



Exploring the Key Challenges in Cross-Cultural Business Collaborations: A Case Study of Finnish and Pakistani Business Partnership.

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Abstract

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| Report/Thesis Title Exploring the Key Challenges in Cross-Cultural Business Collaborations: A Case Study of Finnish and Pakistani Business Partnership |
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| <p>This thesis investigates the unique challenges of cross-cultural collaboration within Company X, a Finnish brand that partners with a Pakistani manufacturing unit. The highlight of the research is the fact that both partners share the same heritage and nationality-Pakistani. It offers a distinctive perspective on the interplay between shared nationality and diverse operational environments. The study adopts a qualitative approach and uses interviews to unravel the complexities of cultural dimensions, communication styles, and leadership within the company.</p> <p>This study builds upon the theories of Cultural Dimensions, Intercultural Communication, and Organizational Culture and Leadership. The research uncovers how cultural norms, communication barriers, and leadership differences significantly impact the effectiveness of the partnership. Key findings include a deep understanding of the challenges and specific strategies that Company X can implement to bridge cultural gaps and enhance collaboration. The research also contributes to broader discussions in international business as it provides a practical framework for businesses involved with similar cultural challenges.</p> <p>The thesis concludes with a synthesis of the research findings, discussing their relevance and application to the operations of Company X. This thesis provides Company X with strategies to improve cross-cultural communication that can enhance the effectiveness of their Finnish-Pakistani partnership. It also proposes future research directions that highlight the evolving nature of cross-cultural management. This thesis is a valuable resource for both practitioners and scholars as it explains the complexities of navigating cross-cultural business landscapes in today's globalized world.</p> |
| Key words Cross-cultural collaboration, communication barriers, organizational culture, Intercultural Communication. |

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1 Introduction

This thesis is a critical examination of cross-cultural collaboration within Company X's Finnish-Pakistani partnership as a case study against the backdrop of an increasingly globalized business landscape. This study explores the theoretical constructs of Cultural Dimensions, Intercultural Communication, and Organizational Culture and Leadership to unravel the complexities of navigating cultural disparities. The introduction frames the study's intent to investigate how shared national identity intersects with distinct cultural environments and how it impacts collaboration, communication, and leadership within Company X and generally in international business practices.

1.1 Background to the topic

In the current globalized business landscape, cross-cultural collaborations have become the norm. Multinational companies, start-ups, and businesses of all sizes are increasingly engaging in partnerships that expand across different cultures, countries, and regions. (Soderberg & Holden, 2002.) The complexities of these cross-cultural collaborations have given rise to various academic studies and research that aim to understand and address the unique challenges such collaborations present. The foundational insights into the field of cross-cultural collaboration have been provided by several studies over time, such as Geert Hofstede's work on *Cultures and Organizations: Software of the Mind* (2005) and Larry A. Samovar and Richard E. Porter's *Intercultural Communication: A Reader* (2001). These studies have emphasized the critical importance of comprehending cultural dimensions, communication dynamics, and organizational factors within the context of cross-cultural business partnerships.

This research-based thesis addresses the intersection of these challenges and the evolving dynamics of cross-cultural business collaborations. The theoretical framework of this thesis comprises three key theories. Cultural Dimensions Theory, Intercultural Communication Theory, and Organizational Culture and Leadership Theory. These theories lay down the basic principles that shape the investigation into the intricacies of cross-cultural business partnerships.

The specific focus of this study revolves around a Finnish start-up, Company X, that is starting on the ambitious journey of launching a sports brand in Finland with manufacturing operations based in Pakistan. What makes this partnership particularly unique is that both teams share the same Pakistani nationality but operate within distinct cultural environments that influence the role both teams are playing in this collaboration. The significance of this study reaches far beyond the scope of a

single business project. It reflects the broader global context in which economies and markets are becoming more interconnected, and businesses are focused on operating smoothly across international boundaries (Liu & Vrontis, 2017). This research aims to address the urgent challenges encountered by Company X. It can be done by utilizing the insights from the Cultural Dimensions Theory to examine how cultural differences affect collaboration. The Intercultural Communication Theory can help with communication aspects in cross-cultural contexts, while the Organizational Culture and Leadership Theory emphasizes the importance of leadership and organizational culture in these collaborative efforts.

The complex interplay of cultural dimensions, diverse communication styles, and organizational factors raised the challenges faced by Company X in this cross-cultural collaboration. These factors collectively impacted the overall effectiveness of this international business partnership. These challenges represent the broader issues faced by businesses engaged in cross-cultural collaborations. (Okoro, 2013.) Therefore, this study aims to provide insights and strategies that can not only assist Company X in its distinct path but also serve as a benchmark for any international business endeavor dealing with the complexities of cross-cultural collaborations.

1.2 Company X and Its Collaborative Teams

This cross-cultural partnership is made up of two separate yet interconnected teams. The Team in Finland is led by Company X's CEO, a visionary entrepreneur who strongly desires to establish a successful sports brand in Finland. The rest of the core team in Finland includes dedicated co-founders, who bring specialized skills to the table. The co-founder oversees the technical aspects that include navigating the intricacies of online retail and e-commerce and developing and maintaining the online shop.

In Pakistan, the collaborative force is led by a partner who owns and operates the manufacturing unit where Company X's sports gear and equipment are produced. This partner and his skilled team are the backbone of the manufacturing process. They have the task of ensuring the quality and timely production and delivery of sports products. There is another key figure who plays the crucial role of intermediary for bridging the gap between teams in Finland and Pakistan. This person is responsible for facilitating communication, coordinating raw material procurement, and serving as the linchpin between both teams. These teams faced distinctive challenges when operating across borders.

1.3 The Researcher's Dual Perspective

As the author of this thesis, I bring a unique dual perspective to this research. My journey with Company X began as a Business Management Intern. I actively participated in the day-to-day operations and gained first-hand experience of the dynamics and challenges within teams in Finland and

Pakistan. My six-month tenure allowed me to observe the collaborative challenges closely and to interact with team members across borders. This direct involvement interconnected with my academic background in international business laid the foundation for this research journey.

In addition to my role as an intern, I dig into this academic exploration as a researcher. The combination of challenges faced by company X, and the potential business opportunities this collaboration can offer to drive my aspiration to study and uncover the complexities of cross-cultural business partnerships. I studied existing theories, critically examined the relevant literature, and dissected the intricacies of the three pivotal theories laid out in the theoretical framework. My research journey is further enriched by personal observations and insights acquired during my internship. As a researcher, I possess a distinct perspective that is shaped by the challenges I've witnessed and experienced during my time with Company X. This dual perspective as an intern and a researcher allows me to offer a comprehensive analysis of the challenges faced by Company X, and by cross-cultural business partnerships in the broader global context.

1.4 Research Question

The primary objective of this thesis is to gain a comprehensive understanding of the key challenges faced by Company X in cross-cultural collaboration. It also seeks to contribute to the body of knowledge in the field of international business and provide practical insights that can be utilized by companies engaged in cross-cultural partnerships. This thesis focuses on the cross-cultural collaborations inherently encompassing the international dimensions.

The central research question (RQ) of this thesis is formulated as follows:

"What are the primary challenges faced by Finnish and Pakistani business partnership in cross-cultural business collaboration?"

To address this overarching question, the research is divided into four investigative questions (IQ) as follows:

1. How do communication differences impact collaboration effectiveness?
2. In what ways do cultural norms affect cross-cultural communication in business collaboration?
3. What role does effective communication play in overcoming cross-cultural collaboration challenges?

4. What strategies can improve communication and enhance cross-cultural collaboration success?

1.5 Project Scope

The primary focus of this thesis is to investigate the challenges encountered by Company X. The research explores the details of this specific cross-cultural collaboration. The study explores how differences in verbal and non-verbal communication styles impact the effectiveness of cross-cultural collaborations between Finnish and Pakistani partners with a direct application to Company X.

This thesis analyzes the strategies employed by Company X to address cross-cultural challenges and assess their effectiveness in the context of their collaboration. While the findings may have broader applications, the thesis excludes in-depth discussions of cross-cultural collaborations in industries beyond the sports brand sector. This exclusion ensures a more focused analysis. Detailed discussions of manufacturing processes in Pakistan, unrelated to their impact on cross-cultural collaborations are also excluded. The focus is on the collaboration's cultural and business aspects.

