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LEADERSHIP AND CULTURE: A COMPARISON BETWEEN FINLAND AND GERMANY

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Tämän opinnäytetyön tarkoituksena on ymmärtää eroavaisuuksia yritysjohtamisessa Suomen ja Saksan välillä. Tutkimus auttaa havaitsemaan mitkä asiat eroavat ja mitkä ovat samanlaisia näiden kahden maan välillä. Opinnäytetyön ideana on myös ymmärtää toisen kulttuurin johtamistapa-ajattelua ja sen myötä osata muuttaa omaa johtamiskäyttäytymistään. Tämä tutkimus voi olla apuna suomalaisille ja saksalaisille johtajille, jotta he voisivat parantaa keskinäistä kanssakäymistä ja pystyisivät välttämään kulttuurien välisiä yhteentörmäyksiä.

Tutkimus on toteutettu käyttäen kvalitatiivista tutkimusmetodia. Tutkimuskyselyn kysymykset pohjautuvat pääosin muun muassa Richard D. Lewisin ja Geert Hofsteden teorioihin. Myös Edward T. Hallin sekä Fons Trompenaarsin teorioista on saatu pohjaa kyselylle. Kysely lähetettiin suomalaisille ja saksalaisille yritysjohtajille ja vastausten perusteella saatiin seuraavat tutkimustulokset.

Tutkimustulokset osoittavat, että suomalaisilla ja saksalaisilla yritysjohtajilla on hyvin paljon samankaltaisuuksia, mutta myös eroavaisuuksia esiintyy. Molempien maiden johtajat pyrkivät tekemään työssään yhden asian kerrallaan mutta ymmärtävät, että nykypäivänä sellainen työskentelytapa ei aina ole mahdollista. Suomalaiset yritysjohtajat haluavat mieluummin olla hieman sivummalla eivätkä nauti siitä, että he ovat valokeilassa. Saksalaiset johtajat taas ovat enemmän ylpeitä johtajan roolistaan ja haluavat tuoda sitä esille. Tutkimustuloksista selvisi, että kulttuurien sisällä oli myös eroavaisuuksia johtamistavoissa, joita selittivät vastaajan ikä tai sukupuoli.

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ABSTRACT

The purpose of this bachelor's thesis is to understand the differences in business leadership comparing the Finnish and German company leaders, to understand the differences but also to see what the similarities are. The idea is also to understand the other nationality's way of management thinking and to adjust your own behavior when conducting business. The thesis provides guidance for both Finnish and German business leaders on how to cope better with cultural differences and how to avoid cultural collisions.

The study utilizes a qualitative research method to evaluate statements from theories created by Richard D. Lewis and Geert Hofstede, but also some other known theories are briefly used, for example theories by Edward T. Hall and Fons Trompenaars. Data survey links was sent via e-mail to both Finnish and German company leaders who gave their insight into the research topic.

The result of the research shows that Finland and Germany have many similarities but on the other hand also the differences. In both countries leaders understand that doing one task at a time is not possible and one has to multitask in today's world. Finns tend to be a bit more on the side and do not want to be in the direct spotlight. They want to have an open door policy so workers can feel free to come and ask questions. Germans however like to be more in the spotlight and show off that they are the leader and take more pride in it. Interestingly the research shows also that there are differences within one country's leaders based on the leader's gender and age.

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FOREWORD

My own background gives me reasons to write this thesis. I have been living abroad most of my adult life. I lived in different countries during my time working in the tourism industry. In my past work I was also in a leadership position. When starting my studies in VAMK it has given me a larger understanding of how to conduct business and see the different aspects. During my last year of studies in VAMK I spent the winter semester in exchange in Heilbronn, Germany. This has given me the idea to compare these two leadership styles.

Also when I was looking for ideas for what to write by thesis about many pages gave the advice that one should first consider about what is your interest in the university and then consider what your interest is on a personal level. This gave me the idea to write about leadership and culture.

1 INTRODUCTION

Germany and Finland have strong links to each other. Many Finnish companies are doing business in Germany and in fact Finland's biggest trade partner both in import and export sense is Germany. So the co-operation between these two countries is vital. (Tilastokeskus 2016)

Many culture experts have written books and formed theories on cultures and comparing leadership styles. A direct comparison on Finnish and German leadership styles is hard to find. There is for sure differences and similarities. This thesis will explain those.

When doing business with top executives it is vital to understand the other parties' culture. When understanding his way of doing business you can reform yourself and prepare yourself which makes a great first expression. Like the founder of modern management Peter Drucker would say "culture eats strategy for breakfast" (Rick 2014).

1.1 Objectives of the thesis

The objective of this thesis is to introduce how the German leadership style differs from the Finnish one. To find out this the thesis will answer the following questions:

- What are the similarities between Finnish and German leadership styles?
- What are the differences between Finnish and German leadership styles?
- How can culture collisions be avoided?

The thesis offers guidance on understanding both Finnish and German way of doing business and how they can manage to cope better with these cultural differences and avoid making cultural collisions. "We should never denigrate any other culture but rather help people to understand the relationship between their own culture and the dominant culture. When you understand another culture or language, it does not mean that you have to lose your own culture." (Hall 1998)

The thesis is planned to help organizations that are working in Finnish – German business. This thesis helps to give some theoretical and practical advice on how to develop organizations and managers in this type of cross cultural context.

1.2 Structure of the research

The thesis is divided into five chapters; the introduction; theoretical framework; methodology; results; and conclusions.

The introduction will present the topic and give the reader the basic information on what is the research objectives and problems. The theoretical study will give an overview of the subject and go through the general theory behind leadership and culture. It gives the reader an even larger knowledge of the subject from a theoretical point of view. The methodology focuses on the survey. A qualitative data survey was made and sent to the participants. The findings were analyzed. Results and conclusions were made combining the theoretical framework and methodology part. Additionally the reliability and validity are noted and suggestions to future development and suggestions are given based on the findings. Finally the conclusions of the whole research are revealed.

2 THEORETICAL FRAMEWORK

In this chapter the previous studies are presented and the definitions of culture and leadership are explained. Furthermore, the definitions of organizational culture are presented. Cultural differences and differences in Finnish and German leadership styles are looked upon. Also the theory which are used as a basis for the empirical study are examined.

2.1 Previous studies

Research on culture and business leadership is a widely researched topic. There is much of literature and other studies in this field. There are also many literature books on cross-culture in business contexts. But studies directly between Finland and Germany is not easy to find. This has created an opportunity to study something that has not been so widely studied before. The goal of the research is to present some new information and advice to companies and managers.

Elina Mauno has done a study on the definitions of culture – A guide to German business culture (Centria Ostrobothnia University of Applied Sciences 2012). The thesis utilized only theories from books, articles and internet. The main question in the research was how the culture can be described and what should be taken into consideration while planning to do business with Germans or when going on a business trip to Germany. The thesis showed that German and Finnish cultures are quite similar. Furthermore the conclusions were that it is good to prepare yourself for a trip because there are also differences also and by doing this misunderstandings can be avoided.

Laura Nordström has done a study about Finnish and German organizational cultures befalling each other in a joint venture (Satakunta University of Applied Sciences 2010). In this research she studied how befalling of the two cultures was experiences in verbal interaction and also in hierarchy and management. A Finnish chemical company and a German company combined their functions and established a joint venture. The Finnish interviewees felt the Germans' interaction

habits to be very similar with the Finnish habits. Notices were made about Germans' way to interrupt in a more delicate way than the Finns. Furthermore, the Germans' way of having meetings is more formal compared to the Finns. According to her differences in hierarchy experiences were mainly risen because of the change of organizational structure.

2.2 Definition of Culture

This chapter explains the core framework and concepts for this thesis. To build a good foundation for the thesis it is important to understand the theory. One big focus for the thesis is to understand the differences in business leadership in Finland comparing to Germany.

There are many different definitions to culture. According to the Cambridge dictionary (2017) culture is "The way of life, especially the general customs and beliefs, of a particular group of people at a particular time". Hofstede's (1980, 25) opinion is that culture is: "The collective programming of the mind that distinguishes the members of one category of people from another". From your birth you are subjected with a culture.

Schein (2010, 17) describes in his book that culture of a group is: "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

Organizational culture can be defined in several different levels. Level meaning the degree to which the cultural phenomenon is visible to the observer. These levels range from levels you can see and feel to the more inner deep levels which are the essence of the culture. In between these layers are various beliefs, values, norms, and rules of behavior that members of the culture use as a way of depicting the culture to themselves and others. (Schein 2010, 23)

According to Schein (2010) there is Three Levels of Culture:

1. ARTIFACTS
- Visible and feelable structures and processes
- Observed behaviour
→ Difficult to decipher

2. ESPOUSED VALUES AND VALUES
- Ideals, goals, values and aspirations
- Ideologies
- Rationalizations
→ May or may not be congruent with behavior or other artifacts

3. BASIC UNDERLYING ASSUMPTIONS
- Unconcious, taken-for-granted beliefs and values
- Determine behavior, perception, thought and feeling

Figure 1. Edgar Schein - Three Levels of Culture.

The most outer level is the artifacts (see Figure 1). This phenomenon is everything you can see, hear and feel when encountering a new group with an unfamiliar culture. It also includes the visible products of the group. This meaning the physical environment; facilities, language; its technology and products; its artistic creations; its style; as embodied in clothing, manners of address; and emotional displays; its myths and stories told about the organization; its published list of values; and its observable rituals; and ceremonies. The most important point tough is that it is easy to observe but very hard to decipher. (Schein 2010, 24). This meaning everything you can experience yourself. One probably makes their own assumptions but to truly understand the culture and ways one has to have a deeper knowledge of the culture. This can be obtained via longer interaction with the culture or with inside information to analyze the behavior.

