

Cross-Cultural Leadership: A comparison between the Finnish and German working culture and its leadership practices

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Thesis for Bachelor of Science
Degree Program Business Administration
Turku 2019



DEGREE THESIS

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Degree Program and place: Business Administration, Turku

Specialization Alternative: - (Double Degree)

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Title: Cross-Cultural Leadership: A comparison between the Finnish and German working culture and its leadership practices

Date April 11, 2019

Number of pages 54

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Finland and Germany have a close business relation to each other. For that reason, it is important to understand both of the cultures and to be able to work with both of them, which includes leading employees from both cultures. Within this thesis, the German and Finnish working culture, as well as their preferred leadership styles, were investigated.

This happened with the help of common theories on culture and cross-cultural leadership, which were compared in the first part of the paper. The findings from this part were then used for the empirical part, in which leaders from both of the business cultures took part in interviews. The aim of the thesis was to investigate the differences and similarities between the two cultures and to give guidance on how a leader should behave in order to be successful in both cultures.

The main findings of this paper are that Germany and Finland have working cultures that have, despite of some differences, a lot of similarities. While the Finnish culture is way more informal, the German culture is more assertive. Humane-orientation plays an important role in Finland, while it has a minor one in Germany. Additionally, there is an open-door policy of Finnish leaders, which is still not common in the German culture. In the end of the thesis, those differences were used to give an idea about how the cultures and its leaders could adapt to each other.

Language: English

Key words: leadership, culture, cross-cultural leadership

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1. Introduction

Leadership and culture, as well as the extent to and way in which culture affects leadership, were intensively investigated by experts in the last decades. Still, researchers and other experts in those fields fail to agree on common theories.

One possible reason for that might be the everchanging character of leadership. While there were several periods in the past, in which the leadership practices differed significantly from how they are today, current business practices will probably be outdated in some time. This is what makes it interesting to have a detailed look at the topic and compare the theory and practices in two cultures that I personally have a close connection to. The topic of the thesis was chosen because of a personal interest in leadership. Furthermore, cross-cultural competence was seen as a key skill in businesses nowadays as there are more and more companies going international.

The purpose of the thesis is to find out if there are differences in the working culture and leadership practices in Finland and Germany. If possible, a leadership style suitable for both of those cultures should be developed that emphasizes the differences and finds a trade-off between the values of both working cultures. For that, existing theories on leadership and culture will be investigated first, before both of the topics are brought together in a later stage of the thesis. After that, questions about the investigated differences will be formulated. Those will in the end be presented to experts having leadership responsibilities in their businesses in order to get valuable insights and an idea if the theory fits the practices.

Finland and Germany have a close business-relationship. In fact, Finland's most important business partner is Germany, as it leads the list in exports and is the second most important partner in imports (Tulli, 2019, p. 10).

While Finland offers opportunities to Germany in biotechnology, digitalization and other highly developed business fields, it can benefit from the high financial strength of Germany. As both countries represent important members of the European Union, there is a high probability that the relationship between both countries will last for a long time. Thus, it is extremely important to understand the culture of the partner country better.

1.1 Purpose of the thesis

The main purpose of the thesis is to point out the similarities and differences between the Finnish and German working and leadership culture. To do so, there are two main theories that were used, which are the GLOBE study, as well as Richard D. Lewis' "When Cultures Collide".

Additionally, Hofstede's cultural dimensions, as one of the most important theories in the research about culture, is used. To give a clear overview about the two fields of research, several other theories are briefly explained in addition to that. With the help of this theoretical setting, as well as with expert interviews, the following research questions should be answered:

- What are the differences and similarities between Finland's and Germany's working cultures?
- How do Finnish and German perceptions and practices in leadership compare and contrast?
- How to lead in a way that is suitable for both cultures?

In the end, the thesis should offer a framework to look at when working with both cultures. It should offer guidance and state the most important aspects that have to be considered to avoid a cultural collision.

1.2 Limitations of the thesis

As both the field of leadership, as well as the field of culture are topics in which a huge amount of theory is available, certain limitations should be made. Also, there are many different points of view on the topics, whereof only a part can be investigated.

In culture for example, there is always a national culture that influences a working culture, but there are also individual points in each of the aspects. Within the paper, national culture will be investigated, as it is seen as the basis for a working culture, which is looked at in the empirical part. Also, it is important to mention that the focus is on models that classify certain cultures and integrate them into scoring models.

For the topic of leadership, a limitation is made on the leader's point of view. Even though in the theoretical part, leadership is treated in a very general way and the main two theories are about the way how a leader should behave in Germany and Finland, the empirical part with

interviewed leaders focuses on their point of view. This means that the view of the employees is not a focal point within the thesis.

2. Methodology

The thesis is divided into two separate parts, a theoretical and an empirical one. Within the theoretical part, previous studies were used to develop the basis for the following empirical part.

Table 1: Methodology

	Theoretical part – Literature study	Empirical part – Expert interviews
Which data was used?	Books and articles on culture and leadership	Answers from both German and Finnish leaders on developed questions (see paragraph 6.1)
Type of Data	Mainly quantitative data	Qualitative data
What was done?	Comparison of main theories	Analysis of the findings from the theoretical part and the interviews
Main outcomes	Hypotheses about similarities and differences in both working cultures	Hypotheses about similarities, differences and leadership in both culture
What was developed with the outcomes?	Questions for the interviews carried out in the empirical part	Answers to research question 3 – Statements about effective leadership behavior in both cultures

Most of those studies are quantitative ones, even though some qualitative aspects are also included. These quantitative studies seemed to be most suitable as it is only possible to develop a model of a culture if the sample is big enough. Otherwise, the developed characteristics could also be individual ones that are common within the few people used as a sample.

