

III PART. INTERNATIONAL ASPECTS

3.1. THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND INDIVIDUAL VALUES: A COMPARATIVE STUDY OF ESTONIA AND FINLAND

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Introduction

There are many similarities between Estonian and Finnish cultures and history, and the co-operation between the two cultures increases. However, after Üksväre and Nurmi's (1994) comparative analysis of the OC and values of Estonian and Finnish business environments, there have been particularly few studies comparing the two cultures in the area of management studies. Therefore it appeared to be essential to revise the study, examining how individual values and their relationship to OC affect organizations in both cultures. The objective of the current study thus is to find out, compare and discuss the relationship between OC and individual values in the framework of Estonian and Finnish organizations. This article is a continuation of the author's explorations into the cultural contexts of Estonia and Finland.

National culture can be seen as a source of OC and individual values. When coming briefly to the national cultures of Estonia

and Finland, a few notions can be presented. Estonians and Finns share similar linguistic and ethnic features, and have a long shared history. They have even twice been parts of the same country: Sweden and Russia. However, during history Finland has mostly been culturally annexed to Sweden, while Estonia has been heavily influenced by German culture. The period after World War II probably divided the two cultures more than any other period in history, but even though the Soviet regime left traces in the present Estonian culture, it has also had an impact on Finnish culture (Nurmi, Üksvärav, 1994).

At present Estonia is one of the most multi-ethnic and multicultural societies in Europe (Talvet, 2004). There is a large Russian minority (28.1%) in Estonia, and, interestingly, a Finnish minority (1%) that is relatively bigger than the Roma (0.2%) and Sami (0.1%) minorities in Finland. Finland also has a Swedish (5.7%) minority. Wide regional differences are observed in both societies, there being marked contrasts between the regions of capital cities and the other regions. In Finland there are additionally big cultural variations between the western and eastern parts. Nowadays both countries are members of the European Union, and Finland was the only Nordic state to join the euro system at its initiation in 1999 (Nurmi, Üksvärav, 1994; The world factbook: Estonia, 2005, and Finland, 2005).

Theoretical frameworks

Culture is a combination of religious, political and esthetical value criteria handed down by historical heritage, which are, at least partly, peculiar to the individuals living or having lived in the same social environment (Pajupuu, 2000). As each national culture has its own uniqueness, each organization is unique in the same way (Driskill, Laird Brenton, 2005). Every organization has its specific forms of culture, i.e. its organizational culture (OC). It

is something that the organizational members recognize as important (*Ibid.*).

OC has been studied and defined proceeding from several aspects. In this article the base for studying OC is that it is possible to distinguish between two aspects that identify organizational members' connection to the community (Vadi, 2000), which are:

- whether organizational members support the goals of a particular organization, and
- how strong the feeling of togetherness is among organizational members.

These two aspects reflect the values that bind an organization together, as well as the inter-relationship between organizations and their environments (Vadi, 2000). The first aspect represents *task orientation* and the second aspect *relationship orientation* (Vadi, Allik, Realo, 2002) in a culture.

Joining the different aspects of OC makes it possible to study the types of OC. F. Trompenaars generalized OC to four metaphors: *incubator*, *guided missile*, *family*, and *the Eiffel tower*, which vary along two dimensions: equality – hierarchy and task orientation – relationship orientation. *The Eiffel tower*, or as it is also called, role-orientated culture has been the dominant OC in Finland. It is characterized by hierarchical, task-orientated, impersonal and mechanistic features (Nurmi, Üksväre, 1994). When investigating Trompenaars's data, it was possible to conclude that there is a tendency for Finnish organizations to move towards the *guided missile* type OC, or as it is also called, project-dominated and result-orientated culture. That OC type is more egalitarian than *the Eiffel tower*, but still impersonal and task-orientated (Trompenaars, Hampden-Turner, 1999).

