

**NATIONAL IDENTITY IN THE INTERNATIONALIZATION CONTEXT: A
CASE STUDY WITH HARVIA SAUNA & SPA**

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ABSTRACT

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<p>Abstract</p> <p>The role of national identity within MNEs operating in international contexts is understudied in the body of organizational identity work. This thesis seeks to answer the research question: <i>how does a firm align its nationally situated identity when tension emerges from its evolving global strategic ambitions throughout the internationalization process?</i></p> <p>In a unique case study of Finnish national identity within Harvia Sauna & Spa, I approach this question from the foundation of the strategy-identity nexus and aim to produce theory that is generalizable to other cases. My findings suggest that national identity may play a more dynamic role than previously believed, as tensions emerge throughout the process of internationalization, various realignment mechanisms transform the organization's sense of national identity.</p>	
<p>Key words</p> <p>National identity, organizational identity, strategy, strategy-identity nexus, realignment, globalization, sauna</p>	
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1 INTRODUCTION

In the face of rapid globalization, internationalization has become more accessible to many firms. Whether the firm was founded with the ambition of internationalization or not, the internationalization process is a significant period of change during which the firm adapts and responds to a complex environment.

In the period of internationalization, a firm's identity may be called into question directly or indirectly. In organizational identity literature, the overarching dimensions of strategy and identity characterize the field (Ravasi et al., 2020). These dimensions form the foundation of the strategy-identity nexus. Working with these dimensions, Ravasi et al. claim, "There is clearly a close relationship between doing (strategy) and being (identity)" (2020, p. 5). Within the context of internationalization, both strategy and identity play an important role in how the firm can overcome the challenges necessary for continued international success and growth.

The authors explain, "The concepts of strategy (what we do or plan to do) and organizational identity (who we think we are) are deeply intertwined. Yet there is surprisingly little research that directly addresses their relationship" (Ravasi et al., 2020, p. 5).

The concept of alignment is introduced as congruence or discrepancy between strategy and organizational identity of a firm (Ravasi et al., 2020). Alignment is an interpretive "measure" of perceived harmony between the firm's strategy and identity. Ideally, alignment of strategy and identity is a marker of a firm's growth and success, although the authors also point to research that claims alignment can be a "barrier to change that can inhibit success in the long term" (Ravasi et al., 2020, p. 7). "Tension" or "misalignment" functions as a mechanism for change within the organization, as it requires realignment work to resolve.

This master's thesis is structured around the case of a Finnish sauna company's rich history, organizational identity, and internationalization process to investigate the research question: *how does a firm align its nationally situated identity when tension emerges from its evolving global strategic ambitions throughout the internationalization process?* The firm's rich 70+ year history, and the roughly 30-year long internationalization period serve as the context through which the strategy-identity nexus is explored and applied.

Harvia Plc. (known internationally as Harvia Sauna and Spa) hereafter referred to as Harvia, is a publicly listed MNE in central Finland providing sauna, spa, other related wellness products, and design services around the world. Harvia rose to become a leader in sauna heater manufacturing throughout the 80's and 90's, and has been growing internationally since. The company has an extensive history, beginning in the early 1950s with its foundation in a local entrepreneur's metalsmithing shop in Jyväskylä - at the time a small city in central Finland recovering from the effects of the second world war.

The internationalization process began shortly after Harvia's first electric heater was designed and produced on a large scale. As shown by the company presentation (see Appendix exhibit 1), internationalization began in between the 80s and 90s and continues throughout this day (Harvia, 2021). This roughly 30-year internationalization period will become the focal point for the analysis of strategic change in this case study.

Clearly, Harvia's success and growth is characterized by internationalization. However, considering the role of national identity in internationalizing firms, the case begs a few questions. For example: What were the key events which lead to success in the internationalization process? What type of tensions emerge between global strategic ambitions and national identity? How are they resolved, if at all? How does Harvia approach the "Finnishness" of the sauna when selling the sauna abroad? The strategy-identity nexus provides a framework to further explore these questions.

It should be made clear that Harvia makes a good case to study national identity as Finnish national identity is naturally embedded in the sauna (Sauna from Finland, 2021; Tillotson et al., 2021). It also follows, given Harvia's background and origins, that the Finnish national identity has been a persistent and natural part of the organizational identity from the foundational period. It should be noted that national identity is an identity source often at odds with internationalization and globalization contexts (Corley, 2004; Jack & Lorbiecki, 2007). Compared to other familiar cultural exports (e.g., German auto, American entertainment, French wine, etc.) the Harvia case gives an opportunity to study the role of national identity, and the "Finnishness" of sauna – through a successful internationalization process. By studying Finnish national identity within the Harvia case, this thesis expands the body of knowledge in the organizational identity field by adding the dimension of national identity, as it relates to MNEs (multi-national enterprises) in the context of internationalization.

2 LITERATURE REVIEW

2.1 Strategy-identity nexus

The strategy-identity nexus is introduced as a framework used to understand the mechanism of alignment between the dimensions of strategy and organizational identity. The framework opens the potential for many academic research questions and the relationship between the two has been linked in both strategy and organizational identity related literature (Ravasi et al., 2020). Authors Ravasi et al. describe dimensions of strategy as claims which answer the question “what we do, or plan to do,” whereas dimensions of organizational identity answer the question “who we think we are” (2020, p. 5). Understandably, all firms are unique. Some strategy and organizational identity claims are more general and applicable to other firms, while other claims may be completely unique to a single firm.

These dimensions simply and conveniently reflect the characteristics of the firm in question. Likewise, on the individual level, we often get to know each other through the help of the same questions: “Who are you? What do you do?”

2.1.1 Strategy as context

Concerning strategy itself, Ravasi et al. simply define the term as “what we do or plan to do” as an organization, and elaborate briefly that organizations employ strategy to achieve superior performance (2020, p. 5). Other authors highlight different characteristics, describing strategy as goal oriented (Jack & Lorbiecki, 2007; Ravasi & Schultz, 2006), strategy is present and future oriented (Bövers & Hoon, 2021; Ravasi et al., 2020; Schultz & Hernes, 2020) and that strategy responds to its environment and crises of the environment (Fortwengel, 2021). No matter how it is defined, it is characterized most clearly as the action taken by the organization in the context of the case, and often serves as the context in which organizational identity is studied.

Examples of strategy phenomenon include business model changes, plans to create new products or services, expand the product catalogue, make acquisitions, respond to competitors, manufacturing decisions, purchasing decisions, the decision to export, seeking new customer markets, plans to respond to natural and global crises, etc.

The processes of strategy implementation and identity transformation often unfold slowly over time. As evidenced by Ravasi et al.’s review, processes of identity change are inherently linked with and/or initiated by changes in strategy (2020). The periods of strategic change in many cases span decades and allow researchers to use a variety of inductive approaches to produce theory from the strategy-identity nexus – for example, as in the case study of the 30 year period of internationalization of a German auto manufacturer (Fortwengel, 2021). Considering this case, establishing a subsidiary e.g. in North America, is a strategic

activity which secures export capabilities in a foreign market. The subsidiary was part of the case company (Autocorp)'s long-term strategic plans to achieve international growth. Nonetheless, challenges of establishing a unified MNE identity were made evident in the context of strategic situations – for example: the American subsidiary was the first international subsidiary Autocorp had ever established. Expectations were made clear that the subsidiary would remain as a separate unit with relatively high independence. German directors also did not recognize a multinational identity initially. It wasn't until roughly 10 years later that the company began to set tools in place to achieve a harmonized identity, "The Autocorp identity Handbook structures the presentation of the brand AutoCorp across different media. The objective is to ensure a globally harmonized presentation" (Fortwengel, 2021, p. 1079). From this case, we can understand that harmonizing MNE identity in Autocorp was a process which unfolded over years through the context of Autocorp's evolving strategic ambitions.

Another such case includes the period of change concerning a spinoff from a global tech service provider. Spinoffs are a strategy often initiated out of interest of profitability for the parent company. The parent company may grant the spinoff more independence, and/or support the spinoff with its own resources. In a similar vein to Fortwengel's case, Corley's case (2004) examined identity formation within the strategic context of the spinoff period. Presented with the sudden loss of the previous group identity and other organizational changes, the tech company struggled to establish their new individualized identity. The tech spinoff faced strategic challenges, such as the upper management having no prior experience in leading independent companies; and also challenges stemming from the identity formation process, such as misaligned external perceptions of the company from media, and discrepancies of identity within the hierarchical organization (Corley, 2004). These cases clearly show how strategy functions in driving the process of identity formation. In these cases, periods of strategic change are used as context to study questions concerning organizational identity.

2.1.2 Organizational identity

Identity is a fundamental part of the organization and ultimately, a reflection of ourselves. It defines and categorizes the differences which make something unique. Psychological phenomenon surrounding OI is reminiscent of the psychological phenomenon found in individuals (Gioia et al., 2013), implying that OI statements and the tension or alignment surrounding them, give insight to the "health" of the firm. As informants from other case studies have revealed, "We need key definitions from top management on who we are. It's complex to work with a story when you don't really know who you are" (Hatch & Schultz, 2017, p. 668).

Organizational identity (OI) as a phenomenon is often best analyzed through cognitive and discursive phenomenon of the case firm in question (Ravasi et al., 2020). It follows that the question "who we are" is answered in different ways according to the cognitions of the members of the organization,

the perceptions of members outside the organization, and the discourse connected to the firm.

Considering that OI is dependent on the cognitions, perceptions, and discourses surrounding a firm – it should come as no surprise that numerous identity categories are often found within a single firm and used to describe the organization's unique identity. A firm's OI may be described and categorised according to:

- Place: local, regional, domestic national, international
- Ownership: Family business, partnership, cooperative, private shareholder(s), PLC
- Internal culture: casual, corporate, loose, strict, hierarchical, low barriers, equal, cooperative, competitive
- Business model: entrepreneurship, franchise, SME, MNE
- Lifespan: starting up, growth, maturation, exiting

With the potential for such variety, a particular firm's OI is often made clearer by the "who we are" statements made within the organization, as evidenced by the following case examples: concerning place and national identity – "We are a global company now and that British aspect has really gone..." (Jack & Lorbiecki, 2007, p. 85), concerning place and the relationship to customers/others – "We are very keen... first of all, to emphasize regional identity, regional understanding because we pride ourselves on being close to our audience in the community" (Jack & Lorbiecki, 2007, p. 88), concerning lifespan – "Our company is entering new markets, so we are becoming more and more international" (Fortwengel, 2021, p. 1081), concerning internal culture – "We are more bureaucratic than we used to be" (Customer Agent), 'We are a company that really values its employees' (Marketing Rep), and 'We're the type of company that focuses on customers first' (Branding Agent)" (Corley, 2004, p. 1158).

A second way in which OI phenomenon is recognized is through the process of "mirroring" in which perceptions from members from outside the organization are used to describe and understand it (Hatch & Schultz, 2002). Whether they be accurate or not, "...the opinions and reactions of others act as constraints on a group's construction of an organizational identity" (Jack & Lorbiecki, 2007, p. 81). That is also to say, statements from outside the organization can provide a good indication of the state of alignment in a firm's OI, sometimes revealing misalignment between the ambitions of the firm and the perceptions of others. "We view ourselves, at least in the large business space, as the market leader. But that's not how we are viewed in the press. (Senior Vice President)" (Corley, 2004, p. 1160).

2.1.3 Alignment

Considering the roles of strategy and OI function on their own, the strategy-identity nexus utilizes the concept of alignment to describe their interaction. Alignment is used to describe the state of “tension” or “harmony” between strategy and OI. It should be noted that these terms do not carry any emotional weight. “Tension” as it relates to the strategy-identity nexus does not relate to interpersonal tension among or between teams in an organization. Tension is simply the combination of forces from which strategy disrupts OI and vice versa. In other words, strategy and OI have the capacity to hinder each other. Tension may be expressed as interpersonal tension, for example in a board meeting as members argue over a strategic decision, but it is not exclusively linked with interpersonal tension nor emotion.

The term “misalignment” functions closely with “tension” and is used to describe some cases more accurately (e.g. a firm’s current identity is misaligned with the media’s impression and memory of its past identity). The relationship between the firm and external forces is a common source for misalignment, often emphasized by the gap between “who we are” and “who they say we are,” or the claims of “who we are” and “who we used to be” (Ravasi et al., 2020, p.6).

“Harmony” as it relates to the strategy-identity nexus does not relate to the level of happiness among or between teams, nor to the smoothness of its processes. Harmony is simply the alignment of strategy and OI towards a common goal. Essentially a measure of “health” between strategy and OI. An organization in harmony tends to have greater success and can achieve higher organizational performance. An organization in a state of tension or misalignment may struggle to innovate and grow. For example, it may suffer from communication issues between itself and customer base and therefore falls short of the target market. Periods of misalignment may be evoked by changes in the environment, industry, or customer market, therefore challenging firms to find solutions and reach for new growth. In another example, narrow sightedness from an unyielding sense of identity may lead to stagnant innovation and/or missed opportunities. Authors note that the discrepancies in alignment may take place within the OI dimension itself, as discrepancies may occur between individuals, teams, or hierarchies within the organization; and also between the organization and external groups such as the media (Corley, 2004; Ravasi et al., 2020).