For leadership theory, there are many different books and articles that were compared in the thesis. In the end of the theoretical part, a kind of bridge to the empirical part was developed by comparing the two main studies and working out the differences and similarities between the German and Finnish working and leadership culture. There are tables and figures provided to get a clear overview about the scores that were used for the comparison.

The findings of this analysis were used for developing the questions asked in the empirical part. In that part, interviews with both Finnish and German experts were carried out. This qualitative research method allowed to get longer answers and thus, real insights into how the respondents think about culture and leadership. If a quantitative study would have been made, closed questions would have been asked and it would have been difficult to get a sample of people that is big enough to be significant. This is because the people taking part in the research should have leadership responsibilities within their company. As managers are usually busy, their interest in helping the study was supposed to be rather low.

Since quantitative data was used to develop the questions and qualitative data used to confirm or disconfirm them, there is a balance that should make the outcomes of the thesis significant and meaningful.

3. Leadership

As the first main topic of this paper is leadership, the term and its evolution will be investigated in the following paragraphs. Within that investigations, the different eras that made leadership what it is today will be introduced and explained.

3.1 The term “leadership”

“Leadership is one of the most observed and least understood phenomena on earth.” (Burns, 2012, p. 11)

Leadership is a complex process. As the term is used in Business, Philosophy, Psychology and other disciplines, there is a broad range of definitions. Therefore, the first limitation that is necessary for the purpose of this thesis is to choose the discipline of leadership that this paper will deal with, which will be business. In the following, some definitions of the term will be given in order to test how leadership, as used in this paper, should be defined.

“The action of leading a group of people or an organization.” (Oxford Dictionary, w.y.)

“Leadership may be considered as the process (act) of influencing the activities of an organized group in its efforts toward goal setting and goal achievement.” (Stogdill, 1950, p. 3)

“Leadership is the accomplishment of a goal through the direction of human assistants. A leader is one who successfully marshals his human collaborators to achieve particular ends.” (Prentice, 2004, p. 143)

“Leadership is a process of influence between a leader and those who are followers.” (Hollander, 1978, p. 1)

The similarities of those definitions are mainly based on the fact that leaders supervise, and thus influence, subordinates. This is also what the term leadership, as used in this paper, should stand for. Rather than with organizational leadership as a whole, this paper will deal with leading people in a business. As the term itself indicates, the word leadership comes from “to lead” which can be traced back until the prehistoric time. The word “laithjan“, which means to travel, was used back then until the meaning of lead became more precise during the middle-ages. From that point on, the term leading was defined as “being first” or “leading someone”. Nowadays, leadership is an often-used term also in languages other than English and is mainly used in a professional environment. (Peters, 2015, pp. 1–2). Examples for that are the terms market-leader or leadership-styles, which indicate that nowadays the meaning could still be divided into organizational leadership and employee leadership and also be described as “being the best” in some cases.

3.2 The evolution of leadership

As leadership is an ever-changing subject, there are several eras that can be identified in its evolution. In the following, a brief overview and description of those phases will be given. This is done in order to show the extent to which leadership theory changed and how the history influenced leadership as it is seen today.

3.2.1 The trait era

From 1800 until 1940, the first era of leadership, that shaped the term to what it is today, took place. Within this era, the trait era, science tried to understand the process of leadership for the first time.

The underlying assumption of this period was that the characteristics of a good leader are inherent and cannot be learned. Good leaders would have specific attitudes and a certain personality from the point of their birth. Every person who possessed these characteristics would end up being a leader. Due to the political and social system during that time, people

believed in that theory as it was almost impossible for a person living in poor conditions to become a leader in any field or context. Therefore, researchers stated that existing leaders must all have the same unique characteristics and many scientists tried to find those. The problem with this theory can be easily seen when comparing different leaders in history, as their personalities were in some cases completely different. Still, the research indicated that some characteristics were common among the leaders at that time, as many of them were for example very sociable or aggressive. (Nahavandi, 2015, pp. 87–88).

For that reason, scientists went on from the personalities of individual leaders to developing general characteristics of a good leader. If a person would have those attributes, his or her chance of becoming a good leader would rise. (van Seters and Field, 1990, p. 30).

3.2.2 The influence era

The following era, called influence era, is only a separate era in some literature and made a big step in the development, as experts started to think of leadership as a bidirectional process.

In that era, the leader first allocated some power to other people. Even though this is still the case nowadays, the perception of leadership during that time is no more existent today, as the power relationship was characterized by a very strong hierarchy and a dictatorial style. Back at that time, the power was only exerted top-down and the subordinates did not express their own opinion. (van Seters and Field, 1990, pp. 30–31).

3.2.3 The behavior era

The behavior era, that lasted until the early 1970's, changed the way people looked at leadership. "Instead of identifying who would be an effective leader, the behavior approach emphasizes what an effective leader does." (Nahavandi, 2015, p. 88) The advantages of leadership as a behavior instead of a trait were that it was easy to observe, measure and train behavior and thus, leadership. It is the era in which the three well-known leadership styles, investigated by Lewin, belong.

Lewin developed a model of three basic leadership styles, which are authoritarian, democratic and laissez-faire. Within the authoritarian style, all the power is kept by the leader. Other people are not asked for their opinion or input. This style only works in environments in which the decision would not change, even if there was different input. The second

requirement for that style is that the subordinates do not feel a desire for giving their input. The democratic leadership style is characterized by a shared decision-making process, or at least by a leader taking the opinion of others into consideration when deciding. In many cases nowadays, a democratic leadership style works very well. Laissez-faire is a leadership style where the leader is not much involved into the decision making, but gives his subordinates the power to make their own decisions. This style could work if all employees are capable of and motivated to make good decisions. (Lewin et al., 1939).

After this era of leadership was established, many researchers tried to develop a model for the different behaviors. As an outcome of this research, the Leader Behavior Description Questionnaire (LBDQ), which is still used today, was developed. After a lot of studies were carried out, several typical behaviors of leaders were found. However, the connection of these behaviors, to how effective a leader is, could not be investigated.

