

Transformational leadership and culture

A comparison between Finland, Indonesia, Russia, and United States

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<p>The purpose of the thesis was to study national cultures in the perspective of transformational leadership and determine how the differences in cultures affect leadership. This thesis aimed to give practical advices for global managers and expatriates. The research was limited to four countries around the world: Finland, Indonesia, Russia, and United States. The amount of respondents was 226. Hofstede's dimensions of cultures are used to understand the basic differences between the subject countries.</p> <p>The research method that was utilised is quantitative research. To measure transformational leadership, this study used the modified version of Kouzes and Posner's (1988) Leadership Practices Inventory (LPI) method that identifies five factors of transformational leadership: challenging, visioning, enabling, modeling, and rewarding.</p> <p>The results of this study show that Indonesia differs statistically from other countries on every factor of transformational leadership. Russian respondents viewed transformational features the most truthful for their situation. Rewarding was cross-culturally the most emphasized factor of leadership.</p>	
Keywords Culture, transformational leadership, leadership	

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1 Introduction

Everyone, who reads this thesis, is supposed to belong to a nation, and carries a passport as a proof. Every passport holder is a citizen of one of around 195 countries in the world. These countries are better connected to each other than ever before. Also corporations are more globalized than ever. It does not mean that the cultural differences between two different passport holders would be disappearing. It just means there are more business opportunities, and challenges in the world. Culture studies, like this one on hand, embrace those challenges. For global business managers, in order to transform a challenge to opportunity, they must accept and appreciate cultural values and practices, have open minds, and respect how different countries do things (House et al. 2004, 5).

Global managers are often marinated in their own culture and can have it hard to understand and accept habits different from their own experiences. They have been born, raised, educated, and worked many years in their own countries. (House et al. 2004). Not forgetting that plain intracultural managing is challenging. Managing requires vision and courage, but also knowledge and good practices. The main function of managing cannot be just enhancing profitability, on the contrary, managing should be viewed more carefully. (Kouzes & Posner 1988).

Transformational leadership is one of the leadership theories that has been viewed more carefully with research. Studies have made efforts to provide an in-depth understanding of leadership, but also to improve efficiency and productivity. The researchers and developers are interested in the process by which certain leaders are able to inspire, motivate and engage their subordinates so that they are able to overcome big challenges and transcend themselves to achieve a common goal. A transformational leader considers people as individuals. (Kouzes & Posner 1988). A transformational leader is a domestic version of a global leader, who has to respect a whole culture and how things are done differently in foreign settings. Global leaders have exceptionally open minds, but global leaders are made, not born (Ehrlich 2002, 234).

1.1 Research problem and questions

The objective of this study is to analyze the connection between culture and transformational leadership. The aim is to find out, what kind of behavior can be expected in a workplace and what kind of organizational leadership there are in different societies. Older books and articles about cultures might delude a reader. In this study the respondents are relatively young as majority are 21-30 years old. Ergo, this study has the

younger generations' view of the leadership behavior, and compares them between different cultures.

The research question of the thesis is defined on the basis of the research objectives:

Is it possible to utilize transformational leadership in different cultures?

The research question presented above is further clarified by the following sub-questions:

- 1) *How culture affects to leadership?*
- 2) *Are there differences in transformational leadership across the cultures?*

This study utilizes quantitative research in order to find out how respondents in four different cultures rate their behavior in the workplace and how they qualify themselves as leaders. The material of the quantitative research has been collected by other researchers via electronic questionnaire before this thesis process has started. The countries – Finland, Indonesia, Russia, and United States - chosen to be studied are interesting as they are enough different from each other in order to expect differences in results. In this study, the modified version of Kouzes and Posner's (1988) Leadership Practices Inventory (LPI) has been used when measuring transformational leadership. The LPI effectively represents the main ideas surrounding transformational leadership and furthermore, after modification, it is well-suited to the Finnish culture (Hautala 2006).

1.2 Explanation of thesis structure

The main structure of this master's thesis consists of six main sections which are shown in the figure below (Figure 1).

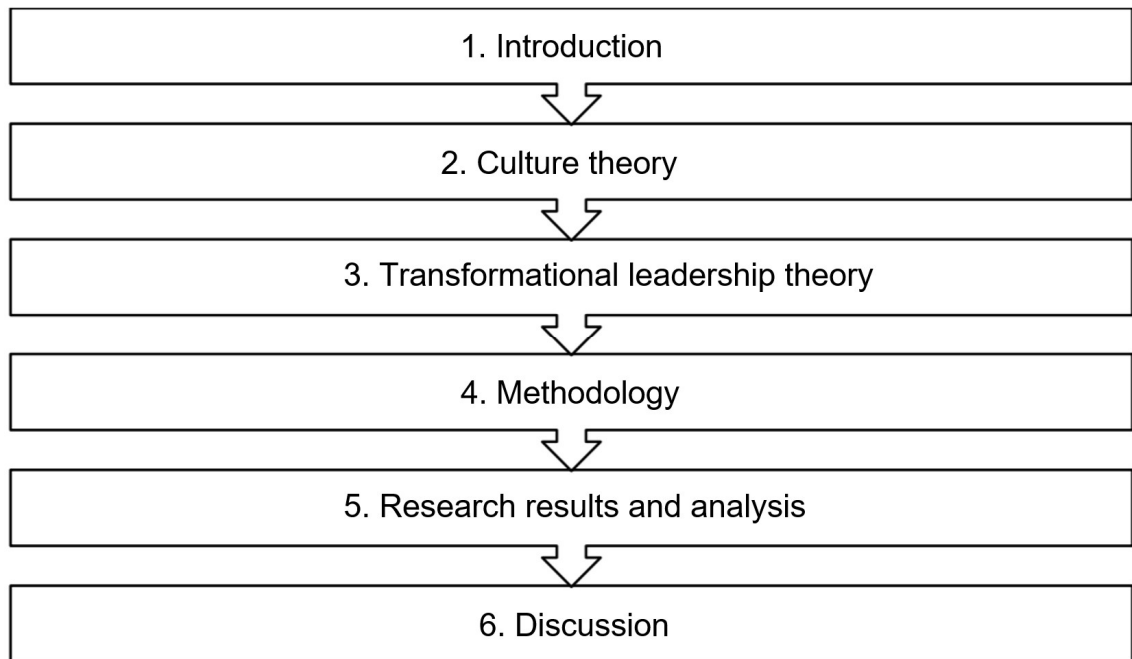


Figure 1. Structure of the thesis.

The thesis begins with an introduction chapter which is the first section and first part of the thesis. This first chapter introduces the topic of the thesis and justifies its importance and topicality. In addition, the introduction presents the aim of the research as well as the research question with its specific sub-questions, the research method and the structure of the thesis.

The theoretical part of the thesis is divided into two different sections. The first part of the thesis presents the first theoretical section that is about culture. In this section, culture is defined, and the cultures of the research countries Finland, Indonesia, Russia, and United States are introduced. Hofstede's culture theory and the six dimensions are presented.

The third part and the second theoretical part of the thesis is about transformational leadership. It introduces the theory of transformational leadership as well as a few recent studies around it. Both theoretical sections provide a comprehensive basis for the thesis in terms of examining the research problem.

The fourth part of the thesis explains the research methodology. This section introduces research process, research approach – in this case quantitative research - , data and respondents, as well as data analysis methods. Quantitative research is used to find answers to the research questions posed at the beginning of the research.

The fifth chapter presents the results and analysis of the research. This section analyses the data collected through a survey before this thesis process has started. The

respondents have rated their behaviour in working life, what are the leadership qualities that are important to them. In this part, the cultures are compared in order to find differences in how transformational leadership works in different societies.

In the last part of the thesis, i.e. in the discussion chapter, a final summary and findings are given on the topic of the thesis. Here, all the relevant, gathered information is compiled, finalized with the pondering of what answers have been obtained during the research to the research questions. Lastly, the relevance and usability as well as possible proposals for future research are also discussed.

2 Culture

In this chapter first, culture is defined. Also, the subject countries, Finland, Indonesia, Russia, and United States are introduced. Hofstede's culture theory and its six dimensions are presented. The subject countries and Hofstede's dimensions are brought together in a summary sub-chapter. Lastly, a few recent studies about cultures and leadership are presented.

2.1 Defining culture

Culture is present everywhere. Yet, it does not have a single definition. Culture is too broad; it is multidimensional, and it is complex. Definitions range from the narrow "(it is opera, art and ballet)" to the wide ("it is everything"). For research purposes culture can be defined as the deposit of knowledge, experience, beliefs, values, attitudes, meaning, social hierarchies, religion, notions of time, roles, spatial relationships, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group effort. (Samovar & Porter 2003, 8).

Typically, the term *culture* implies to a bunch of parameters that members of a collective share. The parameters differentiate between each collective in a meaningful way. The GLOBE (Global Leadership and Organizational Behavior Effectiveness) project, was founded by Robert House in 1991, and has studied and analysed cultural values and practices in 62 countries. Since the nineties, the project has provided tremendous amount of information on the interrelationships between societal culture, societal effectiveness and organizational leadership. (House et al. 2004). The project GLOBE defined culture as follows:

"Shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of member of collectives that are transmitted across generations" (House et al. 2004).

Culture is learned through perceptions. Perceptions are shaped in various ways: where one is born and raised, the language one learns, the environment and people with which one lives, and the psychological stimuli i.e. the knowledge, beliefs, and mental activities one encounters. There are no two individuals who view the external world the same because no two individuals receive precisely the same stimuli or share the same physical sensory receptors. One knows only what one have personally perceived and cannot know for sure what someone else has perceived. This is one the reasons for studying intercultural communication: there is no way around to understand it. It's a way to learn

how people from different cultures communicate and how misunderstandings between cultures can be avoided. (Singer, 1998).

To get to the bottom of it, what is our culture? What types of cultures are there? Most often academic work presents culture as nation and/or ethnicity (for example Finnish, or Finland-Swedes or Sami). To a smaller degree papers and textbooks, when not with nation- or ethnicity-based cultures, culture types include faith-based cultures (for example Lutherans, or Christian Orthodox, or Muslims), gender-based cultures or sexuality-based cultures (for example queers, or straight or third genders). According to Ingrid Piller (2012, 4-5) whether culture is viewed as nation, as ethnicity, as faith, as gender, or as sexuality, all these “cultures” have one thing in common: they are imagined cultures. That means that individuals of a culture imagine themselves and are imagined by others as group members. Piller states that these groups are too large to be “real” groups and therefore they would be best considered as disconnected structures: static, internally homogeneous entities different from other such entities.

While it is good to understand different understandings of culture, it is as wise to turn to anthropology. Anthropologists use many approaches to study and explain cultures; the concept of a national culture – the type that is specifically studied in this paper - developed out of an interest in understanding cultural differences at the national level. The field of anthropology looks at all aspects of human cultures – the collective ways of thinking, feeling, and acting in the natural world that are shared and socially maintained by different societies. (Erdman 2018, 20). Society is a group of people that share a common set of values and norms; that is, people who are bound together by a common culture (Hill 2009, 91-92). The studies have evaluated human societies on an evolutionary scale of progress. The scale places “primitive” societies, such as hunter-gatherers – those who survive by hunting and collecting food –, at the bottom and “civilized” – that is, modern states defined as self-governing territories with defined borders and certain degree of economic and social complexity and infrastructure – at the top. (Erdman 2018, 20-21).