Ravasi et al. note that some authors argue that harmonious alignment itself can act as a barrier for long term success (2020). In a period of harmony for example, identity blindness may hinder adaptation of new ambitions which would benefit the firm. Essentially, harmony does not equal profit and growth.

2.2 Other mechanisms of OI in MNEs

Organizational identity literature often further characterizes OI of the MNE as multiple and temporal.

The notion of multiplicity in MNE's is often described as a type of meta-identity which contains a multitude of sub-identities or identity types (Corley, 2004; Fortwengel, 2021; Ravasi et al., 2020). The concept of multiple organizational identities has grown in research in tandem with economic globalization beginning as early as the mid-80s (Corley, 2004). These multiple identities can be found creating tension or harmony within a single organization or between groups within an organization, such as in the case of a subsidiary relationship with the home country organization, or in the case of a spin-off as it becomes independent from the original organization (Corley, 2004; Fortwengel, 2021).

Multiplicity is also necessary to discuss the MNE's relationship to the globalized economy. MNEs have relationships with their locality (the city or area they are physically located), home country (their place in the nation), and the international areas they participate in, all of which affect OI. Local, national, and global identity types may influence each-other in a nested or hierarchical structure (Fortwengel, 2021).

Another example of multiplicity phenomenon of OI comes from the "construed external image" of the firm (Corley, 2004, p. 1149). In Corley's tech company spinoff case study, interviewees discussed not only their own beliefs about the organizational identity, but also discussed the identities which they perceived from external actors, customers, press, other media, etc. (2004). Different from Hatch and Schultz's "mirroring" process (2002), construed external image is collected from the members inside the organization. In Corley's case, construed external image was gathered to reveal discrepancies between the organization and public throughout the spinoff's period of change. Informants often cited the press and media as poorly construing the organizational identity of the firm (Corley, 2004). This raises another alignment question which MNEs must answer: who are we to ourselves? vs. who are we to the public?

The second overarching concept which Corley and other organizational identity researchers continue to discuss, is temporality. In Corley's case, "temporal identity," that is the sense of identity as it relates to specific periods of time (e.g. past, present, future) (Corley, 2004; Schultz & Hernes, 2020). Corley focuses on the discrepancies in temporal identity within the spinoff, defining temporal identity discrepancies as "inconsistenc(ies) between the organization's current identity and (i) claims of who the organization will be or would like to be in the future or (ii) past claims made about the organization's identity" (Corley, 2004, p. 1162).

Including temporality in the case study brings a timeframe under analysis to discover how the present perceptions of OI are related to identities embedded in the firm's past. "While strategy is generally oriented toward the future, culture

and identity tend to be grounded in the past...” (Ravasi et al., 2020, p. 6). Therefore, researchers use temporal frameworks to compare changes, discover discrepancies, or predict/explain re-emerging elements of OI (Corley, 2004; Ravasi et al., 2020; Schultz & Hernes, 2020).

2.3 The complication of national identity and globalization

To define and understand national identity and its place in the academic conversation, we must recognize that scholars view the concept through different lenses.

Considering its place in OI literature, some authors approach national identity as a social construction, embedded in the discourses and the individual’s cognitions of the nation (Ailon-Souday & Kunda, 2003), while others view national identity through a post-structuralist lens, meaning it is a phenomenon embedded in a more objective reality with elements of objectivity to be found within the concept itself (Jack & Lorbiecki, 2007).

Ailon-Souday & Kunda’s work presents national identity as social construction of the organization, which is used by its members to make sense of the organization itself in the face of globalization and its associated complications (2003). In the case of an Israeli tech merger, national identity served to make sense of the challenges which globalization created for the organization. Interestingly, one significant challenge which posed the Israeli firm against its American merging partner, was that which was planted between its desires to achieve global status and its desires to maintain individual national identity.

National identity of the MNE is analyzed in Jack and Lorbiecki’s case study of three British MNEs struggling with the role of “Britishness” within their global identity (2007). Similarly, national identity provided a source of comfort for British nationals representing the MNE in foreign countries. Alternatively, their findings suggested that national identity was at times, made distinct and separate from global identity, meanwhile other times, national identity was inseparable from global identity (Jack & Lorbiecki, 2007).

The challenges presented in each of these case examples stem from globalization itself. The emerging perspective of globalization during the 1980s was often optimistic, although it recognized its disruptive and sometimes revolutionary impact for society (Levitt, 1983). Globalization in the present day persists as a double-edged sword – praised for its unifying features (e.g., access to a more affordable variety of products, wireless global communication, increasing standard of living in the 3rd world, spread of democratic ideals, etc.) yet, globalization is often ignored whenever its unintended consequences and inconvenient truths emerge (e.g., the effects of offshoring manufacturing, humanitarian concerns in foreign operations, radical changes in migratory phenomenon and policy, strain on social welfare systems, intellectual property violations, etc.).

Corley describes globalization as a fragmentary phenomenon, creating a challenging environment for MNEs when forming a cohesive and collective organizational identity (2004). Fragmentary phenomenon he lists as the “technological advances (isolated connectivity via the Internet), cultural conflicts (both violent and non-violent), and changing business practices (i.e. outsourcing, downsizing)” (Corley, 2004, p. 1146).

Within the context of diversity management studies, Jack and Lorbiecki also introduce globalization as a fragmentary phenomenon particularly for national identity, in which their case studies revealed that immigrant, refugee, and hybrid minority identities within the population fracture British national identity, thus calling for British firms to reevaluate their workforce policy and brand image (2007). The “Britishness” of the firms in question was examined as a source of conflict within the organizations, and in some cases, became the subject of removal. Their findings suggest that national identity plays a role in unification for the home country when compared to foreign identities, but also serves as a fragmentary mechanism in the MNE when workforce demographics diversify in the home country.

Above the level of globalization’s fragmentary phenomenon, Jack and Lorbiecki describe the “homogenization view” of globalization as one in which “differences in preferred national organizational forms, managerial values and working practices are being replaced by global corporate cultures and universal organizational identities” (Jack & Lorbiecki, 2007, p. S82). The authors continue to assert the growing conflict between national identity and globalization. “According to this view, national identity and organizational identity are increasingly disparate, perhaps even disconnected, entities” (Jack & Lorbiecki, 2007, p. S82).

The fragmentary view and the homogenization view of globalization serve as useful perspectives to understand the role of national identity in the MNE as a part of today’s globalized (and continually *globaliz-ing*) society.

As for the formation of the identity in a globalized environment and its alignment with internationalization strategy, Ravasi et al.’s goal is set to address the issue. “Missing from most of these discussions, however, is an assessment of the importance of fit or alignment between an organization’s strategy and its identity, even though the two concepts... constitute an intertwined duality” (Ravasi et al., 2020, p. 7). In other words, the role of national identity may be challenged with each disruption an MNE faces throughout the internationalization process. Fortwengel’s mission also supports investigating the gap, although he approaches the question through identity formation, as he explains, “Much less attention has been paid to the question of how firms experience and interpret the process of internationalization” (Fortwengel, 2021, p. 1071). Furthermore, when considering the role of national identity in MNEs, the question of alignment remains, along with what type of alignment work is appropriate whenever tension emerges around national identity.

To elaborate the knowledge gap further: the research question seeks to shed light on the dynamics of OI transformation when the OI stems from a specific type of identity source – the nation. This calls for an investigation of an MNE's perceptions of national identity as it relates to OI in a globalized society.

3 THEORETICAL FRAMEWORK

The theory applied to the Harvia case is derived from Ravasi's et al.'s work on the strategy-identity nexus (2020). The case gives a good opportunity to study national identity as it relates to organizational identity of an MNE. I propose that national identity of a firm, is challenged when the firm pursues global strategic ambitions, thus creating the potential for tension and misalignment between the strategy and organizational identity of the firm. Realignment work is necessary to resolve the tension, and also serves as the mechanism of OI transformation. Naturally, tensions in identity emerge as any company continues to change, however the research question and this case offer a more precise view specifically of national identity and its role in contrast with global strategic ambition.

Within the context of internationalization, a firm's strategic ambitions call for significant change – oftentimes with these changes, the OI (and national identity) of a firm is also called into question. This creates a tension or misalignment between the company's goals and its collective sense of self. As discussed, the strategic processes which lead to tension or misalignment are complex and murky, and its resolution may require long periods of time. Realignment brings resolution by changing or reshaping OI. This mechanism of change continues repeatedly throughout the internationalization period.

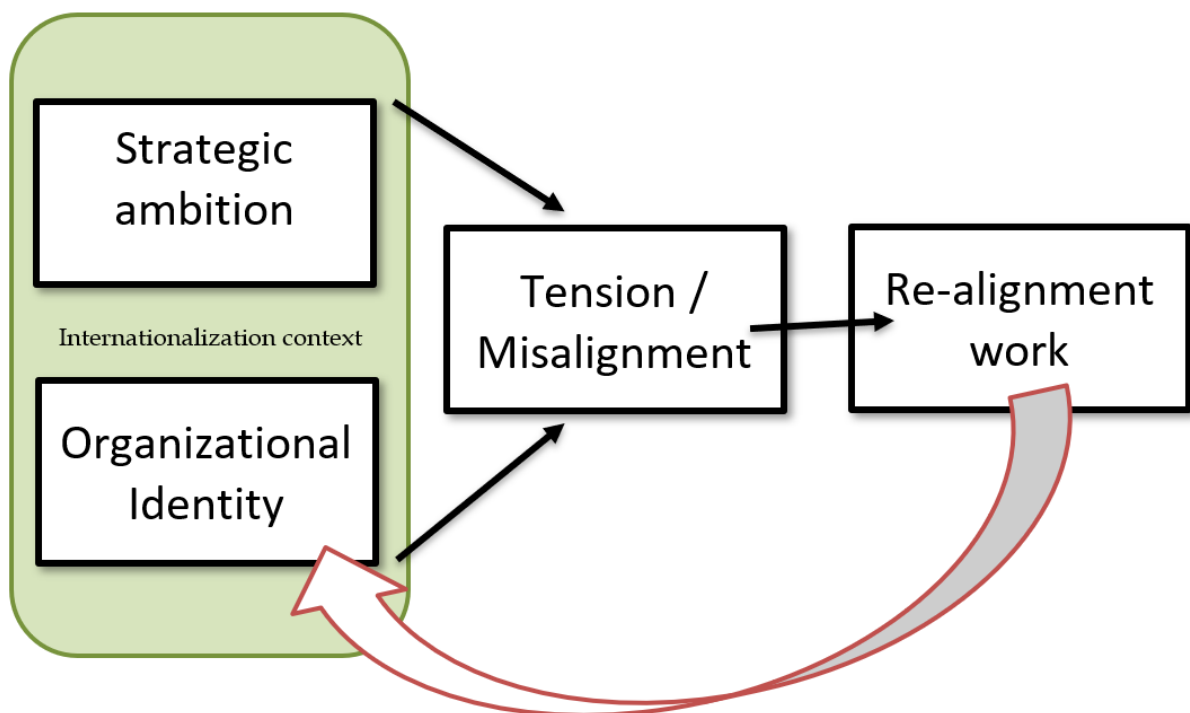


Figure 1: Theoretical Framework

Figure 1 visualizes the process which a firm's evolution takes place during a period of internationalization. As cognitive and discursive methods are used for OI case study analysis, the figure's term "strategic ambition" includes the strategic intentions and actions of the firm throughout the period of change. As it is used in the figure, the term "organizational identity" also references cognitive and discursive dimensions of identity as it responds to the change. As changes in these two dimensions occur simultaneously the assumption is that they affect the state of alignment creating tension and/or misalignment. When a state of tension exists, realignment work is necessary to solve the tension, whether it be by addressing the strategic ambitions or by addressing the organizational identity.

Because the research question focuses on the phenomenon of OI alignment throughout the internationalization process, the temporal aspects of the case cannot be overlooked. Companies with 70+ years of operation most likely began with simple, entrepreneurial ambitions. Ambitions of domestic leadership and internationalization logically follow only after a state of growth and survival is achieved. For this reason, it is theorized that the mechanism of tension and realignment is reiterative, unfolding along key events of transformation. The dimensions of Figure 1 will be used in conjunction with the timeline constructed from the case and during data analysis. Fortwengel's theory includes the notion that key events, such as the establishment of a foreign subsidiary, play a significant role in the development of MNE identity, and that the MNE identity forms in response to the members' interpretations of *what happened* along those key events (2021).

Theories of temporal bracketing includes the utility of "periods" to signify focal points in temporally sensitive cases (Langley, 1999). Langley explains that periods may be selected as a comparative analytical tool within the data set, and for replicating theoretical frameworks (1999). Periods may also be utilized to give structure to the findings as "...a shapeless mass of process data is transformed into a series of more discrete but connected blocks. Within phases, the data are used to describe the processes as fairly stable or linearly evolving patterns." (Langley, 1999, p. 703).