The second level is called espoused beliefs and values (see Figure 1). This level is about standards, values and rules of conduct. How does the organization express

strategies, objectives and philosophies and how are these made public? The values of the individuals working in the organization play an important role in deciding the organization culture. The thought process and attitude of employees have deep impact on the culture of any particular organization. What people actually think matters a lot for the organization. The mindset of the individual associated with any particular organization influences the culture of the workplace. (Schein, 2010, 29)

The third level is called basic underlying assumptions (see Figure 1). This level is the assumed values of the employees which cannot be measured but do make a difference to the culture of the organization. There are certain beliefs and facts which stay hidden but do affect the culture of the organization. The inner aspects of human nature come under the third level of organization culture. Organizations where female workers dominate their male counterparts do not believe in late sittings as females are not very comfortable with such kind of culture. Male employees on the other hand would be more aggressive and would not have any problems with late sittings. The organizations follow certain practices which are not discussed often but understood on their own. Such rules form the third level of the organization culture. (Schein, 2010, 31)

2.3 Definition of Leadership

Leaders can be born, elected, or trained and groomed; they can seize power or have leadership thrust upon them. Leadership can be autocratic or democratic; collective or individual; merit-based or ascribed; and desired or imposed. (Lewis 2006, 104). It is very typical to have similar company leaders as in the national setups. For instance in Finland the leaders are very democratic leaders compared to Arab managers who are good Muslims and the Chinese managers usually have government or party affiliations. Leaders cannot be transferred from culture to culture. Even though they have been successful in one country doesn't mean they will succeed in another. (Lewis 2006, 104)

With globalization cross-cultural issues have risen. More than ever before cultural knowledge is of importance. We see teams with many different nationalities which

can both me an opportunity and a weakness, in the meaning of communication and culture. (Lewis 2006, 105)

2.4 Main Theories

This thesis is based on the following models and theories. Firstly the Lewis Model is explained and then the cultural theories of Edward T. Hall. Continuing with Fons Trompenaar's dimensions and Hofstede's 5D models and finally the critique of some theories is looked upon.

2.4.1 The Lewis Model

The Lewis model is a practical theoretical approach and can be used in various business situations. It is rooted from Edward T Hall's concepts of monochromic and polychronic which is referring to the matter of attending one thing at a time vs attending multiple things at the same time (Lewis, 2017). Mr. Lewis also says that these features are typical stereotypes, the model provides a practical framework for understanding and communicating with people for other cultures. It is an practical tool to understand the basics of other cultures. Mr. Lewis has expanded the model to a broader concept of linear-actives, multi-actives and reactives (see Figure 2).
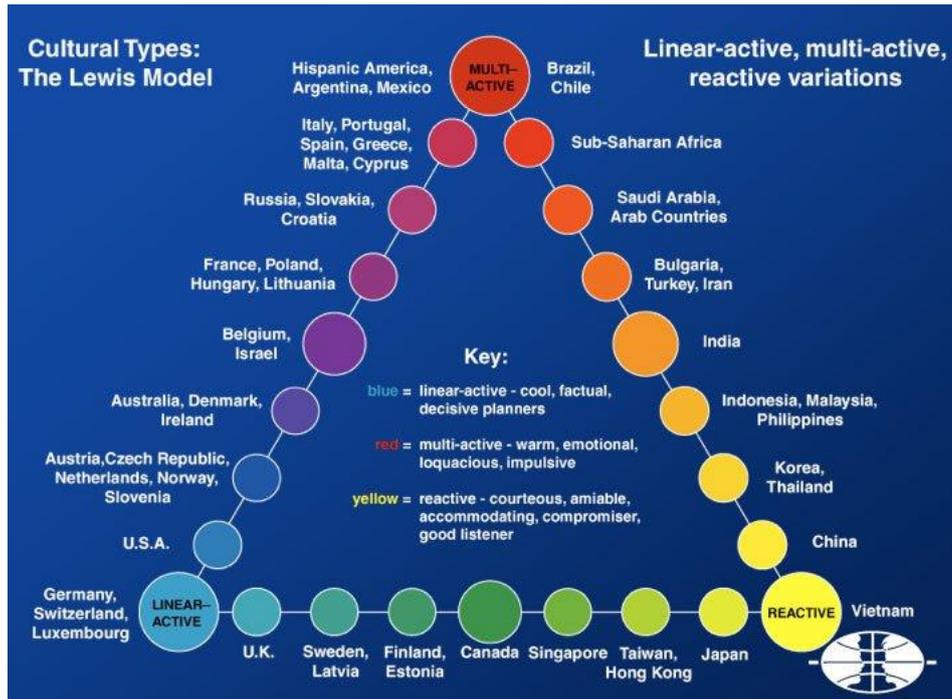
Figure 2. Richard D. Lewis – The Lewis Model.

The linear-actives and usually calm, factual, schedule oriented, decisive planners, do one thing at a time and talks half of the time. Good examples of this culture are the Germans, Swedes, Americans and the Northern Europeans in general. (Lewis 2017)

For the multi-actives stereotypical is that they are warm, emotional, loquacious and impulsive leaders. They also plan assignments not by the importance of time but according to importance. About communication they talk most of the time. Examples of this culture are the Arabs, Africans, Southern Europeans and South Americans. (Lewis 2017)

Finally the reactives who are courteous, respectful, outwardly amiable, accommodating, compromising and good listeners. Examples of this culture are the Japanese, Chinese and Asians in general. (Lewis 2017)

Germany is located quite clearly in the Linear Active field. This is because Germans are usually calm, factual, good organizers and efficient. Finland then again is close

to the linear-actives but is leaning toward the reactives. This is because Finns tend to be good listeners and can usually be careful when meeting people the first time. (Lewis 2017)

2.4.2 E. T. Hall – Beyond Culture

Edward Twitchell Hall, Jr. (1920-2009) who is often recognized as one of the founding fathers of intercultural communication. He was an American anthropologist and cross-cultural researcher. Hall invented a theory based on how different cultures and people behave and react in different types of culturally defined personal space. (NY Times 2009)

The three theories are:

- High/low context theory

Countries are either a low-context culture or high-context culture depending in the way the people communicate.

High-context culture: Emphasize on indirect interpersonal family and society relationships. They value slow changes, group decisions and indirectness

Low-context culture: They are logical, linear, individualistic and action-oriented. They value logic, facts and directness.

- Monochrome/polychrome conception of time

Monochrome time: Has fixed schedule, inflexible, one task at a time, long term oriented

Polychrome time: No fixed schedule, flexible, different task at one time, short-term oriented

- Proxemics: the personal space variation depending on culture.

2.4.3 Fons Trompenaars – Model of national culture differences

Mr. Trompenaar's model is a cross-cultural communication tool that can be applied to general business and management. It is developed by Trompenaar and Charles Hampden-Turner. The theories were created for the first version of the book "Riding in the Waves of Culture" in 1997 (See Figure 3). The core idea of the whole theory is that each culture has its own way of thinking. Different cultures are not just randomly different from each other: different cultures differ in very specific but even predictable ways.
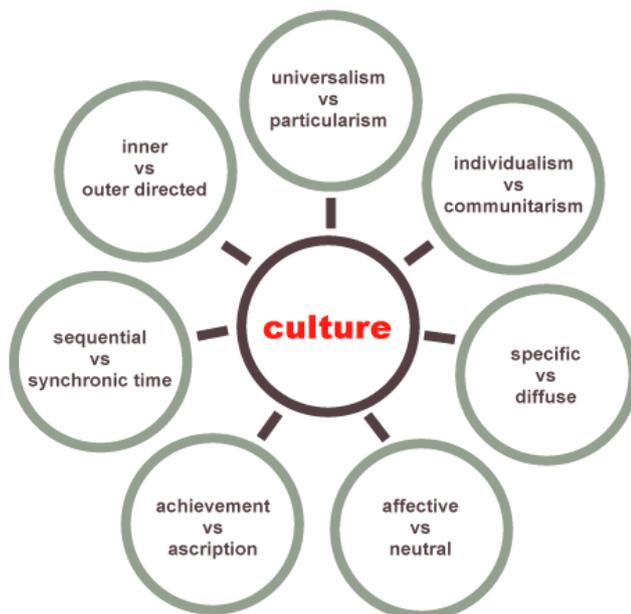
Figure 3. Fons Trompenaar's – Seven Cultural Dimensions.

1. Universalism vs. particularism *(What is more important, rules or relationships?)*

   Universalism sees the world as black and white, with few shades of grey. Right is right and wrong is wrong. True and a lie is clearly distincted and a contract or agreement is fixed. Typical universalism cultures are the United States, Germany and Scandinavia. (Trompenaars, 2012, 31)

Particularism gives greater attention to the situation. If a friend asks you to lie to the police, would you do it? A contract is the basis for the agreement, not fixed for all time because circumstances can change. Typical cultures are the Latin Americans, Africans and Asians. (Trompenaars, 2012, 31)

2. Individualism vs. collectivism (communitarianism) *(Do we function in a group or as individuals?)*

Individualism leaves people to contribute as they want. You are free to make your own decisions and live your life as you want. You are equally free to make your own mistakes. You don't lose your face when making mistakes. Countries in this type includes the United States, Finland and Great Britain. (Trompenaars, 2012, 52)

Collectivism puts emphasis on shared benefits and judges the individual on what he brings to the team. Should the team take the responsibility for a mistake by one in the team? Loss of face must be avoided. Cultures in this type are the Asian, Arab and Latin cultures. (Trompenaars, 2012, 52)

3. Neutral vs. emotional *(Do we display our emotions?)*

Neutral cultures spawn business relationships which are instrumental and focus on objectives. Cultures in this type are Great Britain, Sweden, Germany and Finland. (Trompenaars, 2012, 69)

Emotional business relationships have usually joy, passion and even anger. Those feelings are more acceptable. If you are upset at work, you display your feelings typical culture are the Italians, French and Spanish. (Trompenaars, 2012, 69)

4. Specific vs. diffuse *(How separate we keep our private and working lives)*

Specific meaning that the job comes first and if it leads to a personal relationship it is a bonus, not the requirement for the job to function. United States, Great Britain, Finland, Germany and Netherlands are cultures which are typical for this group. (Trompenaars, 2012, 69)

Diffuse meaning that personal relationships are vital to the job. You spend time outside working hours with your colleagues and business partners. Argentina, Spain, Russia and China are cultures included in this group. (Trompenaars, 2012, 81)