Trompenaars's data did not include Estonia, but according to Nurmi and Üksväre, Estonian organizations also have the features of *the Eiffel tower* (role-orientated) culture, even though relationships between organizational members appear to be more

personal in Estonia than in Finland, and Estonians may respect authority more than Finns do (Nurmi, Üksvärav, 1994). The recent studies imply about Estonia that there is a gradual transition from the power-orientated (*family*) to the role-orientated (*Eiffel tower*) culture, and a tendency to moving further towards the result-orientated (*guided missile*) and achievement-based OC (*incubator*). According to H. Roots, the latter are the preferred OC types of subordinates, while managers are keeping the power-orientated values and practices. In that way, management culture is the most conservative part of OC in Estonia (Roots, 2003).

Values are general convictions, which lead individuals to commit certain acts and take certain decisions in different situations (Trompenaars, Hampden-Turner, 1999). The concept of individual values is strongly related to OC, and theorists share the idea that individual values are a fundamental element of OC.

M. Rokeach (1973) developed a theoretical perspective on the nature of values, dividing value systems into *terminal values* and *instrumental values*. According to him, terminal values are the self-sufficient end-states of existence that humans seek in life (e.g., *comfortable life*, *wisdom*, *family security* and *social recognition*). A distinguishing feature of terminal values is that they are pursued for their own sake. On the other hand, instrumental values are individuals' preferred models of behaviour (e.g., *honesty*, *responsibility*, *imaginativeness* and *forgiveness*). Instrumental values guide the behaviour of organizational members on a daily basis, and can be considered as signposts to accomplish the end-states of existence (terminal values) (Johnston, 1995; Meglino, Ravlin, 1998; Rokeach, 1973; Vadi, 2000).

Regarding the studies of individual values in Estonian and Finnish contexts, a few generalizations can be made. In the studies by M. Vadi, E. Kallast and H. Krull, the terminal values *family security*, *self-respect* and *happiness* were valued highly among Estonians. The instrumental values *honest*, *responsible* and *loving* have also been noted to be important in the Estonian context (Vadi, 2000;

Kallast, 2003; Krull, 2003). In the Finnish context, on the other hand, as shown by the study of university students' value orientations, the terminal values *inner harmony*, *self-respect* and *true friendship* were prized highly, and the instrumental values *responsible*, *capable* and *broad-minded* are important (Nurmi, 1986).

Method and data

In this article, we study individual values, using Rokeach's (1973) Value Survey (RVS), which is an ipsative measure assessing preferences for different values (Meglino, Ravlin, 1998). The RVS consists of two alphabetically ordered lists of 18 terminal and instrumental values which the respondents were required to rank separately in the order of importance on the scale from 1 to 18 (Johnston, 1995).

An Organizational Culture Questionnaire (OCQ) developed by M. Vadi was used to measure OC. The aim of the OCQ is to explore the dimensions of OC by 43 statements, measuring the respondents' perception of OC on a 10-point Likert scale. The OCQ is based on the aspect that it is possible to distinguish between two dimensions in OC, viz. task and relationship orientations, as mentioned previously. Task orientation reflects the desire of all organizational members to support the common goals of the organization, whereas relationship orientation indicates the belongingness of the members of an organization (Vadi, 2001).

Since the original language of RVS was English, and the original language of OCQ Estonian, the methods were adapted to the Finnish context in many phases. Firstly, two native Finnish speakers living in Estonia translated the methods into Finnish independently. Secondly, the identically translated statements were selected. In the case of differently translated statements, the best version was chosen, or completely new translations were made, using the two translations as building blocks. Finally, a Finnish philologist verified the translations. The data from Estonia were

collected with the original OCQ and RVS that was previously adapted to the Estonian context by M. Vadi (2000).