4 METHODS

4.1 Research strategy

My research strategy follows a qualitative longitudinal approach which is designed for the Harvia case study. Case studies may be conducted to induce new theory which is generalizable to related contexts, and are especially useful for unexplored subjects (Eisenhardt, 1989).

Other research in OI confirms the validity of the research strategy. Fortwengel's methodology also follows a similar approach in the case study of OI transformation in a German auto company (Fortwengel, 2021). His qualitative longitudinal approach includes reconstructing the timeline of the transformation period in question, semi-structured interviews from the case's knowledgeable informants, and the examination of archival materials. Likewise, the case study from which Corley's theory is generated, includes qualitative interviews throughout the phases of the company transformation, and written and electronic material to supplement knowledge of the case (Corley, 2004).

I also utilize semi-structured interviews, and archival data to construct a timeline of the Harvia case and draw inferences from the data to generate theory. My research strategy considers complex causal relations between strategic ambitions, national identity, the unique Finnish identity of the sauna, and the history of the firm throughout the context of internationalization. Through this approach, I aim to generate a theoretical explanation for how national identity is affected by changing strategic ambitions throughout the process of internationalization.

"...(W)hile strategy is generally oriented toward the future, culture and identity tend to be grounded in the past..." (Ravasi et al., 2020, p. 6). This insight brings forward the temporal application of the strategy-identity nexus, and also supports the plan to investigate Harvia's past. Equally important to uncovering the key events of the internationalization process, is the uncovering of Harvia's past organizational identity. In other words, the OI of the past provides a comparison to the changes which have influenced OI in the present and future. Temporal data includes a variety of data types - such as Langley describes, "events, activities, and choices ordered over time" lending their appropriateness to "open-ended inductive approach(es)" such as the approach outlined here (1999, pp. 692-693).

4.2 Case setting

Harvia provides a good case setting for the question. Its Finnish roots and history combined with the “Finnishness” of sauna and its significance as a cultural symbol, make it a suitable case to study national identity in the context of internationalization. Its period of internationalization is verifiable as evidenced by its well-preserved history and the memory of knowledgeable informants – some of which had been employed 30+ years. Its rapid international growth has led to its dominant position in the global sauna and spa market.

4.2.1 Present day OI: from family business to global wellness

Harvia’s 70+ years of history have been well preserved, as evidenced by the artifacts found in the Muurame headquarters, including the large “Our Story” timeline found on a wall in the entrance, a refurbished Mäkinen heater – the first wood-burning heater model produced also found in the foyer, the corporate museum exhibits, cases of international travel mementos, and numerous awards found displayed throughout the office buildings.

Throughout the 90s and into the new millennium, Harvia referred to itself as the “world’s leader in sauna heater manufacturing” (Harvia Oy, 2001, p. 38). Although Harvia may have been expanding the product offering to include complete sauna solutions at this time, it would take significant time before ambitions such as the complete sauna solution became known, and before Harvia’s image began to reflect their capabilities.

As evidenced by recent annual reports, Harvia sees itself as a global sauna and spa company, keen on wellness and on a mission to share it with the world. Previous Finnish slogans such as *kylvettää kaikki – to bathe all* (Harvia Oy, 2001) contrasts the difference in today’s global wellness messages: *relaxing moments – natural wellbeing*, and *#healingwithheat*. The current messages are focused away from the traditional sauna bathing practice and are generalized towards *heat, relaxing, wellness*, as to include the recently added steam room and infrared sectors of the product offering. Both slogans are found in the mission statement of the 2020 annual report (Harvia PLC, 2021).

4.2.2 Present day strategy: global ambitions

Harvia has shown clear signs of international presence and growth, especially throughout 2020. The covid-19 situation and the global wellness megatrend boosted net sales significantly throughout the year. On top of strong sales, the 2020 annual report reveals evidence of continued strategic global ambition and execution. The vision statement of the 2020 annual report reads,

“We aim to be the global leader in the sauna & spa industry with complete offerings for professionals and consumers. We are known for our profound insight into the sauna experience across all sauna types and cultures. Our passion is to be the innovation and sustainability leader of our industry, and an active participant in industry consolidation” (Harvia PLC, 2021, p. 16).

EOS, a premium German sauna & spa leader, was successfully acquired in April 2020, shortly after the majority of covid-related shutdowns were occurring worldwide. The premium brand opens new market segments for the Harvia Group in Central Europe, North America, Asia, Russia, and the Nordics.

More acquisitions have occurred at the domestic level throughout 2021. Kirami Oy, a Finnish hot tub and sauna manufacturer was acquired in the spring further adding to the variety of the Harvia Group. Later, in the fall, Sauna Eurox, an olivine diabase (sauna stone) quarry was acquired. Harvia had nourished a long relationship purchasing stones from Sauna Eurox to be included with the heaters sold.

Due to the current global health and wellness megatrend, the sauna has received positive press in recent years. In 2017, Dr. Rhonda Patrick was invited to the Joe Rogan Podcast to discuss the health benefits of sauna. As an influencer and sauna user himself, Joe Rogan has introduced the sauna to new audiences with a primary focus on the sauna’s health benefits (JRE Clips, 2020). He and other influencers have pushed sauna into the zeitgeist to inspire wellness enthusiasm around the world. Harvia has been enjoying the “sauna boom” and is looking to ride the trend to its fullest potential.

For the Finnish market, information on health benefits is often taken for granted or considered to be nothing new. For many Finns and traditionalists, the sauna is seen as a living historical and cultural practice, embedded in Finnish national identity (Tillotson et al., 2021). Nonetheless, Finns are eager to share the sauna with foreigners. Harvia’s partner *Sauna from Finland* shares material focused on the health benefits of the sauna, and functions as a source of authentic Finnish sauna knowledge for foreigners and sauna enthusiasts abroad (Sauna from Finland, 2021).

It is important to note the Finnish national identity which is embedded and reflected in the sauna. As Harvia is selling Finnish sauna (along with other spa and wellness systems) the question of how Harvia chooses to view the sauna is relevant to the RQ and gives insights for understanding the perspective towards national identity. Sauna, being a significant cultural symbol, has been used to study questions related to Finnish national identity. “Finnish nation branding discourses are interwoven with sauna as the symbolic resource of ‘Finnishness’...” (Tillotson et al., 2021, p. 262). Symbolic resources provide a proxy for referencing national identity, as they characterize the norms, values and authenticity of the nation in question.

On top of promoting the benefits for health and wellbeing, Sauna from Finland describes the essentials of the Finnish sauna bath, distinguishing it from other cultural steam bathing practices.

In the Finnish sauna, the temperature is relatively high compared to other saunas in the world, between 70 and 100 °C. The Finnish sauna is heated with a heater with heat-conducting stones. Water is thrown on the stones to create water vapor (called 'löyly' in Finnish), generating moisture and instantaneous, soft extra heat in the sauna. The typical humidity in a Finnish sauna ranges from 40 percent to 60 percent (Sauna from Finland, 2021, p. 15).

In addition to the differences in practice, "sauna" is the only Finnish word that is used in other languages without translation (Sauna from Finland, 2021).

4.3 Data collection

To recruit knowledgeable informants for interviews, I followed recommendations from a senior director who is also a member of the Harvia family. The majority of informants had spent significant amounts of their careers working for Harvia Finland. All except two were under active working agreements during the time of the interview. (See Table 1: informant descriptions)

Each interview spanned approximately one hour. A total of 11 one-hour semi-structured interviews were conducted. Interviews were either conducted in person and recorded with a university provided audio recording device, or were conducted and recorded online via Microsoft Teams. All interviews were transcribed with assistance from transcription software (otter.ai). Audio was reviewed and text was edited for accuracy. Interviews were transcribed verbatim.

A semi-structured interview guide was developed with a variety of questions and themes to guide conversation towards the overarching dimensions of the strategy-identity nexus. The guide included prompts such as: *What are some of the most significant changes for the company you've observed within the past 30 or so years? How does Harvia approach the Finnishness of sauna? How does Finnish National identity fit within Harvia today? Describe what Harvia is to someone completely unfamiliar with the company and its products.*

Archival materials were acquired utilized to create discussion points included throughout the interviews and construct the timeline. A key piece of archival material was found in Harvia's Muurame HQ museum – the 50-year anniversary booklet, *Harvia: löylyttää kaikki - 50 vuodessa maailman johtavaksi kiuasvalmistajaksi*. This material also served to identify for example, the tension/misalignment in exhibit 2, "Harvia will never make electric heaters!" (Harvia Oy, 2001, p. 20). Also, various identity statements from annual reports such as "Harvia is driven by the same strong entrepreneurial culture on which the

company was founded 70 years ago,” and, “Proudly Finnish, Genuinely International,” were included as tools to redirect the conversation towards OI whenever necessary (Harvia PLC, 2021, pp. 5, 17). Informant #6 presented screenshots of news articles to support the notion that the media was still identifying Harvia as a “heater manufacturer” instead of a sauna and spa company. Applying the mirroring approach as described by Hatch and Shultz (2002), these materials were included in analysis. Titles, excerpts, and links to these articles are included in Appendix exhibit #3.

Informant #	Words	Impressions
1. Export Secretary Export Coordinator 1993 - present	8032	Background in languages made them an attractive candidate for the export team. Interview served to provide background for the case and helped construct a majority of the timeline.
2. 3 rd generation Harvia family member R&D/Product Support Technical Director 1987 - present	7133	Engineering background. Oldest 3 rd generation Harvia family member. Started working in factory and Harvia grounds as teenager. Also maintains HQ museum exhibit and artefacts. On display is a replica of Tapani Harvia's workshop and various heater models and products from the 1960s to the present day.
3. Export Secretary HR Manager 1988-2020	10140	Hopes that company history will be preserved, learned and respected by present day and future management. Strength and expertise are in Harvia's roots - wood-burning heaters.
4. Product Manager 2011 - 2014 2016	7831	Technical background. Advised for special sauna projects with foreign customers. Export personnel are some of Harvia's greatest assets.
5. 3 rd generation Harvia family member Support/R&D manager/Marketing team product group manager 2004 - present	9628	Engineering background. Started training in factory as teenager during summers. Communication link between marketing and R&D. Multi-functional roles and knowledge.
6. 3 rd generation Harvia family member Technology and quality director (CTO) 1994 - present	8194	Engineering background. Started training in factory as a teenager during summers. Focused in production and technology "insourcing" as opposed to outsourcing.
7. Domestic sales manager 2000-2010 Domestic sales director 2014 -present	8206	Sales background. Director of small 7-person domestic sales team, focusing sales towards hardware and DIY chains throughout Finland.
8. Export Director 1996 - present	10267	"I could do business in German. Russian, English, Finnish, Swedish. Yeah." "I've been a Harvia man all my life."
9. Logistics, R&D, Sales manager - spare parts 1989 - present	7375	"If you are working 33 years in the same company, it must be a very good place."
10. Board member / CEO 2014 - present	6870	"Hardware to wellness... From a heater company to sauna & spa company, and from a sauna & spa company into the wellness market, that's basically the path."
11. CFO 2014	6106	Business consulting background. Prior work experience and history with competitor. "Finns don't really know sauna."

Table 1: informant descriptions

4.4 Data analysis

Simultaneously during transcription, patchwork began to construct the timeline of the internationalization period (see Table 2). I again used archival materials to check for accuracy of the informants' estimations if they included dates from key events. After the transcription process, transcripts were printed and reread line by line to select and highlight relevant quotes. Selected quotes were coded in a Microsoft Excel spreadsheet along the dimensions outlined in the strategy-identity nexus and related to the question of national identity. Overall, 56 quotes were selected to support first-order codes. These first-order codes generated the second-order themes which I have reasoned into the aggregate dimensions of the strategy identity nexus, namely: strategic ambition, organizational identity, tension/misalignment, realignment. These dimensions and their related themes and codes were included in the data structure (Figure 2). Patterns of interaction between key events and themes in the data structure emerged leading to creation of the findings model (Figure 3). The findings model explains the process of transformation in national identity throughout the internationalization process of the Harvia case.

5 FINDINGS

The findings have been divided into three figures, each with a significant component of the case and relevant to the theoretical framework derived from the strategy-identity nexus. Temporality of the case is introduced by the timeline which captures key events throughout the internationalization process (see Table 2). The data structure includes each of the dimensions of the strategy-identity nexus and their supporting themes and codes (see Figure 2). The findings model shows how the discovered themes and realignment mechanisms support the theory national identity alignment in the internationalization context (see Figure 3).

5.1 Timeline of key events: internationalization context 1980s – present day

From the internationalization context, three periods were identified; characterized by their unique tensions and misalignments.

