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OULU BUSINESS SCHOOL

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LEADING ORGANIZATIONAL CULTURE WITH RECRUITMENT AND PERSONNEL SELECTION IN INTERNATIONAL GROWTH-STAGE COMPANIES

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Abstract

The goal of this thesis is to find out how international growth-stage companies lead their organizational culture with recruitment and personnel selection. The theoretical framework of the study consists of two main themes, organizational culture and human resource management (HRM). In HRM, the focus is on recruitment and selection functions of the organization. Empirical part of the study is a qualitative study, which was composed from three semi-structured interviews among growing, international companies. The data collected in interviews was analysed by using Gioia methodology and presented in the findings based on the dimensions created by Gioia.

The research question of this study is "How international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection?". Based on the findings the research question was answered in a following way: In international growth-stage companies, recruitment and personnel selection are used as a tool of preserving the original organizational culture, and companies trust their recruitment personnel's ability to find the cultural matches among the applicants in the interviews. The main finding of this study is that the focus of leading the organizational culture is on preserving the current culture. Remaining in the same is seen as development instead of trying to change the culture. Features such as openness, agility, empathy and giving responsibility were appreciated in the cultures. Case companies did not use specific methods such as personality tests in selection, but they trusted on interviews and open discussion. Companies were trying to find matches among applicants, who share the similar company values and can cope and enjoy working in the culture of the organization. Growth creates pressure for the recruitment function, but companies are not willing to compromise their culture and values by hiring unsuitable employees.

The findings of the study were mainly in line with previous research. The interrelated nature of HRM and organizational culture came up in the theory as well as in the interviews. Interviewees had noticed, that acting according to the company values and culture can lead to improved financial performance, which is a view supported also in the literature. What was new, was discovering that the order of values can guide the culture and how employees make decisions in the organization. The theory and practice do not either match when discussing the best selection method, because in practice, companies seem to prefer less structured, open interviews instead of other, more structured methods.

Keywords	
Organizational culture, human resource management, recruitment, personnel selection, person-organization fit	
Additional information	

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1   INTRODUCTION

This thesis will focus on finding out how international companies facing a growth-stage lead their organizational culture with recruitment and personnel selection. Organizational culture is examined, because at the best, a good culture attracts the best employees into the company (Catanzaro, Moore & Marshall, 2010) and increases their commitment and job satisfaction (Hashimi, Rehman & Ilyas, 2018). People in the company form the culture (Lawler, 2017, p. 45), thus choosing the right people is crucial in order to develop or remain the desired organizational culture. That is the reason why the focus of this study is on recruitment and personnel selection functions of human resource management (HRM). The framing enables us to focus more closely on these two functions instead of the whole broad field of HRM.

The context of this study is among growth-stage companies, who are either start-ups or more mature companies facing an expansion phase. This context gives interesting insights because in the stage of fast growth, the recruitment needs to be efficient and the company must to have clear lines regarding what type of people it wants to select. Also, making bad decisions in the recruitment phase is costly for the company (Lawler 2017, p. 45). Other requirement for the interviewed companies is that they must be either already international or aiming for international markets. This outline is made because Finland does not offer big enough growth opportunities for many companies. The second reason for the outline for international companies is that our education program, master's programme in international business management, has strong focus on internationalization. Thus, international human resource management (IHRM) is also taken into consideration in the study. This study considers HRM as a strategic function instead of administrative one, which is why strategic human resource management (SHRM) and talent management perspectives are also discussed.

When the company grows rapidly, it needs to develop new processes for leading their organizational culture. If a company is young and small, the culture can be embedded into the founders (Schein, 2017, p. 130). However, companies mature, and the same processes that worked well in the beginning might not be suitable anymore when the company employs 50 or 500 people instead of the initial five. Therefore, the theme of this study is interesting especially for young companies who want to gain information

on how to lead their culture through the growth-phase. These growing companies might want to maintain their initial start-up style culture or take their culture into new direction, and the growth-phase with its recruitments gives an opportunity for that. The topic is relevant, because employees want to enjoy the atmosphere at the work place, and they can even choose their employer based on the suitable organizational culture (Schneider, Goldstein & Smith, 1995). Thus, it is important that the companies can intentionally lead their culture to the desired direction. The information provided in this research would be important for HR departments of international companies who are, or are going to be, in a growth-stage and need to develop their own processes. Thus, they have a need for efficient international recruitment, which should also support the culture of the company.

Findings by Kontoghiorghes (2016) illustrate that there is a strong relationship between high performance cultures with attracting and keeping talented employees as well as the employee attitudes of motivation, satisfaction, and commitment. Thus, investing in creating and maintaining a high-performance culture is beneficial both for employees and the company. Catanzaro et al. (2010) found that majority of employees preferred working in a company with supportive organizational culture even though the salary would be lower. Consequently, some of the employees are willing to choose their work place depending on its culture.

These studies illustrate how crucial it is for the company to lead their organizational culture intentionally. Some previous studies (Catanzaro et al, 2010; Schneider et al, 1995) have examined how the organizational culture and using the culture in communication effects the talent attraction and recruitment function. However, this study aims to focus on the recruitment and selectin functions from perspective of company's practices in recruitment and personnel selection. Thus, aim is to find out with what kind of practices the organizations ensure that they find employees with a good person-organization fits and are suitable for their culture.

"Organizational culture and human resources management are interrelated, since the creators and users of culture are people working in the organization" (Vetrakova et al., 2015). This quotation illustrates the intertwined relationship between HRM and organizational culture. On the other hand, the organizational culture leads the HRM

decisions and recruitment function, but HRM can also be used as a tool for leading the organizational culture. As HRM and organizational culture are interrelated and their relationship can not be described unambiguously, they are not separated in this study. Instead, this study finds its research gap in this interrelated relationship and its effects on recruitment and personnel selection functions. This thesis will give information of how this relationship is seen inside the companies and how the organizational culture and recruitment function are connected in practice.

The primary research question of this study is:

1) *How international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection?*

And taken into consideration the interrelated nature of culture and HRM, the secondary research question is:

2) *What kind of practices can be identified in the recruitment and personnel selection functions that take the organizational culture into consideration?*

The primary research question is set in a way that assumes that recruitment function of the company leads the organizational culture, but the interviews can reveal that the relationship is other way around in practice. It will also be studied whether companies lead their organizational culture intentionally or is it more embedded to the unconscious behavior. The interviews will also reveal what kind of is the desired organizational culture in today's growing international companies and besides recruitment and personnel selection, how companies tend to lead their culture. It will as well be discussed whether the interviewed companies are happy with their current organizational culture or is there something they would like to change and how it has been planned to do. These sub questions listed above will help on creating further understanding of the phenomena and on answering the main research questions.

The research questions are answered with qualitative methods in this thesis. Data for the qualitative study is collected with semi-structured interviews by interviewing international growth-stage companies. The study is descriptive in nature, which means

that it describes the studied phenomena, in this case the relationship between organizational culture and HRM. Interview data is analyzed with a Gioia method, and findings are presented based on the dimensions created in the Gioia analysis.

Next chapter, chapter number two, will start the theoretical framework of the thesis by discussing the theme of organizational culture. Chapter three forms the other half of theoretical framework and covers human resource management in those parts that are relevant to the research topic. Chapter four focuses on the execution of the empirical part of the study and deals with methods of qualitative study in more detail. After that, the chapter number five presents the findings of the empirical part of the study. Chapter six concludes the thesis and discusses the findings of the study in relation to previous research.

2   ORGANIZATIONAL CULTURE

Organizational culture can be defined as beliefs, values, and basic assumptions that members of the organization share (Schein, 1985, p. 3). Organizational culture is omnipresent and works often unconsciously. It exists to work as a glue that ties employees together and makes them feel like they are part of the organization. (Mahajan, 2018.) Schneider (2000) has claimed that culture is the most powerful force within the organization, and its impact supersedes all other forces. The following chapter discusses the theme of organizational culture starting from basic definitions to leading organizational culture and ending with the significance and role the organizational culture has in the entire organization.

2.1   Defining organizational culture

Louis (1985, p. 74) has defined organizational culture as "a set of understandings or meanings shared by a group of people. The meanings are largely tacit among members, are clearly relevant to the particular group, and are distinctive to the group. Meanings are passed on to new group members". Even though there are many different definitions of organizational culture, most of them agree that culture is "shared" among the members of the organization (Martin, 2002, p. 61). Another feature that is common to most organizational culture definitions is a use of word "unique" or "distinctive", meaning that the characteristics of the organization can rarely be found in other organizations (Martin, 2002, pp. 62–64). Schein (2017, p. 5) argues that culture includes nearly everything that the group has learned while it has evolved. He also claims that culture is abstract and unconscious to group members, but still has powerful influence on their behaviour (Schein, 2017, p. 15). Thus, defining organizational culture in unambiguous, generally accepted way is not a simple task. In this thesis the basic definition from Schein (1985, p. 3) in the beginning of chapter 2 is used as main definition of organizational culture.

Elements of organizational culture can be observed through cultural levels (Schein, 2017) or cultural forms (Martin, 2002) for instance. Martin (2002, p. 65) defines that cultural forms include rituals, organizational stories, jargon, humour and physical arrangements. Rituals are carefully planned and executed set of activities with defined

roles for members of the organization and they are regularly repeated (Martin, 2002, p. 65–71). For example, a new employee can be welcomed with a so called "initiation ritual" (Martin, 2002, p. 68). Organizational stories consist of narrative sequence of events combined with set of meanings or interpretations (Martin, 2002, p. 71). Jargon is a special language that only members of the culture understand. It consists of field specific technical jargon and emotional jargon concerned with feelings. (Martin, 2002, p. 77.) Fourth cultural form is humour, which is usually not funny for outsiders (Martin, 2002, p. 81). Physical arrangements such as architecture, interior décor and dress code, are easy to see which makes them powerful cultural clues (Martin, 2002, p. 83). This classification of cultural forms is used in the empirical part of the study to describe the organizational culture of the interviewed companies.

Schein (2017) classifies the structure of organizational culture with cultural levels. The levels vary from tangible elements to unconscious assumptions. The first level, artefacts, consists of visible and feelable structures and physical elements. Artefacts include factors such as physical environment, language, products, clothing, myths and stories about the organization, published values, rituals, ceremonies and overall climate of the group. The second level, "espoused beliefs and values", which are ideals, goals, values, aspirations and ideologies, guide the decision-making inside the organization. Third level is called "basic underlying assumptions" and it consists of unconscious beliefs and values that determine how members of the organization think, feel and behave. (Schein, 2017, pp. 17–25.) After defining the core elements of organizational culture, the next chapter discusses more closely the theme of how the culture is developed and how it can be led to desired direction.

2.2   Leading and development of organizational culture

Schein (2017, p. 131) states that new organizations are created when somebody wants to do something different. If a group of people share this vision and the values of the founders, a new culture is born (Schein 2017, p. 131). Founders usually have strong opinions on how the organization should be run, and they are confident to share these ideas to their partners and employees and by that, start the culture-formation process of the organization (Schein, 2017, pp. 130–132; 181). Culture is important for young companies and especially for start-ups, who need culture to ensure the individuals

working for the company for the future success (Rogers & Paul, 2018). Rogers & Paul (2018) have summarized that in start-ups the culture is transparent, open in communication, non-hierarchical, adaptive, flexible, and fast-paced. In the early stages of the organization, primary cultural creators are still present in the organization, culture distinguishes it from other organizations and the organization makes its culture explicit (Schein, 2017, p. 234). The culture is taught firmly to new employees, or the employees can even be selected for initial compatibility (Schein, 2017, p. 234).

Organizations grow and mature, and the early days during which the culture was strictly embedded into leaders, do not last forever. Schein (2017, p. 237) describes that organizational midlife is a stage at which funder owners pass the operational control of the organization to promoted or appointed managers. These new leaders should have the competence to bring the organization to the maturity, but they should also have values and attitudes that are compatible with the culture of the organization, or otherwise they will fail in their new position (Schein, 2017, p. 238). The change leaders should also be able to create processes that enhance those parts of the culture that provide identity and distinctive competence for the organization (Schein, 2017, p. 238). Consequently, when an organization faces a maturity phase after founding, it should create new processes to be able to maintain and develop the desired organizational culture. This idea is adopted to the empirical part of the study, in which organizations in different phases of growth are asked what kind of processes they have developed for taking organizational culture into consideration in recruitment and personnel selection.