5. Achievement vs. ascription *(Do we have to prove ourselves to receive status or is it given to us?)*

Achievement-oriented judge you on what you have accomplished. What degree you have and your work experience. For example the United States, Canada and Australia belongs to this group. (Trompenaars, 2012, 107)

Ascription-Orientation judge you on birth, gender, age, connections, school. Family name can carry you a long way. Cultures like the French, Italians and Japanese are included in the type. (Trompenaars, 2012, 107)

6. Sequential vs. synchronic *(Do we do things one at a time or several things at once?)*

Sequential people likes to do work tasks in an order. Punctuality and planning is important. "Time is money". The Finns, Germans and Brits are included in this type. (Trompenaars, 2012, 120)

Synchronous people do several things at a time, and not according to time but more on the importance of the task. The Spanish, Italians and Latin countries are included in this type. (Trompenaars, 2012, 120)

7. Internal vs. external control *(Do we control our environment or are we controlled by it?)*

Internal-orientated believe that they can control nature or their environment to achieve goals. This includes how they work with teams and within organizations. (Trompenaars, 2012, 141)

External control-oriented believe that nature, or their environment, controls them; they must work with their environment to achieve goals. At work or

in relationships, they focus their actions on others, and they avoid conflict where possible. People often need reassurance that they are doing a good job. (Trompenaars, 2012, 141)

2.4.4 Hofstede 5D Model

Geert Hofstede is a well-known researcher from the Netherlands in the field of organizational studies. He has created his own cultural dimension theory. The basis of the theory is an research which was conducted via an extensive IBM database used in 72 countries and in 20 languages. Hofstede's dimensions are power distance, individualism, uncertainty avoidance, masculinity and long-term orientation (See Figure 4.). (Hofstede 2017)
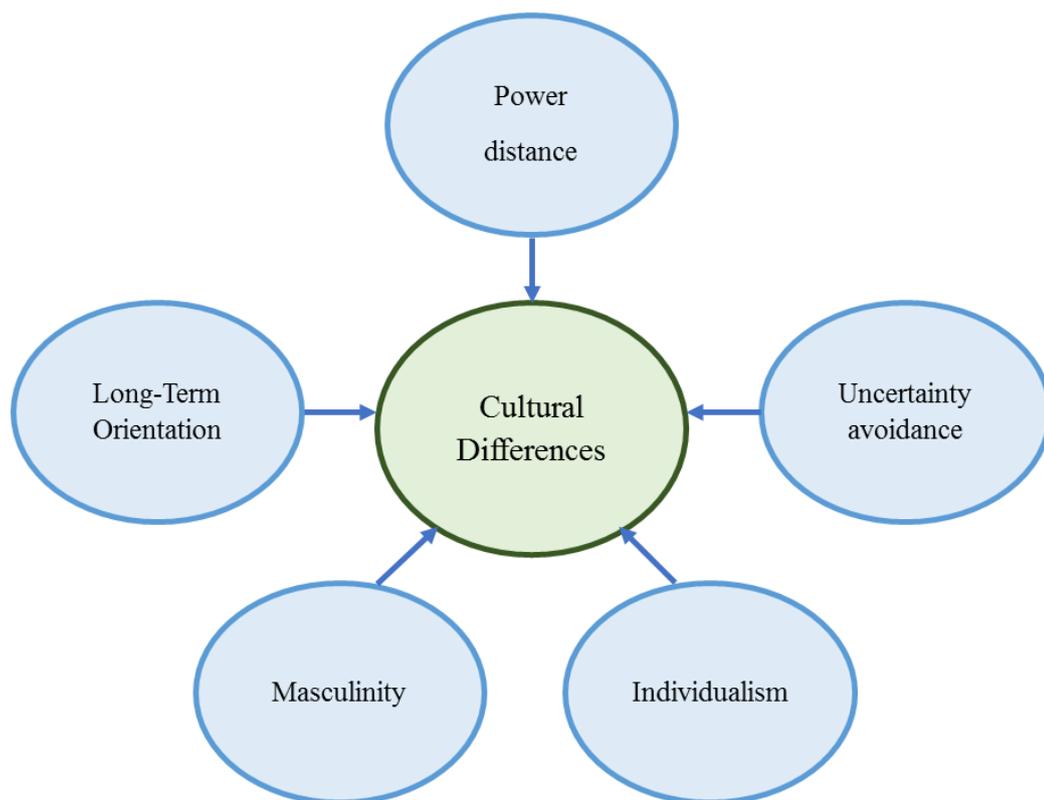
Figure 4. Geert Hofstede - 5 Dimension.

Power distance is the extent to which members of a society accept that power in institutions and organizations is distributed. People in Large Power Distance tend to accept a hierarchical order in which everybody has a place. People in Small Power Distance societies tend to strive for power equalization and demand justification for inequalities. (Hofstede 2017)

Individualism vs. Collectivism. Individualism stands for that individuals should only take care of themselves and their immediate families. Collectivism stands for that it is expected for individuals may expect their relatives to look after them in exchange for loyalty. The fundamental issue is the people's self-concept of "I" or "We". (Hofstede 2017)

Masculinity vs. Femininity. In masculine societies more value is put on achievement and success. Males generally dominate a significant portion of the society and power structure. In feminine societies, caring for others and quality of life are considered more important. (Hofstede 2017)

Strong vs. Weak Uncertainty Avoidance. The degree to which members of a society feel uncomfortable with uncertainty and ambiguity. Strong Uncertainty Avoidance societies tend to maintain a rigid code of belief and behavior. They are intolerant toward deviant persons and ideas. Weak uncertainty Avoidance societies maintain a more relaxed atmosphere in which practice counts more than principles, and deviance is more easily tolerated. (Hofstede 2017)

Long Term Orientation vs. Short Term Orientation. The extent to which a society exhibits a pragmatic future oriented perspective rather than a conventional historic or short term point of view. Long term orientated societies believe in many truths, have a long term orientation, easily accept change and thrive for investment. Short term orientation societies believe in absolute truth, are conventional and traditional, have a short term orientation and a concern for stability. (Hofstede 2017)

Indulgence versus Restraint: Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and

having fun. Restraint stands for a society that suppresses gratification of need and regulates it by means of strict social norms. (Hofstede 2017)

Comparing Finland and Germany according to Hofstede's 5D. As in the figure 5 can be seen some dimension are very similar. Biggest differences occur in masculinity and long term orientation. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms. (Hofstede 2017)
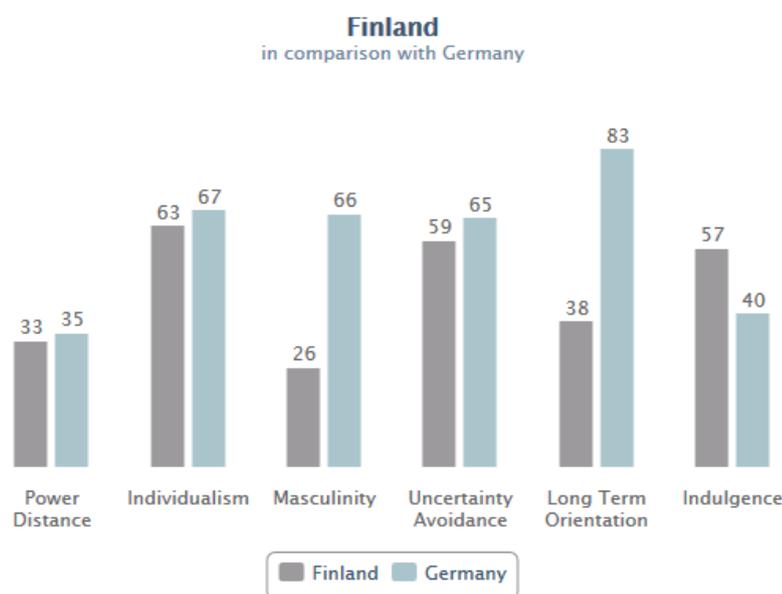
Figure 5. Geert Hofstede – 5D Model comparing Finland and Germany.

2.5 Critique of theories

This theories that has been mentioned, provide categories that can be used to analyses and draw general conclusion about cultural tendencies within different countries. There is several weaknesses in the theories. Firstly, these theories do not normally provide a clear set of assumptions and propositions that can form a single theory that can be used in a business leadership process. Secondly, the dimensions, terms and labels that some of the researchers use can somewhat be vague and

difficult to understand. This makes it difficult to sometimes interpret the findings. Thirdly a country specific information is not to be found in some of the theories.

2.6 Finnish Leadership and Business Culture

According to Lewis (2006, 330) Finnish leaders like to have a position where they position themselves just outside and above the ring of middle managers, who are allowed to make day-to-day decisions (See Figure 6.). Top executives have the reputation of being decisive at crunch time and do not hesitate to stand in with the staff and help out in crises. Finnish leadership has proven itself pragmatic, prudent, farsighted, and effective (Lewis 2005, 88)

FINLAND

officer helps out in crisis
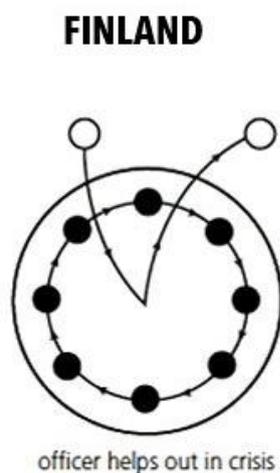
Figure 6. Richard D. Lewis - Finnish Leadership.

Finland is Nordic but not Scandinavian. This is something to remember. Finland differs from the Scandinavian countries Sweden, Norway, Denmark and Iceland. Tough social values can be similar there is a lot that differs and not only by the language but in a cultural way also. Finnish leadership has proven itself pragmatic, prudent, farsighted and effective (Lewis 2005, 88).