As a metal smith and entrepreneur, Tapani Harvia began making wood-burning sauna heaters in his home workshop in 1950. The first heater, known as the “Mäkinen” was sold to a local fishmonger whose storefront remains open in Jyväskylä to this day. Towards the end of the decade, wood-burning heaters had become Harvia’s main product, selling roughly 500 per year (Harvia Oy, 2001). During this time, Tapani Harvia moved the small home workshop to a larger space in the center of town and began to hire the first workers. The company continued to grow there until the beginning of the 1970s, when the a move to a larger facility in Muurame was necessary (Harvia Oy, 2001). Prior to the 1980s, this “prologue” period is characterized by the originality of the entrepreneurial vision and the strategy to grow within the means of the domestic market.

At this time in Finland the wood-burning heater was most often the only option, as the Finnish sauna was a simple wooden structure built outside the home or cottage where no electricity was necessary. For this reason, wood-burning heaters had become the authentic expression of the Finnish sauna experience. The demand for electric heaters in urban areas and abroad, stirred heated debate for many.

(See Appendix exhibit 2)

	Year and key event	Description
Period 1	1980 Tapani Harvia retires and gives control to his children.	Tapani Harvia's vision: Domestic/nationally oriented strategy. Best in wood-burning heaters. Family business continues. "Harvia will never sell electric heaters!" tension is resolved.
	80s - 90s electric heater design & manufacturing	Key product to open export markets. With new export potential, internationalization process slowly begins in neighboring Sweden and Russia
Period 2	2004 Chinese factory established	Seeking further profitable international growth. Expand manufacturing capabilities. Establish legitimacy among Chinese copycats. Established sales channel to China and other Asian markets.
Period 3	2014 CapMan investment group	Family ownership sells the business to CapMan investment group. Focus begins shifting from production to sales and marketing.
	2016 Sentiotec acquisition	Austrian firm secures market position in central Europe, fits the ambition of one-stop-shop
	2018 Harvia PLC est.	Investment group sells all shares to Helsinki stock exchange
	2018 onwards: acquisitions include Almost Heaven Saunas (USA), EOS (Germany), Kirami (Finland), Sauna Eurox (Finland)	Each acquisition serves to expand the product portfolio, in further pursuit of the "one stop shop" concept.

Table 2: Timeline of key events

Period 1 is identified by the key event of electric heater production. Although the misalignment of "Harvia will never make electric heaters!" was short-sighted considering the potential for growth, Tapani Harvia was not the only one holding this perspective (Harvia Oy, 2001, p. 20). Many sauna traditionalists held the same opinion of electric heaters at this time. However, production of electric heaters did indeed begin after Tapani Harvia retired in 1980 and passed power to the second generation Harvia family.

The initiative to produce electric heaters came from the second generation Harvia family and was repeatedly referenced during the interviews – with some informants bringing the misalignment into conversation before it was prompted. The choice to produce electric heaters was seen as a key part of the internationalization strategy and one of the earliest significant strategic changes for the company.

Although many significant strategic changes after period 1 were revealed (e.g. expanding the product portfolio, increased investment in the Muurame fac-

tory) the preparation leading to and the establishment of the Chinese manufacturing plant sent tension again throughout the organization. Although foreign manufacturing opens the door for more global profitability and international sales channels, it brings along the threat of job security for domestic factory workers, and considering quality – a threat to company’s reputation. These threats were recognized in period 2 as Harvia moved to establish its Chinese manufacturing plant. Establishment proved to be successful as it solidified a more global presence for Harvia and expanded new sales channels into Asia. Period 2 sets up a decade of international growth leading to the point when the family business is sold to an investment group, continuing the journey of becoming a PLC.

Towards the end and beyond period 2, worth noting are the rapid changes coincided with globalization and technology contexts, (e.g., digitalization megatrend, smartphones become more affordable, migration crisis of 2015). With publication and review of more scientific work on the sauna (Laukkanen et al., 2018), the global wellness trend begins picking up on the health benefits of sauna. Social media presence becomes more important for MNEs. These factors help to make sense of the rapid changes not only for Harvia as an MNE, but also for the notoriety of sauna and health.

During period 3 Harvia continues through a series of rapid acquisitions and significant organizational changes, further solidifying MNE status. As the Harvia group continues to grow in complexity with additional group members, products, and capabilities – its main identity concerns revolve around the differences in the domestic and foreign markets. Period 3’s main misalignment is between the reputation recognized by the domestic market vs. that of the foreign markets (heater manufacturer vs. one-stop-shop).

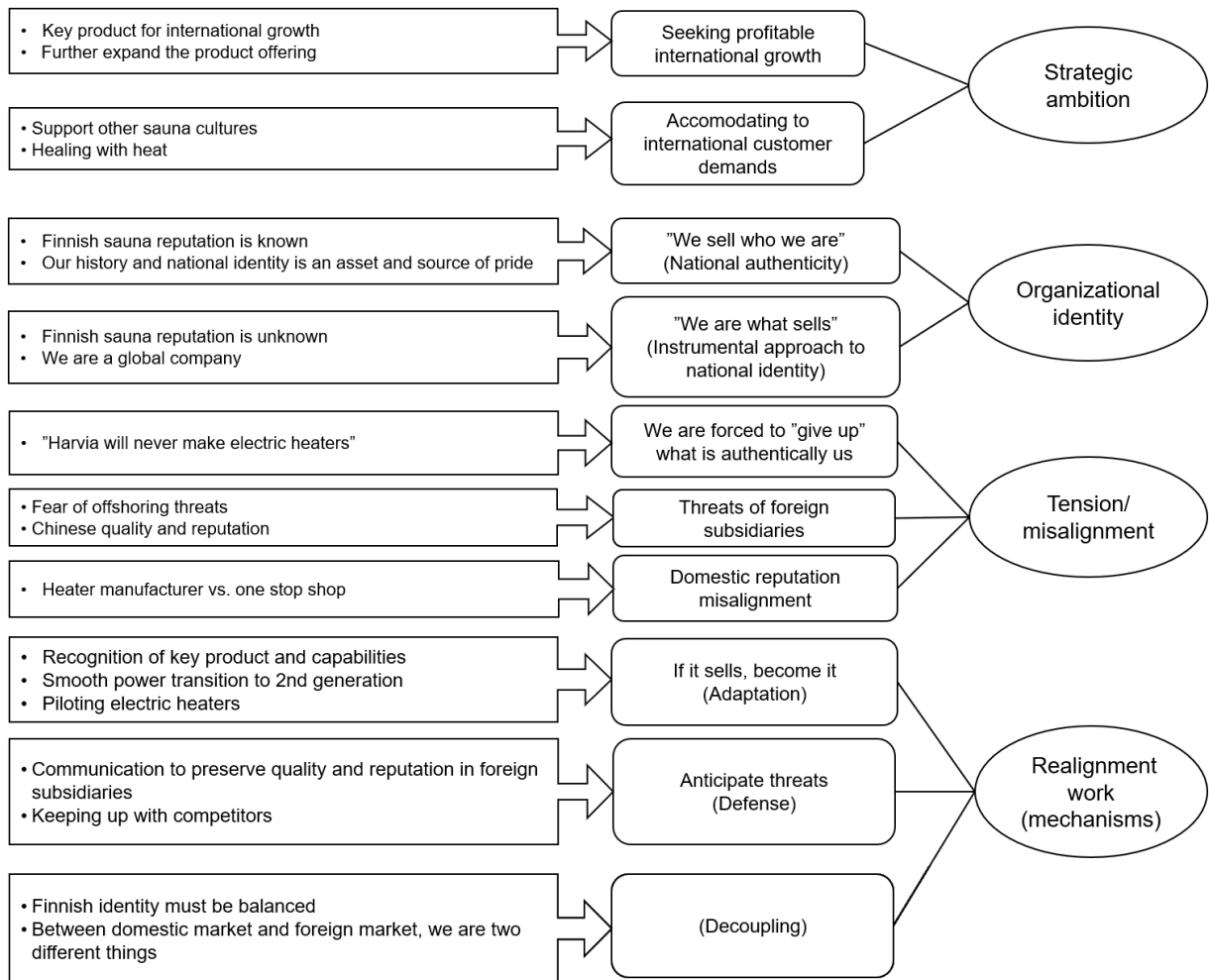


Figure 2: Data Structure

5.2 Strategic ambitions

To identify strategic ambitions, informants were asked about significant changes in strategy throughout the internationalization period. The data was separated into two related yet distinct second order themes which are closely linked with changes in national identity found throughout the internationalization period. “Adapting for profitable growth” emerged from statements and discussions about the product portfolio – specifically when, how, and why the product portfolio began expanding. The topics surrounding these first order codes and selected quotes were typically of a more technical, economical, practical, and business-like nature. The earliest strategic ambition to emerge was the choice to produce electric heaters. This ambition emerges from the tension found in period 1 already discussed. The choice to make electric heaters was repeatedly recognized as a key to enter foreign markets.

So about 30 years ago, we started to work also with electric heaters, and that was actually a huge boost to open export markets. And that was actually the main key to open export markets. So without that, I think it wouldn't be possible. #5, 08:14

(See Appendix 8.2 Strategy data table)

As electric heaters production and export sales were gaining momentum, the early perspective (before the mid-1990s) was that export was viewed as somewhat a “bonus” as the majority of the product portfolio was heavily influenced by the traditional Finnish sauna culture.

So as almost every company of course, when they are small, starting, they focus only for domestic markets, like Harvia actually, as did quite a many years. Also, our products and everything they were designed, like for Finnish people. And Finnish products (we) tried to sell for export markets. So actually, I think their strategy and every-thing worked that way that it was quite Finnish goes first and second place is... It's like, I don't know how to say it but... export is like bonus. And uh, everything worked that way that, we made a product for product for Finnish market and tried to sell that also in the export market. So actually, if you now think it's probably not a very good thing, but it's of course, how to start. #5, 10:19

Export began gradually in neighbouring Sweden and Russia, expanding at a more rapid pace into central Europe and others throughout the late 90s.

Once foreign markets were penetrated, continued expansion of the product portfolio sought to include more than the electric heaters themselves, instead offering the complete sauna package: accessories, interior saunas, outdoor saunas, infrared panels, spa modules and steam rooms.

The data which lead to “accommodating to customer demands” focused more on Harvia’s learning processes from previously unknown sauna cultures and related wellness concepts. In other words, to penetrate foreign markets, Harvia had to learn about the needs and preferences for sauna users abroad. The differences in German sauna culture are often used as an example. In a German public sauna, the aufgussmeister is responsible for informing the guests of sauna etiquette and performing the aufguss “ritual,” which includes fragrances such as herbs or oils released by the heat of the stones, and the art of waving/whipping a towel to disperse steam throughout the room.

As Harvia began to learn the needs of customers abroad, the perspective in export shifted from a focus on Finnish sauna, to a role of active support. Through this learning process, relationships with foreign customers and cultures began to take root. Informant #6 revealed that specific products such as the Virta Combi heater were designed for the Central European sauna market, which holds the preference for lower heat and higher humidity.

Entering the Central European market 20 years ago, we needed to make (the) Combi heater because they wanted those into that market. If we would have said, "this is not the right kind of way to use the sauna" then we would not be in that market. #6, 20:24

Just as important as it was to learn from the customers’ sauna cultures, it was also important to relearn what the sauna could be. In a traditional Finnish perspective, the purpose of the private home sauna is for bathing. Only recently, the health benefits associated with sauna have been recognized and confirmed by scientific studies. The associated health benefits of sauna attract foreign customers and other wellness markets. In the 2010s Harvia’s growth strategy was re-evaluated, and the opportunity in the wellness market was a significant focal point. As informant #10 explained,

And we realized on that journey that okay, the number game is rather simple. ...they'll say 450 million in value, we operate on a 3.8 billion sauna & spa market. But if your end-product would be “feel-good or wellbeing,” and the health benefits, then you can add one or two zeros on that one. So, we said okay. Even though our core competencies (are) in the heaters and componentry let's enlarge our scope for the sauna & spa. Then actually, what are we doing? It's not hardware, we're doing good. Now we are providing longer good life for the for the people, and that's the mission we are in. #10, 02:47

For this reason, the wellness image was added to the brand, and Harvia has included the wellness market in their strategic ambitions.

We have noticed that it's not just (for) cleaning, there's much bigger things also behind it (sauna) like you're healthy and everything. So actually, again, we are now in a new line of processing where we are again, learning more and more about

these health and other issues. ...you have to develop and advance your sales and marketing and focus what they (customers) really want. And what is the current boost in a market? If you don't focus for that you will lose the business. #5, 18:56

Nowadays the sauna is seen by many users, domestic and foreign, as a tool which is part of a healthy lifestyle. Harvia has also taken data and advice from the bio-hacking community into account, adding the recommendation of using the sauna for “15-20 min per session at 80°C, 3-4 days per week” to the global website.

Into the late 2010s, as social media presence began to hold greater importance in many global companies, Harvia began using the hashtag #healingwithheat in its social media accounts. “Healing with heat” is a catchall phrase used to reference the health benefits of sauna and other forms of “sweat bathing,” as the health benefits are similar between the traditional Finnish sauna and others.