One anthropologist, a Dutchman Geert Hofstede, got convinced in the 1970’s that different nationalities’ gave stable and predictable responses on his survey’s asking about relationships with superiors, personal goals, and beliefs. Hofstede and his successors in IBM had found answer patterns across countries and across occupations, pointing to differences in basic values. He called these patterns “dimensions”. Each of the dimensions allows researchers to measure how much, and in what way, a society values such things by placing it on a scale of opposites – for example high to low. In this theory, societies may value similar things by to different extents and in different ways. (Erdman

2018, 11). Hofstede analysed the database in a variety of ways and related his findings to existing literature from psychology, sociology, political science, and anthropology. The results were published in 1980 and can be found from his books, *Culture's Consequences: International Differences in Work-Related Values* and *Culture's Consequences: Comparing Values, Behaviours, Institutions and Organizations Across Nations*. (Minkov 2013, 201).

On his book, Hofstede introduces four dimensions: power distance (the inequality within a society), uncertainty avoidance (a society's level of comfort with the unknown), the opposition of individualism and collectivism (the level of independence of societal members), and the opposition of masculinity and femininity (characteristics associated with one gender or the other). A fifth dimension of culture was revealed on a later research project on collaboration with social scientist Michael Harris Bond: the opposition of long-term and short-term orientation (looking to the future or to the present). A sixth and the most recent dimension is the opposition of indulgence and restraint (related to feelings of subjective happiness and the control of people's own life). This dimension was found by Michael "Misho" Minkov through analysis of the World Value Survey. Dimensions were measured in terms of poles, such as high power distance/low power distance. Nations were placed somewhere between those poles based on the results of the survey data. (Erdman 2018, 11). Hofstede was convinced that "culture determines the uniqueness of a human group in the same way personality determines the uniqueness of an individual" (Hofstede 2001).

2.2 Hofstede's dimensions of national cultures

In Hofstede's studies with IBM Corporation, there were 53 countries included. Using statistical analysis and theoretical reasoning, he determined how countries' business cultures differed and developed first four dimensions, and later added the fifth as well as the sixth dimension. The countries were ranked according to their scores (Hofstede 1994). Data was collected in the late 1970's and his first book was written in 1980. Since then, a lot has changed: more women are working in corporations, more countries are involved in international business, and cultural changes have taken place. Thus, in this report Hofstede's studies are looked in relation to other new studies, for example the GLOBE project.

2.2.1 Power distance

Nations can be distinguished by the way they handle the fact that people are unequal. The inequality can be of power, wealth, status, and social position. There is inequality in any

society. Even in the simplest hunter-gatherer group, some people are bigger, stronger, or more intelligent than others. Then there are some people that have more power than others. Some people acquire more wealth than others. Some people are given more status and respect than others. Power distance index measures the degree of inequality in society and how the country distinguishes between inequalities. The index shows the extent to which the weaker members expect and accept the unequal distribution of power. (Hofstede 1994, 23).

Power distance index tells us about the emotional distance between the boss and the subordinate. In small power distance countries, such as USA, Great Britain, Sweden and Finland, subordinates will quite unhesitatingly approach and contradict their bosses. There lies a preference for consultation, a limited dependence of subordinates on bosses, that is, interdependence between boss and subordinate. In large power distance countries, that are France, Spain, and Latin American, Asian and African countries, there is considerable dependence of subordinated on bosses. In these countries, the emotional distance between subordinates and their bosses is large: subordinates are unlikely to approach and contradict their bosses directly. (Hofstede 1994, 28-29).

Hofstede found that the higher latitudes the country was located or the wealthier it was the more likely it scored lower power distance index. In addition he found that the population size of the country predicted higher power distance score (Hofstede 1994, 44). The GLOBE study with 62 countries detected that strong power distance associates with male-dominated countries. They also noticed that where power distance was strong, it was most disliked. (House et al. 2004).

2.2.2 Collectivism versus individualism

Different nationalities have different concepts of the role of personal relationships in business. For example for the Americans, business is done with a company. However for the Indonesians, business is done with a person whom one has learned to know and trust. If the person is not known enough, it is convenient to have present an intermediary, someone who is trusted by both parties. This dimension is about the role of the individual versus the role of the group. (Hofstede 1994, 50).

Collectivism here is not to be understood in a political sense. It does not refer to the power of the state over the individual but to the power of the group. For these societies, instead of "I", there is "we" group (our family, our school, our society, our ingroup), that is distinct from other people in society who belong to "they" groups, of which there are many. The ingroup offers protection and identity. In return lifelong loyalty is given to one's ingroup,

and breaking that loyalty is one the worst things person can do. Countries that ranked lowest on the Individualism index included Colombia, Venezuela, Panama, Ecuador, and Guatemala. (Hofstede 1994, 50).

In individualist societies everyone is expected to look after herself or himself and his or her immediate family. People from individualist countries, such as United States, Australia, Great Britain, Canada and Netherlands, place great importance on individuality and self-reliance. Child is encouraged to “Do your own thing” and expected to look out for itself – as no one else will. Evidently, also work should be organized in such a way that employee’s self-interest and the employer’s interest coincide. (Hofstede 1994, 50). Even in the famous Maslow’s hierarchy of human needs, the supreme motivation of an individual is self-actualization: doing one’s own thing. The hierarchy, often pictured as a pyramid, states that human needs can be ordered from lower to higher, as follows: physiological, safety, belongingness, esteem, and self-actualization. When person’s needs are satisfied from bottom to top, from hunger to purposeful job, then person is enjoying the fullest possible extent of the creative potential. (Hofstede 1994, 73).

2.2.3 Femininity versus masculinity

The masculinity (and femininity) index concerns how society views assertiveness, competitiveness, and toughness versus modesty, tenderness, and compassion. The two terms are derived from what nation consider important in life: masculine pole includes earnings, recognition, advancement, and challenge; and the opposite, feminine pole includes manager, cooperation, living area and employment security. A masculinity index values were in addition to country values, also computed separately for women and men within each country. The results show that in the most feminine or tender countries, both women and men expressed equally tender, nurturing values. When moving to more masculine or tough countries, both women and men become tougher but men’s values get even tougher and the difference to women’s values gets larger the higher on the index we move. (Hofstede 1994, 81-83). One could sense here that the values of different genders are more similar in societies where women and men are more equal.

The most feminine countries on the scale are Sweden, Norway, the Netherlands, and Denmark. Finland is in top 7. From early ages boys and girls learn to be modest in feminine countries. Attempts at excelling and other assertive behavior are easily ridiculed. Brilliance is something one keeps to oneself. (Hofstede 1994, 89) For example in very feminine Finland, we have a saying “*vaatimattomuus kaunistaa*”: which means “modesty makes beautiful”. Also Swedish people have a proverb “*I mörkret är alla Katter grå*”: that translates to “In darkness all cats are grey”. Everyone is on the same level, and if they

perform like they are not, a couple of these kinds of proverbs should pull their feet back to the ground. In feminine cultures also the heroes that children learn to admire are sympathetic. They are underdogs and kind of anti-heroes. (Hofstede 1994, 89). The round, hippopotamus-like “Moomintroll” is a Finnish comic hero. The Swedish have created “Bamse”, the kindest and smallest bear in the world. Admired heroes of children in the masculine countries are strong; for example USA have created popular heroes “Batman” and “Turtles”.

Highest scores on masculinity have received Japan, some European countries: Austria, Italy, and Switzerland, and Latin American countries Venezuela and Mexico. In masculine cultures conflicts are often resolved by a good fight: “Let the best man win”. This attitude is evident in schools, in the industrial relation scene between managers and labor unions, and in the international conflicts. Masculine countries try to resolve conflicts by fighting; feminine countries by compromise and negotiation. Same goes in work life: the management hero types are different in feminine and masculine cultures. The masculine manager is assertive, decisive and aggressive, maybe a little macho. Manager makes the decision alone without involving group discussions in the process. In feminine cultures the manager is less visible, intuitive rather than decisive, and used to seeking consensus. (Hofstede 1994, 85, 92, 94).

Hofstede’s study does not consider the equality of genders in the workplace when scoring countries. Instead, the GLOBE study discusses the implications of the differences in gender egalitarianism. Societies that think women and men are suited for similar positions are more gender egalitarian than societies that suppose the roles for women and men should be different. The GLOBE study also discovered that the cultural value of gender egalitarianism affected the type of leadership dimensions of charisma, participatory, or self-protectionist. (House et al. 2004).

2.2.4 Uncertainty avoidance

The uncertainty avoidance index measures threat of uncertain or unknown situations. When coming across with the unknown, does person become anxious or does she or he embrace it. Human societies have developed different ways to mitigate anxiety. For example technology offers tools that help to avoid uncertainties caused by nature. Religion is a way for accepting the uncertainties -supernatural forces- one cannot defend oneself against. Laws and rules try to prevent uncertainties in the behavior of other people. (Hofstede 1994, 110). In uncertainty avoiding countries there are many formal and informal laws, internal rules and regulations controlling the rights and duties and work processes. Sometimes the need for laws and rules lead to dysfunctional behaviors, for

example the waiter cannot change the meal in the menu, because it cannot be changed in the ordering system. Countries with weaker uncertainty avoidance have more relaxed attitude towards problems and often they can be solved without formal laws. (Hofstede 1994, 121).

High scores for uncertainty avoidance caught Latin American, Latin European, and Mediterranean countries. All cultures that tend to be expressive. Apparently more anxious cultures show more emotion, raise their voices, and talk with their hands. According to anxiety-related study by Richard Lynn in 1970's, anxious cultures have high suicide rates, more alcoholism, higher accident death rate, and larger per cent of prisoners. In addition, he noticed that anxious cultures consumed less caffeine (in coffee and tea), had smaller average daily intake of calories of food, had smaller death rate due to coronary heart disease, and had smaller occurrence of chronic psychosis. Both Hofstede's and Lynn's studies support each other: anxiety levels differ from country to country. (Hofstede 1994, 114-115).

Contrariwise in weak uncertainty avoidance countries, such as South East Asian, African, Anglo and Nordic countries plus the Netherlands, the anxiety levels are relatively low. These countries are less expressive where emotions are not supposed to be shown. This means that stress is not released immediately, but it is usually internalized. In long term, this can cause cardio-vascular diseases. In weak uncertainty avoidance countries people come across easy-going, quiet, and lazy. They are stimulating themselves by consuming a lot of coffee and tea. Alcohol would release stress, but for example in Scandinavia intoxicant are consumed "incorrectly": excessive drinking for a short period of time, followed by longer periods of abstention. (Hofstede 1994, 115).

In GLOBE study, uncertainty avoidance was defined as the trend toward orderliness, consistency, structure, and regulation. The study found connections between uncertainty avoidance and economic and organizational values such as innovation, perception of risk, per capita cash holdings, and growth. Low uncertainty avoidance cultures tend to demonstrate higher achievement motivation and more risk-taking and be more entrepreneurial. (House et al. 2004).

2.2.5 Long-term versus short-term orientation

Fifth dimension is called long-term versus short-term orientation. This dimension was not originally found in Hofstede's IBM results, but after being discovered by Michael Bond and his research group in 1987, it has joined in Hofstede's studies as well. Bond himself called the dimension "Confucian dynamism". Hofstede added his own notes to the dimension

and named it long-term versus short-term orientation in his books. The reason for this dimension not to be recognized earlier is said to be the Western culture bias. Hofstede's questionnaire is a product of Western minds and respondents in non-Western countries were asked to answer Western questions. Relevant questions were missing. In this case, Western minds, that are used to look for rapid economic growth as well as consume rather than save money, were not able to include a long-term orientation thought in the study. (Hofstede 1994, 159-165).