Even though only looking at the behavior is also too easy, there are some valuable outcomes from this time. Important is for example the distinction between task- and relationship-oriented behavior as main parts of leadership. (Nahavandi, 2015, pp. 88–89).

3.2.4 The contingency era

In this era, researchers tried to take more factors into consideration. Studies moved on from simplistic to complex models. Within this era, several contingency models, like the path-goal theory, were invented. “The primary assumption of the contingency view is that the personality, style, or behavior of effective leaders depends on the requirements of the situation in which the leaders find themselves.” (Nahavandi, 2015, p. 89) Several hypotheses were developed in this era, which include that a best way for leading does not exist and that being a good leader can be learned. As stated before, it was also concluded on the fact that both personality and the situation are important for the effectiveness of leadership and that a leader has to adjust to the context in order to be effective. The last hypothesis was further, that leadership is decisive for how effective an organization is. The contingency approach is still widely-accepted, even though nowadays the studies focus on the leader-subordinate relationship and other aspects. (Nahavandi, 2015, p. 89).

3.2.5 The culture era

Like the influence era, the culture era is in some studies not seen as a separate era but rather as part of the contingency era. However, it was very important as it used the culture of a company and its influence on leadership for the first time. Additionally, it also took the quality of work into account, while earlier studies almost always looked at the increasing amount of work done. The main outcome of this period was that researchers found out that it is a leader's duty to create a strong organizational culture, which would make the subordinates lead themselves. Formal leadership, in which a real leader exists, is only necessary in situations of cultural change. (van Seters and Field, 1990, p. 37).

3.3 Leadership as it is today

As this paper should be focused on business as it is today, the following part of the paper will be about current perceptions of leadership. In later parts, a limitation to specific literature is made.

3.3.1 The role of the leader

Due to factors like the internationalization or demographic changes, companies increasingly change their perception of leadership and thus, the role a leader occupies. While in earlier decades the leader's main duties were focused on controlling everything that happened within the business, they nowadays focus on facilitating tasks and allocating power. In functions that were traditionally only performed by the manager, the employees get more and more involvement and responsibility. The role of the manager is nowadays to set the desired outcome of the projects, give the necessary resources to the subordinates, serve as consultant and supervisor but let them execute their tasks on their own. They should try to keep their team motivated to work on their tasks by including them into the goals and being a good example. (Nahavandi, 2015, pp. 37–38).

3.3.2 The new era

All the historic leadership eras and their findings and outcomes led research to the newest era in leadership theory. Many findings of those eras are still used and combined to find out new views on leadership. Most of those new theories are focused on the relationship between leader and follower, as well as on the vision and inspiration of leadership. It is important to

understand that, even though in the following the descriptions of a leader masculine pronouns are used, the thesis does not discriminate. Women can occupy the same positions and the wording is only used to make the contents easier to express.

3.3.2.1 Charismatic Leadership

Charismatic leaders are charming and appealing. They have an effect on their subordinates that makes them loyal and wanting to follow. Because of that, the subordinates do often think very positively about their boss and see a role-model in him. In order to build charismatic leadership, the characteristics of the leader and the follower, as well as the leadership situation play a role.

A charismatic leader on the one hand is self-confident and highly energetic, which motivates the followers to support him. He uses unconventional ways to achieve his goals. He is furthermore very confident about his own ideas and has extraordinarily good communication skills, which allow him to formulate things in an appealing way and thus, to persuade followers. The last trait of his character is that he actively tries to serve as a role model and to build a positive image. (Nahavandi, 2015, pp. 201–204; Yukl, 2013, pp. 309–316).

The followers on the other hand should have built a strong emotional bond to the leader and respect him. They should be loyal and able to find common traits in order to identify themselves with the style of the leader. They should trust the leader, expect a good performance by the leader and themselves and obey the leader without asking questions. (Nahavandi, 2015, pp. 204–206).

For a charismatic leader to become successful, it is also very important to be in a situation that allows building that kind of relationship with the followers. This is often the case when there is a perceived or real crisis. Then, the followers are convinced that the situation has to change and if the leader is able to represent and speak out the needs of the whole group, they will follow him. (Nahavandi, 2015, pp. 205–206).

Looking back in history, there have been many charismatic leaders that misused the relationship with their followers. This is possible due to the strong bond between both leader and follower. Examples for those include Adolf Hitler and James Warren Jones. Research therefore distinguishes between unethical charismatic leaders, who place their own goals over the company's goals, and ethical leaders, who want to achieve the group's shared goals. (Conger, 1990, pp. 44–55; Nahavandi, 2015, pp. 207–208; Yukl, 2013, pp. 317–318).

3.3.2.2 Transformational and Transactional Leadership

“Transactional leadership motivates followers by appealing to their self-interest and exchanging benefits.” (Yukl, 2013, p. 321) Within the following paragraph, transformational and transactional leadership theory will be explained briefly.

The goal of transformational leadership is to motivate the subordinate and make him achieve more than he was expected to. In this theory, the leader points out the importance of the outcomes of the tasks that a follower works on. Additionally, he convinces them to work for the organization’s goals rather than for own goals.

Other than that, transactional leadership does not try to make an employee enthusiastic, but rather builds a more distant leader-follower relationship. While transformational leadership might be better for motivating subordinates, a mix of both is often used within modern businesses.

Within both transformational and transactional leadership, there are several behavioral styles to distinguish between. However, those styles will not be discussed in this paper.

3.3.2.3 Charismatic and Transformational Leadership

While some writers suggest the words charismatic and transformational as interchangeable and thus, see both leadership styles as one, some researchers also see important differences between them.