1.6 Benefits

The benefits derived from this research project are multidimensional and extend to various stakeholders involved in the research. The primary beneficiary is Company X, the Finnish startup launching a sports brand in Finland with manufacturing operations in Pakistan. This research provides Company X with valuable insights into the specific challenges they faced in their cross-cultural collaboration. It provides them with the knowledge needed to adapt their strategies, enhance communication, and navigate potential hurdles effectively which ultimately increases the likelihood of a successful brand launch and market entry.

The benefits extend to Company X's B2B clients and B2C customers. B2B clients such as distributors or retailers, will benefit from a smoother supply chain and improved product availability resulting from Company X's enhanced cross-cultural collaboration practices. B2C customers, the end consumers of the sports brand, will benefit from a more diverse and accessible product range. They will enjoy access to high-quality sporting goods potentially at more competitive prices due to optimized collaboration and supply chain processes. The benefits extend to other stakeholders in the global business ecosystem. This research contributes to a broader understanding of cross-cultural collaboration challenges which can benefit other businesses engaged in international ventures. It offers insights to academic and research communities interested in the field of international business providing a reference point for future studies.

As the researcher and author of this thesis, I will be able to gain substantial personal benefits. Engaging in this research project enhances my research and analytical skills, allowing me to apply theoretical knowledge to real-world scenarios. It fosters valuable connections with professionals in the field such as Company X's stakeholders and industry experts. The research experience serves as a stepping stone in my academic and professional journey equipping me with expertise and insights that will be invaluable in my future endeavors.

In brief, this research project generates a stream of positive outcomes that range from improving Company X's cross-cultural collaboration to benefiting their clients and customers as well as the broader business community and academic world. Simultaneously, it facilitates my personal growth and prospects by enhancing my research capabilities and expanding my professional network.

1.7 Key Concepts

To effectively navigate the complex dynamics of this cross-cultural collaboration, it is important to gain insights into the fundamental concepts that shape the interactions, communication, and overall performance of teams or partners of such collaborations. This chapter highlights the key concepts that served as the cornerstone for the exploration of this study.

Cross-cultural collaboration refers to the interaction and cooperation between individuals or teams from different cultural backgrounds in a business context. It involves navigating cultural differences, communication challenges, and diverse working styles to achieve common goals (Hofstede, 2010a).

Communication challenges in cross-cultural collaborations encompass difficulties in conveying ideas, sharing information, and understanding messages due to cultural, linguistic, or contextual differences. These challenges can hinder effective collaboration (Gudykunst, 2004).

Business mindset refers to the set of beliefs, values, and attitudes that shape an individual's or a team's approach to business operations, decision-making, and long-term goals. It influences how organizations perceive opportunities and challenges (Schein, 2010a).

Traditional business norms encompass established practices, customs, and ethical standards within a particular business culture. These norms can differ across cultures and influence decision-making and organization (Hofstede, 2010b).

2 Exploration of the Theories Behind Cross-Cultural Business Dynamics

This chapter provides a strong theoretical foundation that includes three fundamental theories to understand the primary challenges faced by Company X in its Finnish and Pakistani business partnership within the context of cross-cultural business collaborations. These theories are accompanied by key concepts that contribute to the exploration of these cross-cultural challenges. Through these theories, valuable insights are gained into the dynamics of cultural disparities, communication complexities, and organizational factors that significantly influence cross-cultural business collaborations.

By employing these well-established theories and key concepts, a systematic dissection of the challenges faced by Company X is achieved. Each theory becomes a potent tool for understanding how cultural dimensions, communication dynamics, and organizational characteristics intersect and impact the challenges encountered by the company. The subsequent sections of this chapter explore each theory individually and provide in-depth insights, and subsequently, these theories are connected to the practical context of Company X. This approach helps to discern the unique challenges faced by the company in its cross-cultural collaborations.

The structured approach presented here ensures the theoretical framework is not just a theoretical exercise but a practical instrument for identifying and addressing the challenges faced by Company X. With this streamlined structure the exploration offers both academic rigor and real-world relevance as it explores the core of the challenges faced by Company X in the intricate world of cross-cultural business collaborations.

2.1 Cultural Dimensions Theory

The Cultural Dimensions Theory, as presented by Geert Hofstede in "Cultures and Organizations: Software of the Mind," is a fundamental pillar in comprehending the core cultural dimensions that impact cross-cultural interactions within the context of the research. These key concepts are integral to understanding the challenges arising from cultural differences in Finnish-Pakistani business collaboration. The Cultural Dimensions concept encompasses a set of fundamental dimensions including individualism-collectivism, power distance, and uncertainty avoidance. Understanding these dimensions is essential in comprehending how cultural disparities influence cross-cultural business collaborations.

In the field of cross-cultural research, various scholars have extended Hofstede's pioneering work by introducing additional cultural dimensions (Carragher 2003, 98). Notably, Geert Hofstede's initial research focused on five core dimensions, including individualism-collectivism, power distance,

uncertainty avoidance, masculinity-femininity, and short-term vs. long-term orientation (Hofstede, 2010c). Later scholars such as Michael Minkov introduced the dimension of indulgence vs. restraint which explores a society's approach to gratification and self-control (Khatri 2009, 1–9). Similarly, Shalom Schwartz introduced the cultural value orientation framework, which encompasses dimensions like embeddedness, hierarchy, mastery, affective autonomy, and intellectual autonomy (Kaasa 2021, 339-353). These contributions have enriched the understanding of cross-cultural variations. Nonetheless, for this research, the focus remains on Hofstede's original five dimensions as they provide a solid foundation for examining cross-cultural collaboration challenges. By concentrating on these five dimensions this study aims to provide a comprehensive understanding of the cultural disparities impacting cross-cultural collaboration in the context of Company X.

2.1.1 Individualism vs. Collectivism

Individualism refers to societies where individuals are expected to take care of themselves and their immediate families, prioritizing personal interests. Collectivism, on the other hand, pertains to societies where people belong to tightly knit groups such as extended families or organizations and prioritize group interests over individual interests. This dimension is measured on a scale from individualistic to collectivistic values. (Hofstede 2010d, 89-133.) For instance, Finland represents a highly individualistic culture, emphasizing personal achievements and independence. In contrast, Pakistan tends to be more collectivistic, with strong family and community bonds (The Culture Factor 2023). In the context of cross-cultural collaboration, in an individualistic society, collaboration might involve more independent contributions. In collectivistic societies, teamwork and group harmony could be highly valued.

Company X's cross-cultural challenges were significantly impacted by the dimension of individualism vs. collectivism. As a Finnish startup operated in collaboration with a Pakistani manufacturing unit, understanding how these two societies approached individualism and collectivism was crucial. The collectivistic nature of Pakistani culture was characterized by strong family and community bonds that influenced the dynamics within the manufacturing team. Individualism, as seen in the Finnish culture, manifested in a more independent approach to work in the Team in Finland. The contrast in these cultural values led to differences in teamwork, communication, and work styles, which were not managed effectively and became challenges for Company X.

2.1.2 Power distance

Power distance refers to the degree to which less powerful members of a society accept and expect power and authority to be distributed unequally. High power distance indicates a greater acceptance of hierarchy and authority, while low power distance implies a preference for more equality. This

dimension is measured on a scale from high to low power distance. (Hofstede 2010e, 53-86.) In countries like Pakistan, where there is often high power distance respecting authority and hierarchy in the workplace is crucial. Finland with its low power distance encourages a more egalitarian approach. In terms of collaboration in high power distance cultures, decision-making may be centralized and there might be a greater need to respect authority figures. In low power distance cultures, collaboration could be more participatory. (Khatri, 2009.)

The dimension of power distance also held relevance in addressing Company X's challenges. Pakistani culture often exhibits high power distance where respecting authority, hierarchy, and the elderly is crucial. Power distance in personal relations like family and friends also has a great influence not only in society but specifically in business. In contrast, Finland promoted a fairer approach with low power distance. Understanding how these differing views on authority and hierarchy affected decision-making, leadership styles, and communication provides insights into the collaboration challenges faced by Company X. Addressing these challenges involved finding a balance between respecting authority and promoting a more participatory approach within the collaboration.