According to Schein (2017, p. 15), strength of the organizational culture depends on the length of time, stability of group membership and the emotional intensity of the learning experiences that the members of the organization have shared together. Thus, strong organizational culture does not emerge immediately. Culture is expected to be somewhat stable, as it defines the group (Schein, 2017, p. 10). However, as new conditions arise and new members with different values join the organization, culture must also evolve and be dynamic (Schein, 2017, p. 10). Dutch (2013) states that even though continuity of culture is expected, culture is still dynamic in its nature and "cultural persistence is imperfect" (Trice & Beyer, 1993; as cited in Dutch, 2013). Consequently, people expect culture to be stable, but in order to survive in both

external and internal pressures (Schein, 2017, p. 10), organization needs to adapt and develop its culture.

If an organization wishes to develop its culture, HRM and especially personnel selection are strong tools. Schein (2017, p. 243) argues that culture can be changed by altering the composition of the dominant groups of the organization. Lawler (2017, p. 45) explains that selection process defines what sort of individuals work for the organization, and by that, shapes the organizational culture of the organization. However, as McAfee et al. (2002) have stated, shared attitudes, beliefs and patterns of behaviour of the organization develop over a long period of time, which makes them slow to change too. Thus, even though an organization would change its HRM practices, the culture takes its time to conform (McAfee et al, 2002).

Organizational values affect strongly the organizational culture, but as Viinamäki (2012) states, culture and values are not a same thing. He summarizes that "while values are the beliefs, the culture is the outward representation of certain key underlying beliefs" (Viinamäki, 2012). Shared values are important for creating a strong organizational culture (Viinamäki, 2012). Viinamäki (2012) claims that values and value-based leadership (VBL) can be used in creating and managing the organization's culture and climate. VBL can be defined as a leadership that is based on moral principles or values such as integrity, empowerment and social responsibility (Reilly & Ehlinger, 2007). Hence, using a value-based leadership style is one option on how to lead organizational culture to desired direction. Sharma (2017) found that organizational cultural values such as fairness, growth opportunities and the reputation of the organization have positive effect on the job satisfaction of employees. Consequently, the power of values in the organization and its culture should not be neglected. The significant role that values play also in recruitment and talent management will be discussed more in detail in chapters 3.1 and 3.2.

2.3   Role of organizational culture in HRM

Catanzaro et al. (2010) found in their research that organizational culture is significant in the applicant attraction process. They found that men were more likely to pursue for a job in a competitive organization, but most of both male and female applicants were

more interested in working for supportive organization than competitive one, even thought the salary would be lower (Catanzaro et al., 2010). Milman (2001) had similar findings among hourly employees, whose retention was predicted with self-fulfillment and working hours rather than monetary rewards. Thus, employees who worked in an organization which organizational culture supported self-fulfillment and consistent working hours, were less likely to plan changing their employer (Milman, 2001). These examples illustrate that employees can value good, supportive culture even more than the level of salaries.

Kontoghiorghes (2016) has studied high-performance cultures and found that high-performance cultures have positive effect on talent attraction and retention, and also for employee satisfaction, work motivation and commitment. He defined that high-performance culture is change-, quality- and technology-driven culture, which supports creativity and open communication and the has respect and integrity as core values (Kontoghiorghes 2016). Schneider et al. (1995) found that organizational culture and how well the organizational goals fit the applicant's own personality, plays a key role in whether the applicant will accept the job offer or not. Sheridan (1992) conducted a research among college graduates hired by accounting companies and found that new employees remained voluntarily 45 months in organizations whose culture emphasized interpersonal relationship values, whereas employees hired in companies emphasizing work task values stayed only 31 months. Employments were on average 14 months longer, which had a significant impact on the organizational effectiveness (Sheridan, 1992). Even though companies would not aim for zero turnover rate, too big resignation rates become costly for the organization due to recruitment, selection and introduction costs and the loss of tacit knowledge. Consequently, organizational culture plays a significant role in HR related functions such as employee attraction, recruitment and personnel selection.

When it comes to the desired organizational culture, besides the supportive culture (Catanzaro et al., 2010; Milman 2001) discussed above, ethical culture seems to be sought-after among potential employees. The study by Jose & Thibodeaux (1999) states that many employees prefer working in ethical environment, and organizational culture plays an important role in the ethical strategy implementation process. To sum up, the desired organization culture that attracts employees and helps the recruitment

process is supportive, ethical and supports creativity and open communication and has values to which the applicant can relate themselves to.

One goal of employee attraction through communicating organizational culture is finding employees with good person-organization fit. Person-organization fit concerns the conditions and consequences of compatibility between employees and the organizations which they work at (Kristof, 1996). High levels of person-organization fit can be achieved through hiring activities, and it promotes positive organizational outcomes such as employees' commitment, job satisfaction, flexibility and retention (Kristof, 1996; Catanzaro et al., 2010). In order to be successful, employee's individual values and organizational values should fit, and the organizational values should be communicated by managers beginning from the recruitment process throughout the entire employment (Kristof-Brown, Zimmerman & Johnson, 2005). Thus, it is not enough that the organization has the desired culture and values, it also needs to find ways to communicate these efficiently for potential employees in order to find good person-organization fits.

2.4   Organizational culture and strategy formation

Organizational culture plays a significant role not only among HMR, but other functions of the company as well. Vetrakova et al. (2015) have observed that formation of organizational culture has influence on the so-called hard elements of the organization such as organizational structure, strategy and plans. Balthazard, Cooke & Potter (2006) found that if organization's goals are inconsistent with its culture, the members of the organizations are not behaving in effective and efficient way. Dutch (2013) states that even though organizational culture is not directly incorporated into the strategy, culture helps in shaping the strategy and plays a role in its formation. Lloyd-Jones, Lewis & Eason (1999) point out that the core values embedded into the culture, either intendedly or unintendedly, affect the strategy formation and by that, the performance of the business.

This strategic role of organizational culture impacts on the creation of sustainable competitive advantage of the organization. Barney (1986) discovered that companies can gain sustainable competitive advantage and superior financial performance

compared to their competitors from their cultures. The attributes that Barney (1986) connected to these cultures that can create sustainable competitive advantage were valuable, rare and imperfectly imitable.

To conclude, organizational culture is significant not only when it comes to HRM function of the company, but also regarding the strategy formation and building the sustainable competitive advantage of the organization. Efficient communication of culture and values is needed if the organization desires to attract employees, select employees with good person-organization fit and retain the talents inside the organization. In the next main chapter, the HRM function of the organizations is covered in those parts that relate to the research question, "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection?".

3   HUMAN RESOURCE MANAGEMENT

Human resource management (HRM) is a core function of any company employing people. Boxall, Purcell & Wright (2007, p. 63) define, that the mission of HRM is to support the viability of the organization by maintaining a labor management system that is both cost-effective and socially legitimate. Torrington, Hall & Taylor (2005, p. 4) also state, that successful HRM requires constant balancing between the strategic and financial needs of the organization and the hopes of the people working there.

Even though there is no universally appropriate set of HRM practices (Dutch 2013), the basic tasks of HRM can be recognized. Torrington et al. (2005, pp. 7–8) define that HRM function has four main objectives. First, the staffing objectives ensure that the business is suitably staffed. Second, performance objectives of HRM aim to ensure that employees are well motivated and committed to give the best possible performance for the company. Third, HRM has change-management objectives, thus HR function needs to lead change in the organization by reorganizing activities. Fourth objective is related to administration, which means meeting administrative and legal goals in order to ensure the smooth running of the organization. (Torrington et al., 2005, pp. 7–8.)

Boxall et al. (2007, pp. 2–4) categorize human resource management into three major subfields. First is the micro HRM (MHRM), which is concerned with HR policy and practice. MHRM consists mainly of functions for managing individuals such as recruitment, selection, familiarization, training and development, performance management and compensation. Strategic HRM (SHRM) focuses on broader context and on how the functions listed above connect to other organizational activities and goals. (Boxall et al., pp. 2–4.) The third subfield, international HRM (IHRM) discusses the processes of HRM in the global context (Briscoe, Schuler & Tarique, 2012, p. 11).

This chapter of the thesis will discuss human resource management in relation to the research question, "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection". As listed above, MHRM includes number of different functions, but in this thesis the focus is only on

recruitment and personnel selection functions in order to gain more in-depth image with narrower focus.

3.1 Recruitment & Personnel selection

Finding and hiring suitable employees to fill the vacancies is one of the most crucial tasks of any HR department. In this chapter, we focus on two phases of the process, recruitment and selection. Firstly, recruitment process consists of searching for and attracting the suitable applicants to create an applicant pool (Briscoe et al., 2012, p. 222). Secondly, selection focuses on information search and analysis about the applicants in order to find the most suitable person for the job (Briscoe et al., 2012, p. 222). These two functions are often difficult to distinguish, but as Orlitzky (2007) summarizes, selection pares down the number of applicants, whereas recruitment makes this paring down possible. Both are crucial processes, because if they are failed and suitable employees are not found, employee turnover grows and return of investment in selecting, hiring and training is not achieved (Lawler, 2017, pp. 45–46). Lower labor turnover costs can also give the company some competitive advantage compared to its competitors (Lawler 2017, p. 12).

Recruitment

Orlitzky (2007) states that recruitment practices are context dependent and contingent in nature, which means that it is unlikely that there are any recruitment practices that would always work or matter. He concludes, that recruitment research has shown that the suitable recruitment strategy may depend on factors such as labor market conditions, hiring practices of other firms and the industry context (Orlitzky, 2007). Because of that context dependency, and the abundance of different recruitment practices, this thesis will not focus on listing all the possible practices and focuses only on the areas of recruitment that are interesting considering the research question.

When it comes to recruitment process, creating and communicating a suitable employer brand is beneficial for the organization. Khalid & Tariq (2015, p. 352) define that "employer branding is the appliance and use of branding philosophy to human resource management". Organizations should create a positive brand image in order to

make working in the organization desirable in the eyes of potential applicants. A company should find and highlight some aspect of working experience that distinguish them from other companies who target the same applicant pool. Organizations with good brand image can end up getting more unsolicited applications, which decreases their recruitment costs. (Torrinton et al., 2005, p. 132.) Attracting the suitable applicants and decreasing costs is important, because recruitment can be expensive and difficult process if the labor markets are tight and the required skills short in supply (Torrington et al., 2005, p. 121). Khalid & Tariq (2015) state that employer branding can be helpful in overcoming the continuous shortage of talent.

One way to attract suitable employees in the recruitment literature is to highlight the culture of the company. Catanzaro et al. (2010) found in their research that highlighting the values of supportive organization culture played a significant role in the applicant decision-making process whether to accept the job offer or not. Cable, Aiman-Smith, Mulvey & Edwards (2000) discovered in their study that companies tend to share information that encourages applicants to hold favorable, rather than accurate, cultural beliefs of the potential employer. Thus, organizational culture can also be communicated to applicants in an untrue manner. Employer branding does not only attract potential employees, but it also engages current employees to the culture and strategy of the organization (Khalid & Tariq, 2015). Thus, employer branding is one way to communicate the organizational culture not only for potential employees, but also for the existing ones and by that, strengthen the organizational culture.

Personnel selection

The selection decision is one of the most crucial ones the organization makes, because employees who comprise the organization direct and enact all aspects of organization's activities (Schmitt & Kim, 2007). Selection is a two-way process, because at the same time than the organization make decisions regarding the applicants, the applicants make decisions between organizations. The applicants make their decision based on the used selection methods and the information provided by the organization. If sufficient amount of accurate information is given, the unsuitable applicants can withdraw from the process. On the other hand, potentially admirable recruits can withdraw if there is a lack of information. (Torrington et al., 2005, p. 141.)

Selection process can consist of different phases and requirements such as use of application forms, self-assessment and peer-assessment, testing, work portfolios, checking references and different types of interviews (Torrington et al., 2005, pp. 144–157). Besides these traditional methods, social media can nowadays be used as a source of information in the selection process, but the relevance of the information to the selection must be carefully determined (Lawler, 2015, p. 54). The final selection decision is made based on how well the applicant suits the chosen selection criteria (Torrington et al., 2005, p. 158). Selection methods should be validated in order to be able to justify the selection decision in a reliable manner for rejected applicants for instance (Torrington et al., 2005, pp. 159–160). Careful validation, that takes all the elements that effect the final decision into consideration, improves not only the selection process, but also the performance of individuals and the entire organization in a long run (Lawler, 2015, p. 55).