Bond's study covered 23 countries. Top scores of the long-term orientation index got China, Hong Kong, Taiwan, Japan, and South Korea. Singapore is in the ninth position. The long-term orientation is concerned with the future, perseverance, thrift, hard work, learning, openness, accountability, and self-discipline. All very handy values, if one wants to start a business. Perseverance, persistency in the aim of goals, is a vital asset for a beginner entrepreneur. Thrift basically means savings and the availability of capital for reinvestment. (Bond 1990, 137-152)

A difference in a country's orientation to long-term or short-term goals can affect business. A short-term orientation is concerned with the bottom line, control systems, respecting tradition, preserving face, and fulfilling social obligations. The East Asian respondents de-emphasized face-saving and tradition-respecting consciously. Excessive respect for tradition hinders innovation. Protecting one's face too much might detract from getting new business deals. Western countries scored relatively higher on short-term orientation values. There, thrift and persistence was left behind of tradition, face-saving, and consumption of social trends. (Hofstede 1994, 166-173).

In the GLOBE study, this dimension is called future orientation. In GLOBE project, the finding was that all countries except Denmark value future orientation whether or not they practice it. Other founding was that lack of government control seemed to indicate weaker future orientation practices. GLOBE scales did not show relationship to the Hofstede scales. (House et al. 2004).

2.2.6 Indulgence versus restraint

The sixth and the last dimension is called indulgence versus restraint. It measures happiness and life satisfaction, aspects that correlated quite well together, although exceptions were found. It includes questions about subjective feeling of wellbeing (i.e. happiness), feeling of life control, and importance of leisure. The dimension was found by Misho Minkov after reanalyzing the results of the World Values Survey. Minkov noticed that life satisfaction correlated well with national wealth, but happiness did not always.

Vice versa, happiest countries were typically the poorest or not so wealthy countries. Interestingly, he found out that the very happy countries have a lower incidence of deaths from cardiovascular diseases. (Hofstede G, Hofstede G.J. & Minkov 2010, 278).

Highest scores for indulgence received Venezuela, Mexico, Puerto Rico, El Salvador, Nigeria and Colombia. Anglo countries and Nordic countries are also on the indulgent side of the pole. On this side people feel that they have free choice over their lives and they can enjoy life and have fun without being regulated by strict societal norms. People can act as they please, spend money and indulge in amusements. (Hofstede et al. 2010, 278-281)

On the restraint side of the pole, there are Pakistan, Egypt, Latvia, Ukraine, Albania and Belarus. Former Soviet Union countries and most Asian countries are less indulgent. On this side, there are various social norms and prohibitions that hinder people from acting freely. The characteristics for this dimension include pessimism, cynicism, being careful about trusting people, being politically passive, rejecting homosexuality, preferring men as leaders, and giving priority to economic security over quality of life. In brief people's minds and actions seem to be restricted. (Hofstede et al. 2010, 279-290).

When comparing to GLOBE project, Indulgence correlates strongest with the gender egalitarianism "should be" measure. This connection can be explained by strong gender roles that restrained societies hold. (Hofstede et al. 2010, 292).

2.3 Cultures and Hofstede's dimensions of Finland, Indonesia, Russia and United States

No discussion of leadership in a country can be fully understood without, even if ever so briefly, paying attention to the historical, political, economic, and social context from which it emerged (Hofstede 1980). Thus, brief reviews to the development of the societies of Finland, Indonesia, Russia and United States are offered first.

Finnish culture

A major factor for understanding the leadership and culture in Finland with a population of 5.5 million is to recognize its position between West and East. Sweden has ruled Finland for about 500 years (1523-1809) and Swedish language is still official language in Finland along with Finnish language (Stenbäck 2001). Finland was occupied by Russia in 1809. Even though for over a hundred years Finland was a Grand Duchy of Finland, an autonomous part of the Russian Empire, it still kept the currency and the language as well as the old Swedish civil and criminal codes in force. As a matter of fact, the national pride grew ever stronger among the Finns during this period: for example the Finnish national

epic, the *Kalevala*, collected and written by a doctor Elias Lönnrot, was published in 1835. Later in the 1900th century, Russia began to impose more direct control over Finland, trying to bring its language, currency and laws across the border. Finns resistance was strong and as soon as they saw their chance, they gained independence. Finland was declared independent on December 6, 1917 without ever becoming an integrated part of Russia. (Chhokar, Brodbeck & House 2007, 75-76).

Finland is a relatively large country with a small population and a peculiar language. When it comes to leadership, the puzzle for Finns seem to be that they have Western values but an Asian communication style. Finns are slow to communicate and they are less open than Anglo-Saxon cultures. Values are usually “black and white” and what is communicated is certain, serious and reliable. (Chhokar et al. 2007, 102). According to the Hofstede’s dimensions as shown on the figure 2, Finland is an Individualist and Feminine society. In feminine countries people value equality and conflicts are resolved by compromise and negotiation. An effective leader is a supportive one, and decision making is achieved through involvement. (Hofstede 2010).

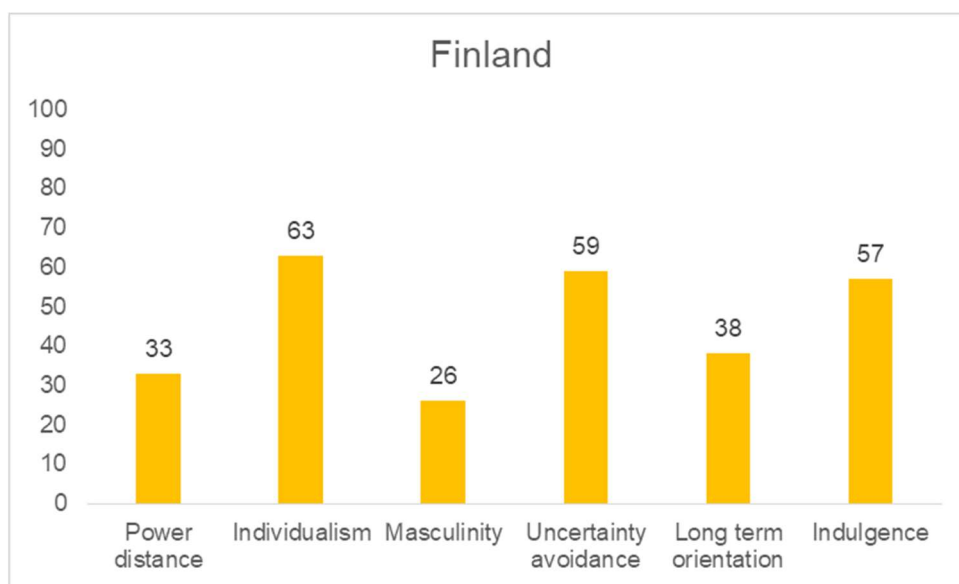


Figure 2. Finland and Hofstede’s dimensions.

Indonesian culture

With a population of 268 million (World Bank), Indonesia is the fourth largest country in the world after China, India and United States. (Vickers 2013) It consists of some 17,000 islands, being the world’s largest archipelago. (Miettinen, Lainela & Parpola 1993, 2). There are hundreds or major cultural and language groups in the islands. The Dutch ruled the “Dutch East Indies” for 300 years until Indonesia became “Indonesia” by gaining independency in 1945 (Vickers 2013). Contradictorily, Indonesia has been featured in the

media for its political violence, terrorism and corruption (Vickers 2013), when at the same time Indonesian are often described as friendly, peace loving, and open handed (Irawanto 2009, 44).

Indonesia is a collectivist country (figure 3) with a strong hierarchy in all parent-child, teacher-student as well as boss-employee relationship. In an organization in Indonesia, this means that the leader has a paternalistic status, so he is expected to behave wisely, and honestly, putting group interest ahead of individual interest. Also, a leader should know that Indonesian employees don't consider working for the organization as such, they see only the person, the leader (the member of a family and/or group). (Irawanto 2009, 46).

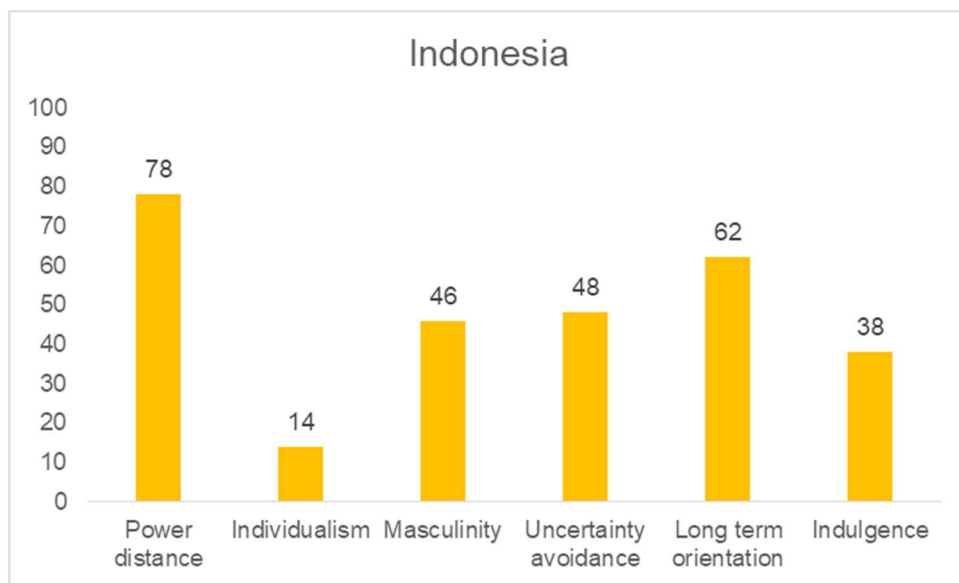


Figure 3. Indonesia and Hofstede's dimensions.

Russian culture

Population in Russia is 144 million (World Bank). By the time American continent was discovered, in the late 15th century, Russia had been overpowered by the Tatars for 300 years. In 1480 Moscow State succeeded in uniting all the Russian states and that was the beginning of the reign of the tsars. While the Russian tsars and later the emperors such as Ivan the Great and Peter the Great are respected historic figures, also many spiritual leaders of the Russian Orthodox Church have been highly respected. The leaders of Russia have traditionally been associated with the state, religion, or military. Even though there have been times in Russian history when they have sought to catch up with the West, often a more prominent effort by the country's leaders have been directed towards imperial ambitions. Russia defeated Napoleon in 1812-1815, but at the same time was lagging behind the West institutionally and economically. In the Soviet (totalitarian) era, a

majority of resources were under the control of a small group of monopolistic or oligopolistic coalitions. And even today, no matter how courageous and entrepreneurial characters Russians are interpreted to have in their heritage, the country is in continuous fight against monopolism. (Chhokar et al. 2007, 805-807).

Looking at Russian history from the viewpoint of leaders, we see dictatorship, brutality, repression, supremacy over the individual's goals, but also glimpses of kindness and those attempts of "Westernization" and privatization. From this bases it is no surprise the Russian management style is built on strict hierarchy where leaders are more likely to communicate with people on the same rank. Employees let the top person in the company make all decisions. (Alekseev, Panteleyev, Golodayev, Savina, Kruczhevskaya & Vasina 2016, 180-181). Employees prefer working in teams which might also be a relic from the history. Russians lived on a large open spaces and were forced by austere environmental conditions to work together. Also Church supported strong family ties and sense of community. (Chhokar et al. 2007, 814). Figure 4 demonstrates Russia's high scores in power distance, uncertainty avoidance, and long term orientation, while scores for individualism, masculinity and indulgence are low.