2.1.3 Uncertainty Avoidance

Uncertainty avoidance relates to the extent to which people in a society feel uncomfortable with uncertainty, ambiguity, or unstructured situations. Cultures with high uncertainty avoidance are more rule-oriented and resistant to change, while those with low uncertainty avoidance tend to embrace risk and change. (Hofstede 2010f, 187-233.) This dimension is measured on a scale from strong uncertainty avoidance to weak uncertainty avoidance. For instance, Pakistan, a high uncertainty avoidance culture, values strict regulations and structured environments. In contrast, Finland exhibits low uncertainty avoidance and allows more flexibility and adaptability. In the context of collaboration, high uncertainty avoidance cultures may prefer more structured collaboration processes, while low uncertainty avoidance cultures might be more comfortable with flexibility and innovation. (The Culture Factor 2023).

Company X's cross-cultural challenges have also been analyzed through the lens of uncertainty avoidance. The high uncertainty avoidance in Pakistani culture with its preference for structured environments, influenced decision-making and processes within the collaboration. Finland's low uncertainty avoidance, with flexibility and adaptability, may have affected the Finnish side of the partnership differently. Recognizing these differences is vital for addressing challenges related to decision-making, adaptability, and flexibility in a cross-cultural context.

2.1.4 Masculinity vs. Femininity

Masculinity represents societies with a preference for assertiveness, achievement, and material success. Femininity stands for societies emphasizing cooperation, caring for others, and quality of life. This dimension is measured on a scale from highly masculine to highly feminine values. (Hofstede 2010g, 135-184). In Pakistan, there is a tendency towards higher masculinity marked by an emphasis on assertiveness, ambition, and material success. This inclination often translates into a hierarchical business structure with a strong leadership focus, impacting the decision-making process and role allocation within teams. On the other hand, Finland leans towards a more balanced approach, valuing traits associated with both masculinity and femininity. (Routamaa, V. & Brandt, T. 2008.) Collaboration in Finland places equal importance on assertiveness and cooperation with a commitment to consensus-building and gender equality. This cultural contrast impacts communication styles and underscores the distinct approaches taken by the Pakistani and Finnish Team in this cross-cultural collaboration.

The dimension of masculinity vs. femininity was relevant to Company X's challenges in terms of how collaboration prioritized competition, achievement, assertiveness (masculinity) or cooperation, caring for others, and quality of life (femininity). Understanding this dimension helped identify potential conflicts or disparities in collaboration objectives. By aligning the priorities of both Finnish and Pakistani teams with the broader goals of the collaboration, Company X could address these challenges more effectively.

2.1.5 Short-term vs. Long-term Orientation

Short-term vs. long-term orientation is a cultural dimension added later by Hofstede and refers to the degree to which a culture emphasizes short-term goals and values immediate success, or long-term goals with an emphasis on perseverance and thrift. (Hofstede 2010h, 235-274.) This dimension is measured on a scale from short-term to long-term orientation. Finland has a long-term orientation, focusing on thrift and perseverance for future success. (The Culture Factor 2023a). This dimension can significantly impact collaboration, where short-term-oriented cultures may seek quick results, while long-term-oriented cultures invest in building enduring relationships and sustainable outcomes.

Company X's challenges in achieving long-term success, especially in the launch phase of a sports brand, have been analyzed through this dimension. Understanding whether the teams prioritized short-term gains or were committed to building enduring relationships for long-term success guided collaboration strategies.

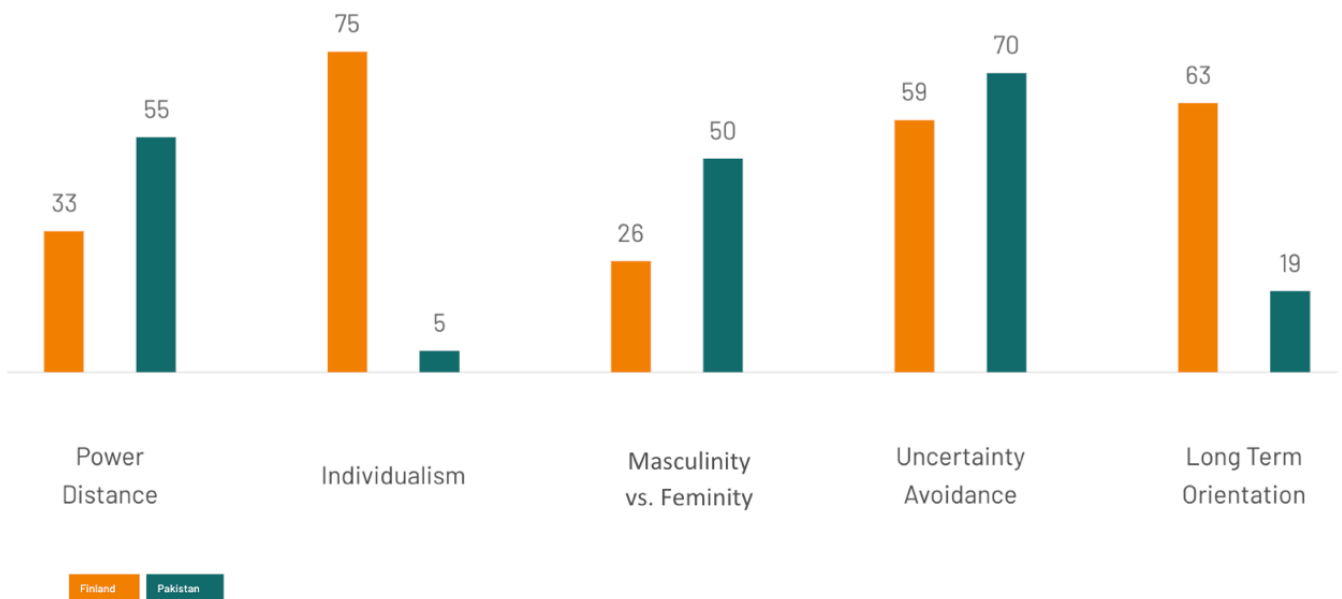


Figure 1: Cultural Dimensions Comparison of Finland and Pakistan (The Culture Factor 2023b)

By examining these dimensions in the context of Company X's challenges (Figure 1.), the theoretical framework offered valuable insights into the nuances of cross-cultural business collaborations. It allows a comprehensive understanding of the cultural disparities that influenced various aspects of collaboration from communication styles and decision-making processes to leadership and teamwork dynamics. This understanding was crucial for developing effective strategies to address the challenges and enhance the success of cross-cultural business partnerships. The goal was to demonstrate how these dimensions had direct relevance to Company X's specific challenges in cross-cultural collaboration and to present how this theoretical framework acts as a practical instrument for addressing real-world challenges.

2.2 Intercultural Communication

Intercultural Communication: A Reader is an influential framework that provides valuable insights into how culture influences communication styles, norms, and effectiveness in cross-cultural contexts (Samovar, Porter, & McDaniel, 2012). This book focuses on the dynamic interplay of culture and communication, emphasizing the importance of understanding the unique communication patterns and behaviors of different cultural groups. (Kim, 2000). The central premise of this literature is that

culture profoundly shapes how individuals interpret and convey information which in turn has a profound impact on cross-cultural interactions.

The concept of cultural relativism is discussed in the book emphasizes that there is no universally superior or inferior culture. Instead, each culture has its own unique set of norms, values, and communication patterns that should be understood and respected in cross-cultural encounters. It has been discussed how cultural relativism offers only a part of the solution which is to respect the differences and accept the values and norms rather than critically reflect on them and find a middle ground in cross-cultural collaborations (Samovar, Porter, & McDaniel, 2012, pp. 477). The theory introduces the notion of high-context and low-context cultures. High-context cultures rely heavily on non-verbal cues, shared background knowledge, and implicit communication. While low-context cultures place a greater emphasis on explicit verbal communication. Understanding this distinction is crucial in cross-cultural communication. The theory explores how different cultures exhibit distinct communication styles, such as direct and indirect communication, elaborate or succinct language use, and the balance between verbal and non-verbal communication. These communication styles can lead to misunderstandings and challenges in cross-cultural interactions.