Besides the author's empirical data, the data from H. Pallo's (2004) study were used here as complementary data. The justification for that is that Pallo's data were collected by using the methodology which the author had previously adapted to the Finnish context. The total sample of the current study was 288, of which 177 responses (61%) were from Finland and 111 (39%) from Estonia. The organizations participating in this study were hotels, hospitals and a distributor of pharmaceutical products. The first period of data collection lasted from October 2001 to February 2002, and the second from September to November 2003. Unfortunately, no questions of socio-demographic nature were included in the surveys. Since there was no re-access to the data it is impossible herein to analyse data in that area.

Results

A factor analysis was compiled to find the dimensions of OC. In the Finnish context, 35 statements described two factors of OC, while 30 statements loaded to the first factor – task orientation, and 5 statements to the second factor – relationship orientation. In the Estonian context, 17 statements represented task orientation, and 11 statements relationship orientation. In the Finnish sample the mean value of task orientation (OC1) was 6.38 (Standard Deviation, further on SD = 1.42), and relationship orientation (OC2) 4.98 (SD = 1.25) on a 10-point scale. In the Estonian context, the gap between the mean values of the OC dimension was narrowed. The mean value of task orientation was 5.17 (SD = 1.02), and relationship orientation 5.26 (SD = 1.48).

In the case of individual values, a mean-analysis was used to find the most important values that are presented in Table 1.

Table 1. The mean values and standard deviations of the most important terminal and instrumental values in Finnish and Estonian organizations

Estonia (n = 111)		M	SD	Finland (n = 177)		M	SD
Terminal values							
1.	Family security	4.16	3.62	Family security	3.10	2.87	
2.	A sense of accomplishment	5.85	3.97	Self-respect	5.36	3.71	
3.	Self-respect	6.44	4.10	Happiness	5.99	3.85	
4.	Happiness	7.15	4.39	True friendship	6.79	3.20	
5.	Wisdom	7.24	4.52	Mature love	7.12	4.24	
Instrumental values							
1.	Honest	4.57	4.10	Honest	2.82	3.23	
2.	Responsible	5.98	4.32	Responsible	4.73	3.49	
3.	Loving	7.24	5.08	Helpful	7.40	4.55	
4.	Intellectual	8.28	4.62	Loving	7.46	4.83	
5.	Clean	8.63	4.72	Forgiving	7.67	4.69	

To find the relationship between OC dimensions and individual values, the Pearson product moment correlation coefficients (r) were computed on the condition that $r \geq |0.20|$. The results are presented in Table 2. It is important to notice that a negative correlation means a trend of the same direction, and a positive correlation means an opposite connection since the RVS was based on ranking technique.

As can be seen from Table 2, there is a relationship between the OC dimensions and individual values among the respondents in the Finnish and Estonian organizations involved in the study. In the Estonian context, three values were negatively correlated with task orientation. Another three values were related to relationship orientation; two correlated positively and one negatively. In the Finnish context, only two values were related to task orientation – both negatively –, and five values to relationship orientation.

Table 2. The correlations between the OC dimensions and individual values in the Estonian and Finnish organization studied

Estonia (n = 111)				
	Terminal values	r	Instrumental values	r
OC1	Social recognition	-0.23*	Honest Intellectual	-0.25** -0.25**
OC2	Family security Wisdom	0.20* 0.23*	Loving	-0.20*
Finland (n = 177)				
	Terminal values	r	Instrumental values	r
OC1	A world at peace	-0.22**	Forgiving	-0.34**
OC2	Equality Social recognition	-0.22** -0.24**	Capable Cheerful Responsible	0.22** -0.28** 0.21**

Notes: * Correlation is significant at the 0.05 level (2-tailed); ** Correlation is significant at the 0.01 level (2-tailed)

Discussion

The results of the OC dimensions confirmed the findings of Trompenaars's study: the respondents from Finnish organizations preferred task orientation. In the Estonian context, however, the orientation was not so obvious. In fact, the Estonian respondents gave higher scores to OC relationship orientation, but the standard deviation was high on that dimension, meaning that not all the members may share the result.