While charisma is a necessity for a transformational leader, he can also be charismatic but not transformational. While the subordinates follow the leader due to his charisma in the first approach, a transformational leader has to inspire and empower them. According to Yukl, those actions taken by the leader “may reduce attribution of charisma to the leader rather than increase it.” (Yukl, 2013, p. 329) That means that the process of influencing the follower works differently for both styles.

While the subordinate is dependent on a charismatic leader, a transformational leader executes measures to make the followers less dependent on him, for example by allocating power and giving the employees more responsibility. The charismatic leader in comparison uses measures that increase the dependence. As an example, it is common to limit the access to important information for the employees, who then see their manager as extremely competent because he still solves the problem.

According to the literature in this field, there is also a difference in the frequency in which those types occur. While the transformational leader is common in every level of a hierarchy and is relevant for all organizations and situations, a charismatic leadership style is rather uncommon and requires special condition such as crisis situations (see paragraph 3.3.2.1). (Yukl, 2013, pp. 328–330).

One other difference occurs in how the subordinates react to the leader. As a charismatic leader is very polarizing, there are often only two groups of people, one group who supports the leader and one group who does not like him. Transformational leaders are not that polarizing and the reactions to them are thus not as intense. While there is respect for the competences of the leader, he is not seen as a role-model. (Yukl, 2013, pp. 328–330).

4. Culture

Within this part of the paper, culture as the second big topic of the thesis will be investigated. First, the term will be explained, before a look at intercultural competences and its sub-categories will be taken. Additionally, several cultural theories will be introduced.

4.1 The term “culture”

As for leadership, finding a common definition for culture is very difficult. Kroeber and Kluckhohn (1952) were the first ones to develop a list of definitions. Within their work, they divided the definitions into seven groups, depending on the focus of the definitions. They distinguished between descriptive, historical, normative, psychological, structural, genetic and incomplete definitions. (Kroeber and Kluckhohn, 1952). Until today, there is no common agreement on how to define culture, but in the following, some examples will be provided.

“Culture is a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member’s behaviour and his/her interpretations of the ‘meaning’ of other people’s behaviour.” (Spencer-Oatey, 2008, p. 3)

“... the set of attitudes, values, beliefs, and behaviors shared by a group of people, but different for each individual, communicated from one generation to the next.” (Matsumoto, 1996, p. 16)

“Culture, taken in its wide ethnographic sense is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.” (Burnett Tylor, 1871, p. 1)

When comparing those three quotes, one can see that the definitions chosen for this thesis have several aspects in common. The first of the similarities appears in the aspects that are counted into culture. Even though it is very difficult and many researchers have already failed with defining the scope, there are some basic aspects that are without doubt part of culture. The second thing that the provided definitions have in common is, that they state that culture is shared within a group of people, or a society. There is even a third similarity which can be seen in two of the three definitions. Matsumoto and Burnett-Tyler state that culture is acquired and communicated to future generations, which means that culture is learned. From childhood on, a person learns certain rules and norms, values and beliefs, which are typical for the own culture that one is born into and can be completely different to what children on the other side of the world learn. Besides of inherited basic needs and desires of human beings, culture defines a huge part of a person’s thoughts and behavior. (Lewis, 2006, pp. 17–18).

Within her studies, Spencer-Oatey (2012) wrote down 12 characteristics of culture, whereof the most important ones will be shortly explained in the following paragraphs.

1. There are different levels of depth where culture is found

Those three layers are (a) superficial, (b) values and (c) underlying manifestations. The superficial level contains everything that a person can see and recognize from the first moment on. Even though those aspects can be overserved easily, mistakes in interpretation can happen. For interpreting a culture right, it is often necessary to have a look at the next level, the values. This level however is difficult to observe, which is why interviews are often used. To really get an insight into the reasons for a certain behavior, the only way is to analyze the underlying assumptions. Those are usually unconsciously learned and internalized by the members of a certain culture. In simple terms, the underlying assumptions are values that have become more and more important and natural. (Schein, 1990, pp. 111–112).

2. It affects behavior and biological processes

More than that, culture also affects how a certain behavior is interpreted. Different cultures may therefore behave differently and depending on the person observing the behavior, their culture might interpret the behavior in another way than others. If a person has learned that

certain things are bad or good, a physical reaction within those situations may possibly be seen. While eating certain meat is completely normal in one culture, another culture can have a completely different understanding. If this person then eats the same meat, they might feel uncomfortable and unwell or even sick. That does not have to mean that the food was bad, but the opinion in the minds of people can cause a physical reaction. (Spencer-Oatey, 2012, pp. 4–7).

3. It is possible to see the difference between culture, universal human behavior and individual personality

There are some traits that the humankind has in common, no matter which background, heritage and environment a person lives in. Those common traits of humankind are inherited and do not have to be learned. On the other side, there are individual aspects that make every person different from each other, the personality. The personality is partly inherited within the genes of a person, and partly learned. Somewhere between those two layers, the culture can be found. As it was already stated before, culture is learned but not due to individual experiences, rather due to common values and beliefs of a group. Even though scientists do not agree on where the borders between those three layers are, it is still possible to see differences in many aspects. (Hofstede et al., 2010, pp. 4–7).

4. Culture is shared within a group

“For an idea, a thing, or a behavior to be considered cultural, it must be shared by some type of social group or society.” (Spencer-Oatey, 2012, p. 8) One’s own culture can be influenced by a big number of groups that one is part of. While nationality is the typical example for that, gender, social class and generation are, among many others, also very important determinants. Because of the many influential factors, it is very difficult to specifically describe the culture of a person.

Culture is internalized by every individual and shared within a group, which makes it both social and individual. While one person may live like and represent a certain culture, it is important also for others to understand the culture, e.g. to be able to talk and behave appropriately when dealing with it.