2.2.1 Intercultural Communication and Company X

The theory highlighted that differences in communication styles could lead to misinterpretations, misunderstandings, and conflicts in cross-cultural contexts. Company X, comprising teams with shared Pakistani nationality but distinct operating environments, recognized the significance of adapting their communication to the cultural norms and expectations of each team. This book underscored that cultural norms significantly affect how individuals communicate in cross-cultural contexts. For instance, in high-context cultures like Pakistan, indirect communication and implicit meanings might be more common. In contrast, low-context cultures like Finland may prefer direct and explicit communication. Recognizing these differences can help Company X manage communication effectively within the teams.

The theory also highlighted the importance of non-verbal communication and verbal communication styles. Misinterpretations of non-verbal cues and variations in verbal communication styles could lead to challenges in cross-cultural interactions. Company X can benefit from understanding these aspects to ensure that their communication is clear, respectful, and aligned with the expectations of both teams. By acknowledging the shared nationality and recognizing the cultural disparities stemming from their distinct operating environments.

This literature provided this research with the tools to study and explore the possibilities of how to enhance communication, mitigate misunderstandings, and foster effective collaboration in cross-

cultural business partnerships. This theoretical framework is useful in addressing the challenges arising from cultural disparities in the context of Company X's operations. Incorporating this aspect into the relevance section adds depth to the understanding of the challenges faced by Company X.

2.3 Organizational Culture and Leadership

Edgar H. Schein's "Organizational Culture and Leadership" is a seminal work that studies the complexities of organizational culture and its profound impact on leadership, management, and the overall functioning of an organization. Schein's study is grounded in the idea that organizational culture is not just a superficial set of practices but a deeply ingrained and shared set of beliefs, values, and assumptions that guide the behavior of members within the organization (Schein, 2010b).

Schein defines organizational culture as the pattern of shared basic assumptions that a group has learned as it solved its problems and that have worked well enough to be considered valid. Organizations teach these two new members the correct way to perceive, think, and feel about problems. In other words, organizational culture is the underlying beliefs and values that shape how things are done in the organization. Schein distinguishes between three levels of organizational culture. The Artifacts and Creations level includes the visible elements of culture, such as the physical layout of the workplace, the language used, rituals, and symbols. Espoused Values are the organization professes to hold, often stated in mission and value statements. Basic Assumptions are the deeply ingrained, taken-for-granted beliefs that guide actions and decisions in the organization. (Schein, 2010c.)

This literature emphasizes that leaders play a critical role in shaping and maintaining organizational culture. They set the tone for the organization, reinforce the values, and influence the basic assumptions that guide behavior it also discusses the challenge of changing organizational culture. it highlights that culture change often requires a deep understanding of the existing culture, the creation of a new set of values and assumptions, and a transition period that allows the organization to adapt to the new culture.

2.3.1 Organizational culture and leadership, relevance to Company X

In the context of Company X's cross-cultural collaborations between Finnish and Pakistani teams, Schein's theory provides valuable insights to understand how organizational cultures differ between these two entities. This is crucial because despite both teams sharing Pakistani nationality, they operate within different cultural and market environments. Recognizing how each team's deeply

ingrained beliefs, values, and assumptions influence their work behavior and decision-making is important to effective collaboration.

Schein's theory highlights the pivotal role of leadership in shaping and reinforcing organizational culture. Company X needs to understand how leadership influences culture by recognizing leadership styles within each team and how they align with the espoused values and basic assumptions. Company X can navigate the challenges arising from different leadership approaches. This study also provides insights on how culture change is relevant for Company X as they aim to bridge the gap between the Finnish startup culture and the Pakistani manufacturing unit's culture. By recognizing the existing cultural disparities and having a clear understanding of the desired culture, Company X can facilitate a culture transition that promotes effective collaboration.

In essence, this literature equips this research and consequently, Company X with a framework for recognizing, understanding, and managing cultural disparities within its cross-cultural collaborations. It emphasizes the importance of leadership and cultural change in addressing the unique challenges posed by the coexistence of Finnish and Pakistani teams with the same nationality but operating in different cultures and markets. By aligning leadership with the desired culture and facilitating a smooth culture transition, Company X can enhance collaboration effectiveness and overcome cross-cultural challenges.

In this theoretical framework, three pivotal studies have been thoroughly investigated, each accompanied by its corresponding key concepts. These theories provide a strong foundational framework for understanding the challenges specific to the case of the Finnish and Pakistani business partnership in the context of cross-cultural collaborations. These studies provide the knowledge and strategies necessary to bridge cultural gaps, enhance communication, and navigate the unique dynamics of this case. As this research progresses further into each theory the goal is to apply these insights to the specific challenges of the Finnish and Pakistani business partnership and ultimately offer a subtle and contextually relevant analysis of the challenges within this cross-cultural business collaboration.

3 Research Methods

For conducting this research, qualitative methodology was selected. The qualitative research approach is grounded in its capacity to facilitate an in-depth exploration of complex subjects. (Yin, 2014a.) To gather insights and contextual data about cross-cultural collaboration it was required to have an in-depth understanding of the experiences, perceptions, and perspectives of the involved stakeholders (Creswell, 2018). According to Silverman (2004), qualitative research provides a solid framework for an in-depth exploration and detailed analysis perfectly with the objectives of this study.

The case study methodology employed in this research serves as an analytical lens that provides an in-depth examination of the situation with attention to detail. This approach helped to understand the 'how' and 'why' of cross-cultural challenges within the specific environment of Finnish and Pakistani business collaboration. This close examination helps uncover the layers of cultural interplay that shape the business practices and relationships in such a setting. Qualitative research methods also offer a level of flexibility and adaptability that is vital when investigating multifaceted topics (Yin, 2014b). The chosen method for this research is semi-structured interviews that are well-documented for their efficacy in exploring complex and multifaceted subjects. It ensures that participants can candidly share their thoughts, feelings, and experiences (Silverman, 2004a).

The use of semi-structured interviews allows a dynamic exchange between the researcher and participants while allowing for deeper probing when necessary. A case study methodology is chosen to explore and gain in-depth insights into the cross-cultural collaboration challenges of Company X. Given the limited number of participants and the desire to examine the unique context a single-phase research design is used.

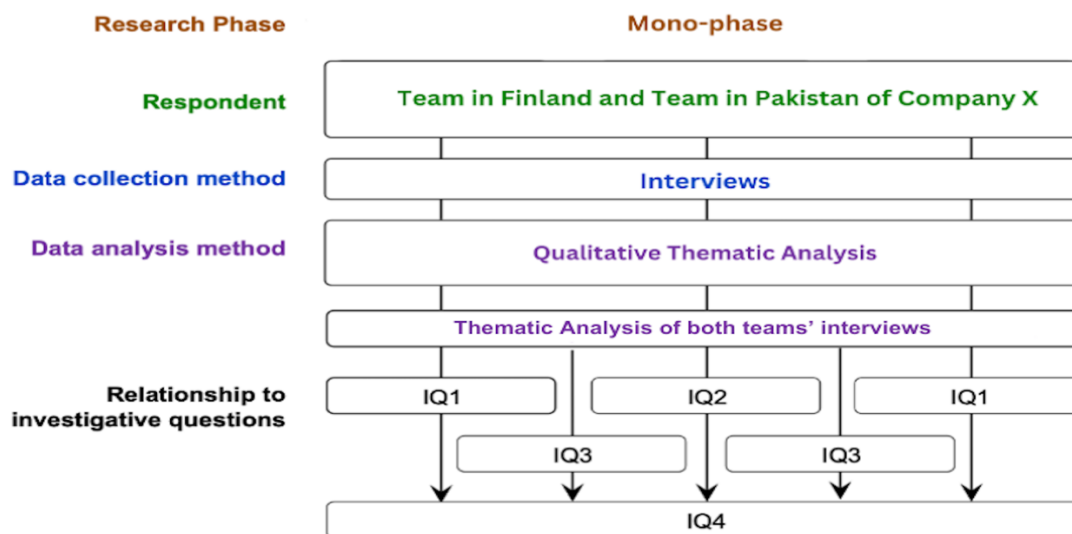


Figure 2: The research design

3.1 Data Collection Methods

For qualitative research, it is crucial to ensure that the research questions are effectively addressed. The choice of instruments such as interview guides and observation protocols align with the research goals and the specific qualitative approach being used (Silverman, 2004b). Considering the nature of this research semi-structured interviews were conducted as the main tool for collecting data. The interviews acted like a guided tour. A map of questions was created to follow but, there was freedom to wander off the path if something interesting came up. This flexibility is crucial when talking about personal experiences as it allows the conversation to flow naturally and for unexpected insights to emerge. Four people from Company X were chosen each brought a different perspective to the table which helped in painting a multi-dimensional picture of the cross-cultural collaboration.