Schmidt & Hunter (1998) found in their broad review of research literature that the use of valid selection methods predicts better work performance of individuals. The use of proper selection methods has also economic value, since the gains of increasing the validity of hiring methods can rise to significant sums of money over time (Schmidt & Hunter, 1998). However, Schmidt & Hunter (1998) discovered in their research that traditional unstructured interviews most companies use as a main selection method do not predict the future performance of an employee accurately. The validity of performance prediction grows when a structured interview is used (Schmidt & Hunter, 1998). Moore (2017) argues that companies do not use structured interviews because they are more boring for all the parties involved compared to less structured ones. Structured interviews are also more costly and usually include job knowledge components and therefore can not be used for selection of entry-level, inexperienced applicants (Schmidt & Hunter, 1998). Other selection methods, such as job tryouts and probationary periods, are more accurate on predicting the future work performance, but they are more costly and time consuming compared to the widely-used interviews (Moore 2017). Thus, the choice of selection methods matters when organizations aim to find the talents who are able to make their best performance for the organization.

Growth's effect on recruitment and selection functions

Because this thesis focuses on the recruitment and selection practices in the growth-stage companies, it is important to shed light on how the growth-stage affects and should be taken into consideration in the hiring process. One company type that grows in especially fast phase are start-ups, who need to recruit as fast as possible in order to keep up with the growing workload (Rogers & Paul, 2018). Rogers & Paul (2018) found in their research that being flexible and agile is crucial for start-ups who build their HR practices because they live under constant change. However, flexibility can make the organization to resist the efforts to create consistent, standardized HR practices (Rogers & Paul, 2018). They also found that start-up culture affects recruitment efforts in two opposite ways; on the other hand, their mission and values attract talented people, but if those people lose their confidence on the leaders of the start-up and their values, they also leave the company faster (Rogers & Paul, 2018). Early employees of start-ups can also resist recruiting talent from outside the company for senior positions that could lead to change in operating procedures and culture, because they have been used to more flexible processes and their own access to decision-making (Rogers & Paul, 2018).

Leung (2003) argues that compared to bigger organizations young, small and growing entrepreneurial firms face unique challenges in acquiring the needed human resources. These challenges usually deal with lack of resources and lack of organizational legitimacy. Leung (2003) found in his research that in early days of the entrepreneurial firm, the firm uses social network recruitment because they do not have the resources to recruit the core team members from outside the entrepreneur's social circle. Thus, strong social ties play a key role in acquiring human resources. When a company transitions from a start-up phase to a growth phase, it starts to utilize business networks in searching the employees. Besides these resource issues, Leung (2003) states that while these entrepreneurial firms transit from a being a start-up to a growth phase, the requirements for finding good person-organization fits changes significantly when the organizational context changes. In the early days of the firm it needs to focus on survival, and a cohesive team who shares similar values and backgrounds is needed in order to cope with uncertainty. Later, during the growth phase, a company should find

employees with more diverse perspectives and skills in order to support the future growth. (Leung, 2003.)

Lack of consistent HR practices (Rogers & Paul, 2018) and lack of resources (Leung, 2003) are examples of challenges that young and small companies face in their recruitment efforts. More mature firms can face difficulties in recruitment due to increased competitiveness and competing organizations who try to attract the same talents, international companies need to be culturally aware and sensitive in their recruitment process, and the organization must decide whether to hire an outsider or seek appointment inside the organization (O'Meara & Petzall, 2013, pp. 6–8). Thus, even though the resources do not limit bigger organization similarly than the smaller ones, they face different challenges in finding suitable human resources. The next chapter focuses more on the strategic role of recruitment and personnel selection in the organization by discussing those functions through the lenses of talent management.

3.2 Talent management

According to Kontoghiorghes (2016), talent management is becoming a new strategic cornerstone for human resource management. Cappelli (2008) defines, that talent management is simply about predicting the need of human capital and making a plan to meet that need. Lawler (2017, p. 1–2) states that as work and organizations are changing rapidly, traditional and bureaucratic HR functions and practices are not keeping up with the change pace, and talent management is needed to lead the human capital efficiently. As organizations consist of individuals with different talents and goals, an effective, strategy-driven talent management system is needed in order to ensure the success of the organization (Lawler, 2017, pp. 1–3). Lawler (2017, p. 10) argues that in the coming years, talent will become the most crucial asset for organizations, and the asset that makes a difference between winners and losers. Lawler (2017, p. 10) summarizes his argument for talent management against traditional HR staffing practices by stating that "those organization that attract and retain the right kind of talent and treat it, reward it, develop it, and deploy it correctly, perform better than those that simply fill jobs with people".

The staffing process of talent management begins with recruiting process, which needs to be organized in a way that attracts the right talents and is in line with organization's strategy (Lawler 2017, p. 32). In talent management, it is crucial to identify the critical talent groups for the company and target the communication towards those groups (Lawler 2017, p. 42). Organizational branding and reputation should give an accurate image for potential employees of the expectations the organization has for its employees and what working for the organization would be like (Lawler 2017, p. 33). Thus, organization should be able to communicate the potential talents about its organizational culture in order to attract the right kind of employees. Ohlrich (2011) found in his study that flexibility, career development, and a matching value set between interviewee and corporation were critical factors for employee attraction. Coldwell, Billsberry, van Meurs & Marsh (2008) have studied how the ethical fit between person and organization affects the employee attraction. Their results illustrate that fits between individual ethical orientations and company's ethical reputations create positive attitudes and behaviours among potential recruits (Coldwell et al., 2008). Consequently, building a suitable employer brand, for instance based on ethical values, is beneficial in attracting matching employees.

Employer brand should also be realistic, which means that both pluses and minuses should be communicated openly instead of only highlighting the benefits in order to find talents who are, once hired, pleased with their working environment and conditions (Lawler 2017, pp. 33–34). Talent management effects also employee retention, which refers to policies and practices the company has for preventing the talents from leaving the company (Baharin & Wan Hanafi, 2018). Recruitment and selection are expensive processes, so one aim of talent management is to decrease the turnover-rate and increase retention of talents. Alshathry, Clarke & Goodman (2017) found that loyalty to an employer brand has positive impact on the existing employees' retention perceptions towards their employer.

The second step in the talent management process is selection, which is one of the most important processes for the organization due to its costly nature in both time and money (Lawler 2017, p. 45). Lawler (2017, p. 45) argues that selection process is a continuation for the talent attraction, and it defines whether an individual accepts the job offer or not. Selection process needs to focus on the skills that are critical for the

success of the organization, and at the same time make sure that the candidate is a good fit for the organization's management approach leadership style (Lawler 2017, p. 46). The selection process is also crucial because it defines what kind of individuals work for the organization and by that, can shape and change its culture (Lawler 2017, p. 45). Thus, selection of the talents is one way of leading the organizational culture to the direction the organization desires.

3.3 Strategic human resource management

The field of strategic human resource management (SHRM) aims to move HRM from strictly administrative role towards a more strategic role that is crucial to the firm's success (Dutch, 2013). According to Dessler (2013, p. 17), SRHM refers to HR practices and policies that aim towards creating employee competencies that company needs in order to achieve its strategic goals. In this chapter the strategic role of recruitment and organizational culture is discussed through the lens of SHRM.

Orlitzky (2007, p. 274) has defined that in order to call recruitment strategic, it needs to be able to answer effectively to following five questions: "(1) whom to recruit? (2) where to recruit? (3) what recruitment sources to use? (4) when to recruit? (5) what message to communicate?". Thus, activities need to be consistently planned in order to be able to achieve organizational goals such as growth. Abraham, Kaliannan, Mohan & Thomas (2015) argue that HR managers in SMEs are aware of SHRM, but they might lack understanding of the role of recruitment and personnel selection as a link between HR strategy and firm strategy. They state that recruitment and personnel selection should not be treated as routine function, and instead try to find good "fits" between individual, job and organization in a strategic process (Abraham et al., 2015).

SHRM is based on HR practices that follow the firm's strategy, which in turn is affected by organizational culture (Wei, Liu, Zhang & Chiu, 2008). Thus, organizational culture has indirectly effect on SHRM. Wei et al. (2008) research among Chinese enterprises found that culture facilitates SHRM adoption, and different types of cultures affect SHRM process differently. They found that suitable culture not only facilitates SHRM adoption but can also have a direct effect on firm's performance as well (Wei et al., 2008). In the context of Wei et al. (2008) study, "developmental"

culture which illustrates dynamism, innovation, growth and entrepreneurial spirit was found to be most likely to affect the firm performance. Hence, creating a culture that supports the strategic goals of the organization and guides HR decisions can help improving the overall firm performance. Kontoghiorghes (2016) has argued that if an organization wants to become a high-performance system, they need to develop a culture that allows them to effectively cope with strategic trends.

3.4   International human resource management

International human resource management (IHRM) studies the impact of HRM practices of international enterprises in the global context (Briscoe et al., 2012, p. 11). One of the biggest challenges companies face today is their ability to adapt their HRM practices to the norms and values of different cultures they operate at (Trudel, 2009). Operating in multiple countries comes with new cultural norms and values which can be a source of misunderstandings (Vetrakova et al., 2015). This phenomenon does not anymore consider only large organizations, but the smaller companies too when they pursue for new opportunities outside their domestic market (Trudel, 2009).

Vetrakova et al. (2015) define that employees of transnational companies can be either host-country nationals, parent-country nationals (expatriates) or third-country nationals (staff from third countries). This growing variety of cultural diversity of employees makes HRM of international companies more complex than managing human resources only in local environment (Vetrakova et al., 2015). Even though cultural diversity can bring difficulties and misunderstandings, it is nowadays considered as a core issue effecting business success, profitability and growth (Robbins & Coulter, 2012, p. 99). It has been found that HRM practices that support workplace diversity have a positive effect on the organizational performance (Triguero-Sanchez, Pena-Vinces & Guillen, 2018).

Typical employment task in international company is to find a person for managerial position in foreign subsidiary, and in these cases, companies often use expatriates (Briscoe et al. 2012, p. 222). Especially young companies tend to use parent-country national expatriates to develop their international sales and operations more often than internationally mature companies (Briscoe et al. 2012, p. 223). However, a growing

number of MNEs hire local people to manage the operations around the world (Briscoe et al. 2012, p. 233). In both cases, HRM has a key role in recruiting and selecting the right person for the international task. Briscoe et al. (2012, p. 225) state that international company should always use multiple recruiting sources to increase diversity among workforce but also to generate a larger pool of applicants.

Trudel (2009) states that before international assignment, the HR department of a company should be actively involved in the hiring process and ensure, that the proper selection criteria are applied through the entire process. Vetrakova et al. (2015) present criteria for selecting staff who wish to work in international company. According to them (Vetrakova et al., 2015, p. 6), the recruitment should take into consideration the "ability to work with people, past experience of staying and working abroad, understanding of the culture of foreign country, achievement of the expected level of education and mastery of the foreign language". Besides the fact that finding employees who fill the selection criteria, it is also challenging for the company to find employees who are willing to take the international assignment which has effect on their family-life as well (Briscoe et al., 2012, pp. 227–228).

Trudel (2009) argues that HR managers need to be able to keep track of their international mobile employees the same way than of their domestic resources, because then the company has bigger pool of high-talented individuals to choose from and to prepare for possible international assignments. Globalization makes human capital and talent a global resource, and that concerns talent management function of the organization too. Companies need increasingly to source talent globally in order to be competitive, and they also must be able to manage talents coming from different national cultures. (Lawler 2017, pp. 4–5.)

Organizational culture plays a significant role in IHRM. Vetrakova et al. (2015) state that in international context, national cultures of employees and managers impact the formation of organizational culture, which in turn affects the overall management including HRM. In international organizations, there is an inevitable tension between their global corporate identity and the dominant local cultures of the countries they operate at (Martin, 2009, p. 23). Briscoe et al. (2012, p. 123) argue that in multinational companies, the organizational culture reflects the values of their founders at least

initially. Besides the values of founders and employees, organizational culture can also reflect the characteristics of national culture of the parent country. For instance, in USA many companies have competitive organizational culture, which aligns with their masculine national culture (Catanzaro et al., 2010). However, when operating internationally, Briscoe et al. (2012) claim that organizational culture often overcomes the national culture of the host country. For example, many companies who originate from Scandinavian countries prefer having also women in senior management positions, and they tend to do this also while operating in cultures in which it is rare to have women in such positions (Briscoe et al., 2012, p. 123).