5.3 Finnish national identity within Harvia: OI data structure

When discussing Harvia’s identity, informants easily related the Finnish sauna with “who we are.” As a symbolic resource, the Finnishness of the sauna was used to evoke thoughts about national identity. Statements about the Finnishness of sauna in international contexts revealed a clear complication – simply put; the Finnishness of sauna is known, and the Finnishness of sauna is unknown. Data from the code “Finnish sauna reputation is known” revolved around the sauna’s origins, and its significance to Finnish culture, and supports the second order theme “we sell who we are.”

Yeah, the roots are from Finland. We're in Helsinki Stock Exchange, we are an international company, but everybody understands that roots from here. A lot of companies in the world approach us because we are from Finland, because they feel that they want the original thing. #8, 36:06

The second order theme, “We sell who we are” embodies national authenticity through the symbolic resource of the Finnish sauna and, the activity of Harvia selling its authentic self.

Data which supported “Finnish sauna reputation is unknown” revolved informants’ projections and experiences with foreigners’ unawareness about sauna and supports the second order theme “we are what sells.”

The true professionals of the industry they know that the place of origin of sauna is basically Finland. But for a layman on the street, I think people have no clue it's Finnish. #10, 14:52

(See Appendix 8.3 Organizational identity data table.)

National identity statements aside from those related to sauna, were often evoked by company history.

But I sincerely hope that today's management, they all study the history. It's very important that they know where we started, what we have done, why we have done it. #3, 20:33

I think this is a good idea that in Finland, we are so Finnish as we can be, but we can keep the spices from the other countries little bit by little bit. When I'm going to customers, they think that Harvia is totally Finnish company and all the growth, which is coming to us is coming from Finland, and they are kind of surprised (to realize) that most of the business is coming now from abroad. But I think that's, that's good for us that they think about, that Harvia is 100% Finnish company. #7, 15:57

These statements were coded as “our history and national identity is an asset and source of pride,” again embodying the theme of national authenticity found in Harvia.

However, this theme was often juxtaposed by statements of the significance of global identity in support of the theme “we are what we sell.” When asked to describe Harvia to someone who was completely unfamiliar with the brand or products, many informants used the word “global” in their descriptions (see Appendix 8.3 Code: *We are a global company*). When asked about significant changes within Harvia Finland during the internationalization period, one informant gave a surprising reply which clearly supports the company’s newfound global identity.

First of all uh... we speak English. When it was a family company, we (spoke) Finnish. ...I notice very often that when we are speaking in Harvia Muurame, we starting to speak English. I don't know why but, it's only the mind opening thing - that we speak it. We think it and we are global. #7, 11:27

These differences in Harvia’s sense of self (its Finnish roots and rich history contrasted with its initiative for global status) helped make the division between OI themes clearer. Recognizing the assets of the company history beneath the ambition to be global, provides the evidence of various realignment mechanisms’ role in transformation of OI and its impact on national identity. Adopting the new OI, “we are what sells,” allows Harvia to take an instrumental approach to the question of national identity, meaning in the globalized company, national identity is functioning as a tool which helps to sell the sauna.

5.4 Tension/misalignment and realignment work

Three tensions/misalignments were identified from the data, specifically: Tapani Harvia's vision, "Harvia will never make electric heaters!", the tension related to the threats of Chinese manufacturing, and the misalignments between Harvia's reputation as a heater manufacturer vs. a one-stop-shop solutions provider. From these three tensions, I have uncovered three mechanisms of realignment work, supporting the theory as outlined previously in Figure 1.

"Harvia will never make electric heaters!" (see appendix exhibit 2) is the misalignment which characterizes period 1 and drives strategic ambition towards internationalization. In the eyes of the pre-1980s sauna traditionalist, the choice to produce electric heaters means a sacrifice of authenticity for the sake of growing globally¹. Although the misalignment was on the founder's shoulders, evidence of the exhibit 2 suggests many Finns of this time had held similar visions. Harvia was able to adapt to electric heaters after the recognition they were a key product, the smooth transfer of power to the second generation Harvia family members, and through a simple and effective piloting process. With electric heaters in production, Harvia could begin to reach for growth and an international future.

I think that's very typical. Most of the entrepreneurs, they stay loyal to the game plan they've been developing. And I think we need to respect Tapani for that. Being a smart individual, and having the next generation on board, I think the four children of his, they were able to convince the head of the family to realize if they want to grow and if they want to become international, they need to do something else (other) than the wood-burning heaters. Then I think Tapani was brave enough to say that, "Okay, I'm intellectually flexible, and I can change my position on this one. Let's pilot with the electric heaters." And I think that was one of the breakthrough game changers in the company's future. #10, 37:55

During the early days, when I was working for (competitor)... Harvia was very domestic... It started its sauna business with wood-burning heaters and actually, at least the colleagues in (competitor) told that they used Harvia as a subcontractor for the electric sauna heaters for a while. #11, 09:17

(See Appendices 8.4 and 8.5)

¹ The decision to innovate a product, in this case a symbolic resource, does not necessarily mean that its authenticity is 100% tarnished. For example – the German auto reputation would not exist if it didn't innovate year after year; French wine still maintains its "Frenchness" whether the grapes are processed by machine or by hand. It was however, at this point in Tapani Harvia's eyes, that selling electric heaters abroad meant, "we are now selling *what we are not*" as opposed to "we sell who *we are*."

For the tension to be resolved, Harvia had to adapt to the reality of electric heaters. The compromise of “giving up” what Harvia authentically was (Traditional Finnish sauna heater company) led to the birth of an international firm and the growth that has continued to this day. The piloting process suggests that producing electric heaters as a subcontractor proved to be an effective step. As a subcontractor, this 5 year exercise in adaptation helped carefully smooth the transition within the organization (Harvia Oy, 2001). While Harvia was adapting to electric heaters, its expertise in wood-burning heaters was not sacrificed. Though wood-burning heater sales plateaued for a period due to the popularity of electric heaters in the 1980s (Harvia Oy, 2001), they remain a strong foundation in the product offering to this day. Adaptation as a mechanism of realignment relates to profitable, realistic potentials within a particular MNE’s grasp. Thus, adaptation is an augmentation to the organization’s current capabilities and OI, as opposed to a substitution of one for another.

Following conflict surrounding electric heaters, establishing the Chinese manufacturing plant was revealed as one of the next most significant tensions. As of the early 2000s, it was the biggest international expansion project of the time. Threats of job loss from Chinese manufacturing weighed heavily on those working in domestic manufacturing.

In that time, the workers were afraid that every job goes to China... #9, 12:37

Also of significant concern were threats of quality loss and damage to Harvia’s reputation associated with Chinese manufacturing.

(2nd generation family member) was very, very interested to start China’s production sooner, earlier already. But they (he and other family members) had some discussions here and a little bit of tension. “Are we starting or not? And are we losing there or winning there or what will happen?” And they were discussing that Chinese factory for years. #2, 54:44

...still in those days we really, like, our sales and everything they focused more from the Finnish way and what the Finnish people think. So that's why it was quite sensitive, actually, to speak about Chinese product(s). #5, 42:17

The question concerning “Made in Finland” vs. “Made in China” needed to be carefully considered when selling the Chinese manufactured products abroad.

We have not (since) had big issues concerning this “made in China” or “made in Finland,” and when we started manufacturing in China, of course, we didn't want to lie to anybody. So that these heaters are ‘made in Finland’ because they are made in China, but uh, you know, we didn't want to bring it out, too loudly...

If somebody asked, we told, "yes, they are made in China, we are using same quality standards in China factory. We use same components. We use same steel." #2, 22:25

One significant reason for establishing manufacturing there in the first place was the threat of Chinese copycats.

Well, it was a good move... In the 90s, China was actually the biggest export country of all Finnish sauna heater manufacturers also (including competitor). And then they turned out to copy the products... And then the export from Finland went down. #11, 18:28

As the establishment process took many years to complete, I reason that the realignment process associated following establishment of Chinese manufacturing also required many years due to the complexity and variety of the potential threats.

Despite concerns of job loss, Harvia Finland's production has not been threatened. On the contrary, profitable growth throughout the past two decades has allowed Harvia to invest more in its own manufacturing capabilities, completing numerous factory expansions - with the most recent expansion being completed in November 2021.

The learning processes for communication and quality control for were mentioned as significant realignment processes during this time, for example:

It took time. And also... like about quality and those kinds of stuff also, we have learned a lot (from) how we should work with Chinese people. ...because you have to communicate a little bit different way... now I think, we really know how to work much better way and how to communicate better way with the Chinese... And that's also huge thing for the quality. ...some quality issues were only because of the bad communication, actually. Not because of the Chinese people. #5, 45:23

The threats of competition in China and abroad were gradually nullified as the years following establishment continued.

And then Harvia did in the beginning of 2000, 2004 something like that, the right move, to set up our own production there, and it didn't lose the share so much... And, it has brought a lot of internationalization... #11, 18:40

It is the anticipation of these threats which protected Harvia's good reputation and national identity despite their newfound foreign involvement. Anticipation requires time, as evidenced by the many years of discussion required before establishment. And lead to the successful actualization of the Chinese manufacturing plant. Ultimately, the security of domestic Finnish manufacturing was protected, the reputation for Finnish quality was not damaged, and Harvia could begin to compete with the Chinese copycats. The mechanism for this realignment

work is defensive as opposed to adaptive in the previous misalignment. Although establishment of the Chinese manufacturing plant supports the ambition for international profitable growth, its intention is defensive as it relates to national identity. As foreign involvement was seen as a threat by a significant part of the organization, Harvia had to take careful measures to defend Finnish manufacturing and their reputation for quality.

The final major misalignment concerns the company's history (past identity) and its current vision of itself, that is – heater manufacturer vs. one-stop-shop concept. Informants revealed that to a majority of domestic customers, the one-stop-shop concept was unknown. Instead, the domestic market sees Harvia as a heater manufacturer.

When I was like in exhibits... in Finland, like in Helsinki Habitare... quite many customers came (and) said to me "I did not know that it's also possible to get steam rooms and saunas from Harvia because I thought Harvia was only heater manufacturer company." And that's also our old history. ...and that's why we have this new logo. Not new anymore. There, (points) "sauna and spa." #5, 24:43

The Finnish media is no exception. To Harvia's frustration, Finnish news articles have frequently mislabelled the company as "heater manufacturer" instead of "sauna and spa company."

There still might be some news about the company, it says "heater company". ...More and more they are getting it right. To think that we have been making (complete saunas)... 20 or so years. So we have been manufacturing complete saunas and sauna interiors and still... people don't know. #6, 40:27

(See news article examples in Appendix exhibit 3)

This is because Finland's domestic demands and the demands of international customers are two different things. In Finland, the sauna is often a private part of the home. Although public saunas are a necessary part of any city or apartment complex, Finns often build their saunas themselves, meaning that the products in highest demand are the heaters. Sauna and spa demand abroad includes not only the complete sauna solution (in places where sauna is uncommon) but also a variety of bathing experiences found commonly in spas – steam rooms, hammams, hot tubs, infrared cabins.

Because the tradition of building your own sauna is a significant part of the culture, the domestic sales team admits it is difficult to get any more value out of the domestic market aside from selling heaters.

They (Finns) build it themselves and make the panelling and so on themselves. And the markets developed here so that we have a really strong market share about

the heaters. We sold last year 31.5 million euro - only heaters. And then we sold saunas only 2 million (in domestic sales). #7, 23:36

The misalignment between domestic and foreign expectations is resolved via the decoupling of domestic market Harvia Finland and the international Harvia group. Although the capabilities are available for each organizational body to sell the full product portfolio in both domestic and international markets, the patterns of preference in the domestic market have remained heater-focused, thus decoupling the ambitions and identity of the group.

To elaborate, I borrow the “decoupling” term from authors Schembera and Scherer, who originally found decoupling to be a part of strategy manipulation in the contexts of corporate scandals and cases of corruption (2017). In the Harvia case’s context, decoupling refers to the OI realignment work done to distinguish the necessary differences between the HQ and subsidiaries of the MNE as they relate to their respective target markets. While Harvia Finland functions as a headquarters for Harvia Group and offers an extensive product line-up covering sauna and spa, Harvia Finland’s domestic market is typically only interested in the sauna and typically only the heater. It is this distinction which makes the Finnish market unique.

The decoupling mechanism also explains how Harvia continued to reconcile its national identity in the years throughout the internationalization process. The notion of balancing the traditional Finnish sauna identity with other cultural sauna practices became crucial in international relationships. This balancing continued to benefit both types of international customers (those who wanted the traditional authentic Finnish sauna, and those who wanted a more generalized spa experience from Harvia).