5. The extent and borders of a culture are vague

There is no specific set of values, behaviors or beliefs that is shared within one culture, but the people that are part of the same culture rather show similarities. That also means “[...] that there is no absolute set of features that can distinguish definitively one cultural group

from another.” (Spencer-Oatey, 2012, p. 9) As every person defines and sees culture differently, the values and beliefs will probably never fit perfectly, which does not mean that they are not part of the same culture.

6. Culture can change

Like almost everything, culture changes from time to time. If scientists made the same studies with an interruption of 20 years, the results would probably differ. In the modern society there is even a reason for why cultures change, cultural diffusion, which is that people are more aware of cultural differences and thus, adapt to aspects of another culture easier. However, even without cross-cultural encounters, changes would happen due to different reasons, including for example societal changes and achievements. (Spencer-Oatey, 2012, pp. 12–15).

7. Cultural aspects are interrelated

The specific parts that define a culture, and make it the way it is, are not randomly put together. They are rather interrelated to each other and when changing one aspect, that may lead to changes in other parts, too. An example for that can be found in Edward T Hall’s theory (see paragraph 4.2.1), in which low-context cultures most commonly have a monochronic approach towards time and high-context cultures share a polychronic approach. Understanding a culture also means to see those relations and therefore, understand how to behave in certain situations. (Spencer-Oatey, 2012, pp. 14–15).

4.2 Intercultural competence

According to Thomas and Inkson (2017), intercultural competence contains three aspects that one has to be capable of. Those three aspects are called (a) cultural knowledge, (b) mindfulness and (c) cultural skills. (Thomas and Inkson, 2017, p. 20).

4.2.1 Cultural knowledge

Cultural knowledge consists of two parts, whereof the first part was extensively discussed in paragraph 4.1 and is about knowing what culture actually is. The second part is aimed at a certain culture, at knowing what characteristics a certain culture has. For getting to know a specific culture, several models were developed in the last decades. Those models will be discussed in the following.

4.2.1.1 Hofstede' model

Geert Hofstede, a Dutch professor who has done a lot of research on the connection between national and organizational culture, developed the first version of his cultural dimensions in 1980. After he initially started with four dimensions, a fifth and sixth one was added later. A cultural dimension, according to Hofstede, is a measurable aspect of culture that can be compared to other cultures. (Hofstede, 2011, p. 7). Building on similarities of his own studies with past data, Hofstede defined the following six dimensions, which are nowadays known as one of the most important theories on culture:

1. Power Distance

This dimension deals with the hierarchies in a culture. Whereas in some cultures, there is a steep hierarchy in which only a few people have all the power, other cultures have a very flat hierarchy with power distributed also to lower levels. The dimension shows how the expectations within a culture regarding the distribution of power towards lower-level employees are. Some cultures are more likely to accept an inequality in power than others. In cultures with a low power distance, subordinates have more responsibility. (Hofstede, 2011, p. 9). This and other aspects built the foundation for the GLOBE study, one of the theories introduced in another part of the study (see paragraph 5.4).

2. Uncertainty Avoidance

The second dimension shows the extent to which a culture can deal with uncertainty. Situations in which something unknown or unexpected happens can cause ambiguity in some people. While some cultures see uncertainty as a chance, others may see it as a risk. Cultures that tend to avoid uncertainty try to establish rules in order to minimize the risk of those situations. Cultures that can accept uncertainty are often more relaxed and tolerant towards other opinions. (Hofstede, 2011, pp. 10–11).

3. Individualism vs. Collectivism

Within this dimension, a distinction between people as individualists or as part of groups is made. While individualists look after themselves and maybe their close family members, collectivists are part of different social groups and help and care about others. Relationships are therefore of more importance in collectivist cultures. (Hofstede, 2011, p. 11).

4. Masculinity vs. Femininity

Masculinity and femininity are difficult to define. They do not refer to individuals but, like all the dimensions, to the society as a whole. Different cultures might have different values and roles assigned to every gender, whereas in other cultures the things associated with men and women are not different at all. Masculine cultures are those cultures in which the roles are very different and masculine, confident behavior is normal. In feminine cultures however, soft skills are very important. (Hofstede, 2011, pp. 12–13).

5. Long-Term vs- Short-Term orientation

Long-term oriented cultures are focused on the future, whereas short-term oriented cultures may see the past or present as most important. In short-term oriented cultures, traditions are very important and the current situation is perceived as something positive. In cultures that are classified on the other side of the scale, economic growth is very important and success is something that has to be earned. (Hofstede, 2011, pp. 13–15).

6. Indulgence vs. Restraint

“Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms.” (Hofstede, 2011, p. 15) In indulgent cultures, more people claim to be happy than in restraint cultures.

The people in indulgent cultures value their leisure time very high and sport occupies a very important role. To control the additional rules that exist in restraint cultures, there are often also more police officers than in other cultures. (Hofstede, 2011, pp. 15–16).

4.2.1.2 Edward T. Hall's theory

Edward T. Hall's most important contribution to the research about culture was the formulation of his theory about high- and low-context cultures. While in high-context cultures relationships and the context of the conversations are more important than the actual words, low-context cultures are reliant on explicit expressions of what someone wants to say. This means that there should be no room for misinterpretations left. As the receiver of a message always has to interpret the message in order to find out about the meaning, it really matters how cultures differ in this aspect. While high-context cultures use the context a lot to interpret as message, low-context cultures are not able to do so. Examples for the context can be the

tone of the voice, as well as the body language, but also the relationship to the person one is talking to.

In addition to that, Hall also developed the concept of monochronic and polychronic time, which is related to the distinction between high- and low-context culture. Monochronic people see time as a valuable resource that should be spent carefully. They prefer a structured way of working, finishing one task at a time and being punctual. Polychronic people on the other hand do not value time as much as monochronic people do. Being late is not unusual for them and they often work on several tasks simultaneously. Both of the concepts that Hall developed are important in interacting with other cultures, as things that are normal in one culture might be perceived rude in another culture. (Hall, 1981, pp. 105–129).