Trudel (2009) argues, that if a company wishes to pursue international exposure, it should integrate its HRM practices with other resources, such as organizational culture, of the organization. As the organization ties the HRM practices and the culture aiming for internationalization together, the employees are more likely to accept the new global values, which in turn promotes the efficient realization of organization's business strategy (Trudel 2009). Thus, organizational culture and values which support the IRHM practices advance the success of business strategy too.

3.5 Relationship between HRM and organizational culture

Since the research question of this study is "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection", it is crucial to understand the relationship between HRM and organizational culture. Vetrakova et al. (2015) argue that organizational culture and HRM are interrelated, because the people who work in the organization are creators and users of the culture. McAfee, Glassman & Honeycutt (2002) describe the two-way, symbiotic relationship of HRM and organizational culture by stating that HRM policies both directly influence and are influenced by corporate culture. Ferris, Arthur, Berkson, Kaplan, Harrell-Cook & Frink (1998) suggest in their article that the core values and culture of the organization drive the formation of its HRM systems.

In practice, HRM decisions affect the formation of the organization's culture and HRM can be used as a tool for leading the culture. Lawler (2017, p. 45) mentions that selection process defines what kind of individuals work for the organization, and by

that, shapes the organizational culture of the organization. On the other hand, organizational culture can direct and determinate the choices made in HRM. Sheridan (1992) states that organization's cultural values influence its HR strategies such selection and placement choices. These examples of personnel selection illustrate the interrelated nature of HRM and organizational culture.

McAfee et al. (2002) recommend that there should not be any inconsistencies between firm's culture and its HRM strategy in order to be successful in other strategic functions, such as supply chain management, of the organization. Inconsistencies however can occur because the culture conforms slowly to changes in HR practices, because some managers are less capable of implementing the firm's HRM policies, or because other factors than HRM affect organizational culture too (McAfee et al., 2002). Thus, inconsistencies between culture and HRM can arise from many different sources and affect the business negatively. Dutch (2013) found in his research that HRM practices that conflict with organizational culture are resisted in the organization, whereas culturally neutral practices are tolerated.

HRM function today is expected to go beyond its day-to-day tasks and focus more on the broader picture and longer-term, strategic issues (Dessler 2013, p. 17). DuBois & DuBois (2012) define that HRM's role nowadays is to go beyond the administrative duties and support the organization in developing cultures that foster innovation and change. As was defined in the beginning of the chapter 3, one primary task of HRM is to foster change in the organization (Torrington et al., 2005, pp. 7–8). The article by DuBois & DuBois (2012) combines organizational culture in this picture, as they define that HRM function has key role in enhancing and supporting organizational culture changes. Martin (2009, p. 23) states that nowadays HR function needs to establish appropriate culture inside the company for supporting high performance working and increasing employee commitment.

To summarize the theoretical framework of this thesis, the main concepts are illustrated in the figure 1 below. The two-way arrows between the main theoretical concepts, HRM and organizational culture, illustrate their interrelated nature. Both affect and are affected by each other. HRM needs to be strategic in order the company to survive in today's competitive environment. Organizational culture too plays a role

in strategy formation, and strategy affects the culture. And since this thesis focuses on growth-stage companies, the condition of growth is added into the figure.
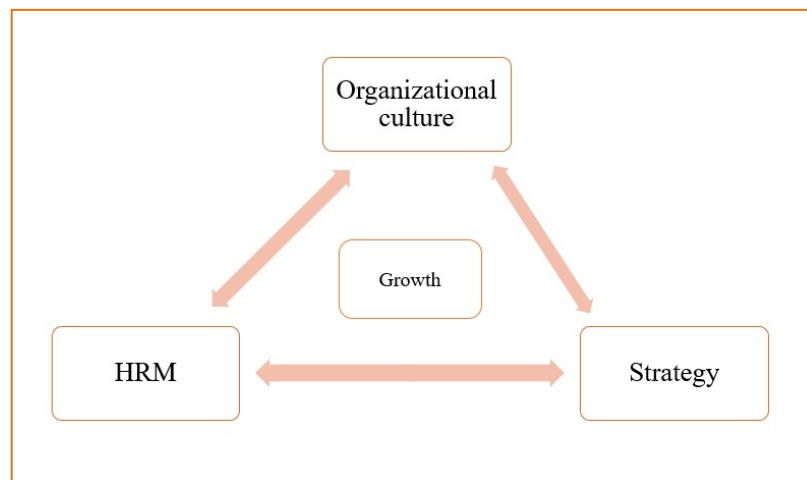
Figure 1. The relationship between HRM, organizational culture and strategy.

The empirical part starting from the next chapter is needed to gain better understanding of the relationship between these three concepts, culture, HRM and strategy. The goal is to find out, how these concepts are connected in practice in the organizations, and what kind of processes they have for either maintaining or developing their culture with HRM and especially recruitment and selection functions. A new version of figure 1 updated with the empirical evidence will be presented in the end of the findings chapter. The next chapter discusses the methodology of this thesis and how the empirical part of the study is conducted.

4   METHODOLOGY

The empirical part of this study aims to answer to the main research question, "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection". The goal is to reveal how companies see the relationship between HRM practices, especially recruitment and personnel selection, and organizational culture. The study will point out how the existing culture affects the companies' decisions in HR, as well as how the culture is lead with recruitment and personnel selection. The following chapter discusses the research methods used in finding the answer for the research question and presents shortly the interviewed case companies.

4.1   Research methods

This study will answer to the research question by using qualitative methods. Qualitative methods are used to describe phenomena that are socially constructed and interpreted through cultural meanings. Qualitative approaches are usually focusing on interpretation and understanding, whereas quantitative approaches are concerned with numbers, testing of hypothesis and statistical analysis. (Eriksson & Kovalainen, 2008, pp. 4–5.) Qualitative data can help us to understand people, their actions and motivations and the broader context at which they work and live (Myers, 2013, p. 8). The aim of this study is to understand the relationship between HRM and organizational culture, and how companies lead the organizational culture with recruitment function. And since the focus is on understanding the phenomena and giving suggestions for less mature companies, qualitative methods suit the purpose better than the quantitative ones.

Empirical investigation relies on empirical data from natural or social world and aims on contributing to the existing knowledge of a specific field (Myers, 2013, p. 11). The process of empirical research in the field of business and management is presented in figure 2. Research topic should be relevant to the existing body of knowledge (Myers, 2013, p. 12). In this thesis, the existing body of knowledge consists of concepts, literature and research findings from the fields of organizational culture and human resource management. Empirical evidence from the qualitative research will

contribute to the practical side of the field. This kind of research can be called as relevant research because it aims being relevant to business practitioners (Myers, 2013, p. 12). Practitioners that could find this research useful are HR departments of start-ups and other growing companies, or companies who would like to develop their organizational culture. This study is a descriptive study in nature, which means that it describes the characteristics of the studied phenomena, in this case the relationship between HRM and organizational culture. However, even though the study is a descriptive one, less mature companies can gain information of how to lead their culture in practice.
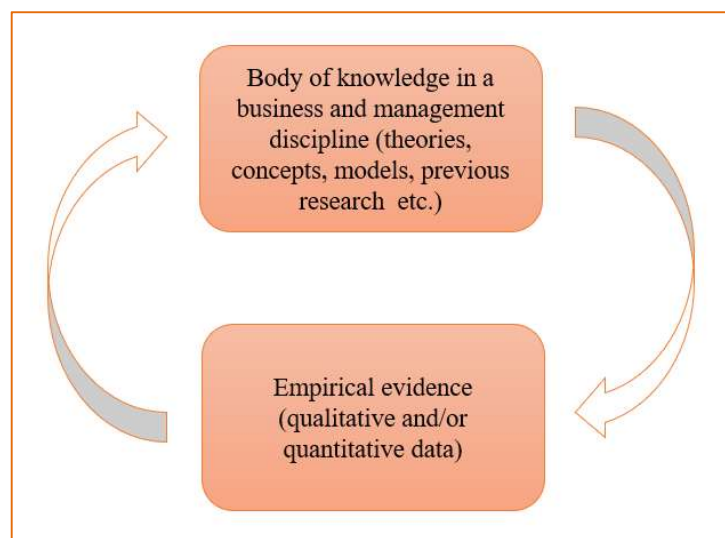
Figure 2. A model of research in business and management (Adapted from Myers, 2013, p. 11).

Social science research has two basic models of doing research, deduction and induction. Deduction is a theory-based way of doing research, whereas induction bases the theory on empirical research. The pure deductive or inductive researches are rare, and many studies follow the combination of these two logics, abduction. This means that in different phases of the study, both induction and deduction are used iteratively. (Eriksson & Kovalainen, 2008, pp. 21–23.) Abductive logic will be used also in this study. The interviews and by that, the empirical data will be built based on existing literature, but after analyzing the data the iterations can be made to the theoretical framework if needed. The whole process of making the study will be documented carefully in order to improve the quality of the research.

From different qualitative research methods and strategies, in-depth interview study describes this study the best. The idea is to find information about the studied phenomena and find answers to "why" and "how" questions with in-depth interviews with chosen case companies. In this research, the phenomenon that is studied is understanding the relationship between HRM and organizational culture, and the context is among growing international companies.

4.2 Data collection

The first part of the study consists of a literature review, which is constructed from scientific articles and books related to the theme. The empirical data for the qualitative study was collected with interviews, and employees from three international growth-stage companies were interviewed. The interviews and the companies are listed and shortly presented in the table 1. All the interviews were conducted in Finnish since it is the native language of both interviewer and all the interviewees and allows more fruitful conversation compared to using English. To protect the anonymity of the interviewees, the companies are referred to with numbers and the interviewees with letters in the text.

The interviews were semi-structured interviews, which means that the themes and questions are outlined from beforehand, but the form and order of questions can be modified. The advantage of this type of an interview is gaining in-depth information in an informal discussion, but at the same time the material is somewhat systematic and comparable. (Eriksson & Kovalainen, 2008, p. 82.) Semi-structured interview allows some improvisation, which gives an opportunity for the interviewee to add important insights he/she discovers during the interview (Myers, 2013, p. 123). The outline for the interview of this study is presented in the Appendix 1.

	Company 1	Company 2	Company 3
Interviewee	A	B	C
Date of the interview	17.4.2019	24.4.2019	26.4.2019
Duration of the interview	1:00	1:06	0:50
Position of the interviewee in the company	Chief Human Resource Officer	CEO	Director, Research & Development
Interviewee has worked for the company for (years)	9	7	7
Line of business	E-learning	Mobile solutions for hospital & health care	IoT solutions
Number of employees	185	25	In Finland 40–50, globally <100
Company founded in	2003	2004	2011
Company operates in (countries)	Finland + offices in 5 other countries	Finland + Sweden	Finland + global offices in 9 countries

Table 1. List of the interviews.

Company 1 is a Finnish-based company founded in 2003 whose business focuses on E-learning platforms. Company has grown due to acquisitions and employs currently 185 people in Finland and five other countries. Currently company 1 is in a strong growth-phase and employs approximately 50 new people per year. Interviewee A has been in the company 1 for nine years and works as their Chief Human Resource Officer. Thus, interviewee A is responsible for their recruitment and selection functions both domestically and abroad.

Company 2 offers mobile solutions for the field of hospital and health care and is a Finnish-based company founded in 2004. They have a challenging path behind them, and their business had its breakthrough only in 2015. Company employs 25 people and operates in Finland and has one big customer and a small office also in Sweden. They are currently in a situation in which they are aiming for new markets, and due to that, they need to invest in their team and recruit new people which creates prerequisites for operating in those new markets. Interviewee B has worked for the company for approximately seven years and has been their CEO for six and half years. Company 2 does not yet have a person responsible for human resource management, so the interviewee B is in charge of recruitments due to his position as their CEO.