Decision making in leadership can be slow and has perhaps roots in the conservatism that Finns are having. Usually anyone with an opinion or an interest is heard. Stubbornness is a typical Finnish characteristics. Usually when

communicating it is quite informal and straight. Finns do not usually like to small talk and they acknowledge that also. Conversation for its own sake is regarded as a waste of breath. (Mole 2003, 79)

For Finns space and time is a very clear concept. A Finn needs a mental and physical space. It is expected that you arrive on the dot to the meeting. In a meeting serial conversation is the rule, this meaning that everyone can say their opinion and when somebody is speaking the others listen without interruption. When the speaker has finished anyone with a comment can reflect on it and then say his opinion on the matter. (Lewis 2005, 89)

Characteristic that differs a lot from other cultures is the status and hierarchy. The differences in status are minimal and especially the younger managers can pride themselves on being approachable. In my opinion a manager with a brand new Mercedes in the company parking lot can feel himself ashamed comparing to a manager in Germany for instance. Usually in Finland the first-name is used more despite of seniority or gender. (Lewis 2005, 90)

Finns tend to be quite emotionless and boring at first when you meet one but this is common at first. Their serious faces show just a little at the beginning but this is only a mask. Finns do not use expressions like the French or Spanish, they usually show their coolness with behind a straight face. (Lewis 2005, 90)

In the Lewis model the fall clearly into the linear-active category but points to the reactive side also. This is because stereotypical Finns known for the use of silence, humbleness, good listening without interruptions, long pauses between speech turns, concealment of feelings and the belief that statements are promised. (Lewis 2005, 90)

In the so called Suomi-kuva, Finns are fair-haired and blue-eyed. They are slow, honest, reliable and easily deceived by other people. The Finns are a strong and silent type with a rural background, fiercely independent, a true friend, a good soldier and a bad enemy. Finns work hard when the money is right and always pay their debts (Lewis 2006, 333). It is very typical for Finns to be interested in what

foreigners think about them. The image of the Finnish managers cannot be completely separated from this myth. They prefer to keep quiet, but now and again they speak, and what they say they really mean. They do not have problems making contracts with foreigners, they watch their backs and take precautions, and they can deal with the Russians also in a way that other Europeans cannot. Finnish managers insist on up-to-date technology, state-of-the-art factories and offices, thorough training for all personnel. (Lewis 2006, 334)

2.7 German Leadership and Business Culture

GERMANY

hierarchy, consensus
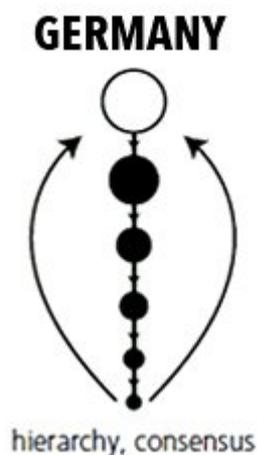
Figure 7. Richard D. Lewis - German Leadership.

According to Lewis (2006, 223) Germans believes in "Ordnung". This meaning that everything and everyone has its place to be calculated to produce maximum efficiency (See Figure 7). The idea goes much deeper in theoretical perfection than other cultures. Other Europeans and Russians can have difficulties to adapt this way of working. They believe that Ordnung can be achieved ween rules, regulations and procedures are firmly in place. Experience is very important in Germany and senior executives are instructed to pass their knowledge to people below them. There is a clear chain of command in each department and information is passed down from the top.

Germany dominates Europe with its largest population of 83 million people. It also account for 25 percentage of the EU's GDP and is the world's third largest economy. To say what is a typical German business culture is harder than explaining the Finns. We have to look back to the history when Germany was divided into the West and East part. Also nowadays the "Länder" have economic and political independence. Also there is a traditional north-south divide. Germany has several capitals, Berlin is the political capital. Frankfurt is for banking and finance, Hamburg for trade, Munich for society and arts, Dusseldorf-Dortmund-Essen for heavy industry. Germany has also the largest automobile industry in Europe. (Lewis 2006, 223)

Germans need less personal space than the Finns. Work and private life is separated. Privacy is important and when the door is closed one should knock before entering. Punctuality is very important, if you come late to a meeting you are seen as unreliable. (Lewis 2006, 223)

They tend to be very monochromic, this means they like to do one thing at a time. They are honest, straightforward negotiators, blunt and disagree openly than going for politeness or diplomacy. German companies are traditional, slow moving entities, encumbered by manuals and systems. (Lewis 2006, 223)

Business organizations in Germany are very hierarchical. Power is usually concentrated to a small number of people on the top of the company. To succeed as a leader in Germany one have to be strong and decisive. Criticizing your leader is not typical, instructions and delegation are clear. Relationships between bosses and subordinates tend to be distant and sometimes also awkward. While bosses can have an "open door" in the office no one dares to come in. Germans usually have smaller goals and when reaching these goals employees are appraised. (Lewis 2006, 224)

In meetings German tend to be formal the bigger the table is. Meetings are scheduled weeks in advance. Meetings can also be time-bound and have an agenda. Usually some small talk firstly with coffee then when the meeting starts it's strictly formal. The meeting is usually lead by the senior person. Other opinions are not usually so likely and not even asked. Also the decisions that has been taken it's

expected that the employees follow the orders regardless how they feel about it. Usually when meetings are between peers more discussion or even debate can occur when making major decisions. (Lewis 2006, 224)

Communication is usually top down and on a need to know basis. Very organized and when asked the information upward has to work also. Written communication is very popular. (Lewis 2006, 224)

Germans have a great respect for possessions and property. Solid buildings, furniture, cars and good clothing are important for them and they will try to impress you with all these things. When advertising your company's products, you should put as much as possible in print. Germans are unimpressed by flashy television ads, clever slogans or artistic illustrations. No matter how long or boring your brochure is, the Germans will read it, and they expect the product to be as in the description you have given. (Lewis 2006, 224)

Germans have a special way of negotiating. Open criticism of opponents and colleagues is acceptable. When negotiating you should be frank, truthful and as honest as possible. Keeping in touch with a German is good also, they are good correspondents. (Lewis 2006, 224)

3   METHOLODOGY

In this part of the study the methods used and the data collection methods are explained. Finally, in the last part of the chapter, the analysis of the data presented.

3.1 Methods

In the field of research there are two main types. Quantitative research and qualitative research. A research method is a way to make and implement research and the research methodology is the science and philosophy behind all academic research. (McDonald & Headlam 2009)

The quantitative research method refers to a systematic empirical research of an phenomena via a statistical or mathematical technique. The development of mathematical models, theories and hypothesis are the objectives of quantitative research. The measurement process is a vital part of the whole method because this provides the important connection between empirical observation and mathematical expression of quantitative relationships. (Adams 2010, 25)

The qualitative research method is usually associated with the evaluation of social dimensions. This method provides results that are usually rich and detailed, offering ideas and concepts to inform your research. Qualitative methods can tell you how people feel and what they think. The respondent can give more free answer to the researcher. But the method cannot tell you how many of the target population feel or think that way as quantitative methods can. The qualitative research method is a suitable method to explore a phenomenon that has not been studier before. (Ospina 2004)

Table 1. McDonald & Headlam **-** Quantitative vs. Qualitative.

Type of method	Quantitative	Qualitative
Aim	The aim is to count things in an attempt to explain what is observed	The aim is a complete, detailed description of what is observed.
Purpose	Generalizability, prediction, causal explanations	Contextualization, interpretation, understanding perspectives
Tools	Researcher uses tools, such as surveys, to collect numerical data	Researcher is the data gathering instrument.
Data Collection	Structured	Unstructured
Output	Data is in the form of numbers and statistics	Data is in the form of words, picture or objects.
Sample	Usually a large number of cases representing the population of interest. Randomly selected respondents	Usually a small number of non-representative cases. Respondents selected on their experience.
Objective/Subjective	Objective - seeks precise measurement & analysis	Subjective - individuals' interpretation of events is important
Researcher role	Researcher tends to remain objectively separated from the subject matter.	Researcher tends to become subjectively immersed in the subject matter
Analysis	Statistical	Interpretive

In this thesis, the qualitative research method was used. The focus was to get opinions on statements that were based on the theories that were presented in the theoretical framework chapter. The theory data is very stereotypical so a general opinion of the statements was needed. In a qualitative research some factors are vital so that the survey will be correct. Because the survey is internet based a pilot survey is important to be made so that the researcher can look at the results and think if the survey should be changed and if all in the population has understood the questions. In this survey and sliding scale type was used – these are used to discover respondents' strength of feeling towards an issue. Respondents are given a series of statements and asked how much they agree or disagree with the statements by using

a sliding scale where numbers represent different strengths of feelings. In the way of: 1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree. Also a "No comment" field was put in if the respondents wants to leave it blank. Also for each question there is a comment field if the respondent feels like commenting on something regarding the question.

Because every question is measuring something, it is important for each to be clear and precise and relatively short. Also using "loaded" or "leading" questions can be a mistake. (McDonald & Headlam 2009, 11)

As mentioned this survey will is conducted via Internet. Also it is possible to use postal, telephone or street surveys. But in this case the Internet survey is the easiest because of geographical restrictions and because questions are relatively easy to understand and answer.

3.2 Data collection method

It is vital to fully understand the theory before conducting the data collection. One can begin to twist facts to suit theories, instead of adapting theories to suit facts. This is the saying of Sherlock Holmes, a fictional detective created by Scottish author and physician Sir Arthur Conan Doyle. Finnish and German persons from reliable connections were used for the research. Most importantly the limit was that the person has to be a leader who has or have had people leadership experience. The survey can be seen in the Appendix 1. General statements were made from the theory and the opportunity to clarify some areas in greater detail was presented also in the survey.

3.3 Collecting data

It is very important in all surveys, questionnaires and interviews that they are tested before the actual survey is conducted. A pilot survey ensured that the questionnaire was clear to understand and that it could be completed in the way of the researcher's wish (Adams 2010, 136). The pilot survey was sent to friends in the university and private friends with business knowledge, in order to ensure that questions are clear and the results would be good to interpret. VAMK's e-document survey program

was firstly used because it is clear to use. During the pilot survey some errors were noted and the survey was altered. Further on, the whole platform was changed to Google's own Google Forms to give an more professional and simple look for the survey. Also it was noticed that the system made an easy summary on the results and the results was easy to convert into Excel format also. German participants were gathered from the researcher's exchange university in Germany. Also links were sent to the Finnish embassy in Berlin. Finnish respondents were mainly acquired from private business acquaintances who work in larger companies.

Table 2. Statistical Information of the Interviews.