The most important terminal value for the respondents in Estonia and Finland was *family security*. The SD on that value was remarkably small, particularly in the Finnish sample, which means that the organizational members shared its importance deeply. It is important for Estonian and Finnish managers to know that family is highly valued by both cultures. This finding may cause both advantages and disadvantages for organizations. Valuing family may, on the one hand, reveal itself in the form of absenteeism,

long maternity leaves, etc. but on the other, in the form of more contented and happy employees.

Self-respect was also a value prized highly in both cultures. A *sense of accomplishment*, which was highly valued in the Estonian sample, reflects the respondents' orientation towards individual development. *Honest* and *responsible* were the most important instrumental values in both cultures. Besides those values Estonians cherished, for instance, the values *intellectuality* and *wisdom*, which can also be linked with individualism and task orientation. Finns, on the contrary, prized values that were linked with social relationships and can be considered as "soft-values".

The results of value hierarchies were in line with the findings of previous studies that were presented in the theoretical part, and showed that the most important individual values were similar in the Estonian and Finnish samples.

The aim of this article was to find the relationship between OC and individual values, and thus the correlations between them were computed. In the case of task orientation, only negative correlations existed. In the Estonian context, the terminal value *social recognition* and the instrumental values *honest* and *intellectual* correlated with OC task orientation. In the Finnish sample, the terminal value *a world at peace* and the instrumental value *forgiving* correlated with OC task orientation. This refers to the fact that in the Estonian and Finnish organizations involved there exists a relationship between the individual values held and a willingness to support the OC task orientation. No relationships were detected between the individual values and unwillingness to support the common goals and management of organizations. So confirmation was obtained for the notion that Estonians and Finns have a tendency towards task orientation.

That finding may be useful for the organizations operating in Estonia and Finland. It means that employees in both cultures probably work hard to achieve the common goals of organiza-

tions. They may work overtime and in their leisure-time for the benefit of their organizations. Task orientation can also be seen as a competitive advantage in a cross-cultural business environment, since it can be linked with, for instance, high quality standards and trustworthiness in timetables, etc. The Estonian respondents might be even more task orientated than the Finnish respondents, since no particularly strong relationships between individual values and OC were found in the Finnish sample, but in the Estonian context the most important value (*honest*) was related to task orientation.

However, it was interesting to notice that those Finnish respondents who prized the value *a world at peace* turned out to be among the strongest supporters of their organizations. It can be questioned, though, whether these respondents support their organizations' goals entirely, or are obedient because they want to avoid disagreements and conflicts in their organizations. Valuing forgiveness supports this argument. Thus the intensity of task orientation will be questioned in the Finnish sample. Also in the Estonian context, those repliers who desired *social recognition* may be performance-orientated and support the organizational goals, but have their principal objective outside their organizations, i.e. in themselves.

Regarding OC relationship orientation, the Estonian respondents prizing the instrumental value *loving* showed a relationship orientation, and may create a warm feeling of togetherness in their organizations. In opposition to that, those individuals who prioritized the terminal values *family security* and *wisdom* were less concentrated on the relationship aspect in the Estonian sample. This refers to the fact that those organizational members who value family are not seeking social relationships in organizations.

In the Finnish context, the respondents who prioritized the terminal values *equality* and *social recognition*, and the instrumental value *cheerful* tended to be relationship-orientated. In contrast to the Estonian sample, where *social recognition* was related to task

orientation, in the Finnish sample it was linked with relationship orientation. Therefore it can be argued that Finnish repliers reflect *social recognition* through social relationships, while Estonian respondents do it through success in the work-related areas of life. The individuals who prized the instrumental values *capable* and *responsible* revealed less relationship orientation in the Finnish sample. The individuals who valued *capable* may focus on individual goals and lives rather than interpersonal relationships with organizational members. It would have been easy to suggest that *responsible* could be related with a high feeling of togetherness in organizations, but the results indicated an opposite connection. Thus it can be interpreted as a unique character of the Finnish organizations studied.