For each interview, a list of questions was prepared that served more as a conversation starter rather than a strict script. The aim was to create a comfortable environment where the participants could share their stories and perspectives freely and provide genuine insights into the cultural dynamics at play within their collaborative efforts.

3.2 Participant Selection

Participants were purposefully selected for their comprehensive involvement and significant roles in the Finnish-Pakistani business collaboration within Company X. The sample included a CEO and Co-founder from the Team in Finland, a Coordinator and Purchasing Representative, and a Senior Manager from the Pakistani team. This selection ensured a diversity of perspectives across different organizational levels and operational functions.

3.3 Data Analysis Procedure

The qualitative data from the interviews has been transcribed and thematically analyzed. This analysis involved coding the data, identifying patterns, and grouping the codes into themes.

The themes obtained represent the central challenges and experiences conveyed by the participants. The analysis was repetitive with the themes being continuously refined for coherence and consistency with the raw data. This in-depth approach allowed for the development of a comprehensive understanding of the lived experiences of the interviewees in this cross-cultural business interaction.

3.4 Ethical Considerations

Ethical considerations are of utmost importance. A fundamental aspect of this research is to obtain consent from all the interviewees. Before the interviews, all the participants received an overview of the purpose of this study. They were informed of the nature of their involvement and how the data from their interview will be used in this research.

Participants were assured of confidentiality, and pseudonyms were used in the thesis to maintain anonymity. Informed consent was obtained, outlining the interviewees' rights to withdraw at any point. All procedures were conducted in compliance with ethical guidelines to ensure the integrity and ethical aspects of the research.

The cross-cultural nature of the research was kept in consideration. The interviews were approached with cultural sensitivity. It involved being respectful and mindful of the cultural differences of both teams. The data collected during the interviews is securely stored and access to this data is limited to the researcher and the supervisor. It is ensured to solely use this data for this study and after the completion of this research, the data will be disposed of in a way that it remains confidential.

3.5 Research Validity and Reliability

This thesis ensures the validity of research and content through a detailed literature review. The theories of Cultural Dimensions, Intercultural Communication, and Organizational Culture and Leadership were carefully chosen. These theories have been selected to align with the study's focus on cross-cultural collaboration between teams in Finland and Pakistan. The key constructs such as cross-cultural collaboration, communication barriers, and leadership style have been clearly defined and linked to the theoretical framework of this thesis. This approach helped to accurately capture the complexities of this cross-cultural partnership within company X.

The internal validity of this research is ensured by thoroughly analyzing the data obtained from the interviews. This analysis allows the themes to emerge naturally and ensures that the findings are directly rooted in the data.

In qualitative research reliability is the consistency and repeatability of the results obtained from the study. The research methodology of this thesis such as a semi-structured interview format is kept consistent across all the interviews. This approach enhanced the reliability of the data and ensured that this study could be replicated with a similar setup.

The process of thematic analysis that includes coding and development of themes has been outlined systematically. This transparency in the analysis process allows the findings of this thesis to be examined and replicated by future researchers.

4 Findings and Analysis

4.1 Overview of Interview Results

The interviews with the four key persons from Company X revealed insightful and complex viewpoints on cross-cultural collaboration. The data is obtained from distinct but interrelated themes that include Communication Barriers, Cultural Misalignment, Leadership and Decision-making, and Strategies for Effective Collaboration. The design of the interviews is intentionally aligned with the theoretical underpinnings of this study. It allows a rich and data-driven exploration of these critical areas.

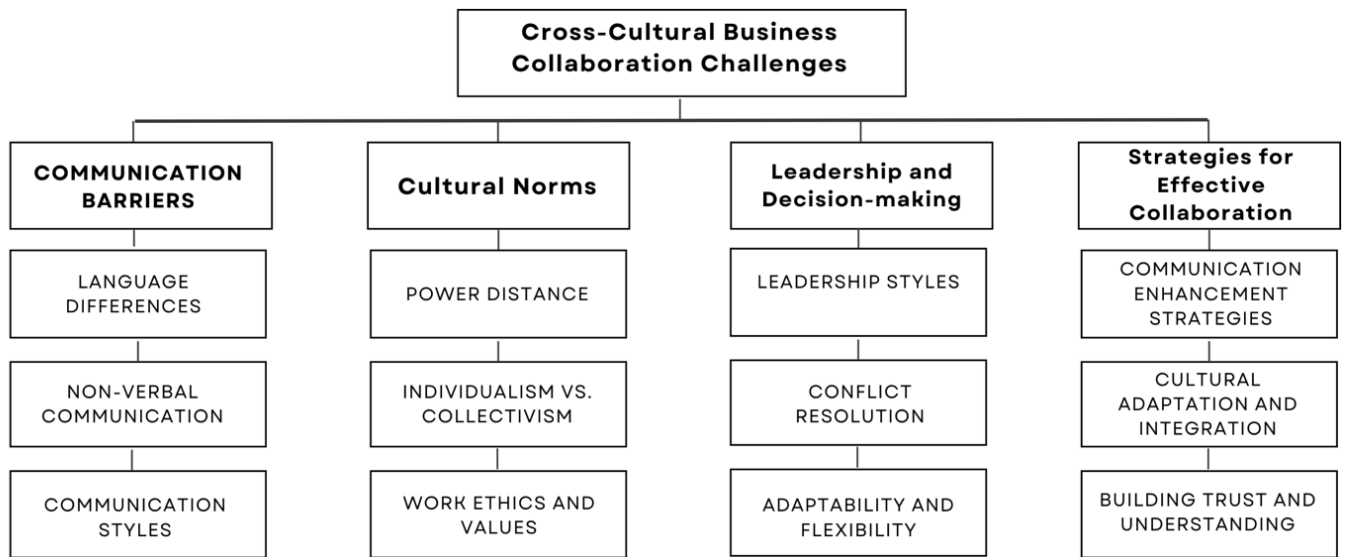


Figure 3: Thematic Analysis Tree of main themes derived from the interviews.

In the next sections, each theme in Figure 3, is explored thoroughly to draw a deep analysis of the data. The qualitative data drawn from the interview presents direct quotations from the individuals involved. These personal accounts bring the light the real-world implications of the theoretical concepts discussed earlier in the thesis.

4.2 Communication Challenges

Communication barriers were the most prominently discussed challenge. The Team in Finland described a need for concise and factual exchanges. The Pakistani counterparts emphasized the importance of context and non-verbal cues that led to instances where messages were lost in translation.

Specific examples included disagreements over project timelines and deliverables due to different interpretations of urgency and precision. The Finnish team's interpretation of urgency and the expectations for immediate action were not always shared by the Pakistani team. The Pakistani team perceives timelines more fluidly and is accustomed to delays.