Amount of respondents	20
Finns	13
Germans	7
Average age of Finns	46,9
Average age of Germans	44,7
Finnish males	72 %
German males	28 %
Finns average experience	17,8
Germans average experience	6

3.4 Analyzing the data

The term "analysis" comes from the Greek verb "analyein". Which means "to break apart" or "to resolve into its elements" (Shank 2006, 165). When the data is available it is up to the researcher to choose how to evaluate the data.

The answers and observations that the system gathered were analyzed systematically going through the data and comparing the answers. The survey was transported from Google forms to Excel format which made it more convenient to analyze. Google forms makes its own simple summaries also but as it was need to divide the answers between the Finns and Germans Excel was used and the graphs created.

In Excel the results were divided into the Finnish and the German answer. The results are presented in percentages of how many from each country respondents

agree on the statement. Also interesting inputs in the comment fields were found and if something irrelevant was not taken into account

4   RESULTS

In this section of the study the general results are examined. Statements and the answers are looked upon one by one and finally some conclusions are made on the statements.

4.1 General research results

The thesis shows various differences between Finnish and German cultures, but it should also be understood that these two cultures are not so different and possess many similarities. For both cultures punctuality and values are similar. Further on the power distance (33 and 35) and individualism (63 and 67) indicators show that the countries are very similar in these factors. (Geert Hofstede 2016)

The theories explained earlier have been used as the framework for the analysis. By comparing the theories and studying the results we can also have a greater understanding of the differences and similarities between the two cultures.

## 4.2 Research results per question

In this part the results of the survey is revealed. There were 13 statements and two open questions. The results are presented in percent of how many of the respondents replied what on the statement.

"When having a discussion it is good to let the other person speak first so you can build an understanding better and then you comment your own thoughts". This question is regarding the information from Richard D. Lewis. The survey results show that Finns and German are very similar on this matter to first be a bit passive to fully understand the matter to know how to comment. This is exactly in line with the Lewis model.
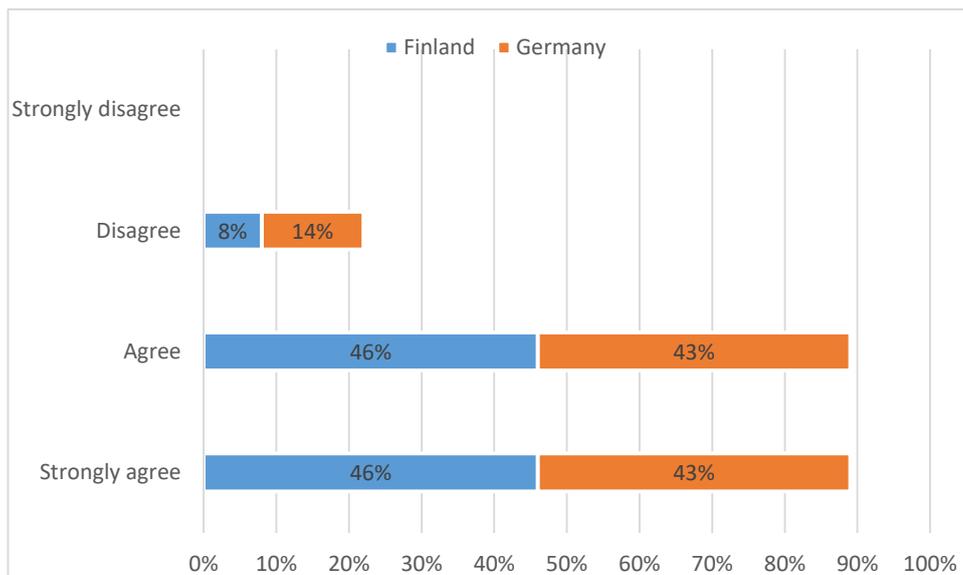
Figure 8. Relationship between speech and listening.

The second questions states that *"I prefer to do one task at a time, doing so I can focus on one task fully"*. The question is related to the theories of the Lewis model, also it reference to Fons Trompenaars 6th dimension and Edward T. Halls conception of time. The theories would suggest that the respondents would mostly agree on the statement but a larger amount of Finns stated that they disagree on the matter. Comments on the question give a deeper insight into that doing one task at a time would be the best option but it is not always possible.
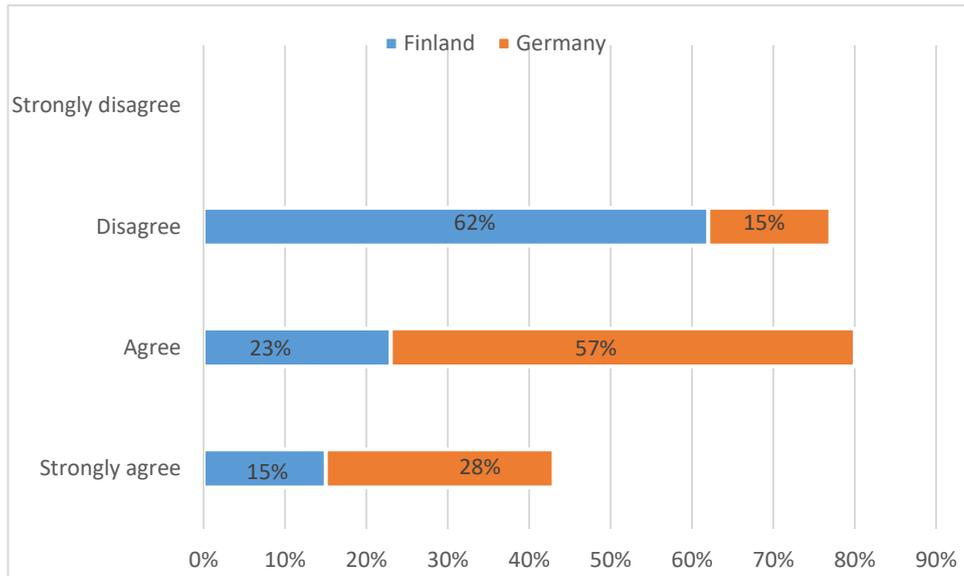
Figure 9. Preference to do one task at a time.

Third question states that *"In my opinion the saying well planned is halfway done is true".* This question is regarding the general saying which is a known sentence in both countries. All Finns agree on the matter and Germans a bit mixed but mostly agree also.
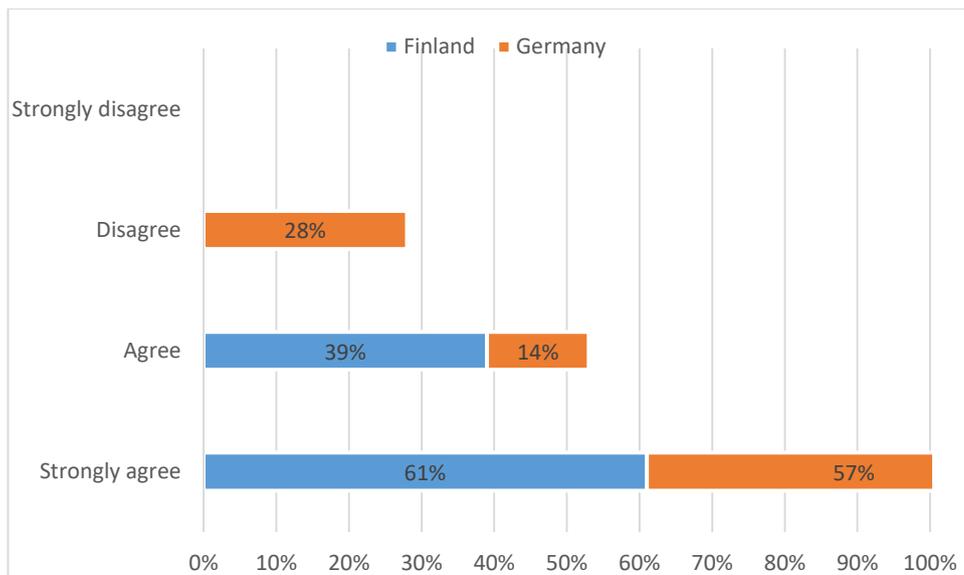

Figure 10. Well planned is halfway done.

"Finding compromise in order to build relationships can have advantages in the future". The question is regarding theories of Richard L. Lewis's book "When cultures collide". Both countries replied in similar ways in this questions.
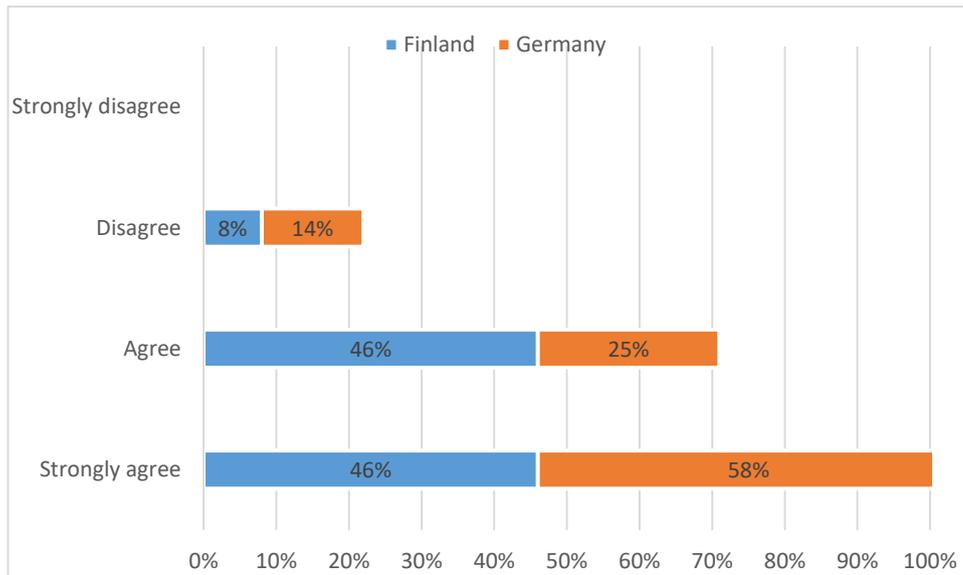

Figure 11. Compromising to build relationships.