Company 3 is a Finnish-based company founded in 2011 and its core business is among IoT solutions. They employ in Finland 40–50 people, and besides that they have global offices in 9 other countries. They are currently in a phase of a fast-growth when it comes to the turnover, but they focus on growing wisely and investing into their own ecosystem, which allows them to grow significantly but to recruit new people in a moderate phase. However, they need few dozen new employees in the near future depending on their projects. CEO of company 3 is responsible for the big picture of their HR, but directors of departments are in charge of HR tasks such as recruitments for their own department. Therefore, the Director of Research & Development was interviewed. Interviewee C has worked for the company for seven years, almost since the beginning of their business.

4.3   Data analysis

The interviews were taped, and the tapes were transcribed afterwards. Transcriptions were altogether 31 pages long. The gained empirical data was analyzed by using the Gioia method. In the Gioia method, the data is analyzed in three stages. First, it was coded and categorized into 1st order concepts. Then, the theoretical level of themes was formed (2nd order themes), and finally, elevated into aggregate dimensions. (Gioia, Corley & Hamilton, 2012.) The first-stage categorization was made by color coding the interview transcriptions. Then, the rest of the analysis was made by using sticker notes and locating them into Gioia type figure.

The analysis is illustrated in the table 2. The first-stage categorization was made based only on the empirical material, but in the later stages, theoretical concepts such as "person-organization fit" and "competitive advantage" were also combined with empirical data to create the themes and dimensions. Appendix 2 presents a table which illustrates how 1st order concepts were formed from the text citations of the interview data. The results of the study will be presented based on the dimensions created in the analysis in the following findings chapter and compared with the theoretical framework in conclusions.

1st Order concepts	2nd Order themes	Aggregate dimensions
Financial rewards from acting according to the values	Conscious actions and less formal activities towards supporting and developing the culture	Symbiotic relationship of organizational culture and HRM
Doing things together, having fun, small actions, little things		
Management, HR and employees as representatives of the culture	Finding "matches" or "person-organization fits"	
Unofficial interviews, trusting into one's intuition, cultural interviews		
Employer branding, being interesting, competitive		
Doing things in their own way, doing things differently	Being unique, having competitive advantage	Organizational culture supports/enables/implements strategy
Separating themselves from the competitors		
When people feel good in the organization, they do good business	Acting according to the values/culture creates financial value	
Acting according to the values has led to a good business		
Agility, giving responsibility, flat organization	Remaining in the same, holding on the start-up culture	Pressures of growth
Knowing each other, openness		
Knowing each other no longer possible due to the growth	Creating new structures and processes	
Different offices, different countries, need for more efficient communication		
More bureaucracy, more control, preserving the best quality		
Effects of growth on recruitment (pressure, rush, need for clear process)		

Table 2. Analyzing the interview data with Gioia method.

5   FINDINGS

This chapter presents the findings collected from the semi-structured interviews. First, the organizational culture of each of the case companies is presented to give background information for the following findings. Then, the findings are demonstrated based on the aggregate dimensions created in the Gioia analysis. In the end of this chapter, a revised version of figure 1 is presented and the research question, "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection", is answered. The results are compared and reflected to previous research in the discussion and conclusions in chapter 6.

Defining the organizational culture begins often with values. Company 1 has communality as their basic value, and the other main values, development, responsibility and customer orientation, are built upon that basic value. Communality creates the culture, because when spending time together as a team, employees take responsibility not only of themselves but also of the team which helps the entire organization to develop. According to interviewee A, other characteristics that describe their organizational culture besides those four values are caring, giving responsibility, being open and having open flow of information.

Company 2 has defined that their three core values are reliability, which includes justice and equality, empathy and urge to be the best. Interviewee B highlighted that despite all the three core values are important, the order in which the values are followed is crucial. For example when the company meets a tricky situation in which making a certain decision would bring them quick money but at the same time fail the trust with some party involved, they do not choose the money because the other two values, reliability and empathy, always become before the urge to be the best in business. Besides these core values, interviewee B described that their culture is open and fair, people are encouraged to be themselves and employees must feel good and enjoy working there. Concrete example of their open culture is that they do not arrange meetings behind closed doors, and any employee can attend all those meetings.

Company 3 had just recently defined their three core values, which are dedicated, determined and daring. Even though the basic values were defined not so long ago, they are not what the organization would like to be, but what they already are and how they operate. When it comes to the organizational culture, interviewee C summarized that their company started as a start-up, and they have managed to maintain the start-up kind of "buzz" and a very agile way of working. They have a flat organization which gives people a lot of responsibility and their culture is very open. A unique feature to company 3 is that it is owned by a family, who is also actively participating the operative activities of the company. According to interviewee C, it creates a "warm culture of a family business".

What is common to all three companies is that their values and culture highlight being open and being responsible and giving responsibility to employees. However, they had all defined their own set from three to four of core values and those values highlighted different things. The use of phrases was also different among the interviewees. Since company 1 has longer history than company 3 and more employees that company 2, it has possibly paid most attention to their culture, and interviewee A used the exact term of "organizational culture" in her answers. Whereas interviewee B discussed a lot more about "values" and how values are the basis of all they do. When discussing about preserving the culture, interviewee C in turn used a term "identity" to describe the essence of their organization. Thus, in every-fay life in the organizations different terms can be used to describe the same phenomena.

Martin (2002, p. 65) has defined that cultural forms that illustrate the organizational culture in practice include rituals, organizational stories, humour, jargon and physical arrangements. When it comes to the rituals, different events and parties such as office Christmas parties and summer parties came up in the answers of all the interviewees. Company 1 publishes a year calendar in the beginning of the year to announce the dates of the parties, sauna evenings, beer tastings, board game evenings and sports events in order to take the employees families into account and so that people can plan their participation in advance. Interviewee A described the rituals as follows:

> " …it always somehow describes that moment and where we are going. Always when we do something, it's connected to why it's done. It's not like we are just

having fun because we are spending time together, but instead there is a kind of a deeper meaning. But it doesn't ever, I mean always, have to be told to the employees that ´because´ and instead they do it with that feeling that everything doesn't have to be linked to the word of ´strategy´ or ´mission´…" (Interviewee A)

This citation illustrates how company A links its rituals to the bigger picture and the situation that the company is facing. Interviewee B saw that the most important thing in their shared rituals is doing something different and special together and simply, having fun. To replace the lack of proper coffee room and shared coffee breaks, they have created a Friday beer tradition. They have also learned to celebrate their accomplishments rather easily, because once in the past they waited to pop the champagne so long that the cork had already dried during the wait. Besides the traditional Christmas and summer parties, interviewee C mentions that they have a nice tradition of quite spontaneously after work day to barbeque outside their office during the summer. They are also actively involved in the activities of a local sports club, which is something that company 3 employees do together. Thus, all the companies have both systematic and spontaneous rituals that illustrate and reinforce their culture. However, company 1 had connected their strategy, even though not using that word, to these rituals, whereas companies 2 and 3 saw them more as an opportunity to simply spend quality time together.

When discussing the organizational stories, interviewee A mentioned that the stories are passed from one employee to another and kind of from previous generation to the next one. These organizational stories are fun, important to the employees and are told to new employees right after they begin working in the organization. Thus, company 1 uses stories to include and familiarize new members to their culture. The third cultural form, humour, has recently aroused discussion among the company 1 employees. Some employees had felt that the humour used in the organization had been bad humour, but after discussing the theme together they had come into conclusion that the so called "dark humour" is part of their culture and it should not be limited if it is not directed to insult a single person. Interviewee C combined the jargon, humour and physical arrangements into single answer by telling that their jargon and humour are rich, and it is supported by the fact that they operate in an open-plan office which it is a strength for them. Interviewee B too highlighted the importance of open

office environment as a source of open organizational culture. Interviewee A told that when it comes to the physical environment, people can choose what their work space looks like. They also have free time spaces in all their offices, which supports their core value, communality.

5.1   Symbiotic relationship of culture and HRM

This chapter discusses the interviewees' answers related to the relationship between organizational culture and HRM. Two main themes are related to firstly, conscious actions and less formal HR activities our case companies have towards supporting their organizational culture, and secondly, how they find culturally suitable "matches" or "person-organization fits" in their recruitment processes.

Company 1 has taken the idea from acting according to their culture and values into their reward and salary politics. At the office Christmas parties, a challenge trophy in the form of a stuffed fox is awarded to a person who has at some level acted according to the company values in his/her work. For instance, last year it was given to a person who always helps her colleagues, aims for cross-functional activity and highlights the company value of development. Acting according to the values forms also a specific percent of every employee's personal salary.

Interviewee B told a story related to the culture of company 2 and how culture can sometimes be more important than salary. One of their employees had received a job offer from another company, and instead of considering the offer only by himself he came to discuss it with interviewee B. The environment in the company enabled this open discussion and gave interviewee B an opportunity to answer to the job offer. Together they came into conclusion that the employee will move to a previously discussed new role in company 2 a bit earlier than was planned before, and at the same time the salary can be raised a little. However, the salary was still probably lower than in the offer from the other company, but still, it was easy for the employee to decide to remain in company 2 because he had enjoyed working there.

These two examples from company 1 and 2 illustrate that financial rewards can be used to support and enhance the organizational culture, but at the same time, culture

can be more significant than salary when employee makes decisions about their retention. When discussing the values, interviewee B explained that their third value, urge to be the best, does not mean titles or amounts of money, it is simply that employees need to have to urge to success and be a bit better all the time. Two of the three interviewees also described that organizational culture consists of "little things". Interviewee B highlighted that even though the company 2 was having a rough phase in their business when he became their CEO, he has always wanted to highlight the idea of having fun, and those fun, little things people do together are special and create the culture. Interviewee C did not highlight this issue of "little things", but his example of the spontaneous, casual barbeque evenings, illustrate the same phenomena. Interviewee A summarized the theme as follows:

> " …it's all about the little things, that's something that many people don't realize when they think that they should develop something really big. They are those little things that the culture is made of and to which people are committed to and from which they feel relevance of. Not how much they are paid bonus each year but those smaller things." (Interviewee A)

One theme that came up while discussing about the organizational culture is how the whole organization from the top management to HR-professionals and other employees represent and manifest the culture through their own actions. Interviewee C mentioned that their organization has a culture of transparency "all the way down from the top management". He also stated that employees create the organization and its culture. Similarly, interviewee A stated that their CEO is very open and speaks directly, which influences the jargon and humor that the entire organization uses. Interviewee A also emphasized that it is crucial that HR-people themselves represent and love the culture and participate activities, because otherwise their efforts are artificial. Thus, all employees whether they are on-duty or off-duty, represent the culture and create the employer brand and image which affects also the recruitment process.

Interviewee A stated that since the employer branding is a part of HR, they have objectives and key results in their leadership model that are related to development of the organizational culture, which keeps the culture constantly on focus. Interviewee C mentioned that in order to have a good employer brand and image the basics such as

being successful and having interesting products technologies need to be in order. However, when we talk about recruitment and attracting potential employees, he argued that nowadays applicants are becoming more and more interested into "softer values" such as how the organization treats its employees and even how ethical their operations are. Media plays also a role in this employer branding and employee attraction process. Interviewee B told that a couple years ago they had hard time getting applications for open coder positions, whereas in the recent recruitment they got 25 applications to the similar position. Thus, after they had become more successful and had been visible in media, it became easier to attract employees and get applications.

In the recruitment process companies can highlight their culture and values in the recruitment advertisements they publish in different channels. Interviewee A mentioned that their culture comes out somehow in their recruitment literature, but it could be highlighted even more. However, she said that their advertisement is more personal and different than the ones of their competitors. They also connect a career stories made of company's current employee from similar position to the advertisement to give a better image of what working for them is like. Company 1 also gets quite a lot of applicants who say that they applied the job because the job advertisement was so good. As was mentioned earlier, company 2 has managed to gain more application compared to past, which is due to the visibility in media but also due the fact that they have recently paid a lot of attention to what the advertisement and their web site looks like in the eyes of the potential applicant. The recruitment advertisements of company 2 already highlight their main values in order to find applicants whose values match with company's values.

Company 3 invests a lot on their brand image and the message they send to potential employees. They participate actively to different seminars and university events, and interviewee C described that "it is about constantly being present". Interviewee C also told how they do not believe in "hoo-ha and fuzz" in the recruitment advertisement, and they rather trust that their company and the interesting position speak for themselves. And before investing big sums of money to recruitment, company 3 relies on its employees and their networks. Of course, suitable employees are not always

found through the networks, but interviewee C stated that the network recruitment has worked quite well so far.