So it's in the Finnish culture. And you can't deny that ...but many times it's easy for maybe a sales representative or somebody to easily come out in a way that, not that, "this is how you do sauna," but at least say, "in Finland, we do like this," you know. But also, I never saw that we are pushing it too much because it was obvious that sauna has different meanings around the world... #4, 24:20

It has to be (a) balancing thing, yes. And people have to hear what they want to hear - that we are not stuck to the Finnish identity. ...It's a nasty comparison - but we don't want to be sauna imperialists who distribute their idea of “right sauna” all over the world like Americans do with McDonald's. #11, 38:53

The practice of decoupling this part of national identity is necessary to maintain market share in foreign countries and accommodate to international demands. Bringing attention back to national identity in the Harvia case, decoupling was the final mechanism necessary for the realignment as examined in the following findings model.

5.5 Findings model: mechanisms of OI transformation

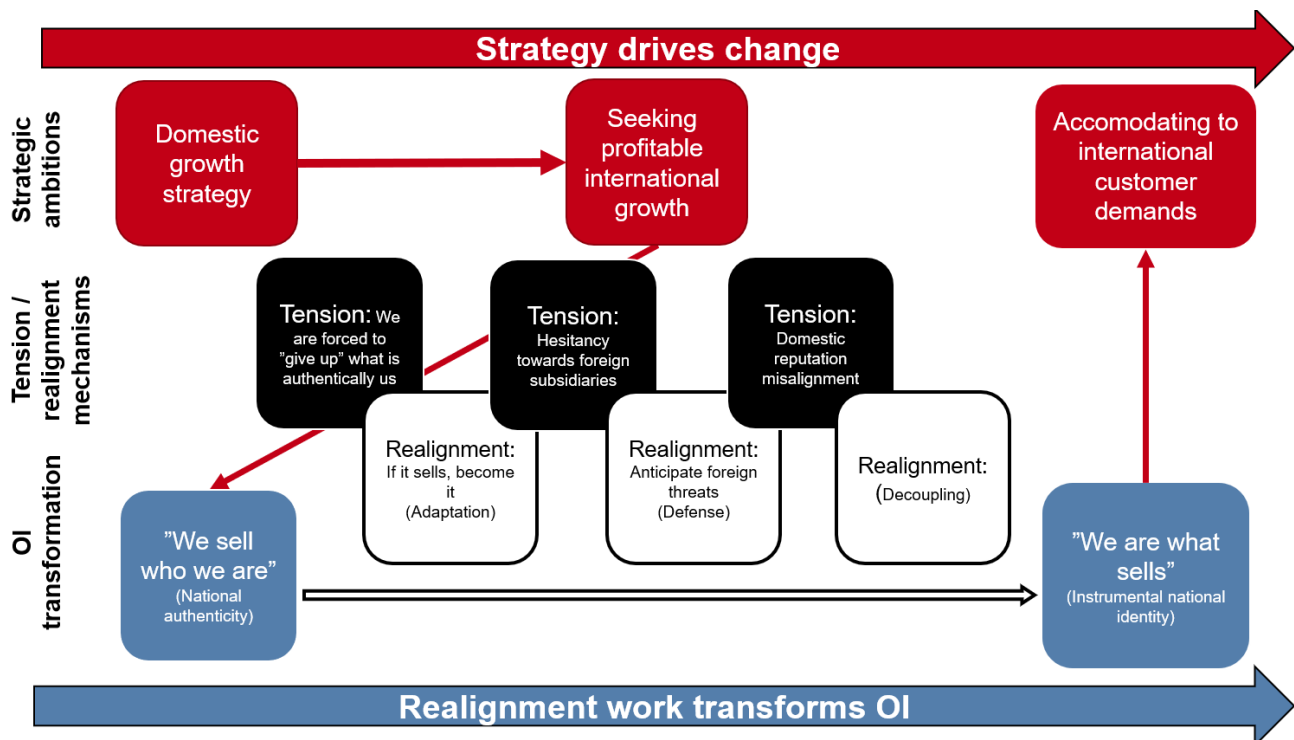


Figure 3: Findings Model: mechanisms of OI transformation

The findings model assembles the themes derived from the internationalization period in the Harvia case. Themes of strategic ambition are included as initial drivers of change, whereas the three discovered mechanisms of realignment are included as drivers of OI transformation. Tensions and realignment mechanisms are layered as they occurred chronologically throughout the internationalization process, leading to the realignment of national identity.

Beginning with the prologue's domestic growth strategy, the recognition of electric heaters as a key product kickstarts the potential for profitable international growth. The changes associated with seeking profitable international growth impose changes on the previous OI – a domestic sauna heater manufacturer that can “sell who they are” supported by a strong sense of national authenticity. Throughout the internationalization context, as the firm is seeking profitable international growth, three main tensions emerge, each posing their own unique challenge to national identity. From these three tensions, three mechanisms of realignment work drive the process of OI transformation. Each realignment mechanism (adaptation, defense, and decoupling) contributes to the realignment from national authenticity / “we sell who we are,” to instrumental national identity / “we are what sells.” With an instrumental approach to national identity, the strategic ambition “accommodating to customer demands,” is better

supported. Instrumental national identity gives space to the spa and other “non-sauna” options within the product portfolio, as they are not symbolically significant to the national identity of Finland. This allows Harvia to accommodate international (and domestic) customer demands appropriately. From the tensions described in the previous chapter, instrumental national identity is achieved through the following mechanisms:

The mechanism of adaptation allows Harvia to learn to become something it was previously not. Although this mechanism is first realized in the process towards electric heaters, adaptation and learning processes have repeatedly emerged as Harvia continued to expand into new product territories. Although adaptation in some cases may be seen as a loss for authenticity, it is in many cases a necessary initial step towards international growth.

The mechanism of defense not only reduces loss from competitors and copycats in pursuit of international growth, it also preserves Harvia’s national identity in the domestic environment through careful, yet firm, anticipation of the threats of foreign manufacturing. Without defensive realignment work, the threats associated with foreign manufacturing may have overtaken domestic manufacturing or the domestic reputation for quality, thus further diminishing the strength and purpose of national identity.

The mechanism of decoupling allows national identity to be balanced between the needs of the domestic customer and foreign customer. Although they have their differences in preferences, neither target market is truly separate from the other (e.g. although most Finns want simple heaters – some Finns want the complete sauna solution or spa products; although most foreign customers value the one-stop-shop concept – the authenticity of Finnish sauna is a major attraction to some). It is this flexibility which allows national identity to be used instrumentally and appropriately in either market.

Considering the temporal scope of the internationalization context in the Harvia case, I propose multiple tensions and realignment mechanisms are necessary to transform OI throughout the process of internationalization. Referring to the theory described by Figure 1, compounding tensions and realignment mechanisms fit the model derived from the strategy-identity nexus. A cyclical or repeated process of realignment is compatible with the theoretical framework, as tension and realignment emerge through the process of internationalization.

The findings model may be applied to other cases to generate theory about national identity and its role in internationalization contexts. National authenticity and the realignment to instrumental national identity is a practical and valid approach for companies which want to internationalize yet maintain their sense of national identity.

6 CONCLUSION AND DISCUSSION

The Harvia case provided a rich data set to explore the role of national identity in the context of MNE internationalization. Reflecting on the research question: *How does a firm align its nationally situated identity when tension emerges with its evolving global strategic ambitions throughout the internationalization process?* the findings suggest that a firm aligns its nationally situated identity through realignment mechanisms (adaptation, defense, decoupling), as tensions emerge from evolving global strategic ambitions throughout the internationalization context. In this case, the firm's sense of national identity initially functioned as a source of authenticity. Throughout the internationalization process, national identity was adapted, defended, and decoupled, to function as instrumental national identity, and to become realigned with the global strategic ambitions.

6.1 Theoretical implications

As addressed, little attention has been given to national identity and its role in internationalization. Examining realignment mechanisms as drivers of OI transformation may help researchers understand the role of national identity in international contexts and develop further theory.

The strategy-identity nexus includes a unique body of literature which blends the goals and interests of the two disciplines. My findings cast theoretical implications for both. If strategy scholars are concerned with what MNEs must do to achieve their global strategic ambitions, they must take into consideration the role of national identity, as tensions and misalignments within national identity may hinder the MNE's chances of success. If organizational identity scholars are concerned with the role of national identity for the MNE, my findings suggest that while national identity is likely to become the subject of realignment throughout the internationalization process, it remains significant not only for the members of the organization, but also a significant part of organizational identity for the MNE itself.

Giving attention to the complication of globalization, national identity may play a more dynamic role than previously believed. When evolving strategy and national identity create tensions during the internationalization process, national identity as a construct of the organization becomes the subject of realignment work. Although national identity may have been previously thought of as a social construct caught between the tensions of globalization (Ailon-Souday & Kunda, 2003; Jack & Lorbiecki, 2007) this study finds national identity to be a useful subject of realignment as the MNE adapts to the globalized environment.

In contrast with phenomenon from Jack and Lorbiecki's (2007) case study, instead of "Britishness" as the identity to be erased in globalized firms, the Harvia case presents "Finnishness" as something to be preserved, although balanced,

within their global reach. This is in part due to Harvia selling the symbolic resource of sauna, contrasted with the more generalizable goals of British Airways, British Aerospace, or the British Broadcasting Corporation.

In spite of the homogenization view of globalization and the notion of a generalized universal MNE identity, the findings suggest that national identity is not simply something which should be erased from international contexts. Although the ambition to be global indeed affects the role which it plays, national identity may be realigned to support the MNE's evolving strategic ambitions.

6.2 Limitations and future research

It is worth repeating, that all interviews were conducted with members of Harvia Finland. Many informants suggested that future interviews could be conducted with international members of the Harvia Group. Including members of the Harvia Group may have led to interesting findings concerning national identity within MNE group identity.

In this Muurame office, we have to have Finnish identity, but I'm not sure - is it good to try to change, for example, EOS or sentiotec (other group members') identity to Finnish identity? #2, 51:18

Maintaining national identity in the headquarters was revealed as an important practice, although within the international Harvia group, national identity as it relates to other group members is kept independent. However, this inclusion would have been outside the scope of realistic expectations for the research plan. It would nonetheless be a potential avenue for expanding the scope of the case study.

Other mechanisms of MNE OI, such as multiplicity are not explored in depth. While I recognize multiplicity of OI in the MNE, I pinpoint national identity as a distinct identity type for MNEs and the subject of the research question. Although other identity types may be explored from the data gathered (e.g. family business vs. PLC, or corporate entrepreneurship vs. institutionalism) I do not explore other identity types nor their relationship with national identity as such. Inclusion of other unique identity types may reveal more about OI transformation throughout the internationalization process and yield interesting results for future research.

6.3 Practical implications

Modern day international business imposes a complex environment for national identity. MNEs that are aware of the complications of national identity in the

international context may be better prepared to handle the tensions and misalignments that emerge. MNEs may want consider the role of national identity as it relates to their origins, their products/services, their markets, and their group members, for example: countries with a history of imperialism may want to be more quick to adapt a universal corporate OI when establishing subsidiaries in foreign countries; MNEs which export symbolic resources may want to defend national identity when establishing foreign manufacturing or marketing their products to foreign customers; MNEs which are undergoing a merger, acquisition, or spin-off may want to decouple national identity from their domestic and foreign counterparts. Awareness of the role which national identity plays and the realignment mechanisms which shape it, may promote more efficient resolutions as tensions emerge in the international environment.

As global social-political relations become more complex, the relationship of the MNE to the nation state and to international states is continually reevaluated. As evidenced by recent conflict between Russia and Ukraine (February, 2022), many MNEs have issued statements to the public concerning their operations and relationships in Russia. Armed conflict forces implications of this type on the MNE's home country. In the case of MNEs with significant national presence, the challenge of "who we are as a part of global economy" and, "who we are as a part of the nation" may create tension beneath the surface of their operations if not navigated appropriately.

Managers of MNEs are often familiar with tension and misalignment. Although this research is not meant to guide management through the unique challenges they face within their organizations, it may serve as a foundation for understanding OI transformation and change within the context of internationalization. MNEs may want to consider whether they "sell who they are" or whether they "are what sells," and make their OI priorities clear when strategic ambitions evolve. While tension and misalignment are common throughout periods of transformation, management's recognition of tension and misalignment may lead to more efficient realignment work and harmony within the organization.

Consultants may want to consider the role of national identity its relationship in the strategy-identity nexus when assisting firms with significant OI challenges. The consultant and management may try to predict the potential tensions and misalignments with national identity and OI when developing strategic ambitions of a firm.