The next question states that *"the future can't be controlled"*. The question is related to the 7th dimension of Trompenaars theories. Both countries have quite similar answers also to in this question. Germans strongly agree in the amount of 28 percentage.
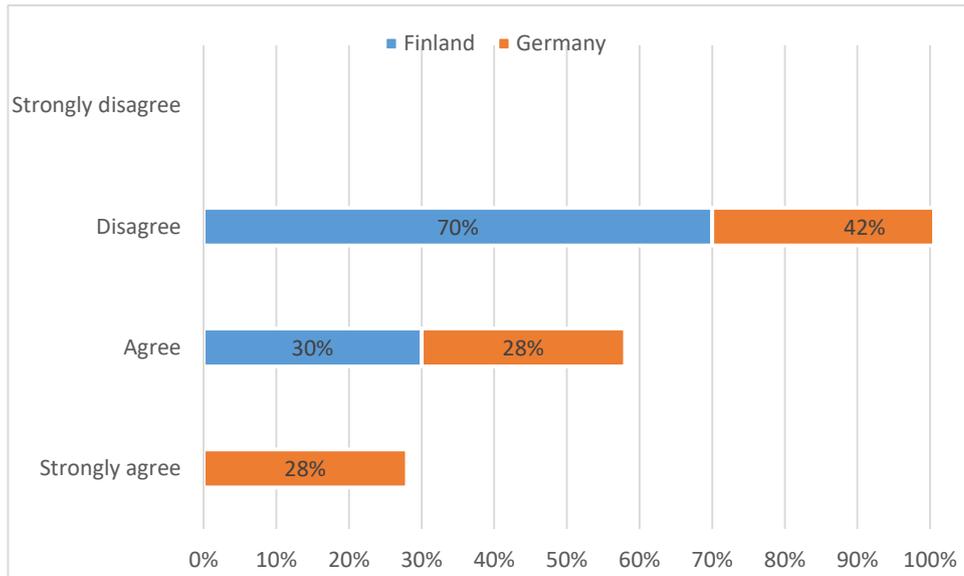
Figure 12. Future can't be controlled.

The next statement states that *"When giving instructions to the task to employees I feel fine if they have questions and it is actually encouraged to ask questions about the task"*. The answers were similar also for this statement. Both countries think that it can be good to encourage workers to ask questions on the task given. Theory suggest that the Finns would agree more than the Germans on the statement and the survey displays that also.
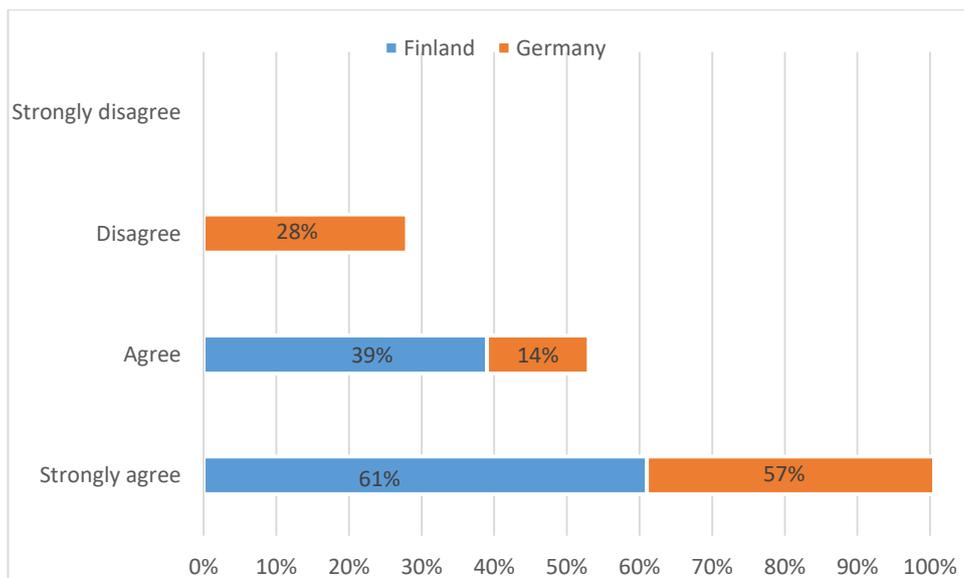

Figure 13. Giving instructions to employees.

The next questions states that *"In my opinion employees should be controlled to get the most efficient result"*. There is not that much focus on personal things because it will not help the task. The question is related to Mr. Lewis's book When Cultures Collide. In the book Mr. Lewis states that Germans would agree more on the statement. The survey shows very similar answers from the two countries.
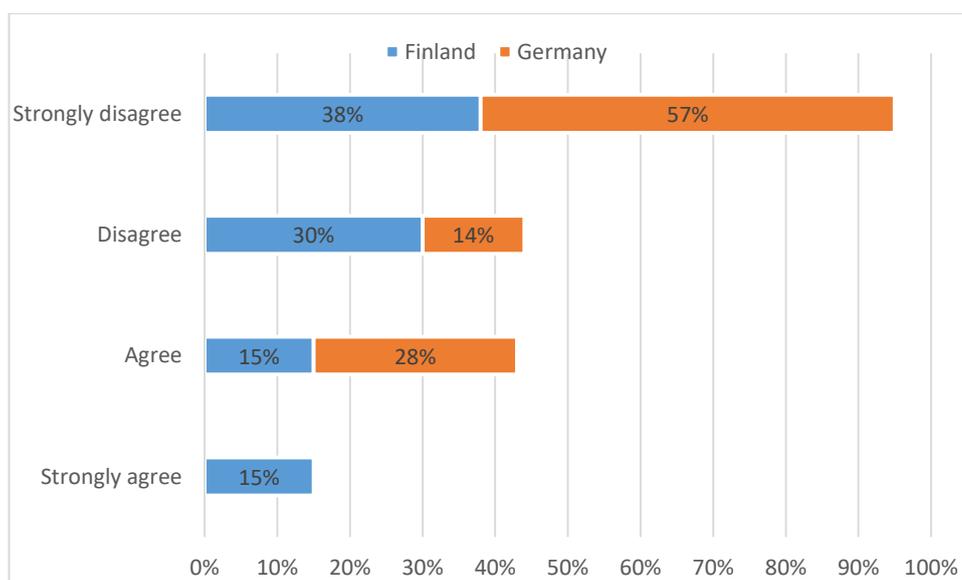
Figure 14. Employee controlling.

Then there was a question regarding the quality of life. *"In my opinion to succeed in life you need a good work place and salary"*. There is no any other ways to create a high quality of life. This question is directly related to the masculinity vs femininity theories of Geert Hofstede. The theory suggests that Finns would disagree mostly, but interestingly the Finnish responses can be seen to have a direct link to the gender. The Finnish males answering agree and females strongly disagree.
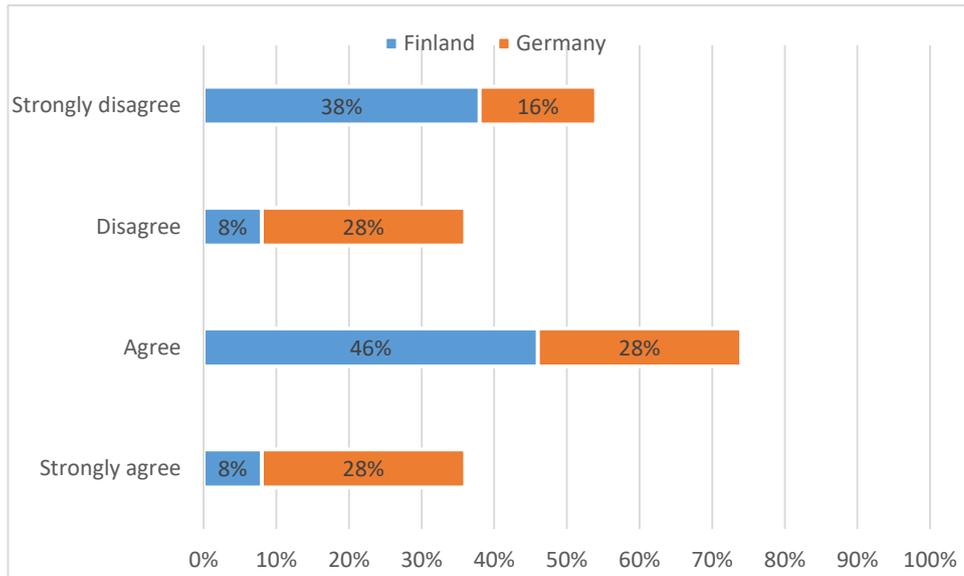
Figure 15. Quality of life.

The next statement is regarding risk taking vs conservatism. *"In my opinion there can be only one truth to the issue and it is better to stay conventional and stable"*. Risks are to be taken ONLY when necessary. The question is regarding Hofstede's theory of long term orientation. Also very similar answers were receoved here regarding the question.
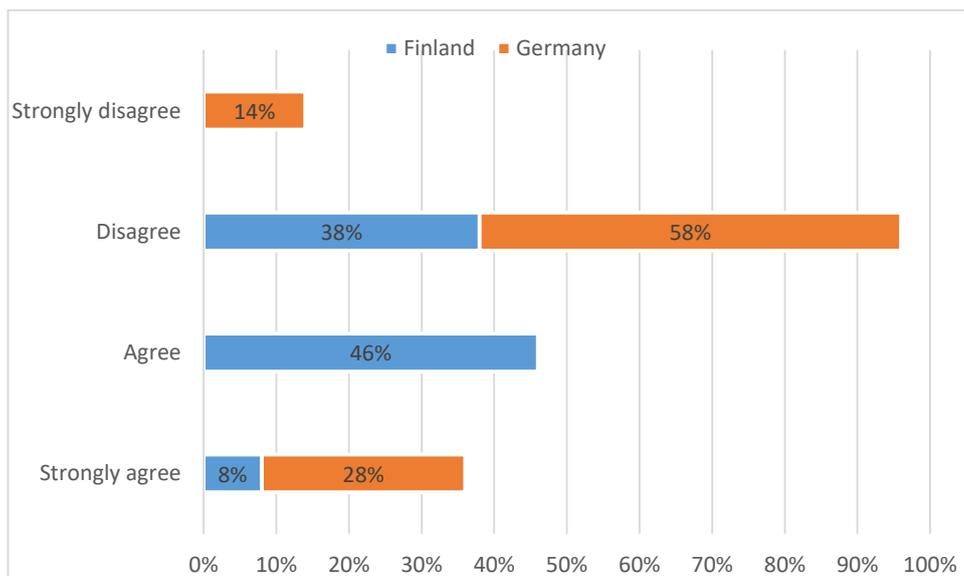

Figure 16. Long term vs Short term orientation.