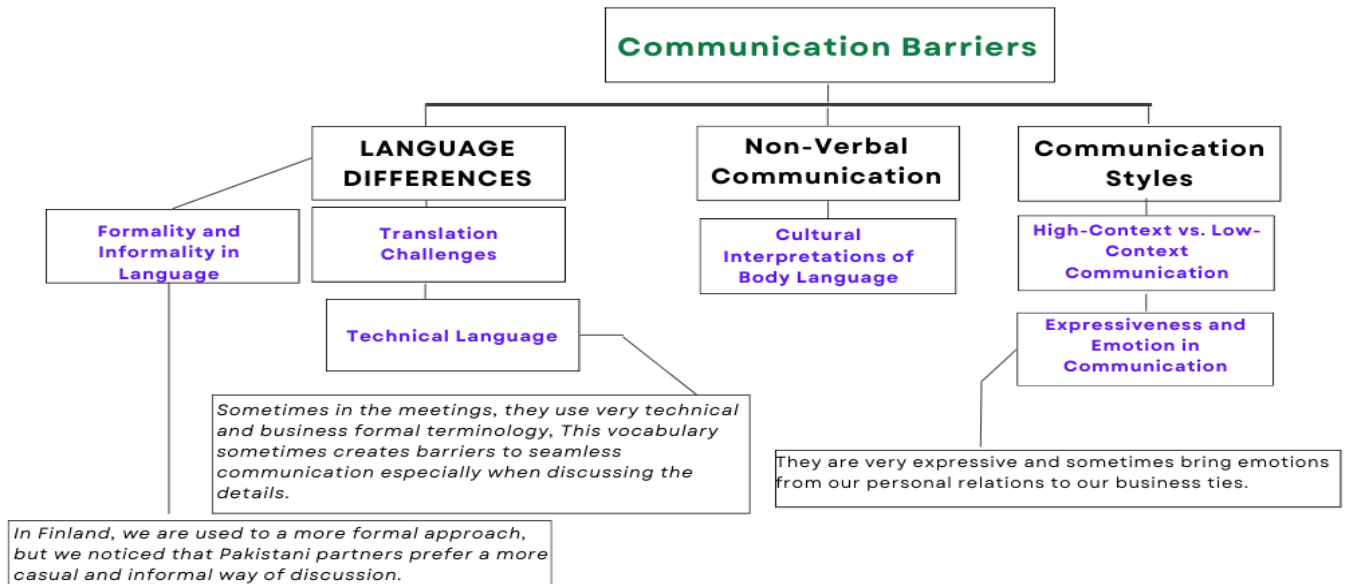


Figure 4: Thematic Analysis Tree of sub-themes of communication barriers.

Figure 4 captures the central communication challenges identified between teams in Finland and Pakistan at Company X. This diagram serves as an effective organizational tool that maps out the complex landscape of Language Differences, Non-Verbal Communication, and Communication Styles as key areas where cultural discrepancies manifested most significantly.

The theme of language differences highlights the challenges presented by differing levels of formality in language. For instance, the Team in Finland prefers formality in communication which sometimes conflicts with the more informal style used by the Pakistani team. Interviewees from the Pakistani team explained that formality and straightforwardness are considered rude in their culture. It indicates underlying cultural norms and expectations.

This observation resonates with Hofstede's cultural dimensions and particularly reflects the concepts of uncertainty avoidance and power distance. These cultural dimensions inform the preferences in linguistic formality and the structuring of interaction. The Finnish team showed a lower tolerance for ambiguity and a desire for clear rules. It shows a typical example of cultures with high uncertainty avoidance. Meanwhile, the more hierarchical structure is implied by the Pakistani team's communication style. It aligns with a higher power distance culture where formal respect and deference to authority are customary.

4.3 Cultural Dimensions and Norms

Differences in approaches to hierarchy and individualism highlighted the issue of cultural misalignment. The Finnish participants expressed a preference for egalitarianism and autonomy in the workplace. This approach contrasted with the Pakistani team's respect for hierarchical structures and collectivism. This misalignment often led to misinterpretations of motives and intentions.

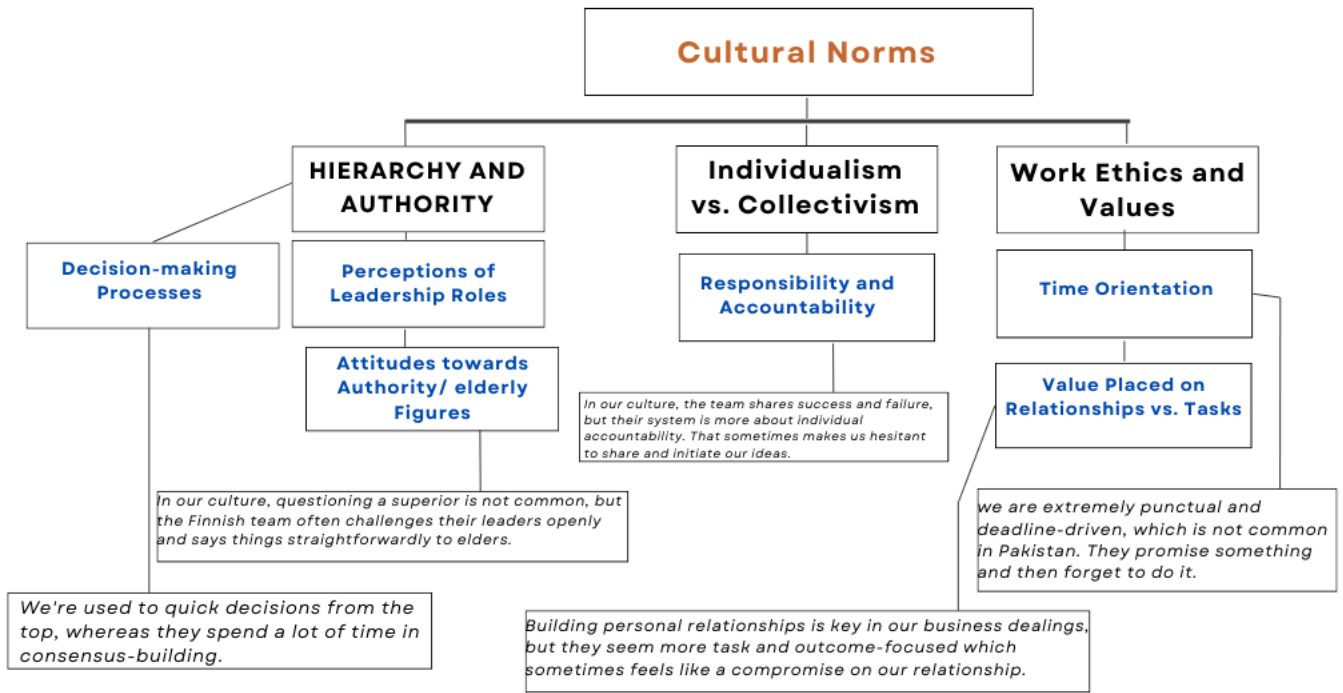


Figure 5: Thematical Analysis Tree of sub-themes of Cultural Dimensions and Norms.

The sub-themes of Hierarchy and Authority and Individualism vs. Collectivism in Figure 5 provide a clear and insightful example. Finnish egalitarian practices reflect a low power distance culture. It is a concept described in Hofstede’s framework as discussed earlier in chapter 2. The team in Finland often questions their superiors openly and promotes a culture of consensus-building. On the other hand, the Pakistani team's deference to authority and hierarchical decision-making. It is indicative of a high-power distance culture where societal and organizational structures are clearly defined and adhered to.

On the spectrum of Individualism versus collectivism, the Finnish team shows an inclination towards individual accountability. Both members of the Finnish team express a willingness to share successes and failures. They understand the importance of individual accountability. In contrast, the Pakistani team emphasizes collective responsibility which fosters a strong sense of group identity. This collective approach may also lead to challenges in fostering individual initiatives. This divergence in cultural norms extends to work ethics and values.

The Finnish teams's time orientation and task-focused approach often clash with the Pakistani team's relational focus which can prioritize interpersonal relationships even in professional transactions. Building personal relationships is highlighted as a cornerstone of business dealings in Pakistan. This theme was repeated in the interview several times. The participants mentioned that this partnership is based on the personal relation of friendship. The partners in Pakistan expect partners in Finland to prioritize this relationship in business meetups as well. This different approach potentially leads to a sense of compromised interpersonal relationships.

The theoretical framework provided a backdrop against which the practical experiences of the teams are cast. It allowed a deeper understanding of how cultural values shape business practices. By recognizing these inherent differences, the thesis not only acknowledges the complexities of cross-cultural business interactions but also underscores the importance of cultural awareness and adaptability in fostering successful international collaborations.

4.4 Leadership and Organizational Culture

The interviewees discussed the impact of leadership styles on cross-cultural dynamics. Finnish informants valued participative leadership which was occasionally perceived as a lack of direction by the Pakistani team. The Pakistani team as derived from the research on the Pakistani cultural dimension was accustomed to more directive leadership.