When the recruitment process proceeds to selection phase, all three case companies had a bit different idea on how they find people who are most suitable for their culture. Company 1 uses a two-phase interview process, in which the first interview is called culture interview and is solely focused on questions about culture and values. The applicant is for instance asked to how he/she sees developing themselves, does he/she usually participate to common activities, and how he/she tends to bear responsibilities. If the interviewer sees that the applicant is culturally unsuitable for the organization, he/she does not advance to the second, substance focused interview. Interviewee A explained that some small hiccups during the first interview does not necessarily lead to disqualification, but those unclear issues can be addressed also in the second interview or followed more carefully once the person starts working in the organization. Interviewee A also emphasized that the idea is not necessarily to find suitable ones, because quite a many types of people suit for their organization, but the idea is to find the unsuitable ones who do not for instance have sufficient social skills to be successful in their tasks.

Company 2 highlights open discussion during the interview and that in those discussions the interviewer tries to reveal whether the applicant is suitable for their organization. Interviewee B told that many of their applicants have already paid attention to the values emphasized in the recruitment advertisements and are willing to bring out those values during the interviews. Interviewee B stated that as well as it is important to find the employees who match to their organization, it is equally important to make sure that the organization matches for the applicant. Thus, aim is that the employee has a suitable position and enjoys working for the company.

A bit similarly to interviewee B, interviewee C told that he tends to trust into his own intuition during the interviews. Because he meets the potential applicant at least couple of times before the selection decision, he has time to get an accurate impression of the person. Interviewee C also brought up that he does not tend to believe on the different personality and aptitude tests available. In his opinion, the advantage gained from buying such test does not correlate with the money the company spends and the bother

it causes for the applicants. In the best-case scenario, some of their network contacts knows the applicants from a longer period of time which increases the chance that he/she is culturally suitable. But if that is not the case, interviewer must trust the rather unofficial interviews and his/her own intuition during the selection process. And if for some reason the selection decision turns out to be wrong, both employee and employer can terminate the employment contract during the trial period. However, as interviewee C highlights, they have never had to rely on that remedy, because so far, they have been successful in finding suitable employees, but it is good to know that the trial period exists as a risk management tool.

To summarize, these companies have a bit different philosophy when it comes to finding out whether there is a good person-organization fit between the applicant and the firm. However, they all trusted on human interaction and traditional interviews and discussions rather than some structured psychological tests in the selection process. When it comes to the international perspective that this thesis has, interviewee A was the only one to have more experience on that field. She carries out the cultural interviews also for their foreign offices, and she stated that the recruitment and selection processes are similar in all their offices around the world. Company 2 has its only foreign office in Sweden; thus, interviewee B has experience on only a couple of recruitments there. He mentioned that different laws and regulations demand extra effort in international recruitments, and when they opened their office in Sweden, they used a local consultant to assist in the process. The R&D department interviewee C runs is located in Finland, so the recruitments he is involved are local.

5.2   Organizational culture as enabler of strategy implementation

In this chapter the strategic aspect of organizational culture is discussed. The two themes that arose from the interviews related to the question of how organizational culture can bring also financial success for the organization are having competitive advantage from being unique and creating financial value from acting according to the values.

All of the three interviewees discussed at some point during the interviews how important it is to be unique, do things differently, or do things in their own way.

Interviewee B described how their company tends to "stand out in a positive way" in different events. For instance, during the most important domestic trade fair of the year company 2 arranges a preparty, which has grown into an event that is very popular and anticipated among the fair visitors. The culture of their company and the mentality of "simply having fun" is passed on to outsiders of the organization and they know that when company 2 arranges an event, "there is going to be something special". Interviewee C described in turn that their office culture is "very original in a positive way". He also described how they have a huge drive of solving things and doing things in ways that they have never been done before.

Different partners are crucial for any organization to success, and the organizational culture is often visible and meaningful in the relationships with the partners. Interviewee B told a story of how they were starting their business in Sweden, and back then they started a project with a partner to one big client. However, company 2 was forced to give more discount from the project that they had calculated due to the size of the project, which was a big loss for a relatively small firm like they are. What was surprising in that situation was that their Swedish partner suggested from its own initiative that they can take a smaller percentage of the price than what was originally agreed. In interviewee B's opinion this illustrated how good partner relationships require good intercommunication and understanding the partner's needs, which both require being emphatic according to one of company's main values. This case with the Swedish partner was a good example also for their board of directors that the value of empathy is not nonsense, but it has real value in business.

Interviewee A brought up how important it is to be "culturally on the same page" with their customers. That happens through spending time together, and even though it is sometimes expensive, a decision was recently made that the entire team participates at least the kick-off meetings with a new partner. In long customer-relationships customers might absorb part of company 1's culture and other way around too. Interviewee A also brought up the other side of the story. They have sometimes had to wonder in company 1 whether their conduct is formal enough, or whether their personal and sometimes messy office gives a wrong kind of an image for a customer. However, they have decided that it is part of their culture and their way of doing things, and if a client gets offended, it has to be reconsidered whether it is a right client for

them. And the most important thing is not how their office looks, but how they behave in the cooperation and in the project itself. Interviewee C reflected this same phenomenon into features of our Finnish culture. According to him, Finland is a strange country because we rely so much on written contracts, whereas in many other cultures the contracts are based in trust. And that trust is something interviewee C would like to emphasize more in business relationships.

Same way as company 2's values were previously ranked in the order of importance, interviewee B highlighted that the customer is not the most important for them, their employees are. Because if the customer comes first and their employees start show negative signals, it always reflects to the customer. And that is why their own employees are most important and after they feel good, they can put the focus back to the client and make good business. Thus, empathy as a core value is meant for both their staff and also clients and partners.

Following direct citations illustrate how according to the interviewees, acting according to the values and the culture creates financial success in a long run.

> " And then we have many concrete examples of how we have acted in reliable and emphatic manner using these common sense values, it has led to a very good business. And it has also been visible below the line." (Interviewee B)

> " And then the belief of that with those choices of ours, even though the other choice would have brought us a quick win, we choose this way and in a long run it will bring us more money. --- …as we are completely dependent on our partners, that we don't choose those quick wins, the partners and the partnerships appreciate those decisions as well as clients do." (Interviewee B)

> " We have a very flat organization, in which people have a lot of responsibility but also because we have very, we have exceptionally experienced people in different positions, so we appreciate what they do. And that is actually what creates the winning story." (Interviewee C)

> " When we take care of the people, they will definitely take care of good business." (Interviewee C)

> " But then in my opinion a human, emphatic way of approaching this, because in the end, it's people who come across each other. And the people build the organization and the culture and so on. So, I believe that investing in those issues

and highlighting them is one of the keys to success, assuming that the hard things are in order…" (Interviewee C)

To summarize, the phrases that the interviewees used such as "winning story", "key to success" and "leads to very good business" illustrate that culture and values can be a source of sustainable competitive advantage for companies and separate them from their competitors. For instance, in the case of company 3, sharing the responsibilities and appreciating their experienced employees were seen as creators of a winning story.

5.3 Pressures of growth for culture and HRM

This chapter focuses on the aspect of growth. First, the theme of preserving company's current culture is discussed. Secondly, pressures and challenges that the growth creates in organizational culture, HRM and especially recruitment, in case companies is presented. The growth, both domestic and international, has created a need for these companies to come up with new structures and processes in order to maintain their original values, cultures and identities.

Interviewee C was the only one to use the exact terms of start-up culture and agility, but all case companies had start-up like features such as openness, flat organization and giving responsibility in their answers while they described the basic features of their culture and way of working. All three case companies were also happy with their current cultures, and in the future, they were hoping to be able to preserve the current culture despite the growth instead of creating something new. Interviewee B referred to the magic that they currently have in their business and how nice it is, and continued that their aim is to keep those issues along as they grow. Interviewee A told that they have grown so much, that they have really tried to focus on preserving their culture instead of trying to change it into something else. She summarizes the theme of remaining in the same and similarly developing as follows:

> " For an outsider's ears this might sound silly, the remaining in the same, but for us it is development that we can maintain the communality and caring when we have so much this growth. --- But it's anyhow that development. Thus, in order to remain as the same and in the same it has to be developed all the time very much." (Interviewee A)

Interviewee C from company 3, which was the youngest of the case companies, felt that they are still small enough so that they all know each other well. Two other interviewees had different experiences on this matter. Company 2, which currently has two offices in Finland and one in Sweden, has already faced some challenges the growth brings. Interviewee B told that when they were smaller, many things kind of took care of themselves when every employee knew what others were thinking and doing. He continued that "as a small group and until a certain point everybody knew everything about everything". Interviewee A had similar experiences as she described that when all the time new people come into the company, they do not know which person, system or model others are discussing.

When discussing the efforts companies put into maintaining and developing their culture, companies had different ideas on how much efforts it needs. Even though interviewee C admitted that growth and new employees bring more visions and more opinions, it does not change their core identity. He stated that:

> "But that our own identity doesn't have to, and actually it should not change. We are still ready to challenge, whatever we do, we are ready to do it innovatively and challenging the way it has been done before. And in a sense we try to keep that agile start-up-likeness there in our identity. It is an asset. --- It's something we want to hold on tight. And or course it demands some new actions when we grow bigger. But still, in our opinion it doesn't change the identity." (Interviewee C)

Interviewee A saw that if the organizational culture and preserving and developing it has to remain in the focus all the time, because otherwise the culture will crumble. She also pointed out that conscious attention needs to be paid on leading the culture because "otherwise those big stones get buried under the grains of sand". By that she meant that leading the culture can easily be forgotten because the daily focus in the organization is often on leading the performance. Interviewee B also admitted that in the future the culture does not anymore happen by itself, but there has to be new processes and structures, and provide tools with which the culture can be shared and maintained. Both interviewee A and B had noticed that different offices and locations in Finland as well as in other countries create a need for more efficient communication. Communication tools such as Slack are already used to maintain and speed up the communication between employees working in different locations.

The answers of the interviewees reflect the different development phase the companies are. Interviewee C felt that remaining their identity was still rather easy, because all employees know each other. However, he admitted that growth demands some new actions from them. He also stated that the need of systematization, bureaucracy and control increase when the organization grows. Even though these are often seen as negative things, they are needed in order to remain the best possible quality. Interviewee B had already noticed that some things have became more difficult when new people and new locations come into the picture, and they are currently in a phase in which they need to actively create new processes and provide new tools. They do not either have a HR-manager yet, and hiring one is an issue that needs to be discussed and assessed in the near future. As company A has more employees than other two companies and those employees are working in many countries, they have paid a lot of conscious attention to preserving their culture. However, once these practices are established, they also need to be constantly updated. This is something interviewee A pointed out when she said that they cannot settle in the same working methods, thus those need to be updated if it is noticed that something is outdated or no longer used or not missed by the employees.

Growth and phases of fast growth create pressures for recruitment function as well. Interviewee B admitted that even though they cope quite well with the recruitments, during moments when they have many recruitments and familiarizations going on inside a short period of time, the workload can be a bit overwhelming. Interviewee A also described that recruitment has been the most laborious task in the field of HR lately. Besides these obvious effects growth-stage brings for recruitment, our interviewees had other insights as well. Interviewee B highlighted the importance of forecasting the need of new employees. When new projects or new customers are in sight, the need for new employee has to anticipated from nine to twelve months before, and the actual recruitment process has to be started from three to six months before the person would start working in the company.

Interviewee C mentioned that per a task or per a department there should not be too many new employees similarly, because that is neither a benefit for the company of for the new recruits. He argued, that organization's ability to welcome new employees needs to be in order, and at the same time the fact that a new employee is always an

investment in the beginning must be accepted. The decision-making process inside the organization must also be fixed in order to be able to be flexible and quick when facing the recruitment demand. Interviewee A told that she faces a lot of pressure from different departments of the organization to recruit new people. However, new employees are not hired if suitable ones are not found. Thus, interviewee A stated that the growth cannot overcome the culture and values, and on the other hand, she could not live with herself if she hires completely culturally unsuitable person who causes problems for their organization. Another point that interviewee A brought up was that in the moment of growth and rush, the recruitment process itself needs to be handled properly. The employer brand and reputation suffer if the recruitment process is not properly finished and applicants are not well informed.