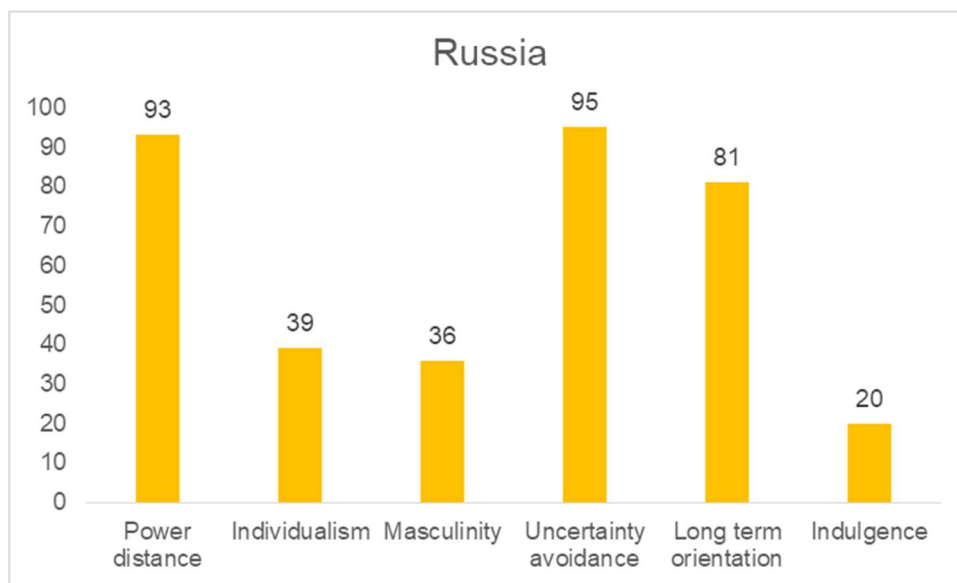


Figure 4. Russia and Hofstede's dimensions.

American culture

History of the United States - with population of 328 million - culminates to individual visionary leaders, who dedicatedly, courageously and with a sense of justice, fought for their country. Starting from Cristopher Columbus, who brought the continent to the attention of Europeans, to the first president George Washington, who played a central role during the American Revolution, to Abraham Lincoln, who urged that all slaves were

to be set free, until many other individuals, like president's (Theodore Roosevelt, John F. Kennedy), spokesmen (Martin Luther King, Jr.) and business leaders (Henry Ford, Bill Gates and Elon Musk), they are all major national figures. The United States is an Economic Superpower: its achievements and richness are undeniable. However, as a relatively young country that has formed during the time of recorded history, there are many sprains and bruises along the growth, and all of the wrongs of the past have been open for everyone to see. Slavery or the decimation of the Native American nations are sensitive matters for U.S. society that throughout its history has been dedicated to justice and fairness for all. (Chhokar et al. 2007, 475-479).

Americans are a mixture of people from first the European continent, and later from all around the world. A large majority of this mixture crossed the oceans in search of economic gain and/or freedom from political and religious oppression. There were idealists, adventurers, opportunity-seekers, and peoples that needed to escape their homeland. The same mixture of values is still recognizable in Americans' lives today. On the other hand the right to pursue personal wealth, and on the other the longing for something greater than own narrow interests. This combination of values can also be detected in the characteristics of a successful leader that stress an entrepreneurial mind-set, passion, ambition, and courage, as well as a sense of communal responsibility. (Chhokar et al. 2007, 480). United States is highly Individualist country (figure 5) where employees are expected to be self-reliant and initiative (Hofstede 2010).

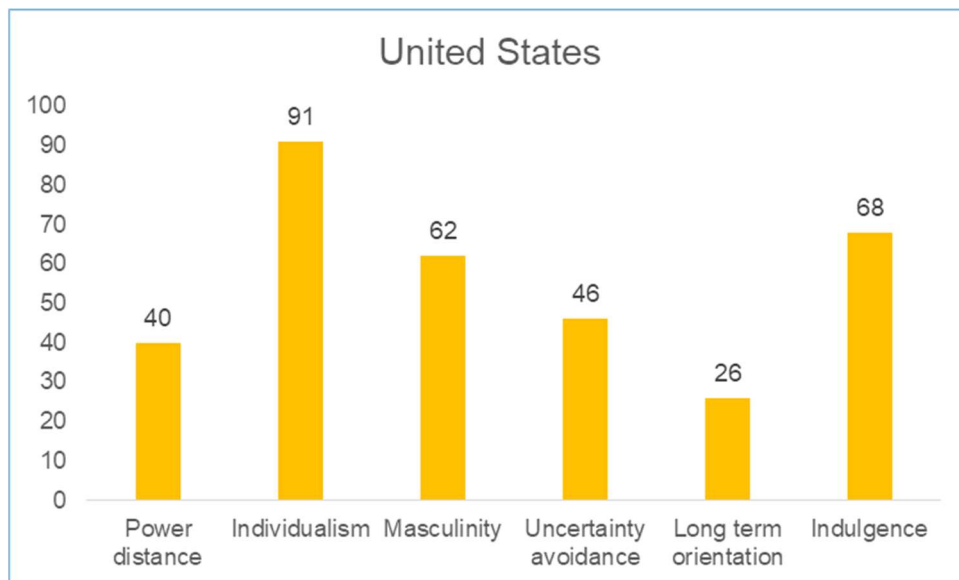


Figure 5. United States and Hofstede's dimensions.

2.4 Summary of country scores for Hofstede's dimensions

Figure 6 compares the six cultural dimensions and how all the four countries scored in each one of them. In order to summarize the interpretation of the dimensions as well as differences of the country scores, this sub-chapter brings up the extreme opposite countries of every dimension.

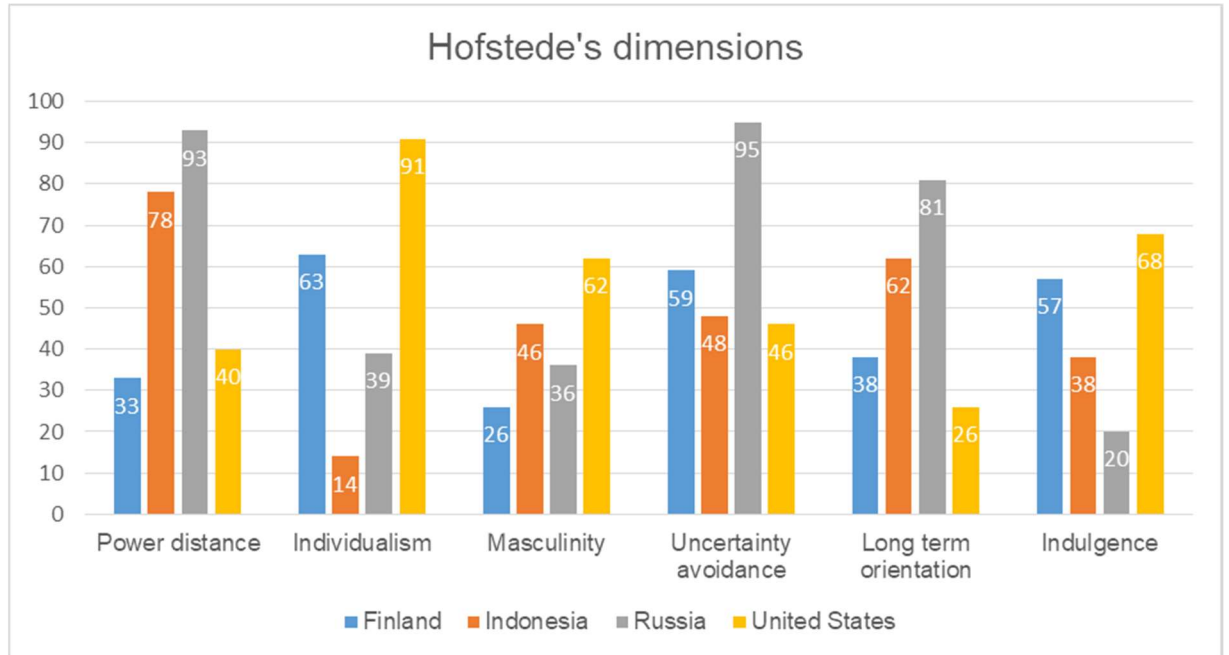


Figure 6. Country scores for Hofstede's dimensions.

Russia, scoring 93 on *power distance*, makes it a very hierarchical nation where individuals accept that power is distributed unequally. Finland, on the other end scoring 33 has hierarchy for convenience only, and individuals can expect rights. (Hofstede et al. 2010).

United States, scoring 91 on *individualism*, makes it an Individualist country where people self-images themselves in terms of "I", while in Indonesia which scored 14 makes it a Collectivist society where people's self-image is defined in terms of "We". (Hofstede et al. 2010).

United States has a high score (62) on *masculinity*, which indicates that the society is driven by competition, and the focus is on "living in order to work". Finland, scores 26, and is thus considered a Feminine society, where quality of life is the sign of success, and the focus is on "working in order to live". (Hofstede et al. 2010).

Russia, scoring 95 on *uncertainty avoidance*, is highly threatened by unknown situations and has created bureaucratic institutions that try to avoid these situations. United States

scored just below the average (46), making it a society that does not require a lot of rules, and in addition is moderately tolerant of ideas or opinions from anyone and allows the freedom of expression. (Hofstede et al. 2010).

With a high score of 81 on *long term orientation*, Russia is a country with a pragmatic mindset that encourages thrift and perseverance in achieving results. On the opposite side, scoring 26, United States is a normative society where individuals are driven to make effort for quick results within the work place. (Hofstede et al. 2010).

Scoring 68 on *indulgence*, United States is an Indulgent society where people place high degree of importance on leisure time, and spend money on it. Russia, with a low score of 20 has a tendency to control their desires and impulses, and do not put much emphasis on leisure time. (Hofstede et al. 2010).

2.5 Recent studies about culture and leadership

This sub-chapters introduces recent studies regarding the connection between national cultures and leadership.

In 2018, Miao, Humphrey, and Qian published a cross-cultural study concerning how leader emotional intelligence¹ influence subordinate task performance and organizational citizenship behavior (OCB)². They found out that leaders' emotional intelligence is one of the most important characteristics of effective leaders especially in collectivistic, feminine, and high uncertainty avoidance cultures. Looking at the Hofstede's dimensions, and the figure 6 above, Russia falls into described category. Another finding was the relationship between both leaders' emotional intelligence and subordinates' OCB is stronger in high power distance, collectivistic, feminine, high uncertainty avoidance, long-term oriented, and restraint cultures. (Miao, Humphrey & Qian 2018, 463-474). Again, out of this thesis' subject countries, Russia falls perfectly into described category.

¹ Emotional intelligence is the ability to be aware of one's own and other's emotions, to regulate emotions, and to reason effectively using emotions (Goleman 1995)

² OCB is "performance that supports the social and psychological environment in which task performance takes place" (Organ 1997, 95)

In 2019, Crede, Jong, and Harms published twofold results about should leaders align their behaviors with the cultural values and practices of their subordinates in order to be more effective. Firstly they found that subordinate performance flourishes from leadership style that is congruence with their cultural values and practices in cultures with high levels of future orientation values, and high levels of institutional collectivism practices. This result is contingent with the Cultural Congruence Proposition (House et al. 1997) whereby leadership behaviors are most effective when they are aligned with the cultural values held by subordinates.

Secondly, Crede et al. found out opposite results with other kind of cultures. According to them, the subordinate performance flourishes from leadership style that disrupts the quo in cultures with low levels of gender egalitarianism values, low levels of humane orientation values, high levels of uncertainty avoidance values, low levels of future orientation practices. The name for this theory is the Cultural Difference Proposition (House et al, 1997) whereby biggest impact on subordinates is accomplished when leaders are able to introduce ideas, processes, and methods that are different to the existing values and practices of subordinates.