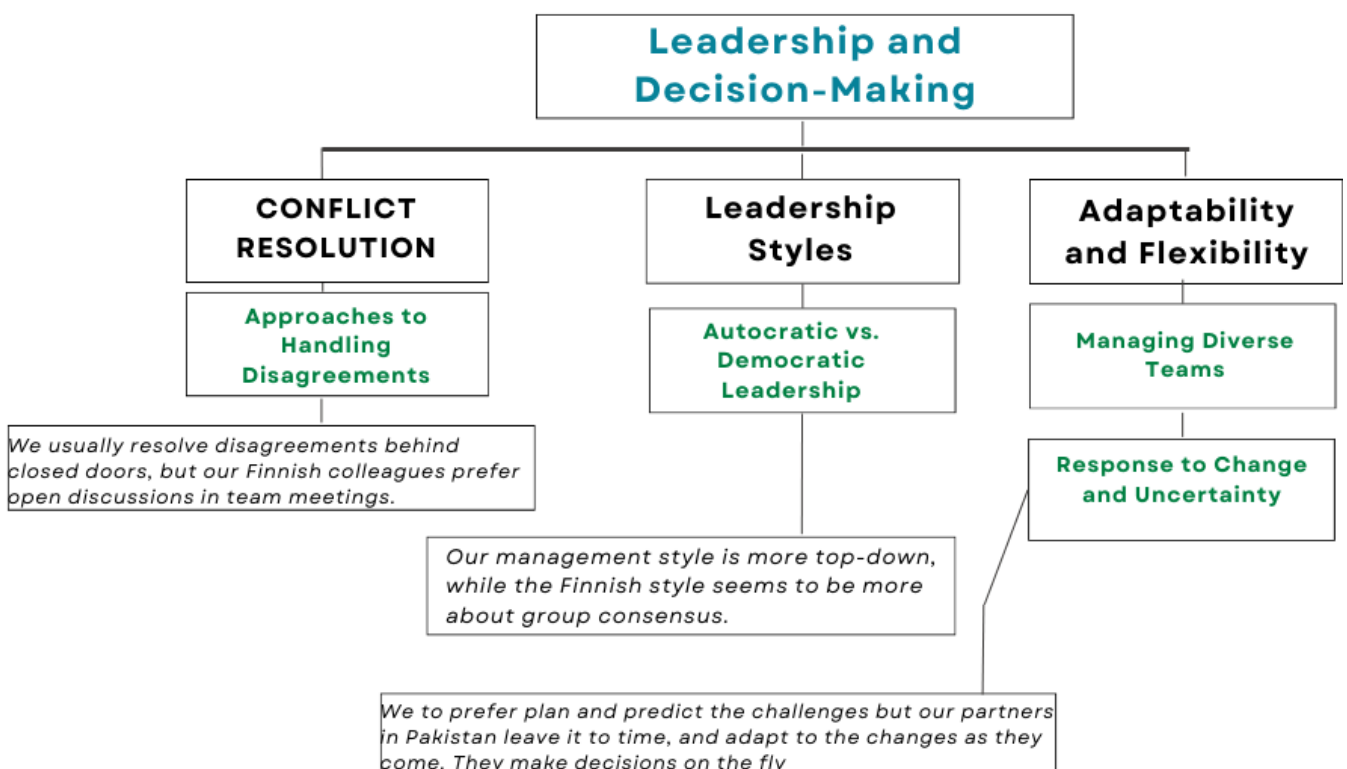


Figure 6: Thematical Analysis Tree of sub-themes of Leadership and Decision Making.

Figure 6 maps out the contrasts in leadership preferences between teams in Finland and Pakistan at Company X. In terms of leadership styles, Figure 6 captures the Pakistani management's top-down approach while the Team in Finland leans towards a more democratic style and seeks group consensus. This distinction is not merely a preference but is rooted in the organizational culture that each group is accustomed to.

This is a concept explored in Section 2.3 of the thesis earlier. The Finnish approach reflects a participative leadership model. The team in Finland suggests a cultural orientation towards inclusivity and shared responsibility that aligns with Schein's model of organizational culture. This model positions leadership as both a product and a reinforcement of cultural norms. On the other hand, the Pakistani team's autocratic style with its top-down directives highlights a culture where certainty and direct leadership are valued which presents a contrast in adaptability and flexibility.

Figure 6 also reflects the Pakistani team's tendency to handle disagreements privately. This practice diverges from the Finnish preference for open discussion in team meetings. Such variance underscores differing conflict resolution strategies that can influence the efficacy of collaborative efforts.

4.5 Strategies for Effective Collaboration

Despite the challenges, all interviewees shared various strategies that had been implemented to bridge cultural gaps, such as cultural sensitivity training, the appointment of intercultural intermediaries, and the development of shared collaboration protocols. All the participants suggested making a middle ground and setting agreed rules that all individuals involved in the collaboration respect and act upon.

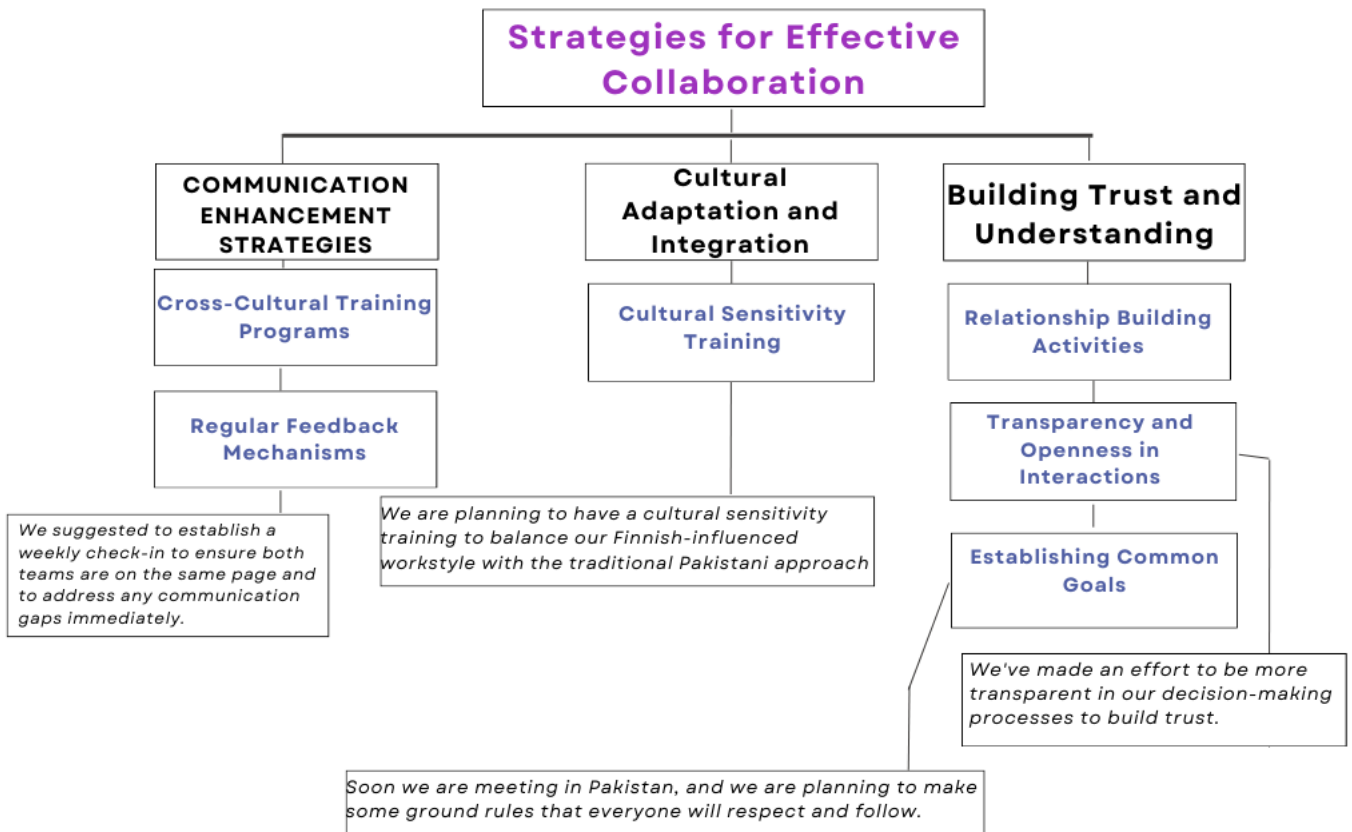


Figure 7: Thematical Analysis Tree of sub-themes of Strategies for Effective Collaboration.