Since the international aspect is also present in this thesis and also in the everyday lives of these organisations, its effects on organizational culture are also discussed shortly. Interviewee A had most experience on how internationalization and different national cultures effect on organizational culture. For instance, in Russia people have grown into a very different culture, and people in their Russian office need continuously to be convinced for the benefits and strengths that the less bureaucratic office culture offers. On the other hand, in USA office the employees are thrilled of their employment benefits, lack of bureaucracy, way of giving responsibility and being authentic and real. Thus, it depends on the national culture how easily the organizational culture is adopted. And as interviewee A mentioned, company 1 cannot go and order people to act in a way they would like, but national cultures need to be taken into consideration too. But quite often it happens that people in a new global office notice what kind of activities and traditions other offices have and would like to have similar ones, and the organizational culture kind of absorbs them. Interviewee B could not yet define how other national cultures will in the future effect their organizational culture, but he was sure that they somehow will do that. Interviewee C saw other cultures as a richness, and that those cultures can be harnessed as a source of information for R&D.

5.4   Answering the research question

In this chapter the figure 1 presented in the end of theoretical framework is updated based on the empirical information gained in the interviews. Then, in the end of the findings, primary and secondary research questions are answered.

Figure 3 below illustrates the relationship between the two main theoretical concepts, HRM and organizational culture based on the gathered empirical information. Strategy is added into the picture due to the strategic role HRM plays nowadays, and since organizational culture is also linked to strategy. Compared to the figure 1, figure 3 is updated by adding the conditions of growth and internationalization into the company strategy. Values are also added to complement organizational culture, because in practice, those two are difficult to separate and are often used as synonyms. The dimensions created with Gioia and discussed in the previous chapters are added to the arrows connecting the main theoretical concepts. Thus, the empirical findings of this thesis are added to complement and explain the relationship between culture, HRM and strategy.
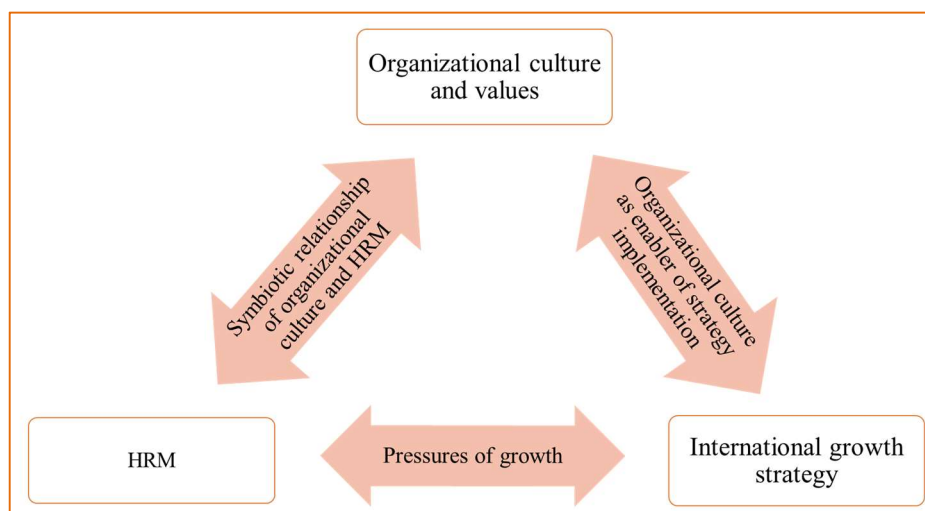
Figure 3. The relationship between HRM, organizational culture and firm strategy under the condition of growth.

When discussing the relationship between organizational culture and HRM, interviewee C made the boldest statement by defining that HRM equals culture, because people are the only asset with which you can survive. Interviewee A said that

she could not come up with any area of HRM, which would not be somehow affected by their culture. One example of this are the earlier discussed salary policies, which include cultural criteria. In company 1, culture effects besides the salaries also career development, performance leadership and selection decisions for instance. Interviewee B described the relationship between HRM and culture in the following way:

> " Well those values are in the centre of what we do. And how we lead our staff, so if HR is not based on those values that are important for us, then it would all be wrecked. In other words, HRM must be completely consistent with those important values, so that it has effect on the organization and the organizational culture." (Interviewee B)

When it comes to the relationship with strategy and culture, interviewee A told that in practice strategy has effect on the culture, even though it would be nice to say that it is other way around. She saw that strategy implementation is supported by their culture and values. Interviewee B summarized that acting according to the values enables the execution of the strategy. An example of this is how company 2's business is completely dependent on long and good relationships with their clients and partners, and in order to maintain those relationships, employees must act according to their core values. Interviewee C defined that in their organization, strategy implementation equals culture from the identity perspective. Thus, culture executes the strategy. Company 3's identity is to be agile, innovative and "solve the impossible", which together enable the strategy execution.

The relationship between strategy and HRM was not separately discussed with the interviewees, but their answers illustrate that in all the case companies, HRM is a highly strategic function. For example, interviewees B and C mentioned how forecasting and smart planning of the demand for new personnel are key issues when planning recruitment. Talent management, which was described as a new strategic cornerstone of HRM in the theoretical framework, was not used in the case companies at least as a specific term. However, interviewee A mentioned that they like to recruit "juniors" in which they see potential, and from whom it is often easy to see who has leader potential in the future. And all employees do not have to have that leadership potential, because excellent and experienced coders are also needed, and everybody does not have to become a team leader in the future. Interviewee B said that they do

not want to recruit people, if they are not able to offer a career path the applicant would like to have in the future. Both interviewees A and B agreed that they do not try to forecast too far in the future in the recruitment phase, because situations change.

The growth and pressures that growth creates were already discussed in the previous chapter, and now the dimension of growth is added to the figure 3. Strategy can either be based on the growth, or the strategy implementation can require growth. An example of strategy that requires growth is how company 2 has to focus on investing into their personnel in order to be able to take care of their potential new markets and projects. Thus, they are not able to implement their strategy without growth. When it comes to HRM, growth creates pressure to recruitment function and demands creating new processes. For example, in company 2, they have realized that due to the growth and increased number of employees, previously used once-a-year development discussions are no longer enough, and they need to replanned and possibly executed twice a year. Growth also effects culture and remaining in the same culture demands more effort when the organization grows. Culture can also be a precondition and hold back the growth, if good matches with company's culture and values are not found, as interviewee A mentioned.

The primary research question of this study was "how international companies facing a growth-stage are leading their organizational culture with recruitment and personnel selection?". Based on the empirical data from three case companies, the main focus in leading the organizational culture is remaining in the same and preserving the original culture and values the organization has created. Thus, recruitment and personnel selection are used as a tool to preserve the culture. Hired employees must be culturally suitable in order to success in their work in the organization. Companies do not necessarily use exact terms such as "person-organization fit", but their aim is to find matches whose own values match their company values. All people working in the organization are representatives of the culture, and that is why the match in the values is crucial for the organizations success. And as interviewee B mentioned, the match works in both ways, thus the organization must also fit to the employee.

Taken into consideration the interrelated nature of culture and HRM, the secondary research question was "what kind of practices can be identified in the recruitment and

personnel selection functions that take the organizational culture into consideration?". None of the case companies used any kind of tests to validate their selection decisions. Instead, company 1 used cultural interviews and company 2 and 3 discussed the values in the interview phase in informal manner. Thus, it seems that companies trust in their personnel's ability to screen applicants and find out through discussion whether they are fit with the culture or not. Interviewee C noted that the best assurance for cultural fit is if some of the employees knows the applicant from beforehand, thus in his opinion recruitment through networks is the easiest way for finding cultural matches. Organizational culture and values are taken into consideration in the recruitment and selection processes, and companies are not willing to compromise the culture by hiring unsuitable employees.

To summarize the findings and combine the primary and secondary research question, a following statement is made based on the findings discussed above:

In international growth-stage companies, recruitment and personnel selection are used as a tool of preserving the original organizational culture, and companies trust their recruitment personnel's ability to find the cultural matches among the applicants in the interviews.

6   DISCUSSION AND CONCLUSIONS

The theme of this thesis was to find out, how international growth-stage companies lead their organizational culture with recruitment and personnel selection. Theoretical framework was constructed around two main themes, organizational culture and human resource management. Empirical part of the study was conducted by gathering interview data from three companies who were suitable for the research topic. The main findings suggested that in international growth-stage companies, recruitment and personnel selection are used as a tool of preserving the original organizational culture, and companies trust their recruitment personnel's ability to find the cultural matches among the applicants in the interviews. Thus, preserving the current culture is seen as a development instead of trying to evolve the culture.

What was surprising in the results, was that all three companies had a bit different perspective in discussing their culture, even though their values and culture had similar characteristics. Interviewee A focused strongly on culture itself, interviewee B on values as a base of their business, and interviewee C on their core identity. Thus, it does not matter what term the company and its employees use, more important is that they pay attention to their culture and put effort on preserving that.

What was not surprising in the results was that all companies wanted to preserve their culture and keep a tight hold on the start-up like features such as agility and openness in their culture. Based on both my initial assumptions and theory, I assumed it be so. During the interviews I also observed that all interviewees seemed to be very proud of their organization and how their companies handle things. Even though working is nice and sometimes even fun, the technologies and the quality of products and services can be top class. This was highlighted especially in the company 2's third core value, the urge to be the best.

In the next chapters, the theoretical and managerial contributions of this thesis are discussed. Then, the validity of the study is assessed. In the end of the discussion and conclusions chapter, limitations and suggestions for further research are presented.

6.1   Theoretical and managerial contributions

The next chapter is divided into two parts, theoretical and managerial contributions. First, the findings are reflected to the previous research and then, practical suggestions are given for companies in similar situations.

Theoretical contributions

Catanzaro et al. (2010) stated in their research that employees were more willing to work on a company with supportive organizational culture even though the salary would be lower. The findings from companies 1 and 2 support this view. In company 2 an employee who had received a job offer from another company, felt that he could discuss the matter openly even though job offers are not usually discussed with one's superior. And eventually, he decided to remain in the company, even though interviewee B was pretty sure, that financially that was a worse option for him. Even though in company 1 employees are rewarded also financially from acting according to the values, interviewee A argued that more important than any bonuses or financial rewards are the small things that matter and make employees feel meaningful in the organization.

Vetrakova et al. (2015) study defined that HRM and organizational culture are interrelated, because people who work for the organization, are also the ones who create and use the culture. This interrelated nature had also been discovered among the case companies, who agreed that culture effects HRM choices strongly and HRM activities and culture should be in line with each other.

Barney (1986) found in his research that companies can gain sustainable competitive advantage and superior financial performance compared to their competitors from their organizational cultures. This view is supported by the experiences of the interviewees. Following the "common sense" values and treating employees, clients and partners in an emphatic way seems to be the recipe for financial success in a long run.

Kristof-Brown, Zimmerman & Johnson (2005) have argued that if company wishes to be successful, employee's individual values and organizational values should fit, and

the organizational values should be communicated to applicants from the recruitment process throughout the entire employment. This creates person-organization fit between the employee and the organization. None of the case companies used the exact term of person-organization fit, but their answers illustrated that they try to find these types of fits in the recruitment process. Especially company 2 highlighted its values in the recruitment process and aimed for finding "matches". A new viewpoint from company 2 was that the order of the values matters too. This theme can be discussed among the value-based leadership literature for instance, but in the organizational culture literature the order of the values was not highlighted. Experiences from company 2 illustrate that if employees know what the values are in practice and what is their hierarchy (e.g. reliability before the urge to be the best), they can make decisions that bring sustainable competitive advantage for the organization.

Interviewee C mentioned in the end of the interview that some of his colleagues have noticed that in Helsinki, some job candidates want to discuss the ethical values of the company during the interviews. According to interviewee C, this phenomenon is not yet that visible in smaller cities in Finland, but it is becoming more and more important for applicants, especially for younger generations, to be sure that they work in an organization that operates in a responsible manner. The study by Jose & Thibodeaux (1999) stated that many employees prefer working in ethical environment but preferring something does not automatically mean that the unethical ones are abandoned. To conclude, these type of changes in people's opinions and actions take time to change, but in the future, it is likely that the theme of ethicality becomes a key factor in the employee attraction process.