3 Transformational leadership theory

Among management theorists, since the early 1980's until today has the transformational leadership been considered as one of the most popular approach to leadership (Northouse 2013, 185). In 1991, Avolio and Bass presented transformational leadership as the most effective form of organizational leadership. It has been cited increasingly in research publications through last decades. (Antonakis 2012). Consequently, transformational leadership occupies a central place in management textbooks and leadership research. Political sociologist James MacGregor Burns, who brought transformational leadership to attention in 1978, distinguished two kinds of major leadership behaviour's: *transformational* and *transactional*. Later in 1997, Bass & Avolio added a third major leadership behaviour, *laissez-faire* leadership. The leadership continuum and the factors that display particular leader behaviour are presented in the figure 7 below.



Figure 7. Leadership continuum from Laissez-Faire to Transformational Leadership with leadership factors.

3.1 Transformational leadership

As can be expected from the name, transformational leadership is a leader behaviour that transforms and inspires followers to be of greater value to the organization (Ghadi, Fernando & Caputi 2013). The process involves understanding the followers' motives in order to better reach the goals. In contrast to power, transformational leadership concerns with followers' needs. Transformational leadership is a process where leader creates connection with subordinates and tries to help them reach their fullest potential, raising motivation and morality in both the leader and the follower. A classic transformational leadership example from Burns has been Mahatma Gandhi who impacted millions of

people by raising hope, and, in the process, was changed himself. (Northouse 2013, 186). The four factors introduced by Bass (1985) that identify transformational leadership, are *idealized influence* or *charisma*, *inspirational motivation*, *intellectual stimulation*, and *individualized consideration*. Alongside with the original four factors, this report also presents overlapping dimensions of *visioning*, *challenging*, *enabling*, *modeling* and *rewarding* introduced by Hautala in 2005. Those five dimensions are originally based on Kouzes and Posner's (1988) dimensions, only modified to be suitable in Finnish culture. The last dimension of the five, *rewarding*, is presented under transactional leadership.

The first factor, *idealized influence* describes a leader who is a role model for followers and provides a clear vision encouraging the followers to share common visions and goals (Muenjohn & Armstrong 2008). This factor is probably the reason why transformational leadership is often described as similar to, if not synonymous with, House's charismatic leadership (1976). Charismatic leaders usually carry high moral standards and ethical conduct. They can be counted on to do the right thing. They enjoy a great deal of trust by the followers. In addition to behavioural characteristics, House also noticed specific personality characteristics in them: charismatic leader is often a dominant and self-confident person, who has a strong desire to influence others, and who has a strong sense of moral values. (Northouse 2013, 187-191). Equivalent dimension in Hautala's study is *visioning*; picturing the ideal future to subordinates, ensuring that people hold common values, and communicating how to best lead the organization (Brandt, Laitinen & Laitinen, 2016, 84).

The second factor, *inspirational motivation* describes a behaviour where leader tries to express the importance of desired goals in simple ways, communicates expectations and provides meaningful and challenging work for followers (Muenjohn & Armstrong 2008). In practise inspirational motivation is about enhancing team spirit, as leaders appeal to team's efforts to achieve more than they would in their own self-interest. Leaders can use encouraging words and pep talks to communicate the integral role the team member's play in the future growth of the company. (Northouse 2013, 193). Parallel dimension in Hautala's study is *modeling* that comparably has to do with consistency of organizational values. It also includes reliance in the leadership philosophy as well as planning and goal setting (Brandt et al. 2016, 84).

The third factor, *intellectual stimulation* represents a leadership behaviour that stimulates followers to be creative and innovative and that challenges their ideas and values for solving problems. Leaders support followers to try new approaches and develop new ways of dealing with organizational issues. The basic idea is to encourage the follower's

to think and figure out problems on their own. (Northouse 2013, 193). Equal dimension is *challenging* which Hautala defines as risk taking; searching of challenging tasks as well as innovations in order to improve the organization (Brandt et al. 2016, 84).

The fourth factor, *individualised consideration* refers to leader behaviour that provides a supportive environment in which leaders listen to the individual needs of followers. By basing the teaching and coaching to individual needs, leaders help the followers in becoming fully actualized. Every employee is treated in a caring and unique way: the leader may help some employee through a personal challenge; to some employees, the leader may give specific directives and to others very small amount of them. (Northouse 2013, 193). In Hautala's study the equivalent dimensions is *enabling*; respecting colleagues, allowing them make their own decisions, building a trusting atmosphere and letting others know projects are their own (Brandt et al. 2016, 84).

3.2 Transactional leadership

In contrast to transformational leadership, transactional leadership does not individualize the needs of subordinates nor does it focus on their personal development. Transactional leadership focuses on the trade-offs between leaders and their subordinates. For example of a transactional leadership is a situation where a manager offers promotions to employees that have exceeded their targets. (Northouse 2013, 195). Thus, transactional leaders are influential because it is in the subordinates' best interest to do what the leader wants (Kuhnert & Lewis 1987).

Transactional leadership is mainly based on contingent reinforcement. The first of the three factors is *contingent reward* which refers to an exchange of stakes between leaders and followers. Good performance is compensated by providing rewards, when poor performance is handled by threats and disciplines. Here we can see similarity to the fifth dimension – *rewarding* - of Hautala's (2005) study; it covers celebrating successful achievement of goals (Brandt et al. 2016, 84). Still, Hautala's *rewarding* dimension is more of *encouraging the heart* than the contingent reward that is included here in transactional leadership (Bass 1985). The second factors are *Management-by-exception*, of which there are passive and active. *Passive* means that the leader intervenes with subordinates' work only when procedures and standards for accomplishing work are not met. *Active* refers to leaders that monitor closely the work to detect mistakes and takes corrective action immediately. (Muenjohn & Armstrong 2008).

3.3 Laissez-faire leadership

The last leadership behaviour is Laissez-faire or non-leadership. It represents absence of leadership. The one and only factor is called *nontransactional* which refers to a leader that avoids responsibility, delays decisions, gives no feedback, and makes little effort to assist subordinates satisfy their needs let alone attempt to help them grow. (Northouse 2013, 196).

3.4 Recent studies about transformational leadership

This chapter presents ways transformational leadership has been studied during recent years. The meaning of this chapter is to increase and enhance the comprehension of transformational leadership as an international phenomena and its relevance in developing leadership.

Even though transformational leadership is widely generalized to have strong positive relationship with subordinate performance across countries (Bass 1997), there are recent studies that discuss otherwise. Crede et al. (2019) found in their study, that the relationship between transformational leadership and subordinate performance is not that strong nor generalizable across cultures. According to their study, transformational leadership seems to have smallest impact on subordinate performance ironically in western industrialized countries, on the grounds where the theory of transformational theory has been initially developed and studied. Strongest impact would be in developing countries, especially those in Southern Asia, Latin America, the Middle East and Sub-Saharan Africa. Reasons offered to explain these findings are for example that in the western countries leaders in general are closer to the transformational ideal, while in developing countries the variance between leaders is bigger. Findings can also be explained by higher performance in human resource practices in western countries: the recruitment and training process can simply be better and so leadership effectiveness doesn't play that big of a part anymore. (Crede et al. 2019).

Contrary to the wide generalization that transformational leadership transcends organizational and national borders (Bass 1997), there are more and more evidence demonstrating that the effects of leadership behaviours depend on the culture (House et al. 2004; Paris, Howell, Dorfman & Trafimow 2009; Pillai, Scandura & Williams 1999). That is to say that leadership behaviours have to agree with the norms of the culture in order to be accepted and effective (Wendt, Euwema & Van Emmerik 2009). Koveshnikov and Ehrnrooth (2018) have studied transformational leadership in two culturally distinct contexts of Finland and Russia. Their focus is on the cross-cultural variation of the effects

of a two transformational leadership factors, *idealized influence* and *individualized consideration*, on the followers' organizational identification. As introduced in chapter two, *Idealized influence* leadership involves role model behaviour that provides a clear vision motivating and encouraging the followers to internalize common visions and goals (Muenjohn & Armstrong 2008), whereas *individualized consideration* entails leadership behaviour that provides a supportive environment in which leaders listen to the individual needs of followers. (Northouse 2013, 193) In their study, Koveshnikov and Ehrnrooth find out that whereas in Russia both *idealized influence* and *individualized consideration* leadership behaviours facilitate followers' organizational identification, in Finland, only the first one, *idealized influence* leadership does. They provide evidence that to be effective leader need to match promoted values with the followers' cultural-cognitive structures. Interestingly, they show that Finland, which according to Hofstede (2001) is less collectivist country, proved to be more prone to group-oriented leadership behaviours such as *idealized influence*. At the same time Russia, as strongly collectivist country, shower to be able to develop organizational identification based on individualist leadership behaviours, such as *individualized consideration*. Their conclusion is that leaders should utilize very different leadership behaviours in the two countries in order to tune followers' organizational identification. They recommend taking the follower-centric perspective seriously as well as the cultural contingency of leadership. The follower-centric perspective argues that research needs to account for followers since without their recognition and granting legitimacy to leaders' influence attempts there is no leadership (DeRue & Ashford 2010). So to say without followers there is no leaders.

4 Methodology

This chapter is the methodological part of the report that describes the implementation of the research. The chapter presents the progress of the research process, the empirical data used in the research as well as the research methods. Also the reliability and validity are reviewed in the end of the chapter.

4.1 Research approach

The empirical part of this report has been implemented using a quantitative research method. Quantitative research refers to research that seeks to elucidate issues related to frequencies and percentages, as well as, for example, the interdependencies between two or more phenomena. In a quantitative study, phenomena are described on the basis of numerical data, and the results are sought to be generalized to a larger number of the observed units by means of statistical reasoning. (Heikkilä 2014, 14-15). The purpose of this study is to examine the relationship between culture and transformational leadership, and as statistical methods are well suited specifically for elucidating the relationship between variables, the quantitative research method is ideal for carrying out this study.

4.2 Research process

The research process began with a selection of a suitable topic and a preliminary review of the topic literature. After selecting the topic, a preliminary research plan was made about the progress of the research, also the objectives of the study were set, and a specific research problem was defined.

The research process then proceeded with familiarization with previous studies and literature and with preliminary processing of the data. As the study utilized already collected data, the data was available at the very beginning of the process. At this stage, the data were packaged by country, so the data were integrated for processing in the IBM SPSS Statistics software. The writing of the report started with a literature review, and the theoretical part was supplemented throughout the research process.

The data were analysed using the statistical program, after which the results were reported and illustrative images and tables were made. After analysing the results, they were mirrored to previous literature and studies, and interpretations and finally conclusions were drawn. The research process ended with the finalization phase, where the report took its final form.

4.3 Data and respondents

The report utilizes pre-collected data gathered in 2019-2020. Data was gathered with questionnaires. The total amount of respondents was $n = 226$. The figure 8 shows how the respondents were distributed by country; Finland had the lowest amount of respondents: 39; Russia 61 respondents; and Indonesia and United States both 63 respondents. The questions dealt with respondents' perception of their behaviour from transformational leadership perspective. In addition, questionnaires also collected respondents' background information such as age, gender and experience in managerial positions.