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8 APPENDIX

8.1 Case exhibits

Exhibit 1: Timeline slide from Harvia brand presentation (Harvia, 2021)



Harvia's story: A journey to a forerunner of sauna and spa experiences

	1950	The year Harvia was founded. Tapani Harvia sells his first commercial heater which is named Mäkinen. Production begins in a garage, just like the early stages of many other successful companies.		1980	Harvia becomes the world's leading manufacturer of wood-heated stoves. Demand for electric heaters increases and Harvia starts to produce them alongside its wood burning heaters. Harvia's heater selection broadens, and the company grows.		1990	Harvia starts exporting its products to Central Europe. Soon, exports expand to include Russia, Eastern European countries and the United States. Operations also begin in the Far East.		2000	A factory is established in Guangzhou, China in 2015. Harvia achieves global number one position in the stove manufacturer market. Harvia expands its offering to include complete sauna and spa solutions.		2016	Harvia acquires the Estonia-based Spa Modules and Austrian company Sentiotec, which has the industry's largest product range in traditional saunas, infrared saunas and sauna products. Harvia becomes a true European one-stop-shop for saunas in both professional and consumer markets.		2018	Harvia is listed on the main market of Nasdaq Helsinki. Harvia acquires the business of Almost Heaven Saunas – one of the leading sauna and spa product companies in the United States – and gains a stronger presence in the market.		2020	Harvia acquires the majority of German EOS Group and strengthens its premium and professional offering. Harvia celebrates its 70th anniversary – it has evolved into one of the leading companies in the sauna and spa market.

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Exhibit 2: "*Harvia ei valmista koskaan sähkökiukaita! / Harvia will never make electric heaters!*" Translation and original text from (Harvia Oy, 2001, pp. 20–21)

The topic of conversation (what is the real sauna heater?) moved from superiority of continuous or single-warming heaters during the 1950s and 60s, into superiority of electric or wood-burning heaters during the 1970s.

Many experienced electric heaters as sacrilegious. Sauna-experts and Finnish sauna traditionalists opposed electric heaters with their blood and soul. Also, as a traditional Finnish sauna lover and sauna-expert himself, Tapani Harvia told that Harvia will never produce electric heaters. The father had this type of old-school way, tells present day export director Risto Harvia.

From this claim, Tapani Harvia was relatively quiet since.

A new era began the demand for new products – and although Tapani Harvia was always addressed as a flexible and unprejudiced entrepreneur, it was time to move on. This he himself understood well. Also, perhaps the adventurer's blood, mentality of a pilot and artist, as well as a scientist began to take over. The time was ready to realize the dreams of youth.

Tapani Harvia showed flexibility and practical intelligence by consciously giving responsibility and power to his offspring. He learned to trust in his children. In light of the firm's later development, this was one of Tapani Harvia's wiser actions.

Näillä eväillä Harviasta kasvoi 1980-luvulla maailman johtava puulämmitteisten kiuukaiden valmistaja. Perusarvona yrityksessä on ollut ja on nykyäänkin avain mieli, ennakkovalvottomuus, jatkuva tuotekehitys ja työn kunniointtaminen.

1970-luvun loppuun mennessä yrityksen tuotanto oli kasvanut n. 6000 kiuukaaseen vuodessa ja yrityksessä oli 12 työntekijää. Puukiukaiden myynnin kasvu oli kuitenkin pikkuihljaa taitumassa. Suomen markkinat ovat rajalliset ja kaupunkirakentamisessa huoneistokohtaiset saunat yleistyivät. Niitä ei enää koettu ylellisyydeksi ja jo aivan käytännön syistä huoneistokohtaiset kaupunkisaunat olivat sähkölämmittisiä. Sähkölämmittinen sauna ei tarvitse savuhormistoa, lämmittäminen on helppoa ja nopeaa, puita ei tarvitse hankkia, sauna on helpompi pitää puhtaana. Puulämmitteen sauna ei yksinkertaisesti sovellu urbaanin kaupunkimaiseen elämään, mutoon ja Suomesta oli tullut kaupunkilaisten Suomi.

Harvia ei valmistakaan sähkökiukkaita!

Kun 1950- ja 60-luvulla käytiin laajaa keskustelua jatkuvalämmittisten ja kertalämmittisten kiuukaiden paremmuudesta tai pikemminkin siitä, mikä on ainoa ja oikea kiuas, siirtyi keskustelu 1970-luvulla sähkö- ja puukiukaiden paremmuuteen.

Moni koki sähkökiukaat lähes pyhäinhäväistyksenä. Sauna-asiantuntijat ja suomalaisen saunaperinteen vaalijat vastustivat sähkökiukaita henkeen ja vereen. Perinteisen suomalaisen saunan rakastajana ja sauna-asiantuntijana myös Tapani Harvia kertoi, ettei Harvia koskaan valmistakaan sähkökiukkaita. Lisässä oli sellaista vanhakaraisuutta, kertoo nykyinen toimitusjohtaja Risto Harvia.

Tästä väittämästä Tapani Harvia sittemmin oli suhteellisen hiljaa.

Uusi aika alkoi vaatia uusia otteita ja vaikka Tapani Harvia oli aina osoittanut joustavaksi ja ennakkovalvottomaksi yrittäjäksi, alkoi aika ajaa ohi. Tämän hän itsekin hyvin ymmärsi. Ehkä myös selkälajinverri, lentäjän mielenlaatu ja taitelijä sekä tulkija hänen sielussaan alkoivat saada voiton. Aika alkoi olla valmis nuoruuden haaveiden toteuttamiseen.

Joustavuutta ja käytännöllistä älyä Tapani Harviassa osoitti se, että hän iteisesti antoi jälkikasvulleen vastuuta ja valtaa. Hän oppi luottamaan lapsiinsa. Yrityksen myöhemmän kehityksen valossa tämä oli yksi Tapani Harvian viisaimpia tekoja.

Sukupolvenvaihdos ja nykyisen Harvia Oyn synty.

Perheen lapset kasvoivat pienestä pitäen kiinteästi mukaan yritykseen. Vanhin poika Risto Harvia, nykyinen toimitusjohtaja, tuli mukaan yritykseen vakinaiseen työhön 1966. Aikaisemmin hän oli ollut yrityksessä kesälapsi. Risto Harvia oli alusta lähtien mukana luottannon jokaisessa vaiheessa. Risto on hitsannut, kuljettanut, pakannut, muurannut, leikannut ja myös hoitanut toimistoitehtäviä ennen sisarensa Sarin tuloa yritykseen.

Toimitusjohtaja Risto Harvia kertoo, että vieläkin hänellä onnistuisi puukiukaan valmistaminen alusta loppuun.



Myyntijohtaja Kullervo Harvia.

Myös muut sisarukset tulivat 1960- ja 1970-luvuilla mukaan yritykseen ja olivat mukana tuotannon kaikissa vaiheissa. Nykyinen myyntijohtaja Kullervo Harvia aloitti työt jo 1960-luvun lopussa ja muistelee myös hitsanneen-sa, pakanneensa ja ajaneensa kuorma-autoa. Parfi teknisen koulutuksen saaneena otti vas-tuuta tuotekehityksestä. Kullervo markkinoiti-henkisenä alkoi pikkuihljaa hoitaa myymättä se-kä markkinointia ja Sari vastaavasti otti vastuun toimisesta. Sari ja Parfi tulivat mukaan 1970-luvun puolivälin jälkeen.

1970-luvun loppuun mennessä Tapani Harvia oli kypsynyt sukupolvenvaihdokseen ja oli val-mis siirtymään taustalle. Samassa yhteydessä yhtiömuoto muuttettiin osakeyhtiöksi ja Tapani Harviasta tuli hallituksen puheenjohtaja. Harvia Oy syntyi 1980.

HARVIA OY
KYLVEETÄÄ KAIKKI

Exhibit 3: News articles from informant #6

Referred as heater manufacturer:

Mansikka, H. (2021, May 28). *Kiuasyhtiö Harvia ostaa kylpytynnyreitä valmistavan Kiramin*. YLE. <https://yle.fi/uutiset/3-11952821?msclkid=8725793bcb9711ec-bee98d92c179d84d>

Title: Sauna heater company Harvia buys hot tub producer Kirami

Näveri, A. (2022, March 7). *Harvia keskeytti toimintansa Venäjällä*. YLE. <https://yle.fi/uutiset/3-12043017/64-3-60309?msclkid=6f90b9e2cc4611ec90a74dff111c786a>

"Kiuasyhtiö Harvia kertoo... keskeyttäneensä kaiken toimintansa Venäjällä."

"Heater company Harvia tells... its suspension of all its operations in Russia."

Lukinmaa, T. (2022, March 3). *Harvia keskeyttää liiketoimintansa Venäjällä protestina Ukrainan sodalle*. YLE. <https://yle.fi/uutiset/3-12348105>

"Muuramelainen kiuasvalmistaja Harvia..."

"Muurame sauna heater manufacturer Harvia..."

Referred as sauna company or sauna and spa company:

Noponen, S. (2021, September 3). *Analyttikot: Saunayhtiö Harviassa aukesi hyvä pelipaikka*. Ilta-Sanomat.

<https://www.is.fi/taloussanomat/art-2000008238542.html>

Title: Analysis: A good playing field opened in Sauna company Harvia

Linnainmaa, H. (2022, March 8). *Harvia on keskeyttänyt toimintansa Venäjällä*. Talouselämä. <https://www.talouselama.fi/uutiset/harvia-on-keskeyttanyt-toimintansa-venajalla/3f6f9356-38f8-4373-aa2c-91353778255f>

"Sauna yhtiö Harvia vahvistaa tiedotteessa keskeyttäneensä maaliskuun alussa liiketoiminnan Venäjällä."

"In early March, sauna company Harvia confirms information of its suspension of operations in Russia"

Hertsi, A. (2022, March 10). *Harvia lähti Venäjältä – Kasvuyhtiön vauhtia se hidastaa vain vähän*. <https://www.arvopaperi.fi/uutiset/harvia-lahti-venajalta-kasvuyhtion-vauhtia-se-hidastaa-vain-vahan/088dbca8-991a-49a2-add7-dcf3b62a8d0e>

<https://www.arvopaperi.fi/uutiset/harvia-lahti-venajalta-kasvuyhtion-vauhtia-se-hidastaa-vain-vahan/088dbca8-991a-49a2-add7-dcf3b62a8d0e>

"Sauna- ja spa-yhtiö Harvia ilmoitti maanantaina..."

"Sauna and spa company Harvia notified on Monday..."

(2022, March 8). *Harvia keskeytti toimintansa Venäjällä*.

<https://www.rakennuslehti.fi/2022/03/harvia-keskeytti-toimintansa-venajalla/>

"Saunatuotteita valmistava Harvia on ilmoittanut keskeyttäneensä maaliskuun alussa liiketoimintansa Venäjällä."

"Sauna product producer Harvia has notified its suspension of operations in Russia in early March."

(2022, March 8) *Harvia keskeytti toimintansa Venäjällä.*

<https://www.kauppalehti.fi/uutiset/harvia-keskeytti-toimintansa-venajalla/ecb6b530-df5c-4406-8113-36965575c5dc>

"Saunayhtiö Harvia vahvistaa tiedotteessa keskeyttäneensä maaliskuun alussa liiketoiminnan Venäjällä."

"In early March, sauna company Harvia confirms information of its suspension of operations in Russia"

8.2 Strategic ambition data table

Adapting for profitable international growth

Code: key product for international growth

And the big thing was that Harvia began the production for electric heaters. And after that came the export selling. #9, 21:31

So about 30 years ago, we started to work also with electric heaters, and that was actually a huge boost to open export markets. And that was actually the main key to open export markets. So without that, I think it wouldn't be possible. #5, 08:14

Code: Further expand the product offering

(Kirami) they still support our products, because we are now putting more resources for "backyard paradise," like in North America. ... So actually, those products were missing from our portfolio. ... Now we have a better portfolio to support the strategy. #5, 36:43

Then we notice that little bit later that, "Ah, maybe we should offer also safety shield on the electric heater." And we know that actually sales (are) quite nice. And now, "Ah maybe there should be embedding flange and other accessories also." So we have started selling products like kits actually - you can buy more add-ons. #5, 23:09

Accommodating to international customer demands

Code: Support other sauna cultures

So as almost every company of course, when they are small, starting, they focus only for domestic markets, like Harvia actually, as did quite a many years. Also, our products and everything they were designed, like for Finnish people. And Finnish products (we) tried to sell for export markets. So actually, I think their strategy and everything worked that way that it was quite Finnish goes first and second place is... It's like, I don't know how to say it but... export is like bonus. And uh, everything worked that way that, we made a product for product for Finnish market and tried to sell that also in the export market. So actually, that's, if you now think it's probably not a very good thing, but it's of course, how to start. #5, 10:19

And I think it worked this way, that we tried to sell also Finnish sauna culture to other countries and that's one difference what we are doing now... because now we have to work more in different countries... You can't push the Finnish school to all different countries. So I think now we are focusing more and more to actually make the right products to different countries, not just to (make) Finnish products and try to sell them in Germany (for example). #5, 11:53

Entering the Central European market 20 years ago, we needed to make (the) Combi heater because they wanted those into that market. If we would have said, "this is not the right kind of way to use the sauna" then we would not be in that market. #6, 20:24

Like German people, they use sauna totally different way than Finnish people, so we don't try to change that. We like to, I think, we like to support that. #5, 15:22

Code: Healing with heat

We have noticed that it's not just (for) cleaning, there's much bigger things also behind it (sauna) like you're healthy and everything. So actually, again, we are now in a new line of processing where we are again, learning more and more about these health and other issues. ...you have to develop and advance your sales and marketing and focus what they (customers) really want. And what is the current boost in a market? If you don't focus for that you will lose the business. #5, 18:56