Figure 7 explains the proactive steps taken by both teams to ensure clear communication and alignment between the Finnish-influenced and traditional Pakistani workstyles. The quote from the team in Finland suggests a commitment to ongoing dialogue and immediate resolution of communication gaps. It indicates a strategic approach to fostering mutual understanding.

Cultural sensitivity training represents a significant investment in cultural adaptation and integration. It underscores the teams' recognition of the importance of respecting and valuing diverse perspectives. This initiative along with the intent to establish ground rules during an upcoming meeting in Pakistan reflects a deliberate effort to create a common operational framework that all team members can accept.

The focus on transparency and establishing common goals as quoted by the team aligns with the shared protocols mentioned by the interviewees. These strategies are born out of practical necessity and also reflect the theoretical insights discussed in the thesis. It demonstrates an application of academic concepts to real-world scenarios to enhance cross-cultural collaboration and trust.

5 Discussion

5.1 Interpretation of Findings

The findings highlight the complex interplay between communication practices, cultural values, and organizational structures in a cross-cultural business context. The themes identified from the research align with existing literature on cultural dimensions and intercultural communication. It provides empirical support for theories that advocate for cultural awareness and adaptation in international business practices.

This study shows how the differences in communication styles between distinct cultures impact the business collaborations between them. For instance, the data drawn from the team in Pakistan shows the preference for indirect communication that aligns with their high-context culture. In contrast, the team in Finland preferred direct communication and clear verbal exchange. This finding not only supports the current literature but also demonstrates how cultural dimensions manifest in business interactions.

This research contributes practical insights for companies that are operating in a multicultural landscape. The need for targeted intercultural training highlighted in this research shows the importance of identifying cultural differences and developing cultural competencies among team members.

This thesis contributes to the theoretical understanding of cross-cultural challenges in business collaborations and offers practical insights for companies like Company X. The study also sheds light on the potential role of intercultural mediators in bridging cultural gaps. The thesis not only advances the theoretical understanding but also offers actionable recommendations for international business by exploring the specific aspects of cross-cultural collaboration.

5.2 Personal Learning and Reflection

As I conclude this research, I would like to take a moment to reflect on the profound learning and personal growth that I have experienced throughout this journey. The exploration of the complexities of Finnish and Pakistani business practices has significantly broadened my understanding of cross-cultural interactions. I have learned how the cultural norms and practices of the country you are operating your business can influence communication, teamwork, and leadership.

From the researcher's perspective, this study has increased my appreciation for qualitative research methodologies. I have learned the value of listening to and interpreting personal narratives to extract meaningful insights by conducting interviews and thematically analyzing data for this research. The

process of synthesizing theoretical concepts with practical findings has polished my analytical skills to a greater extent. This research has also helped me to critically evaluate information and draw connections between theories and real-world experiences.

This research journey has been a test of my adaptability and perseverance as well. The navigation of challenges to coordinate cross-cultural interviews and manage the data has improved my organizational skills and problem-solving abilities. My role and involvement in this research have shaped my perspective sharply on international business. I am already a student in this field and have a keen interest in starting my own business in a similar setting. The understanding of the challenges and insights from a real example of company X has equipped me with a unique skill set that I am looking forward to applying in my future venture.

To conclude my discussion on my personal learning and growth during this research, I would like to say that this thesis has been more than an academic exercise for me. It has transformed my experience and prepared me for the complexities and opportunities of working in a globalized business environment.

5.3 Recommendations for Future Research

By using the foundational work of this thesis future research on this topic can significantly broaden the understanding of cross-cultural collaboration dynamics. This study has focused on a specific case of Finnish and Pakistani business collaboration by offering valuable insights. The scope for further exploration in this field remains vast and varied. Numerous pathways for future research are suggested and guided by the theoretical underpinnings and outcomes of this study.

Future studies should consider examining cross-cultural collaborations in a range of different industries. Each industry has its unique cultural dynamics and challenges, and comparing these can provide a more comprehensive understanding of how cultural factors play a role in different business contexts. Expanding the research to various industries would also test the applicability and generalizability of the findings from this study which will potentially lead to a broader theoretical framework for understanding cross-cultural business collaborations.

A longitudinal approach that tracks the progress and evolution of cross-cultural collaborations over time can also provide deeper insights into how these relationships develop, mature, and potentially transform. Such studies would be valuable in understanding the long-term impacts of cultural integration strategies and how cultural alignment or misalignment evolves within ongoing business partnerships.

The last recommendation for future studies is to explore how digital tools and platforms can aid in bridging cultural gaps. It presents an exciting research opportunity. Future studies could evaluate the effectiveness of various technology-based solutions, such as virtual collaboration platforms and AI-driven cultural intelligence tools that can have a significant influence in facilitating smoother cross-cultural interactions.

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Appendices

Appendix 1. Interview Questions

CEO and Co-founder (Finnish Team)

1. Introduction Questions

Can you trace the initial stages of cross-cultural collaborations at Company X?

What were some key milestones in these collaborations?

Could you describe any turning points that significantly influenced these collaborations?

How would you describe the current working relationship between the Finnish and Pakistani teams?

Can you identify any strengths or weaknesses in this partnership?

Are there specific areas where this collaboration has evolved notably?

2. Communication Challenges

How do communication differences impact collaboration effectiveness?

What common communication challenges have you observed in cross-cultural settings?

As a leader, how do you approach these challenges?

Are there any recurring themes in these communication issues?

Can you recall a specific instance where communication differences led to a business challenge or misunderstanding?

How was this situation handled and resolved?

What lessons were learned from this experience?

What role does effective communication play in overcoming cross-cultural collaboration challenges?

3. Cultural Dimensions and Norms

In what ways do cultural norms affect cross-cultural communication in business collaboration?

How do cultural dimensions and norms influence strategic decisions at Company X?

Can you provide examples of their impact on daily collaboration?

Are there any specific cultural aspects that are consistently considered or integrated?

Have you noticed differences in work ethics between the Finnish and Pakistani teams?

Can you describe any variances in negotiation styles or business approaches?

How have these contrasts affected the overall working environment?

4. Strategies for Effective Collaboration

What strategies have you put in place to improve communication and collaboration?

What have been the outcomes of these strategies?

Are there any strategies that proved particularly effective or ineffective?

How important is the integration of Finnish and Pakistani cultural norms in Company X's operations?

Can you give an example of how these norms have been integrated?

What impact has this integration had on the company's performance or team dynamics?

What strategies can improve communication and enhance cross-cultural collaboration success?

Coordinator and Purchasing Representative (Pakistani Team)

1. Introduction Questions:

Can you describe your role regarding cross-team communication and coordination at Company X?

How do you evaluate the effectiveness of the collaborative efforts between the Finnish and Pakistani teams?

2. Communication Challenges:

What communication obstacles have you faced?

How do they affect daily operations and coordination between the teams?

What techniques or tools have you found useful in overcoming linguistic and cultural barriers?

3. Cultural Dimensions and Norms:

Can you describe a decision-making scenario where cultural dimensions played a significant role?

Are there any cultural differences that have influenced business practices or team interactions within Company X?

4. Strategies for Effective Collaboration:

What strategies or practices do you believe could improve collaboration between the teams?

How do you balance the cultural norms of both the Finnish and Pakistani sides in your work?

Why is this balance important for Company X's success?

Manufacturing Team Representative (Pakistani Team)

1. Introduction Questions:

Please tell us about your responsibilities within the manufacturing team and your interaction with the Finnish team.

How would you depict the current state of collaboration between the Finnish and Pakistani manufacturing teams?

2. Communication Challenges:

What are the primary communication challenges you face in the manufacturing setting, and how do they impact operations?

Can you recall any specific events where communication differences led to operational challenges?

3. Cultural Dimensions and Norms:

How do cultural norms and values manifest in the manufacturing team's daily routines and work ethics?

Could you provide examples of traditional business norms that are particularly influential in your day-to-day work?

4. Strategies for Effective Collaboration:

From your experience, what measures could be taken to improve communication and collaboration between the manufacturing teams in Finland and Pakistan?

How do you view the importance of cultural considerations in the manufacturing collaboration process, and could you give an example of cultural considerations in action?