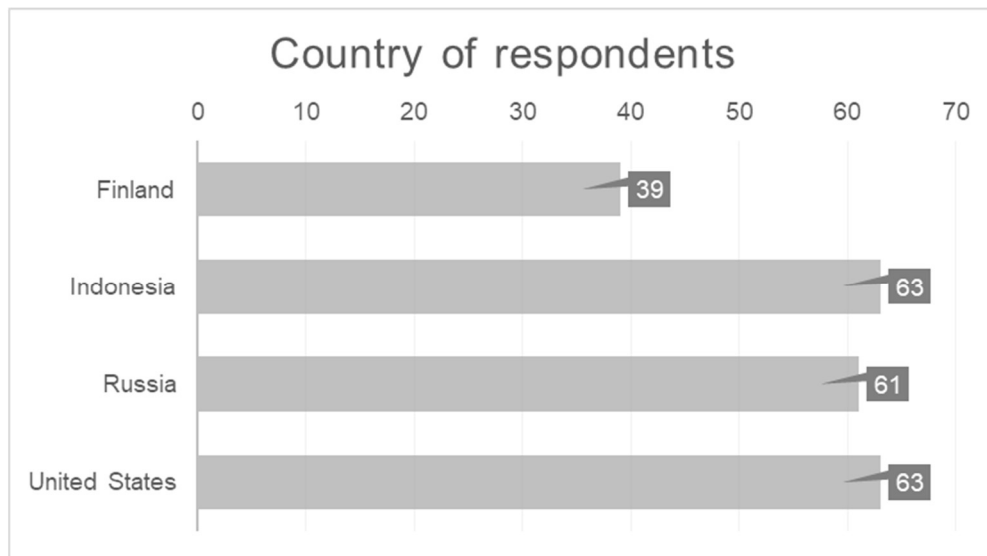


Figure 8. Country of respondents.

This thesis investigates transformational leadership with a questionnaire that contained fifteen statements. The measure is based on the Leadership Practices Inventory (LPI) method developed by Kouzes and Posner that has been adapted to suit Finnish culture. The respondents assessed the accuracy of the statements on a seven-point Likert scale (from 1 to 7). The LPI method that is adapted to Finnish culture has previously been applied in several studies (e.g. Hautala 2005). Sum variables were calculated for all five transformational leadership factors, of which reliability was examined using the Cronbach's alpha coefficient.

The figures 9-12 introduce respondents' background information. As mentioned above, there were altogether 226 respondents from four countries. Out of the Finnish and Russian respondents 29 were female, when Indonesia had 20 and United States 25 female respondents. This means 46 % of respondents and altogether 103 respondents were females, and 54 % and altogether 122 respondents were males. Only Finland had more female than male respondents. Below is a table presented the gender distribution.

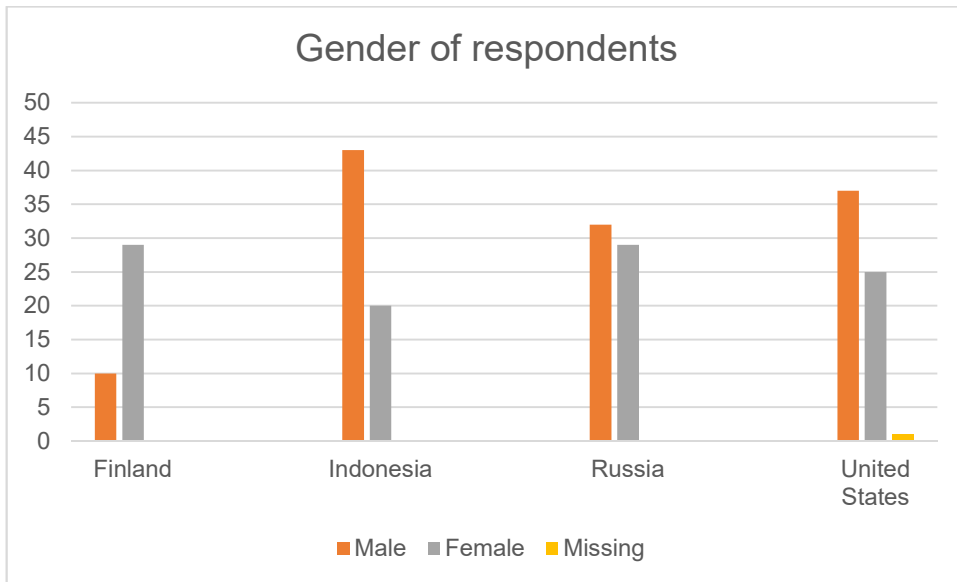


Figure 9. Gender distribution of respondents

The most popular age gap among the respondents also individually in all countries was 21-30 years old; from Finland, 54 % of the respondents, from Indonesia, 59 % of the respondents, from Russia, 62 %, and from United States 86 % of the respondents were aged somewhere between those years. Briefly, two out of three of the respondents were 21-30 years old. Below is a table presenting the age distribution.

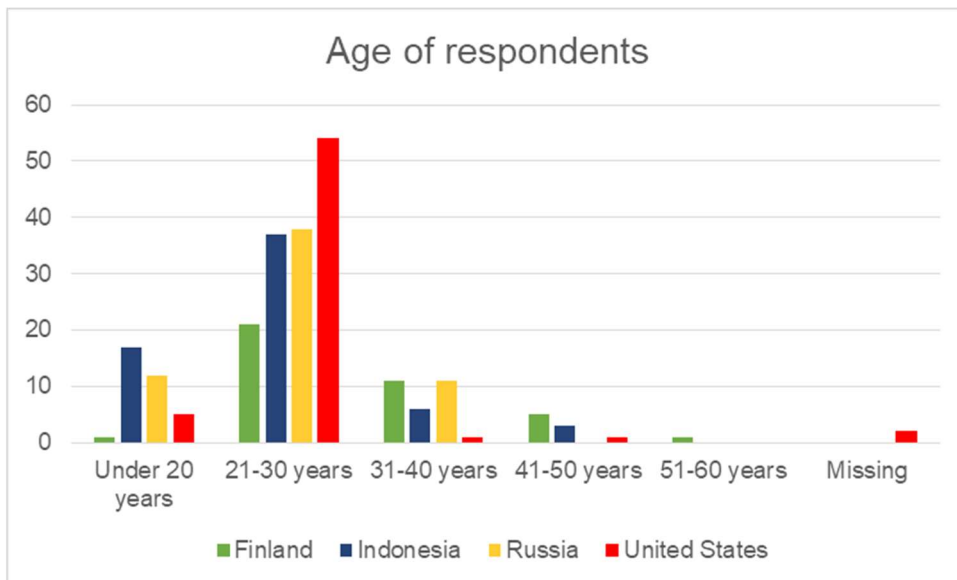


Figure 10. Distribution of age.

In addition and most likely also due to the age, the other similarity among the respondents was their experience of working as a manager: in all four countries the majority of respondents (56 %) didn't have yet experience of managerial work. Still though, around a quarter (27 %) of the respondents had experience of working as a manager. Out of the

nationalities, the Finnish (56 %) and the American (40 %) respondents had the most experience of managerial work. This detail does not fully correlate with the age as Finland had the oldest respondents (43 % respondents were over 31 years old) and United States the youngest (only 3 % were over 31 years old). Below is a figure presenting the managerial work experience measured in years.



Figure 11. Distribution of the experience of working as a manager.

Finally, it was also interesting to look at the work titles of the respondents. Totally two out of five respondents (41 %) were students. 11 % of the respondents were managers and other 11 % were entrepreneurs. There were also specialists (6 %) and customer service workers (6 %). Below is a figure presenting the work titles of the respondents.

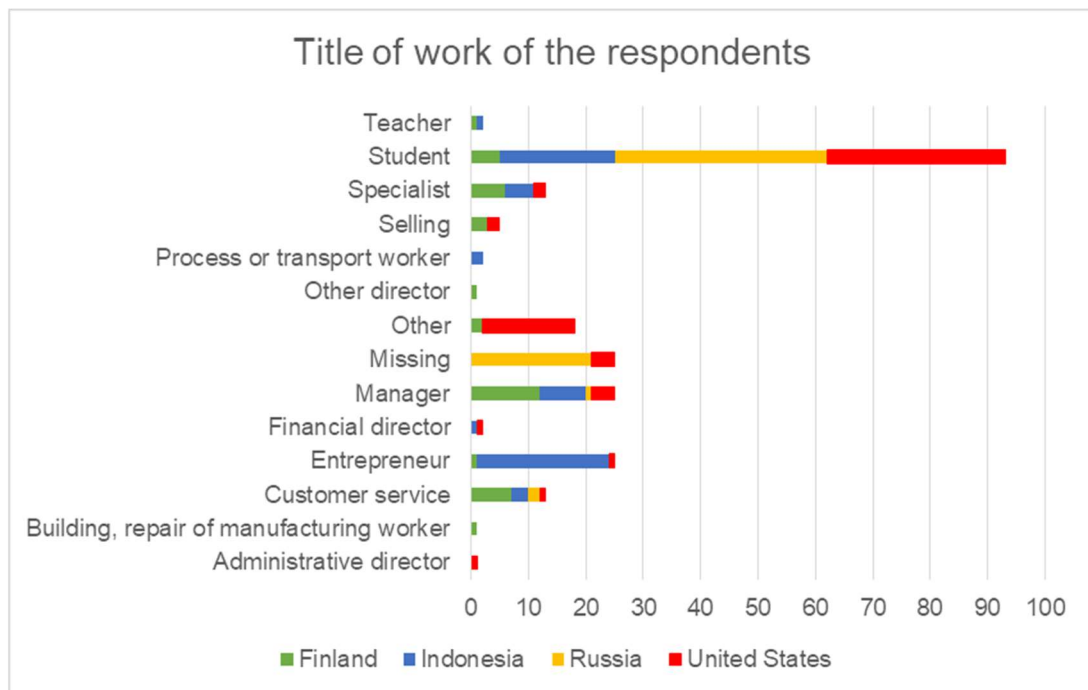


Figure 12. Title of work of the respondents.

With this information, it was possible to generate what a “typical respondent” in all four countries looked like. In Finland: a 21-30 years old female manager in the beginning of her managerial career. In Indonesia: a 21-30 years old male entrepreneur or student without work experience as a manager. In Russia: a 21-30 years old male or female student without work experience as a manager. In United States: a 21-30 years old male student with a little amount of working experience as a manager.

4.4 Statistical processing of the data

This is a quantitative study of which objective is to analyze the connection between culture and transformational leadership. To analyze the connection between the data variables, this study uses IBM SPSS Statistics software.

In this study, the modified version of Kouzes and Posner’s (1988) LPI is used when measuring transformational leadership. The LPI effectively represents the main ideas surrounding transformational leadership and furthermore, after modification, it is well-suited to the Finnish culture (Hautala 2006). All the factors of the transformational leadership – challenging, visioning, enabling, modelling and rewarding – have their own statements in the study. Sum variables have been calculated for all those factors. The sum variable for *challenging* consists of two statements. Here is an example of one statement:

- I have courage to take risks and try new approaches at work, even it is possible to fail

The sum variable for *visioning* consists of three statements. Here is an example of one of those statements:

- I will tell to others my opinions of how leadership would be best practised in the organization that I am leading

The sum variable for *enabling* consists of five statements. Here is an example of one of those statements:

- I get others to have the feeling of ownership about the projects where they are working

The sum variable for *modeling* consists of two statements. Here is an example:

- I act consistently according to my values

The sum variable for *rewarding* consists of three statements. Here is an example:

- I thank people of the job well done

To examine the reliability of the sum variables, Cronbach's alpha values were calculated for both the transformational leadership and coaching components, which are reported in more detail in the section about study's reliability, in Chapter 4.5 *Validity and reliability*.

4.5 Validity and reliability

This subchapter briefly discusses the validity and reliability of the study. A study can be said to be successful when it provides reliable answers to research questions (Heikkilä 2014, 27).