Then there was the question of open door policies. *"I like that my office door is open, so employees can come and ask questions".* This question is also related to "When Cultures Collide" by Mr. Lewis. The theory suggest that Finns would agree on the matter and so does the survey also show that majority of Finns strongly agree on the matter that employees can always come in ask questions. The theory suggests that Germans are more on the side of disagree on the statement, but interestingly the survey reveals that Germans would be more on the agree side.
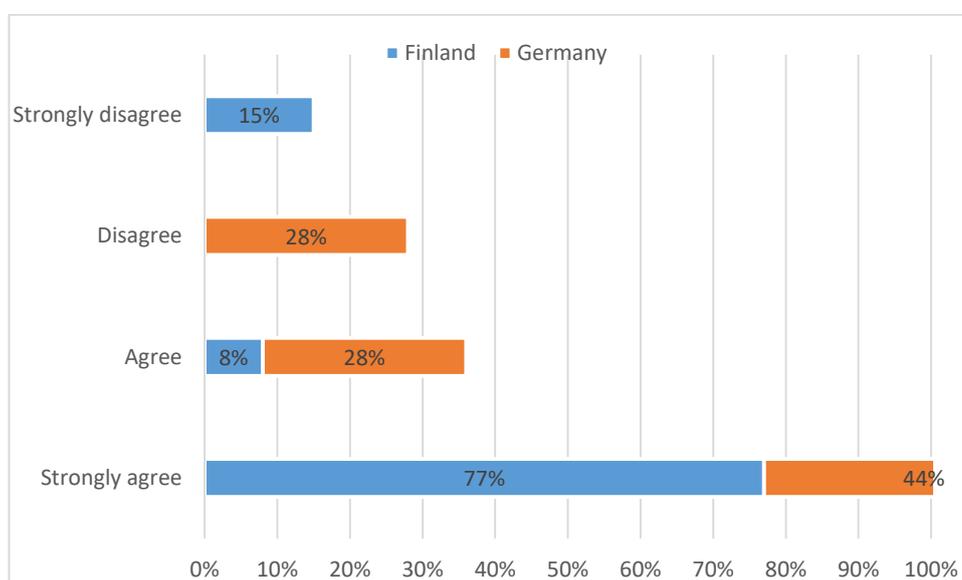
Figure 17. Open door policies.

Statement 11 was about the position of the manager. *"As a manager I don't like to be in the spotlight, I like to position myself a bit on the side so I can observe situations better and step in when it is necessary".* This question is also related to Mr. Lewis's thoughts on Finnish leadership. The theory suggests that Finns would agree on the statement. Finns' answers show that they are a bit mixed, but majority still agrees. Germans are mixed and disagree somewhat more.
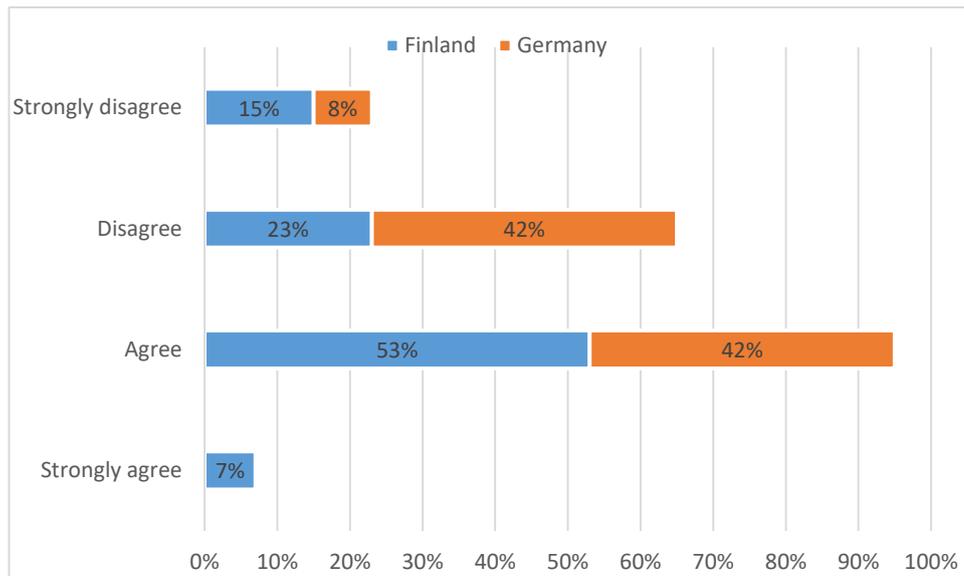
Figure 18. Manager's position in the company.

"In my opinion work life and private life should be separated". The question is related to the 4th dimension of Fons Trompenaar's. Interestingly 70 percentage of respondents from Germany disagree. This is exactly as the theory says also. The theories says that Finns tend to be more agreed on this statement. The survey reveals that this is in line with the theory but 38 percentage still replied disagree or strongly disagree.
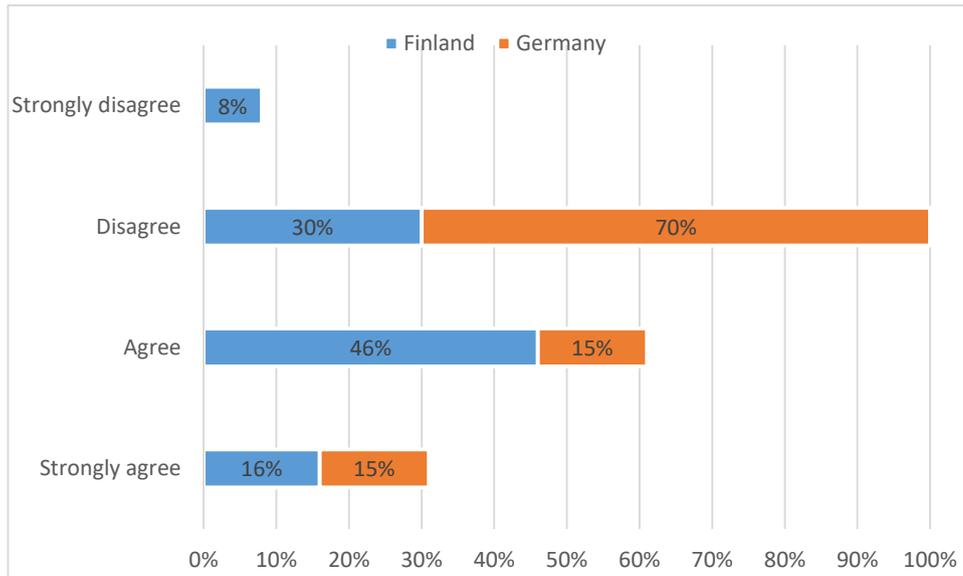
Figure 19. Work life vs private life.

The last question was about the leadership pride. *"I don't feel ashamed showing that I am successful and earn more than them (ex. expensive car or clothing etc..)"*. This question is a bit from Mr. Lewis's theories but also a bit from personal experience from the researcher. The study shows that Germans are bit more on the agree side and Finns disagree on the matter.
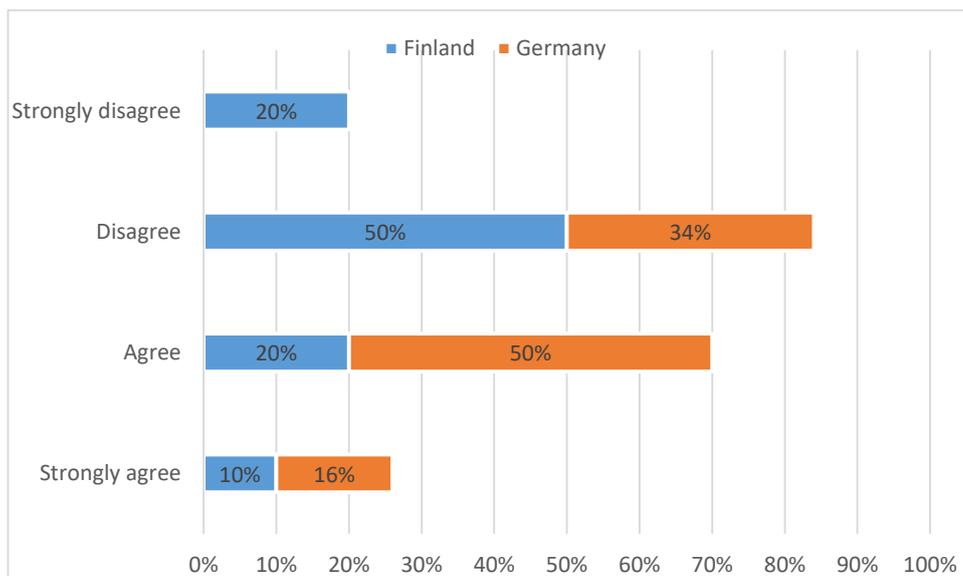
Figure 20. Pride on leadership position.

The next two questions were open questions in which it was asked that the respondent gives his or her thoughts firstly on the question: What kind of qualities does a leader in your country have? And the second question was: Do you see any trends in your country's leadership style? Has it changed in the past and what does the future look like?

For the first question the Finnish respondents said that a Finnish leader is honest, fair and open and on the German side the leaders are well structured and have a strategic thinking.

For the second question the answers show that the trends in Finland is that there is less hierarchic structures, this meaning the gap between the management and workers is smaller.

Also comments on the openness of the leader being popular. In Germany on the other hand the respondents say that decision making is more fact based, because nowadays there is so much information and data available. Also it was mentioned that career and money is less important than before, especially men are more active on the family side.