4.2.2 Mindfulness

In their book, Thomas and Inkson (2017) wrote about scripts that tell people how to behave or act in one's own culture and how to interpret actions of other people. Those scripts are different for every culture, which is why one might have difficulties in interpreting the behavior of others right. The scripts are also very closely linked to Spencer-Oatey's characteristics of culture, which were dealt with in paragraph 4.1. While a person usually acts according to the norms of the own culture (see paragraph 4.1 – No. 2), a clash with another culture might sometimes require adjustments and actions against the accustomed norms. The authors call this mindfulness and it includes overcoming common behaviors, for example stereotyping. In cross-cultural situations that one is not used to, it is often necessary to become mindful and pay very close attention. "It means discarding our rigid mental programming. It does not mean abandoning who we are but rather using attention to become aware of differences and to think differently." (Thomas and Inkson, 2017, p. 49)

In order to be mindful, one's cultural knowledge (see paragraph 4.2.1) is very important. (Thomas and Inkson, 2017, pp. 40–50).

4.2.3 Cultural skills

Cultural skills are the final part of cultural intelligence. Even though the first two parts are very important, they are not sufficient as a person that knows everything about a certain culture might still not be able to interact with it. By considering all the knowledge about a certain culture, being mindful in every new situation and, probably most important, getting used to the appropriate behavior in certain situations, cross-cultural skills can be developed.

Developing these skills can demand a long period of time and a lot of effort. This also includes communication with other cultures, which is a very important skill for professionals dealing with foreign colleagues or even customers. As every situation is unique, the key skill that has to be developed is adaptability. If one is familiar with a certain culture, spends enough attention to the situation and context and has the cultural skills to deal with a situation, he will be able to adapt very quickly and successfully deal with the situation. (Thomas and Inkson, 2017, pp. 51–56).

5. Cross-cultural leadership

In the following part of the thesis, the two fields of research that were treated before will be combined to investigate cross-cultural leadership. To do so, the impact of culture on business will be treated, followed by a paragraph about organizational culture and ultimately, the main theories of the study will be investigated.

5.1 The term “cross-cultural leadership”

Even though cross-cultural leadership is not a new term and already exists for some time, it is difficult to find definitions for it. As the previous chapters investigated leadership and culture, both the main parts of cross-cultural leadership, it is possible to use those aspects and conclude on an own definition. For that reason, the following definition was created by the author.

In this research, cross-cultural leadership should be defined as “The process of influencing and leading a group of people that consists of more than one origin and culture.” This definition does intentionally not exclude leading different groups of people in more than one country.

5.2 How cultures affect business

Cultures affect businesses in many different ways. Looking at Hofstede’s dimension, every of them can be applied to a business case. While the power distance can become a problem as different cultures may have other approaches towards hierarchy and leadership, a business of one culture might have more rules in order to avoid uncertain situation, as another that sees a chance in those situations. Individualists might only see their job as work, while collectivists feel a relation to the colleagues and the company itself. Indulgence vs. restraint and

masculinity vs. femininity directly show in the behavior of people and thus, will also influence a working relationship. Additionally, long-term oriented cultures see a bigger value in relationships (with customers for example) and focus on economic growth.

Edward T. Hall's theory can also be found in a professional environment. When a central or northern European business man negotiates with a Chinese manager for example, the differences in communication can be huge. While a German or Finn, as low-context person, would directly say what they want to be done and how to achieve it, the Chinese person, coming from a high-context culture, would be indirect and understanding the non-verbal sign and behavior would be of bigger importance. It can also be possible that the cooperating cultures have a different understanding of time and while in one culture being late is seen as rude, it is normal in another culture and the people do not have a problem with that. This could be for example if a German manager, having a monochronic time approach, and a Southern American manager, most likely having a polychronic time approach, work together. While the German person would be on time, punctuality is not equally important in most Southern American countries (Duranti and Di Prata, 2009).

Two other cultural approaches are organizational cultures, which are own cultures built by a company, and working cultures, which is how a certain national culture approaches work. Every company can both have problems and benefits with different cultures working together. On the one hand, there can be cultural clashes but on the other hand, different experiences and points of view might bring new ideas.

5.3 Organizational culture

“Organizational culture includes an organization's expectations, experiences, philosophy, as well as the values that guide member behavior, and is expressed in member self-image, inner workings, interactions with the outside world, and future expectations. Culture is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid.” (BusinessDictionary, w.y.)

Just like national culture, organizational culture is built on certain values, in this case organizational values, and shared within a group, in this case the organization. Organizational culture influences and guides employees as well as managers in everything they deal with at work, for example when they communicate with customers or business partners. Additionally, it also determines if and how a person identifies with the own company. According to Hofstede (1993), corporate culture is integrated through the whole organization and reflects

the history of the company. It has a social structure, meaning that it is shared and maintained by the employees working in the company and it is very hard to change the corporate culture. (Hofstede, 1993, p. 203).

While the foundation of his theories about culture, a study among thousands of IBM-employees in many different countries, showed very different national cultures, he could not draw conclusions on the corporate culture. The Institute for Research in Intercultural Cooperation (IRIC), used the same approach but investigated many different companies in the same culture. The result was that the business practices differed very much between those corporations, but the values of the people were pretty similar, which shows the reverse way than in national cultures. Those findings indicate that national culture and corporate culture are two separate things. IRIC used the findings of their research to develop six dimensions, which were, in contrast to Hofstede's dimensions of national culture, focused on business practices instead of values. The six dimensions were means-orientation vs. goal-orientation, employee-oriented vs. work-oriented, local vs. professional, open system vs. closed system, easy-going work discipline vs. strict work discipline and internally driven vs. externally driven. A company, very much like a nation, can be classified in every of the dimensions separately and then compared to other companies. In the following, the dimensions will be explained shortly. (Hofstede, 1993, p. 213; Hofstede-Insights, w.y.b).