The reliability of a study describes the consistency of a measure, i.e. how reliably and reproducibly the indicators used in the study measure the phenomenon under study. In order for the results to be reliable, they cannot be coincidental. (Heikkilä 2014, 28).

The reliability of the sum variables has been determined using the Cronbach's alpha coefficient, which is one of the most common indicators used in the reliability analysis. Cronbach's alpha measures the consistency of the meter and is calculated from the

means of the correlations between the variables and the number of statements. Cronbach's alpha values can range from 0-1. The values are interpreted in such a way that the higher the value, the more coherent the meter can be considered. When the alpha value is greater than 0.6, the meter is generally considered reliable. (Heikkilä 2014, 178). For transformational leadership, Cronbach's alpha values ranged from $\alpha = 0.567$ (challenging) to $\alpha = 0.895$ (enabling). The alpha coefficients of the transformation leadership sum variables are shown in Table 1. The values can be considered adequate because they exceed 0.5, and similar values have been reported in previous studies. For example, in the Brandt & Uusi-Kakkuri (2016) study, alpha coefficients ranged from $\alpha = 0.59$ to $\alpha = 0.89$.

Table 1. Cronbach's alpha of the sum variables.

Sum variable	Cronbach's alpha
Challenging	0.567
Visioning	0.721
Enabling	0.895
Modeling	0.766
Rewarding	0.788

In order to determine the reliability of a study, the validity of the study must also be considered. The validity of the study refers to how well the measurement methods applied during the study measure precisely the characteristics of the phenomenon, which is intended to find out. The validity of the study is facilitated, for example, by the precise definition of the population, the obtaining of a representative sample, the high response rate and the carefully designed questions of the research form. (Heikkilä 2014, 27).

The metrics used in this study are based on metrics already used in previous studies, which contributes to the validity of the study. The measure used in the transformational leadership assessment is based on the Leadership Practices Inventory (LPI) method of Kouzes and Posner, and has been adapted to suit Finnish culture. Both the original measure and the method adapted to Finnish culture have been applied and studied in numerous studies (Brandt & Uusi-Kakkuri 2016; Brandt & Laiho 2013; Hautala 2006; Hautala 2005; Posner & Kouzes 1988).

5 Research results and analysis

This chapter presents the results of the study. First, descriptive results such as means and standard deviations of transformational leadership factors are presented. In the second part of this chapter, the significant differences between the variables separately in the four countries are described and analysed in more depth.

5.1 Descriptive results

The figure 13 below illustrates the averages of the sum variable of *transformational leadership* as a whole in all the four countries. In Russia, the statements about transformational leadership scored the highest points; 5.57/7, and Finland wasn't far behind with score 5.51/7. Not that far away from Russia and Finland; In United States, the statements of transformational leadership were viewed with score 5.31/7. When compared to others Indonesia found transformational leadership the least truthful with a considerably low score of 4.61/7.

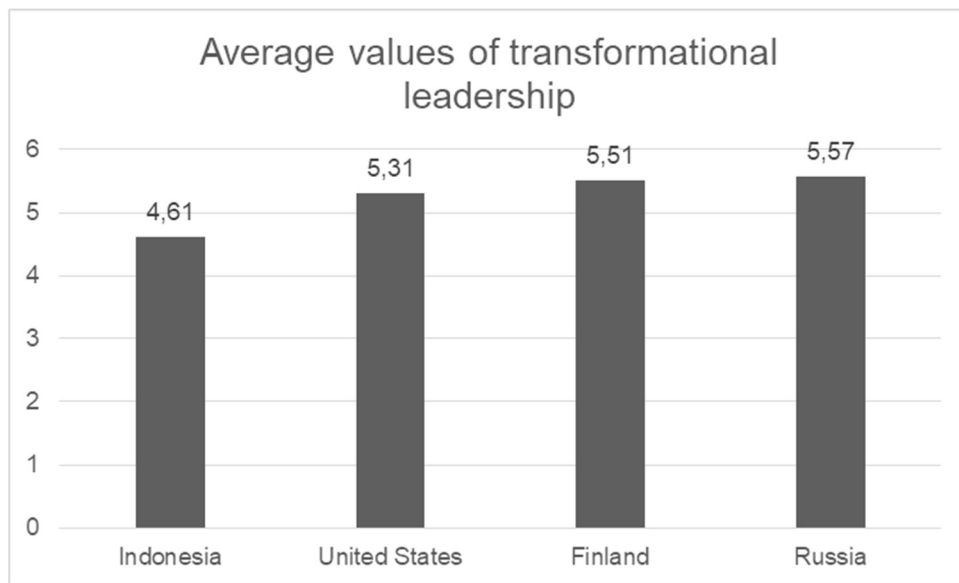


Figure 13. Popularity of transformational leadership between countries

As mentioned above, there were altogether 15 statements representing transformational leadership, of which two representing *challenging*, three claims representing *visioning*, five claims representing *enabling*, two claims representing *modelling* and three claims representing *rewarding*. Respondents rated transformational leadership and its factors on a scale of 1 to 7.

The five factors of transformational leadership were valued varyingly among the respondents. The figure 14 below shows that respondents evaluated *rewarding* as the

strongest (mean 5.6) and *challenging* as the weakest (mean 4.8) factor of transformational leadership. The mean for *enabling* was 5.41, for *modeling* 5.36 and for *visioning* 4.85. The overall mean for *transformational leadership* was 5.2.

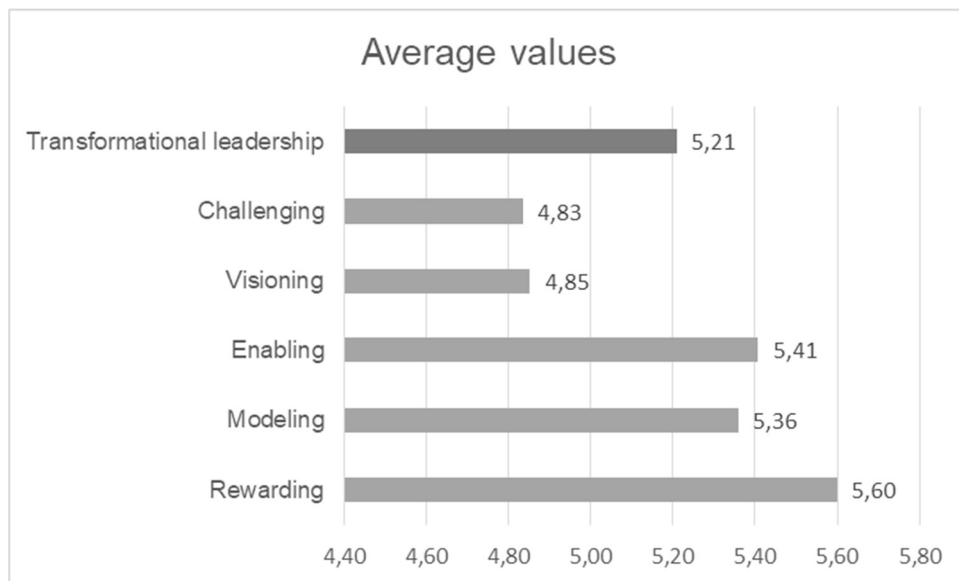


Figure 14. Evaluation of transformational leadership.

The most truthful statements varied between the four countries. Still, even though the emphasis of the different statements varied, the factors *rewarding* and *enabling* took the top two position in every country. All four countries only agreed to one statement: “I thank people of the job well done”, which was one of the statements of the factor *rewarding* that was also the most popular factor in all of the countries also individually. Even though the figure 15 demonstrates that Finnish respondents valued averagely the factors *rewarding* and *modeling* the most, when looking at the individual statements, factors *rewarding* and *enabling* rose to the highest scores. Finnish respondents valued highly this *enabling* statement: “I give a lot of appreciation and support to team members”, which is not a surprise in the more feminine Finland where soft values are appreciated.

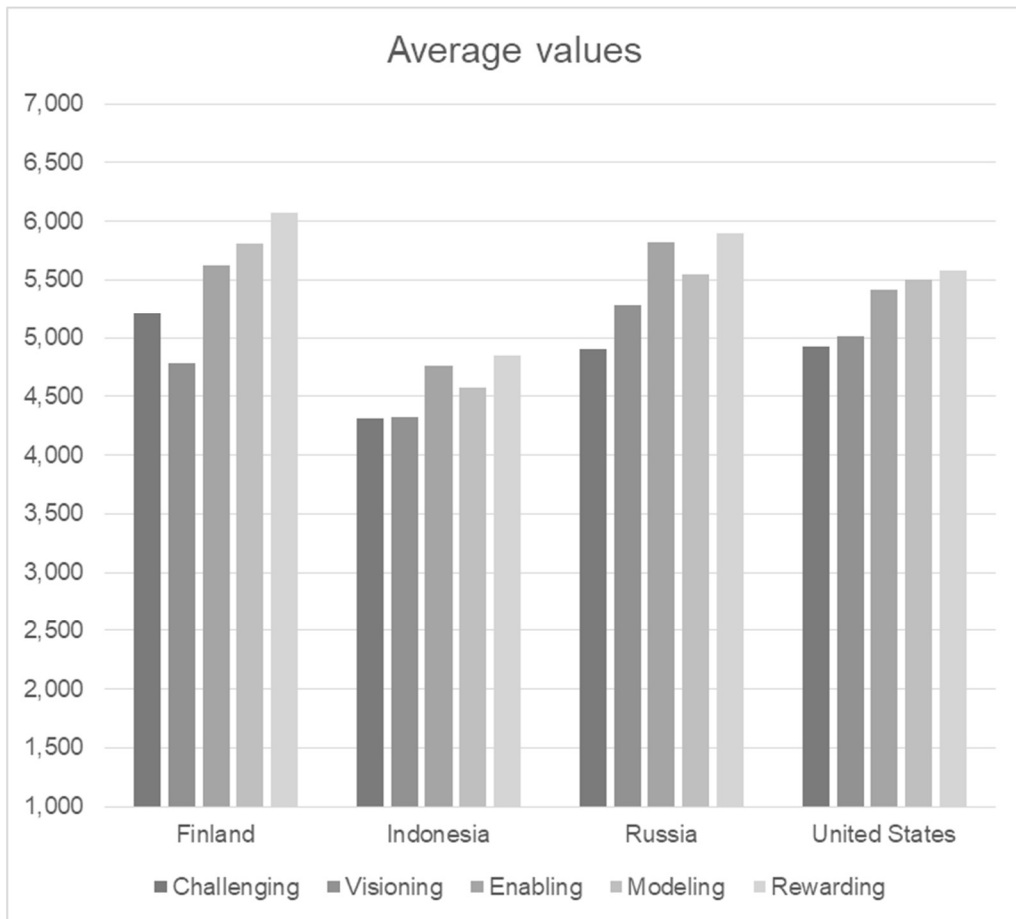


Figure 15. Average values of the transformational leadership factors

5.2 Cultures in comparison

The survey responses were processed with one-way ANOVA analysis and Tukey post hoc test. The ANOVA table below (table 2) shows the output of the ANOVA analysis and whether there were statistical significances between countries. The last column “Sig.” indicates that the significance value for all the factors are either 0.000 or 0.002. Thus the threshold of significance at the level 0.01 is reached. This table doesn’t yet show where the differences are. The differences are presented in detail in the Tukey tables.

Table 2. One-Way ANOVA results.