4.3 Observation of Richard D. Lewis theories

One disadvantage which is related to the Lewis theory is that a country specific information is not available. So to truly compare and analyze countries is difficult. Interestingly questions on the thesis regarding the Lewis Model Finns and Germans are very similar. Especially on the question: Do you see any trends in your country's leadership style? Has it changed in the past and what does the future look like? The answers were very similar and correlate with the model showing that both Finns and Germans are very linear active. One interesting fact occurred on the question: I prefer to do one task at a time, doing so I can focus on one task fully. Germans replied to this statement more that they agree and the Finns disagree. It has to be noted that both countries wrote in the comment section that in modern business environment it can be virtually impossible to do on task at a time. It is needed to multitask sometimes.

Some general questions are based upon Richard. D. Lewis's When Cultures Collide book. For example the question: As a manager I don't like to be in the spotlight, I like to position myself a bit on the side so I can observe situations better and step in when it is necessary. Here the respondents answered quite same but a higher amount of Finns answered Agree to the question.

4.4 Observations of Geert Hofstede's theories

Two questions were formulated from the theories of Geert Hofstede. About Hofstede's theories there is such a good statistic so it is very easy to see what the results are for each country. Firstly the question "In my opinion to succeed in life you need a good work place and salary. There is no any other ways to create a high quality of life". This question has a direct link with the masculinity vs femininity theories. The theory shows that Germans tend to be more masculine than the Finns. According to Hofstede's research the numbers are: Finland 26 and Germany 66. This shows that Germans are more masculine than the Finns. According to the survey the respondents are very mixed on the question. Both countries answer quite mixed. In average both countries slightly agree more on the question but it has to be noted that of the Finns women tend to answer strongly disagree on the question.

The second question that got its inspiration from Hofstede is: "In my opinion there can be only one truth to the issue and it is better to stay conventional and stable. Risks are to be taken ONLY when necessary". This question is related to the long term orientation vs short term orientation. According to Hofstede's research the statistics are: Finland 38 and Germany 83. That shows that Germans are more long term orientated and are a bit more conventional and stable. The survey results show that Finns mostly disagree and so does the Germans. But a few respondents from the Germans answered also strongly agree like the theory would suggest.

4.5 Observations of Fons Trompenaars theories

A number of questions got their inspiration from Trompenaar's model of national culture differences theories. This was not the original idea when planning the

research, but the theories were easy to interpret compared to other theories and it was relatively that it was easy to formulate questions on.

Firstly the question "I prefer to do one task at a time, doing so I can focus on one task fully". This question is related to the 6th dimension were the theory shows that Finns and Germans are sequential people, meaning they like to work one task in a order. The saying "Time is money" is very true. The survey shows the similar results for the Germans and some of the Finns. But surprisingly the larger replies from Finland has answered disagree on the question. They have though commented that in a ideal world you would work like this but in the modern day this is not always possible because different business function are linked with each so you have to multitask. Secondly the question "The future can't be controlled" which is from the 7th dimension. Survey reveals that Finns has replied mostly disagree on the question and the Germans are a bit mixed on the answer but slightly agree.

4.6 Other findings and results

Several questions are also related to the writings of Richard D. Lewis's book "When Cultures Collide"; In which he gives a general knowledge on business cultures in the both countries. Some of these were presented earlier in this research paper.

Some of the questions related to the book have to be mentioned. The question "When giving instructions to the task to employees I feel fine if they have questions and it is actually encouraged to ask questions about the task". Almost all Finns agreed on the question and so did the Germans. This is a bit different from the theories were Mr. Lewis described that Germans give quite direct orders on tasks.

Furthermore the question "I like that my office door is open, so employees can come and ask questions". Almost all Finns strongly agreed on the matter and the Germans were mixed on the matter so different results on this question. This is very much according to Mr. Lewis's theories about the Finns that they like their door open so they show that they are near the employees.

On some of the questions different thinking between genders could be seen. Like in the question of "In my opinion, to succeed in life you need a good work place and salary. There is no any other ways to create a high quality of life".

5 CONCLUSION

This research has shown the similarities and differences in business leadership between Finland and Germany. Both countries understand that doing one task at a time is not possible and one has to multitask in today's world. Finns tend to be a bit more on the side and do not want to be in the direct spotlight. They want to have an open door policy so workers can feel free to come and ask questions. Germans however like to be more on the spotlight and show off that they are the leader and take more pride on it. When approaching managers from both countries it has to be said to be very calm and polite on meeting to give a good first expression. It is also important to understand that this is just business and if it leads to a level of personal friendship it is a bonus in the matter. You cannot assume that you are great friends to each other even though you do business together.

It can be concluded now that this thesis has managed to find answers on the questions presented in the beginning of this study:

- What are the similarities between Finnish and German leadership styles?
- What are the differences between Finnish and German leadership styles?
- How can culture collisions be avoided?

Table 3. Summary of Finnish answers.

Finland				
Statement	Strongly Disagree	Disagree	Agree	Strongly Agree
Relationship between speech and listening	0 %	8 %	46 %	46 %
Preference to do one task at a time	0 %	62 %	23 %	15 %
Well planned is halfway done	0 %	0 %	39 %	61 %
Compromising to build relationships	0 %	8 %	46 %	46 %
Future can't be controller	0 %	70 %	30 %	0 %
Giving instructions to employees	0 %	0 %	39 %	61 %
Employee controlling	38 %	30 %	15 %	15 %
Quality of life	38 %	8 %	46 %	8 %
Long term vs Short term	0 %	38 %	46 %	8 %
Open door policies	15 %	0 %	8 %	77 %
Manager's position in the company	15 %	23 %	53 %	7 %
Work life vs private life	8 %	30 %	46 %	16 %
Pride on leadership position	20 %	50 %	20 %	10 %

Table 4. Summary of German answers.

Germany				
Statement	Strongly Disagree	Disagree	Agree	Strongly Agree
Relationship between speech and listening	0 %	14 %	43 %	43 %
Preference to do one task at a time	0 %	15 %	57 %	28 %
Well planned is halfway done	0 %	28 %	14 %	57 %
Compromising to build relationships	0 %	14 %	25 %	58 %
Future can't be controller	0 %	42 %	28 %	28 %
Giving instructions to employees	0 %	28 %	14 %	57 %
Employee controlling	57 %	14 %	28 %	0 %
Quality of life	16 %	28 %	28 %	28 %
Long term vs Short term	14 %	58 %	0 %	28 %
Open door policies	0 %	28 %	28 %	44 %
Manager's position in the company	8 %	42 %	42 %	0 %
Work life vs private life	0 %	70 %	15 %	15 %
Pride on leadership position	0 %	34 %	50 %	16 %

The thesis also revealed some interesting information about the trends in the countries. Like for example the fact that in Finland to succeed you have to be open and fair. The gap between the top-executives and grass-level workers cannot be wide. There has to be a closer understanding to succeed. In Germany personal things are getting more attention than before.

5.1 Reliability and Validity

In order to see the possible faults made during the research, the measurement of the reliability and validity of the research is a key factor, and by this way ensure the creditability of the research. There are several methods to do this.

The Reliability means the repeatability of the research, meaning that the information gathered through the research are non-coincidental, for instance when the qualitative research method is used, there are numerous procedures to ensure the reliability (Hirsjärvi, Remes & Sajavaara 1997, 226).

The Validity means that the purpose of the research is met and the research method is measuring the things what was supposed to. For instance, there can be the possibility that the respondents have not understood the research survey questions correctly. (Hirsjärvi et al. 1997, 226)

It is also important that the researcher explains what he has based his conclusions on, and have not mixed his own opinions on the matter when analyzing the results.

5.2 Suggestion for Future Development and Studies

As there has not been any direct study on cross-cultural Finnish-German business management, this research has studied the cultures in a very broad manner to give understanding on the general theories available and shown some statement that leaders in both countries have given their opinions on. The thesis has showed some results and given insight into trends but a larger work could be interesting in order to also see what is needed to succeed for example as a Finn in Germany or vice versa.

5.3 Own learning and reflections on the research

Reflecting back the whole research project there are some things that could have been done differently. It took some time in the beginning to form the topic and what is exactly the research statements and problems. Also when planning the topic and it can be good to plan ahead also the type of populations needed to interview to the research. The sample collection was too optimistic to find the right population to answer to the data research. Now in the end the amount of respondents could have been higher. Therefore it can be good do think ahead if the research will get enough of respondents when working in a limit of getting in this case respondents with leadership experience. Also because of the low number of respondents a type of qualitative theme interview would have maybe been better. This would have given the research more insight to the topic.

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APPENDIX 1

STRUCTURE OF THE SURVEY

Background information

- Bachelor studies of Johan Nyström – Vaasa University of Applied Sciences, Finland
- Bachelor's thesis of Johan Nyström: Leadership and Culture, Finland VS Germany
- Data survey as a part of thesis study project, qualitative research method
- 21 persons replied to the survey: Both Finnish and German leaders

Interviewee

Country selection:

Gender:

Age:

Leadership experience in years:

Questions

1. When having a discussion it is good to let the other person speak first so you can build an understanding better and then you comment your own thoughts
2. I prefer to do one task at a time, doing so I can focus on one task fully
3. In my opinion the saying "well planned is halfway done" is true
4. Finding compromise in order to build relationships can have advantages in the future
5. The future can't be controlled
6. When giving instructions to the task to employees I feel fine if they have questions and it is actually encouraged to ask questions about the task
7. In my opinion employees should be controlled to get the most efficient result. There is not so much focus on personal things because it will not help the task

8. In my opinion to succeed in life you need a good work place and salary. There is no any other ways to create a high quality of life

9. In my opinion there can be only one truth to the issue and it is better to stay conventional and stable. Risks are to be taken ONLY when necessary

10. I like that my office door is open, so employees can come and ask questions

11. As a manager I don't like to be in the spotlight, I like to position myself a bit on the side so I can observe situations better and step in when it is necessary

12. In my opinion work life and private life should be separated

13. I don't feel ashamed showing that i am successful and earn more than them (ex. expensive car or clothing etc..)

14. What kind of qualities does a leader in your country have? (Free write question)

15. Do you see any trends in your country's leadership style? Has it changed in the past and how does the future look like? (Free write question)