1. Means-oriented vs. Goal-oriented

In a means-oriented corporate culture, risks are avoided, people are rather lazy and it is not important what has been achieved but rather how it has been achieved. Contrary to that, a goal-oriented corporation has employees that always do their best to achieve the best possible outcome. Even though in most businesses the goal-oriented thinking should be preferred, there are fields like the pharmaceutical industry, in which routine and low risk are key. (Hofstede, 1993, pp. 213–214).

2. Internally driven vs. Externally driven

This dimension was first called “normative vs. pragmatic” and is focused on the customer-orientation of a corporate culture. On the one hand, an externally driven (pragmatic) company is one that has a great emphasis on the customer and meeting his requirements is the priority. An internally driven (normative) culture on the other hand, strictly follows a corporation's rules instead of doing what is best for the customer. (Hofstede, 1993, p. 216).

3. Easy-going work discipline vs. Strict work discipline

In a company with an easy-going work discipline, people are not following a structured way of working. This means that the work is done very flexibly and that the tasks are not seen as extremely important. The costs of certain projects are not controlled very closely and the employees often make fun during and of the work. In a corporation with a strict work discipline, the employees are more responsible towards their tasks and costs and also follow time-planning more accurately. Summed up, with a strict work discipline, people take their work more seriously. (Hofstede, 1993, p. 216).

4. Local vs. Professional

The fourth discipline deals with the way in which employees define themselves. In a local or organization-specific culture, the employees derive their identity from the company and unit that they work in, while a professional culture is one, where the people derive their identity rather from the position that they are occupying. People that are part of the local culture are short-term focused and see their background and family as something important. Very professional people, in the sense of this dimension, do not talk about their private life and plan for the future. (Hofstede, 1993, p. 215).

5. Open vs. Closed system

The fifth dimension compares closed systems with open systems. People working in units with an open system are open to new people coming in the organization, welcome them and facilitate their introduction to the job. In closed systems, the people are more introvert and new employees might need a long time to feel comfortable in the organization. This dimension is closely related to the way of communicating. (Hofstede, 1993, pp. 215–216).

6. Employee-oriented vs. Work-oriented

The last dimensions that will be explained is closely related to the leadership-style that is used within a company. People working in an employee-centered organization feel valued by their company, they think that the company feels responsible for making them feel comfortable. Additionally, crucial decisions are taken by a committee or another group of people. In a work-oriented culture, the pressure to perform is high, no matter if an employee currently has problems in private life. The only thing that is important for the company is that the employees are doing a good job. Important decisions are most commonly taken by the leader as an individual person. (Hofstede, 1993, pp. 214–215).

5.4 Project GLOBE

“GLOBE is an organization dedicated to the international study of the relationships among societal culture, leadership and organizational practices.” (GLOBE, w.y.b)

The project GLOBE (Global Leadership & Organizational Behavior Effectiveness) is a culture and leadership study based on the findings of Geert Hofstede’s initial four cultural dimensions published in 1980. However, it takes into account more factors than just the four dimensions as the researchers developed their own dimensions. The first GLOBE study, used as one of the main theories in this paper, started in 1994 and was published in 2004. It investigated the relationship of culture and leadership as well as organizational effectiveness by surveying more than 17,000 mid-level managers. The following edition from 2007 contained analyses of specific cultures and their values, leadership expectations and business practices. The third edition of the GLOBE studies compared the leadership expectations within a culture with the practices used by CEOs. It also focused on finding out general CEO behaviors that lead to a successful business. Additionally, the foundation plans a fourth study. (GLOBE, w.y.a).

Within the first study, the foundation investigated the different societal cultures of several countries. The dimensions used to do that include performance orientation, assertiveness, future orientation, humane orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance and uncertainty avoidance (House et al., 2004, p. 3).

The countries were classified from 1 (very low) to 7 (very high) in all of those aspects. Within the dimensions, the following was investigated:

1. Performance Orientation

This dimension is about the degree to which the culture values and rewards a good performance or a good result achieved by a member (House et al., 2004, p. 239).

2. Assertiveness

Assertiveness shows the extent to which a member of a certain culture is aggressive, confident and confrontational in communications and in relationships with other people (House et al., 2004, p. 395).

3. Future Orientation

This dimension reflects the degree to which a culture plans the future. While for some cultures the future is not important and nothing to think about in advance, others do carefully plan what will happen in the future. (House et al., 2004, p. 282).

4. Humane Orientation

In some cultures, relationships are more important than in others. In cultures, in which they are not so important, a focus on the performance or other factors might be the norm. This dimension reflects on the importance of a nice and fair behavior to others and the extent to which a culture values this behavior. (House et al., 2004, p. 564).

5. Institutional Collectivism

This dimension shows the extent of people within an organization acting as a collective. It also includes sharing knowledge and resources between more than just the closest group of people, for example a department. (House et al., 2004, pp. 450–463).

6. In-Group Collectivism

In-group collectivism is a difficult to define. It shows the “degree to which individuals express (and should express) pride, loyalty, and cohesiveness in their organizations or families.” (House et al., 2004, pp. 450–463)

7. Gender Egalitarianism

Gender egalitarianism rose in importance during the last few decades. This dimension investigated the extent to which there are still differences in the perceptions of roles of women and men (House et al., 2004, p. 343).

8. Power Distance

Power distance is the extent “to which the community accepts and endorses authority, power differences, and status privileges.” (House et al., 2004, p. 513) While in some cultures the decision-making power might be concentrated to the top-level managers, other culture might have a very flat hierarchy where the employees can make decisions themselves.

9. Uncertainty Avoidance

This dimension was already explained within Hofstede’s theory (see paragraph 4.2.1.1) and is about the extent to which a culture can bear uncertainty (House et al., 2004, p. 602).