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Transformational leadership	Between Groups	35,074	3	11,691	10,336	0,000
	Within Groups	251,114	222	1,131		
	Total	286,188	225			
Challenging	Between Groups	23,096	3	7,699	5,170	0,002
	Within Groups	330,586	222	1,489		
	Total	353,683	225			
Visioning	Between Groups	30,790	3	10,263	8,097	0,000
	Within Groups	281,391	222	1,268		
	Total	312,181	225			
Enabling	Between Groups	38,567	3	12,856	8,392	0,000
	Within Groups	340,067	222	1,532		
	Total	378,634	225			
Modeling	Between Groups	49,055	3	16,352	8,742	0,000
	Within Groups	415,263	222	1,871		
	Total	464,319	225			
Rewarding	Between Groups	48,538	3	16,179	10,317	0,000
	Within Groups	348,157	222	1,568		
	Total	396,694	225			

Tukey B – tables (tables 3 - 8) below show that Indonesia differs statistically from others on every factor; *transformational leadership, challenging, visioning, enabling, modeling, and rewarding*. On table 3 that has results for *transformational leadership* altogether Indonesia is in column 1 and other countries in column 2. Indonesia differs from the other countries with a significantly lower average. Russia has emphasized transformational leadership the most. Finland had second best ratings and as third comes United States.

Table 3. Post hoc test results for *Transformational leadership*.

Transformational Leadership			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.6074	
United States	63		5.3132
Finland	39		5.5128
Russia	61		5.5715

The table 4 shows the post-hoc test results for transformational leadership factor *challenging*. The culture comparison indicate that Indonesia received significantly lower

rating that other three cultures. Regarding other means, Finland has highest score, United States second highest, and Russia third.

Table 4. Post hoc test results for factor *challenging*.

Challenging			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.3095	
Russia	61		4.9016
United States	63		4.9206
Finland	39		5.2051

The post-hoc test results for *visioning* are shown in the table 5. The culture comparison suggests that Indonesia (mean 4.32) emphasize *visioning* significantly less than the other cultures. Finland (mean 4.79) does not differ from countries in either column.

Table 5. Post hoc test results for factor *visioning*.

Visioning			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.3228	
Finland	39	4.7863	4.7863
United States	63		5.0106
Russia	61		5.2842

The post-hoc test results for *enabling* are shown in the table 6. The factor *enabling* (as well as *visioning*) was the most emphasized in Russia (mean 5.82). Indonesia (mean 4.76) emphasized *enabling* significantly less than the other countries.

Table 6. Post hoc test results for factor *enabling*.

Enabling			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.7619	
United States	63		5.4190
Finland	39		5.6205
Russia	61		5.8262

The post-hoc test results for *modeling* can be viewed in the table 7. *Modeling* is strongly emphasized in Finland. Indonesia (mean 4.58) emphasized *modeling* significantly less than the other countries.

Table 7. Post hoc test results for factor *modelling*.

Modeling			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.5794	
United States	63		5.5000
Russia	61		5.5492
Finland	39		5.8077

The factor *rewarding or encouraging of the heart* was the most popular transformational leadership factor among all four countries. However, Indonesia (mean 4.85) emphasized also *rewarding* significantly less than the other countries (table 8). As mentioned before, it had also the most popular statement: "I thank people of the job well done". Still, it is noteworthy that United States - with low standard deviation (0.86) i.e. consistent answers among the respondents - has a relatively low score (5.58/7).

Table 8. Post hoc test results for factor *rewarding*.

Rewarding			
Tukey B ^{a,b}			
country	N	Subset for alpha = 0.05	
		1	2
Indonesia	63	4.8519	
United States	63		5.5767
Russia	61		5.8962
Finland	39		6.0684

6 Discussion

This last chapter summarizes the thesis work with the answers to the research questions that were introduced in the beginning of the thesis. Theoretical and practical implications of the results will be discussed. Additionally, a few ideas will be proposed for the future research of the transformational leadership in different cultures. Last part of this chapter is a self-reflection.

The objective of this thesis was to analyze the connection between culture and transformational leadership. Undoubtedly, the research aim has been achieved by unraveling the relations and offering new knowledge in the field of transformational leadership in the Finnish, Indonesian, Russian, and American cultures. The thesis work began with researching of theories about leadership in cultures and building up to the transformational leadership. The research questions shaped during the process. The survey data was collected prior this thesis project started and was at disposal throughout the process. The appropriate methodology was chosen according to the data and research questions.

In the very beginning of this thesis, a research question was defined:

Is it possible to utilize transformational leadership in different cultures?

To answer to this question, the thesis was based on both theory and survey data. In addition, the two sub-questions presented in the thesis, which specify the main question, seek to help find the answer. These two complementary sub-questions were: *How culture affects to leadership and are there differences in transformational leadership across the cultures?*

6.1 Theoretical implications

Looking at the theory and results of this study we can agree to the first sub-question that culture has an effect to the leadership. The behavior models that are learned during childhood have far-reaching effects all the way to school and workplace.

Several significant differences were found between cultures. As a rule it is clear that Indonesia stands out from the crowd with significantly low averages on every factor. At the

same time it should be noted in regards of Indonesia that the standard deviation for all the factors is also high, which means that the individual responses are spread out over a wide range.

One of the most interesting finding of this study was how the two collectivistic and hierarchical cultures answered the survey very differently; Russia emphasizes transformational leadership the most, while Indonesia gave it the lowest scores. Here we can first of all conclude the transformational leadership can be effective in different cultures also in the East.

Considering the transformational and transactional leadership styles, Indonesian leadership style can in general be seen as transactional: leaders are directive and organizations are dependent on hierarchy. Power is centralized and managers count on the obedience of subordinates. Harmony in the workplace is very important and no one wants to be the transmitter of negative feedback or bad news. Employees expect to be told what to do and when. Indonesia has a low score 14/100 in Hofstede's individualism dimension which makes it a Collectivist society. (Hofstede et al, 2010). Indonesians' self-image is defined in terms of "We" instead of "I", which can have made it cumbersome for Indonesian respondents to answer the questionnaire full of statements starting with "I".

Compared to Indonesia, Russia also holds power with distance in its society. As a matter of fact Russia is very similar to Indonesia when looking at their scores of Hofstede's dimensions. Only with one dimension, the uncertainty avoidance, Russia got a very high score or 95/100 when Indonesia has 48/100; Russia has one of the most complex bureaucracies in the world, their communication style with strangers is very formal and distant, and they prefer to have plenty of background information. (Hofstede et al. 2010).

To offer an explanation the striking difference in these two Eastern cultures, the study of Schaubroeck et al. (2007) can provide one. They have found that values of a team moderate the impact on transformational leadership on team performance regardless of whether teams are located in the East or West. Collectivistic teams had particularly strong team potency and higher performance when they perceived the leader as being more transformational. Also, in high power distance teams, transformational leadership had a strong impact on team potency. In brief, the more the team is exposed to transformational leadership the stronger impact it has for example towards the team potency both in collectivistic and hierarchical teams.

6.2 Practical implications

This thesis aimed also to offer guidance to the business managers in international companies as well as expatriates in the Finnish, Indonesian, Russian, and American societies. Guidance of how to better understand the cultural differences and avoid typical mistakes. Global managers are often marinated in their own culture and can have it hard to understand and accept habits different from their own experiences. They have been born, raised, educated, and worked many years in their own countries. For example, an American manager can be proud of calling himself or herself a direct, frank, and “in-your-face” leader. But he or she can be proud of it almost only in United States, as in many areas of the world including the Nordic European countries, Asia, and Latin America, that kind of leader approach is interpreted as offensive. (House et al, 2004; 5)

The thesis gives valuable information and interesting knowledge about the differences between cultures in general, and especially the subject countries. Understanding cultural differences and the ways in which other cultural business practices is the foundation for successful internationalization. As an example, in the survey, Indonesia valued *rewarding* and *enabling* the highest. These are factors that embrace appreciation and supporting towards the team. They can be perceived as soft, feminine factors. Compared to Finland which scores 26 in Masculinity, Indonesia scores 46. While not considered as feminine like most North European countries, Indonesia is considered as a low masculine country; Indonesia is less masculine than many other Asian countries like Japan, China and India. The status and signs of success are important in Indonesia, but it is not always money and material that brings motivation. In Indonesian culture a *position* is more important than material gain. Indonesians call it “gengsi”; it is an “outward appearance”, a concept where supporting the impression of status is important. (Hofstede et al, 2010). In Indonesia, a culture ignorant American team leader would characteristically try to challenge the team giving everyone their own project. This wouldn't probably be a very successful road in the collectivistic Indonesia. Instead, team leader should try being a role model and an enabler, giving the team a chance to work together.

The Russian respondents ranked *rewarding* and *enabling* at the top of the list of leadership practices. Considering the important role of gift giving etiquette in Russia, the result for rewarding is not so surprising: “It is culturally expected that the gifter pays close attention to the intrinsic details when gifting someone, when intending to expand one's networks or when initiating and maintaining relationships (personally or professionally)” (Chelsea 2019). Giving small gifts, rewards, is already a part of Russian culture. On the contrary to *rewarding*, when it comes to *enabling*, the result is more unexpected culturally.

Hofstede's (2010) data describes Russia as a high power distance culture. In a high power distance culture managers and subordinates have a distant relationship. This result presents the opposite. The Russian respondents are willing to risk managers' positions of power, set aside some of their prerogatives and give subordinates real authority to act and take charge. The practical implication for managers in Russia would be that they should consider younger generations inspiring self-confidence, their readiness for taking more responsibility at workplace as well as their demand for encouragement.

Considering that the majority of the respondents were young students, a practical advice for managers of the future generations internationally would be: encourage the hearts. *Rewarding* was cross-culturally the most emphasized factor of leadership. Work and play are not separate anymore, jobs are chosen according to the perks and benefits. Younger generations travel more, and they place high degree of importance on leisure time, and spend more money on it. We can also argue that brainstorming is nowadays more competitive and demanding which makes encouragement even more important.

6.3 Proposals for further research

This study brought to daylight many significant differences in leadership behaviour between countries. However, this paper could only discuss the causes while the clear deductions were still left in the shadows. In future research, the reasons behind the differences could be studied as qualitative research through interviews, to find the influences for the spread of the responds.

Another proposal for future research would be comparing of the results of the different generations, younger and older. In this study, the respondents were relatively young, mostly 21-30 years old, and we could see for example for Finland that the score for *visioning* was dragging down the total score for transformational leadership. In future studies would be interesting to see if the older generation would still see *visioning* as important as other leadership factors. Is *visioning* an obsolete factor that shouldn't be emphasized that much anymore? Another example is United States that emphasized *challenging* surprisingly little for a highly individualistic country. Is the result dependent of the age of the respondents; are the younger generations in the United States expecting for more group-oriented leadership styles?

6.4 Reflections on own learning

Looking back ten months ago when this thesis process started, a lot has changed in the original plan, scope, scheduling, and working methods. The topic first included also communication, but then the empirical part was expanding too much. First, I worked in the

mornings until I noticed I was more ready for brain work in the evenings. As an enthusiast world traveler and culture learner, the theme was compelling to me, which kept the interest towards working consistent. Still, motivation was at times conspicuously absent, but then again made spectacular reappearances. During this process I learned that deadline was the best motivation for me, but to get the best results, it was a good idea to listen to the inner feeling and bend the deadlines sometimes.

While working on this thesis, I lived in three countries myself. When reading the researches about cultures I made notes for practical use as well as for the study. It certainly helped me understand different ways and practices in these countries. I believe that is also my strength in this study; I could see the collectivistic group-work and indulgency of Mexico, the bureaucracy and with it the importance of laws and rules of the Greek culture in Cyprus, and of course the feminine tenderness and the support of our thesis group in Finland. Lots of thanks to the group as well as to my family and friends who supported me during this journey.

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