts of the culture is the base of the culture. And by own example, the managers can show to the employees what kind of organizational culture of the organization is and how it should maintain.

7 CONCLUSIONS

The final chapter of this master's thesis concludes the research and presents practical implications. Limitations of the results are pointed out, and suggestions for future research are represented.

7.1 Conclusions

Organizational culture can be a powerful tool to improve job satisfaction and business performance, and leadership can impact the organizational culture. This study showed that organizational culture is a complex phenomenon that is difficult to recognize and understand, and therefore its benefits are not fully exploited. Organizations struggle to see all the elements of the organizational culture. To be able to increase job satisfaction and business performance by organizational culture first the organization must understand their organizational culture. Organizations should invest their resources to study their own organizational culture.

The change of organizational culture was not found in this study when the organizations internationalized. There can be two reasons for this. The organization did not recognize its organizational culture, and therefore noticing the changes can be difficult. Another reason can be the mode of internationalization. Service organizations did not need to make changes in their organizational structures as they hired independent personnel to establish the new sales channels. In case the service type would have required more physical presence from the host organization's personnel the change could have occurred. One reason why the organizational culture did not change was that organization's values did not change as these are the core of the organizational culture. Only the artifacts or the softer elements of the organizational culture changed a bit as a result of internationalization.

As leadership has a lot of impact on the organizational culture, it also has a lot of impact on internationalization and how it is seen and felt in the organization. The communication of the management impacts how the internationalization goes. Open communication channels and atmosphere increase the possibility to succeed in internationalization.

7.2 Practical implications

Even though the results of this study are a quite limited couple of main implications can be made. The organizations should take organizational culture more seriously and use resources to support it as it increases job satisfaction and has an impact on the financial performance of the organization. Exploiting the organizational culture of organizations can increase the performance of the organization.

As the organization internationalizes, the mode of internationalization has an impact does the organizational culture change. In case the organization outsources its international businesses, there seems to be no change in the organizational culture. But in case the host organization is more involved in the target country's operations, the organization should take into consideration the possible change, and how to manage it and how to avoid failure during the change. The capability of management and communication skills are very important during internationalization and the changes. The organization should either put effort into the education of the management team or use an experienced consultant.

As it comes to internationalization, the board members and management of the organization commonly have valuable experience that should exploit. Their experience about the process and the target country should recognize valuable. Networks of the management and the board members can be very useful and can help the internationalization.

7.3 Limitations and future research

This master's thesis is just a scratch about organizational culture and internationalization. Therefore, this study has some limitations that should understand when reading it. The study included only four case organizations, and seven qualitative interviews were conducted. With a bigger amount of data, the result could have differentiated highly. Also, the limitation of the sector of the organizations limits the results. As in this case, all the organizations operated in the service sector and had outsourced their internationalization processes. The employees or the management was not tied so much to the target country's operations that it would have had a great impact on the organizational culture. And even in one case, the management was tied to the operations of the target country, but the organization's common operation mode did not require presence in the office, and therefore it had no impact. Also, all the organizations were small in size. The variation in the size of the organization could make a change in the results.

For future research, it would be interesting to study a similar topic but more broadly as combining qualitative and quantitative methods by conducting a qualitative questionnaire for employees and interviewing the management team. Or in case the organization needs more physical presence of the employees in the target country, and there would be more, for example,

employees who operate in both countries regularly. Does this bring any change to the organizational culture? Besides, it would be interesting to study does the result differ in other sectors such as agriculture or industry. Or even if categorizing the service sector more precisely. As in this study, the sectors were not divided into smaller sectors. The time frame could be different as well. The research could be implemented as follow-up research, and the interviews or questionnaires could be done regularly during a certain period.

This topic is broad, and there is an unlimited number of options on how to proceed from this. The complexity of the organizational culture brings its challenges when studying this topic. This study is just a scratch about an interesting and multilayered phenomenon that should be studied more.

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APPENDICES

Appendix 1. The interview questions with the case companies

INTRODUCTION

1. Describe your job. What is your title, what are you responsible for, and what do you do?
2. How long have you been working in this company before it internationalized?
3. Please describe with your own words your company's organizational culture.
-To support this question different models of organizational culture will be shown (seen in part 2).

INTERNATIONALIZATION

4. You have recently internationalized. Why did the company internationalize, and why this certain country?
5. Could you describe the internationalization process, how you have internationalized?
6. How was the internationalization planned and executed?
7. How was the organization prepared for the change?
8. What kind of changes there were in the organizational structure?
9. How was the management communicating the changes during the internationalization process?
10. What kind of challenges did you face during the internationalization process?
11. What went well in the internationalization?

CHANGE OF THE ORGANIZATIONAL CULTURE

12. Can you see any change in the organizational culture after the internationalization, how was it before, and how is it now?
13. In your opinion, what caused the change?
14. In your opinion, how organizational culture is managed in your company?
15. How has the management supported the organizational culture in your company?
16. What were the goals of internationalization, and how were these achieved?