Relationship orientation can be seen as relatively weak in both samples. The lack of relationship orientation may cause difficulty at least in the area of negotiations, organizational commitments and the spirit of togetherness in organizations. However, those problems may arise in both cultures and therefore cause no disparity.

Finally, both similarities and differences were found between the Estonian and Finnish organizations involved in the study. Individual values were similar in both samples, but the relationship of values to the OC dimensions differed. The similarities, differences and managerial implications that arise from the findings of this study are presented in Table 3.

In the light of the findings of the study it can be suggested that when managers wish to make their organizations more effective, they should pay attention to the values that their employees are considering as important. For example, perquisites, which are linked with employees' families, may be an effective motivation tools. Managers should also pay attention to the fact that their employees have a chance to realize their task orientations as much as possible for their own and their organizations' benefit.

Table 3. Similarities and differences between the Estonian and Finnish respondents

Attitudes towards	Estonia	Finland	Supposed organizational outcome
Similarities			
Family	Important	Important	Valuing family may happen at the expense of the organization but its relationship to OC was valid only in the Estonian sample.
Relationship orientation (OC2)	Weak	Weak	The feeling of togetherness may not strengthen inside the organizations, and organizations may not be able to benefit, e.g. from their members' supportiveness and assistance to each other.
Differences			
Ambition	Important	Neutral	The members of the Estonian organizations may work harder to achieve their goals than the members of the Finnish organizations.
Social recognition	Is reflected through work-related issues	Is reflected through social relationships	Recognition may not be an effective tool for motivating the members of Finnish and Estonian organizations, since it was not prized highly, although the Estonian respondents valuing social recognition tended to be supportive of organizational tasks.
Task orientation (OC1)	Stronger	Strong	Members of the Estonian organizations may support their organizations' goals more than Finnish members.

Although there are many similarities between Finnish and Estonian values and OC, the co-operation between the two cultures is not always functioning as well as possible. This may be due to the absence of sufficiently useful and reliable knowledge about the

two cultures. Aspects like attitudes, manners, considerations, language barriers, etc. are still affecting the co-operation processes. Probably co-operation will function better in the future, since there will be more experience and information. Hopefully, this article can help us to understand each other better in this learning process.

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KOKKUVÕTE

Organisatsioonikultuuri ja indiviidi väärtuste vahelised seosed: Eesti ja Soome võrdlus

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Eesti ja Soome vahel on tugevad ajaloolised, keelelised ning kultuurilised seosed. Lisaks sellele tiheneb Eesti ja Soome vaheline koostöö pidevalt. Hoolimata sellest on vähe tehtud uurimusi, mis võrdleksid Eestit ja Soomet juhtimise valdkonnas. Käesolev artikkel püüabki seda vajadust täita. Uurimuse eesmärgiks oli leida ning võrrelda organisatsioonikultuuri ja indiviidi väärtuste vahelisi seoseid Eesti ja Soome organisatsioonide näitel.

Indiviidi väärtusi uuriti M. Rokeachi meetodiga, milles väärtused jagatakse põhi- ja tugiväärtusteks. Organisatsioonikultuuri uuriti M. Vadi poolt loodud metodoloogia alusel. Metodoloogia võimaldab uurida organisatsioonikultuuri kahe dimensiooni – ülesande ning suhete orientatsiooni kaudu. Mõlemad meetodid modifitseeriti Soome konteksti. Uurimuses osales 111 eestlast ning 177 soomlast.

Uurimuses leiti, et indiviidi väärtused olid sarnased mõlemas kultuuris. Kõige rohkem väärtustati perekonna turvalisust nii Soomes kui ka Eestis. Seevastu indiviidi väärtuste seosed organisatsioonikultuuriga erinesid kultuuride vahel. Mõlemas kultuuris oli võimalik leida tendents ülesande orientatsioonile. Suhete orientatsioon ei leidnud toetust kummaski kultuuris.