All of three case companies used traditional interviews as a selection method. Company 1 had the most structured way of arranging the cultural interview first, which might be due that they do also international recruitments and their organization is biggest of the three interviewed companies. Thus, in order the recruitment to be systematic, the process was divided into two parts. Two other companies used more unstructured interviews. Research by Schmidt & Hunter (1998) argues that traditional unstructured interviews most companies use as a main selection method do not predict the future performance of an employee accurately. The validity of performance prediction grows when a structured interview is used (Schmidt & Hunter, 1998). Thus,

in the research the use of more structured interviews is recommended, but in practice, companies might prefer using less structured ones. For instance, interviewee C could invite a potential employee for a casual chat to find out whether they could have mutual interests. If that common interest is not found, it is fine for both parties, because the discussion has been open. Interviewees A and B emphasized the significance of open discussion too, and if it is noticed during the interview that the applicant does not have same goals as the recruiter wishes, it can be honestly told to the applicant in the end of the interview. Thus, unstructured discussion can sometimes give more opportunities for open discussion than structured interviews.

To summarize, the interviews mainly supported the previous research done in the field. The interrelated nature of HRM and culture was considered, and the significance of culture and values was not neglected. The current culture of each organization was seen as the desired culture, and even though Schein (2017, p. 10) argues that organization needs to adapt and develop its culture, remaining in the same was seen as development especially in the company 1. Open discussion was seen as the best way to get to know the applicants and find out whether they would be a good fit with the organization.

Managerial contributions

Selection decision is one of the most crucial ones the company makes, because staffing is expensive. Cultural fit is one of the viewpoints that help in finding suitable employees who also perform well in their jobs.

As was explained previously in the data collection and findings chapters, all three companies were in a bit different stages of their growth. I assume, that companies 2 and 3 will in the future face a similar phase in which company 1 is currently. Company 1 has grown so significantly, that it has noticed a need for a conscious and organized way of leading their organizational culture. What other organizations might have to consider also later is having the two-phase interview process in which the first interview was solely focused on cultural issues. Though, companies 2 and 3 used two to three interview rounds also, but in a less structured manner.

What other international companies facing a growth-stage can learn from this study is that preserving their own culture is possible. It requires attention, new structures and processes, but it is possible. And if the culture is not in an optimal situation, recruitments can be used in a reconstructive manner, thus changing the composition of the dominant personnel groups in the organization changes the culture too (Schein 2017, p. 243). This was something that case companies did not have experience of, because they were more focusing on finding the suitable employees or more specifically, eliminating the non-suitable applicants in the recruitment process.

The significance of either internal or external communication should also not be neglected in the leading of organizational culture. Employer brand is transmitted to outsiders through the own employees, thus the employees should be properly informed about culture and values in order to be able to give proper image of the organization. Interviewee B also made a good point by saying that own employees and their wellbeing is most crucial, and after them comes the customers. Because if employees do not feel good, it always shows to the customers. Consequently, focusing on creating values and culture that support the wellbeing of employees is also financially beneficial for the organization in a long run.

6.2 Evaluating the qualitative research

When doing a qualitative research, it is important to evaluate the quality and trustworthiness of the study. Adopting an evaluation criterion increases the transparency of the research and allows the assessment of its limitations. Many concepts that are used in assessing qualitative research originate from quantitative research and are not always suitable for qualitative purposes. The three classic criteria for good-quality research are reliability, validity and generalizability. Reliability reveals to which extent the same results occurs in repeated studies, and validity refers to the extent to which the conclusions of the research give an accurate image of what actually happened. Qualitative research does not always aim for generalizability, but in a qualitative research, generalizability means that the samples are representative, and the selection of cases or people is well-grounded and -argued. (Eriksson & Kovalainen, 2008, pp. 290–293.)

According to Myers (2013, p. 80), the quality of interpretative case studies that focus on understanding a specific phenomenon, should be defined based on the plausibility of the story and the overall argument. Eriksson & Kovalainen (2008, p. 294) suggest that in qualitative research, the traditional three-part criteria could be replaced with a more suitable evaluation framework. In that criteria, trustworthiness consists of four aspects: credibility, transferability, dependability and conformability. Credibility refers to the professionalism and the logic of the researcher and to whether another researcher could come to similar conclusions based on the same material. Transferability means that the researcher should show in the text similarities between his/her research and the results of the previous studies. Dependability means that the researcher has a responsibility to offer reader information about the entire process and that the process has been logical, traceable and documented. Conformability means that the findings and interpretations need to be linked to the data to ensure the reader that the results and conclusions are not researcher's imagination. (Eriksson & Kovalainen, 2008, p. 294.)

Credibility of this research is increased by presenting the logic in which the data analysis was made. A Gioia methodology was used and table 2 illustrates the logic according to which the themes were formed. Researcher's own interests and opinions can have had an effect on which themes are emphasized and how the themes and dimensions are formed, and in which order the findings are presented. However, when it comes to answering the research question, it can be assumed that based on the same material, another researcher would have come to similar conclusions. Transferability of the study is visible in chapter 6.1 in which the findings are compared to the previous research in theoretical contributions.

Dependability of this study is ensured by giving information about the entire research process. For instance, outline of the interview is presented (Appendix 1) and interviews were taped, then transcribed and direct citations were then translated from Finnish to English. The translation was done by the thesis writer, but the correctness of the translation was ensured with a back-translation technique. Another student translated the citations to an opposite direction, from English to Finnish, and compared the translation with the original text. Minor changes were made to the translated citations based on the back-translation process. In the findings chapter, direct citations are used

to increase the conformability of the study. Direct citations are also used in the Appendix 2 to justify the formation of 1st order concepts of Gioia. From each interview, background information is given (table 1), and the reader can use that information and citations to form an overall picture of the data used. Even though the number of the interviewees was not that large, the sample was representative because all companies met the criteria of being a growing, international company.

6.3 Limitations and suggestions for further research

Following limitations chapter discusses the factors that might affect the usability of the findings. Further research chapter presents some new questions and themes that arise during the research process and which could be used for further research in the future.

Limitations

Even though qualitative research does not aim to generalizability, a couple more interviews would have brought more reliability for the thesis. However, due to the limited amount of suitable contacts, three companies were interviewed. Even though the number of the interviews was no more than three, all the interviews were successful and gave different insights to the topic. All companies were growing and at least to some extent international ones, which suited the theme of the study. The interviewees also worked in different positions in their organizations but were responsible for recruitment, which gave an opportunity to hear different insights and opinions of the topic.

What I noticed during the interviews was that I should have preserved a bit longer time per each interview. I had told the interviewees that the interview would last approximately an hour, thus I did not want to use much longer time in their busy schedules. However, a bit longer time frame would have given an opportunity to ask more specified questions related to their previous answers and a chance for more open discussion instead of strictly going through the interview frame. For instance, if an interviewee did not answer the question how I anticipated, a bit looser schedule would

have given an opportunity to asks specified questions instead of moving to the next question.

The international perspective of the study ended up being a bit narrower than I had planned. The reason was that was simply in the fact that only one of the interviewees had further experience on international recruitments in her current position. Thus, the international context exists in the study but less than was planned from beforehand.

Further research

As mentioned, all the interviewees worked in different positions and the HR activities were organized differently in the case companies. Thus, a further research could focus on finding out how different ways of organizing the HR function affect the organizational culture and recruitment and personnel selection functions. This would have been an interesting viewpoint to reflect also in this thesis, but unfortunately, I should have noticed it before the interviews and ask a few specified questions.

Another question that arise during the interview process besides the organizing of HR function was when to hire a HR professional into a growing company. Interviewee B had noticed a need for HR manager in some situations but was not yet sure whether the time was right to hire one. Interviewee A had come to company 1 through an acquisition, and in the beginning, she had a double position as HR and financial manager. When the company grew, a financial manager was hired, and she could focus solely on HR. In company 3 HR tasks were diversified. Thus, a further HRM research could focus on how growing companies should organize their HR related tasks and at which point it is optimal to hire a specific person responsible for HR.

In this thesis it is assumed that a cultural person-organization fit leads to good individual performance and by that, improves the organizational performance. A further research could go into details of this process and study whether companies see a connection between finding the fits and improving the organizational performance. Some evidence of this was already seen in the interviews of this thesis, but it was not studied more carefully because the research question was more about recruitment and personnel selection practices.

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OUTLINE OF A SEMI-STRUCTURED INTERVIEW: Leading organizational culture with recruitment and personnel selection

Background information:

- The position and the work history of the interviewee in the organization
- <u>Short</u> overview of the company (Founded in, line of business, number of employees, in which countries company operates & current growth-stage)

Organizational culture:

- Describe your organizational culture with a few words.
  - Main values?
  - How is the culture visible in everyday life of your organization and employees?
    - Traditions, humor, physical environment, stories, jargon
  - How is the culture presented and visible to outsiders? (Clients, partners etc.)
- How has the organizational culture evolved over time in your organization?
  - How conscious has the development been?
- To what extent does your culture affect the strategy formation?
- To what extent does your culture affect the HR decisions?
- How national culture(s) affect your organizational culture in international context?
- To which direction would you like to develop your culture in the future and why?

Recruitment & selection processes

- Describe a recruitment process typical to your organization.
  - How about international recruitment?
- Which recruitment channels do you use?
  - How they illustrate your organizational culture?
- Do you think that organizational culture is taken to the consideration in the selection criteria? If yes, how?
- How a new employee is familiarized with your culture?
- How does a talent management perspective affect recruitment and selection processes?
- How is the firm strategy connected to recruitment and selection decisions?
- What kind of phases of fast growth your organization has faced in the past? How have those phases affected recruitment and personnel selection functions?

Synthesis:

- How would you describe and summarize the relationship between HRM and organizational culture in your organization?

Gioia table: Creating 1st order concepts from the text citations

Direct citations from the interviews	1st Order Concepts
"So, it's always given to the next person at the office Christmas parties for example for acting according to the values at some level…" / "from the personal salary certain percent is formed from acting according to the values"	Financial rewards from acting according to the values
"They are those little things that the culture is made of and to which people are committed to and from which they feel relevance of" / "casual barbeque evenings" / "when we do something together we try to make it special and so that people remember it" / "the small things"	Doing things together, having fun, small actions, little things
"from the top management we have this, one could say, a culture of transparency" / "it's always crucial that we HR people represent the culture and love it" / "And then it (culture) reflects from all of us, each of us always kind of represents the company"	Management, HR and employees as representatives of the culture
"and first we have the culture interview which is done by HR" / "it mostly culminates to the private discussions in which we try to find whether this is the right person for us" / "I pretty much trust the intuition --- we meet once, most likely even more than twice, so you have time to get a quite accurate impression of the person"	Unofficial interviews, trusting into one's intuition, cultural interviews
"we have been visible in the media and so on" / "it's about constantly being present" / "you must be interesting, and you must be successful of course" / "so we invest into the message and to the brand image"	Employer branding, being interesting, competitive
"we have this drive of doing things in ways that have never been done before" / "somehow try to do things differently" / "we try to create a culture in which we do things a bit differently"	Doing things in their own way, doing things differently
"separating ourselves from others in a positive way"	Separating themselves from the competitors
"When we take care of people, they take care of business" / "human, emphatic way of approaching this" / "it's not that the client is most important, it's that the personnel is most important"	When people feel good in the organization, they do good business
"When we have behaved in emphatic and responsible way, it has led to very good business" / "it has also been visible below the line"	Acting according to the values has led to a good business
"start-up kind of fuzz and very agile way of working" / "we have very flat organization, in which people have lot of responsibility" / "we might even give too much responsibility sometimes"	Agility, giving responsibility, flat organization
"I believe that it's pretty open" / "we have very open culture" / "we are still that size that we pretty much know each other" / "being open is a essential for us"	Knowing each other, openness
"We used to know each other, no its no longer possible" / "When we were smaller, many things happened like on their own"	Knowing each other no longer possible due to the growth

"we have grown so much" / "now that we have grown, it doesn't anymore happen on its own, and we need to start creating new processes and structures"	Different offices, different countries, need for more efficient communication
"when the number of employees grows, the operations need to be systematized" / "the need for control and bureaucracy increases when the organization grows --- what we do needs to be top class quality"	More bureaucracy, more control, preserving the best quality
"last 9 months the recruitment has demanded most work in HR" / "the growth can't overcome the culture and values" / "the decision-making process (of recruitment) needs to work very flexibly and quickly if needed" / "we try to forecast the need from beforehand, so that the recruitment process starts with a proper timing"	Effects of growth on recruitment (pressure, rush, need for clear process)