



<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctor's thesis

Subject	Accounting and Finance	Date	20.5.2011
Author(s)	Samuli Kaappola	Student number	
		Number of pages	77
Title	When culture matters: A case study on the transfer and transformation processes of a governance system in a non-listed company		
Supervisor(s)	Professor Kari Lukka, Ph.D. Hanna Silvola		

Abstract

Corporate governance as a research topic is topical and widely examined in the research community, but in the contemporary debate on corporate governance, the importance of non-listed companies has largely been ignored. The aim of the research was to study the transfer and transformation processes of a governance system and different interdependencies between these two processes. The following research questions have guided the empirical analysis: How has the transfer of the governance system from the parent company to the portfolio company, representing different national culture and organisational culture, been implemented? What potential discrepancies emerge between preferred governance practices and the actual one in place at the portfolio company during the transformation process? The research was carried out in line with the action-oriented research approach, and the research subjects were a private equity investment company and two of its portfolio companies.

The successful transformation process of a governance system calls for change especially in informal routines. The enforcement of formal rules will lead to ceremonial commitment if separated from the extra-organisational and intra-organisational background of the target company. Sudden changes in the rules do not evoke compliance in human behaviour, especially if there are strong informal routines in place that guide the daily actions inside the organisation. The governance manuals consisting of optimal principles or guidelines fail to capture the behavioural side of organisations and will be lulled into a simplistic view of an organisation's reality. A transformation process happening solely in the formal domain is doomed to fail, if the context is substantially different from that of the parent culture. National culture and an established organisational culture can form a powerful blockage that the formal rules cannot penetrate. By acknowledging the significance of extra-organisational and intra-organisational forces, the informal domain of the organisation can be truly affected. Cultural sensitivity affects the success of the transformation process, despite the fact that it can appear in both extremes (i.e. adaptation vs. assimilation).

Key words	Organisational change, corporate governance, non-listed companies, private equity, cultural analysis, intercultural communication
Further information	