We studied the market together with a third party and built a picture of how does the Sauna & Spa market look like? ... And we realized on that journey that okay, the number game is rather simple. ...they'll say 450 million in value, we operate on a 3.8 billion sauna & spa market. But if your end-product would be "feel-good or wellbeing," and the health benefits, then you can add one or two zeros on that one. So, we said okay. Even though our core competencies (are) in the heaters and componentry, let's enlarge our scope for the sauna & spa. Then actually, what are we doing? It's not hardware, we're doing good. Now we are providing longer good life for the people, and that's the mission we are in. #10, 02:47

8.3 Organizational identity data table

"We sell who we are" (National Authenticity)

Code: Finnish sauna reputation is known

Yeah, the roots are from Finland. We're in Helsinki Stock Exchange, we are an international company, but everybody understands that roots from here. A lot of companies in the world approach us because we are from Finland, because they feel that they want the original thing. #8, 36:06

But what makes us different is that we are 5 million people and we got two and a half million saunas. The penetration level is where we beat everybody. And that's why it's ours. #8, 38:23

...as a Finn, or somebody from the UP would know what the sauna is. And they know what they're buying. You don't have to tell them that you feel good after sauna. #8, 04:32

Code: Our history and national identity is an asset and source of pride

...in old times, every Finn can build his own sauna. Yes. It was kind of honor to say that, "I built this. This is my sauna." #7, 22:40

In some sense. I think it is a good background for the business. So (it) would be different if the company would be from the Great Britain for example. There is not too much historic burden coming from Finland as a country. #6, 49:03

I think this is a good idea that in Finland, we are so Finnish as we can be, but we can keep the spices from the other countries little bit by little bit. When I'm going to customers, they think that Harvia is totally Finnish company and all the growth, which is coming to us is coming from Finland, and they are kind of surprised (to realize) that most of the business is coming now from abroad. But I think that's, that's good for us that they think about, that Harvia is 100% Finnish company. #7,15:57

But I sincerely hope that today's management, they all study the history. It's very important that they know where we started, what we have done, why we have done it, and what we are going to do to make this business good. #3, 20:33

It's also, like, for us, it's good that we have we are now actually old sauna company. So, actually, we have learned a lot during these many years. So I think that's very important for us that we have knowledge from very long period. #5, 16:24

"We are what sells" (Instrumental approach to national identity)

Code: Finnish sauna reputation is unknown

The true professionals of the industry they know that the place of origin of sauna is basically Finland. But for a lay man on the street, I think people have no clue it's Finnish. #10, 14:52

So, if you go into South America in some five-star hotel wherever there is a sauna and interview the people using the sauna, I'm not so sure that they would say that "Yeah, ah, this is from Finland." #6, 50:39

One of the older (German) guys after the sales training came to me and said, "So, was that correct what we told about Finnish sauna?"
 "No, no, I haven't ever heard that kind of story about sauna, but your story is good. It's better. It's better for selling." #11, 36:17

Code: We are a global company

Yes. Yes. Of course, we could have gone the other way and say, "Well, we're Finnish until the end..." But that wouldn't have made any sense because the growth is outside the borders of Finland. #8, 04:15

NF: So if I can summarize, the (Harvia) group identity is like the umbrella identity. And that's multinational. It's global. It's cooperative. And these national identities are kind of underneath the surface, in their own appropriate places. #10: That's a good, good summary. #10, 26:35

NF: Describe Harvia to someone who is completely unfamiliar. #10: One-stop-shop sauna and spa global leader. #10, 49:24

NF: Describe Harvia to someone who is completely unfamiliar. #8: Global sauna and spa company we are. We do sauna and spa solutions for, for anybody in the world. #8, 52:03

NF: Describe Harvia to someone who is completely unfamiliar. #6: Small global company in sauna business - which is very interesting business area itself. #6, 52:50

First of all uh... we speak English. When it was a family company, we (spoke) Finnish. ...I notice very often that when we are speaking in Harvia Muurame, we starting to speak English. I don't know why but, it's only the mind opening thing - that we speak it. We think it and we are global. #7, 11:27

8.4 Tension/misalignment data table

We are forced to "give up" what is authentically us

Code: "Harvia will never make electric heaters!"

See Appendix Exhibit 2 (note: no direct quotes are necessary as this tension is made apparent in company history)

Threats of foreign subsidiaries

Code: Fear of offshoring threats

In that time, the workers were afraid that every job goes to China... #9, 12:37

...it was this technical guy (2nd generation) Harvia. Yes, he was behind that. He wanted to open to start the production in China. The others (Harvia family members) were against it, but he got it. He got it through. Because he was the technical guy and I think he had the brains and he saw the possibilities. Maybe the others saw the threats. #1, 39:11

Code: Chinese quality and reputation

(2nd generation family member) was very, very interested to start China's production sooner, earlier already. But they had some discussions here and a little bit of tension. Are we starting or not? And are we losing there or winning there or what will happen? And, they were discussing that Chinese factory for years. #2, 54:44

...still in those days we really, like, our sales and everything they focused more from the Finnish way and what the Finnish people think. So that's why it was quite sensitive, actually, to speak about Chinese product(s). #5, 42:17

Code: Chinese copycats

Well, it was a good move... In the 90s, China was actually the biggest export country of all Finnish sauna heater manufacturers also (including competitor). And then they turned out to copy the products... And then the export from Finland went down. #11, 18:28

Domestic reputation misalignment

Code: Heater manufacturer vs. one-stop-shop

When I was like in exhibits... in Finland, like in Helsinki Habitare... quite many customers came (and) said to me "I did not know that it's also possible to get steam rooms and saunas from Harvia because I thought Harvia was only heater company manufacturer." And that's also our old history. ...and that's why we have this new logo. Not new anymore. There, (points) "sauna and spa". #5, 24:43

There still might be some news about the company, it says "heater company". (presents news articles) ...More and more they are getting it right. To think that we have been making (saunas)... 20 or so years. So we have been manufacturing complete saunas and sauna interiors and still... people don't know. #6, 40:27

(see news article examples in exhibit 3)

It's a reality, that a lot of people don't know that we have a complete solution. And a lot of our clients may be construction companies or do it yourself stores, they have their own people making saunas. So they are happy, just for us to supply the heater. #8, 28:01

NF: It's in a way, at least the way that #5 described it. He said that it's like the reputation hasn't been updated yet with some of the Finnish market, what would you say? Would you agree or how do you see it?

#10: I think on the actual market where we are dealing with the end consumers, #5 is absolutely right. Having said that, I think Finland is a very, very, very unique market. First of all the sauna penetration is, I think they made the math, that we have one sauna for every two people in Finland. So we have three million saunas, and we're like, five and a half million people. So the sauna density and penetration is, is the max one can imagine. And this is the only market where the consumer can make and is making decisions by himself. This is also a market where the people have a tradition to build either on their own, or with their friends or colleagues, saunas. So there is a heritage. I think every Finnish male thinks he can build a sauna. And I think the culture, and the fundamentals and dynamics of the market anywhere else is like day and night. Yeah, when you go for example, to Germany, uh you would not imagine that you could build a sauna, nor make a decision on your own. So hence, you start to plan, and your plan starts from something else than the heater. In Finland it's still very heater centric. And that's what people are buying, because they either build themselves, so at least designed themselves. So it's a very different a different way of addressing the market and that's why the transition and the speed of transition is maybe a snail speed in Finland. Whereas, elsewhere it's normal steps. #10, 06:45

8.5 Realignment work data table

If it sells, become it (Adaptation)

Code: recognition of key product and capabilities

in response to "Harvia will never make electric heaters!": if you want to sell a sauna in Manhattan, or center of Berlin, you need an electric heater, you just can't have a wood burning or a smoke sauna in Manhattan. It just doesn't work. And so that was a key thing. So it enabled the, you know, what could start the international business in sauna. #8, 41:33

in response to "Harvia will never make electric heaters!": They were in different phases of the company development, different strong opinions, and that was the strongest opinion and probably right opinion during that time. Because there was probably not the skill set to produce electronic things and so forth. So that was that time's opinion. But once you say something, it doesn't have to apply after 70 years. #11, 44:42

Code: Smooth power transition to 2nd generation

And the good thing about Tapani is that he retired early and he let the kids take over. Sometimes - sometimes the old guy you know hangs into the power till the bitter end as you know calls the shots. And it's - you know, it's not good for the company... #8, 43:37

I think that's very typical. Most of the entrepreneurs, they stay loyal to the game plan they've been developing. And I think we need to respect Tapani for that. Being a smart individual, and having the next generation on board, I think the four children of his, they were able to convince the head of the family to realize if they want to grow and if they want to become international, they need to do something else (other) than the wood-burning heaters. Then I think Tapani was brave enough to say that "okay, I'm intellectually flexible, and I can change my position on this one. Let's pilot with the electric heaters." And I think that was one of the breakthrough game changers in the company's future. #10, 37:55

Piloting electric heaters

During the early days, when I was working for (competitor)... Harvia was very domestic... It started its sauna business with wood-burning heaters and actually, at least the colleagues in (competitor) told that they used Harvia as a subcontractor for the electric sauna heaters for a while. #11, 09:17

And later then Harvia made Harvia branded electric sauna heaters simple and (took) a step in that sauna heater business. #11, 10:20

Anticipate foreign threats (Defense)

Code: communication to preserve quality and reputation in foreign subsidiaries

It took time. And also... like about quality and those kinds of stuff also, we have learned a lot (from) how we should work with Chinese people. ...because you have to communicate a little bit different way... now I think, we really know how to work much better way and

how to communicate better way with the Chinese... And that's also huge thing for the quality. ...some quality issues were only because of the bad communication, actually. Not because of the Chinese people. #5, 45:23

We have not had big issues concerning this "made in China" or "made in Finland," and when we started manufacturing in China, of course, we didn't want to lie to anybody. So that these heaters are "made in Finland" because they are made in China, but uh, you know, we didn't want to bring it out, too loudly... If somebody asked, we told, "yes, they are made in China, we are using same quality standards in China factory. We use same components. We use same steel." #2, 22:25

Code: keeping up with competitors

But still during the 90s and also (until about) 2010(s), Harvia was very, very domestic and just export company, it didn't have any, any foreign subsidiaries whatsoever. And the Chinese operation was set up in 2004. And that was the first foreign operation it had. And (competitor) acquired a big company in Germany in 1990, bigger than actually the Finnish operations and they got quite international already in 1990. #11, 10:36

And then Harvia did in the beginning of 2000, 2004 something like that, the right move, to set up our own production there, and it didn't lose the share so much. But it was not very sales oriented - the subsidiary, it was actually a production subsidiary. So, it could have done probably more in Asian sales. But it was led by a production director or technical director who liked to produce there. And, it has brought a lot of internationalization... #11, 18:40

Decoupling

Code: Finnish Identity must be balanced

It has to be (a) balancing thing, yes. And people have to hear what they want to hear - that we are not stuck to the Finnish identity. ...It's a nasty comparison - but we don't want to be sauna imperialists who distribute their idea of "right sauna" all over the world like Americans do with McDonald's. #11, 38:53

In this Muurame office, we have to have Finnish identity, but I'm not sure - is it good to try to change, for example, EOS or sentiotec (Harvia group members') identity to Finnish identity? #2, 51:18

So it's in the Finnish culture. And you can't deny that ...but many times it's easy for maybe a sales representative or somebody to easily come out in a way that, not that "this is how you do sauna", but at least say "in Finland, we do like this." you know. But also, I never saw that we are pushing it too much because it was obvious that sauna has different meanings around the world... #4, 24:20

responding to "Proudly Finnish, Genuinely International." I hope, we are still seen as a Finnish company. At least that our roots are in Finland, deep in Finland. And, a Finnish company who *wants to be international* who desires to be great, and who WILL BE great. But as long as the manufacturer stays here. It's good. But if someone has the idea that uh, they will shut this down and take (it) somewhere else, then it's (*whispered) not good. #3, 33:42

Code: Between domestic market and foreign market, we are 2 different things

In Finland, we make our saunas ourselves. Most people are thinking that we make heaters, and they are not interested so much to the sauna building. #9, 19:45

They (Finns) build it themselves and make the panelling and so on themselves. And the markets developed here so that we have really strong market share about the heaters. We sold last year 31.5 million euro - only heaters. And then we sold saunas only 2 million (in domestic sales). #7, 23:36

So like actually, nowadays, we are already in a good position in domestic market. It's hard to get any more money from domestic market, we can think this way. So actually now (we have to) think about different countries, and what is missing from there. #5, 14:06

Well, it's not such a tension. Who pays the bill? It's the distributor. If the bill payer knows us, and can distinguish us from the competitors, it's good enough. #11, 25:43

Well, what has been important is the distribution strategy and to concentrate on the sales. Harvia was earlier very, very product and production oriented. And especially during #10's times it has turned out to be quite sales and marketing oriented. #11, 19:48