As the assumption was that the different cultures require different leadership styles because of their values and beliefs, six global leadership dimensions were developed. For that, a

quantitative study was made with the help of more than 17,000 managers answering a questionnaire. The six global leadership styles will be shortly explained in the following. In every of those dimensions, there are several sub-dimensions summarized. Just like with the first dimensions, the scores range from 1 (greatly inhibits) to 7 (greatly contributes). The middle of the scale (4) said that this leadership behavior had no impact.

1. Charismatic/Value-Based Leadership

Charismatic Leadership was already defined in paragraph 3.3.2.1. However, the GLOBE foundation defined this dimension as the one reflecting on the leader's ability to inspire subordinates, as well as to motivate them. The outcomes and the company's values can be very important to not important, depending on where a culture is classified. Within this dimension there are, like in all others as well, several sub-categories, including performance-oriented and inspirational leadership. (House et al., 2004, p. 75).

2. Team-Oriented Leadership

This dimension shows the extent to which leadership is based on team-building and having common/shared goals (House et al., 2004, p. 75).

3. Participative Leadership

In this dimension, it is reflected on how much power the leader distributes to subordinates. While the leaders in one culture might take their follower's opinion into consideration, others have a very autocratic approach to decision-making. (House et al., 2004, p. 75).

4. Humane-Oriented Leadership

The fourth dimension shows "supportive and considerate leadership but also includes compassion and generosity." (House et al., 2004, p. 75) In other words, a very humane-oriented leader has a good relationship to his followers and is very supportive and kind to them.

5. Autonomous Leadership

Autonomous leaders are independent and individualistic. They have very unique attributes, are seen as different compared to other leaders and they do not rely on others for making decisions. (House et al., 2004, p. 75).

6. Self-Protective Leadership

This dimension focuses on the leader keeping his face and making sure that he and his unit, as well as his job are secured. Moreover, a self-protective leader often tries to keep the current situation to avoid risks. (House et al., 2004, p. 75).

5.4.1 Explanation of the analysis

In the following paragraphs, the findings of the GLOBE study are investigated. The structure contains general aspects about the German culture first. Within this paragraph, the cultural practices (also called current score/state) and the cultural values (also called desired score/state) are compared. The cultural practices are the scores that the respondents have given their country in 2004 when the study was done, while the cultural values stand for the score that the respondents would preferably see their country at in the future. After that paragraph, the results of Germany for all of the six leadership dimensions are investigated. Following the paragraphs about Germany is the same kind of analysis for the Finnish culture and leadership styles. In the end, both countries' cultural practices and values, as well as the preferred leadership styles (all according to GLOBE) are compared.

5.4.2 German culture

Germany was divided into Western and Eastern Germany for the studies of GLOBE. Therefore, the first step is to compare the findings made in both of the parts. The following diagram gives an overview about Germany's cultural practices and values, which will be explained in the text afterwards. For the diagram, the average scores of both parts are used. This is because the study was carried out in 2004 and the difference between both parts of Germany is anticipated to be smaller nowadays.

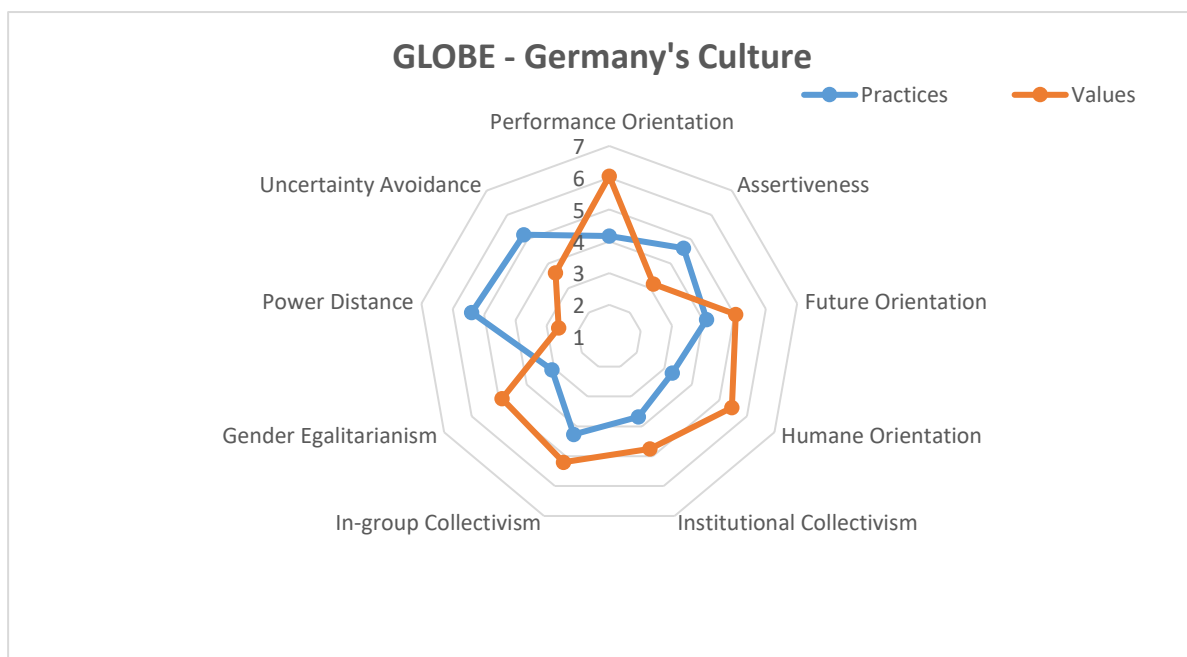


Figure 1: Germany's Culture according to GLOBE (House et al., 2004, pp. 239-654)

Eastern Germany has scored 4.09 points in performance orientation, making it medium in this aspect, but the desired score of the culture was 6.09 (House et al., 2004, pp. 250–251). The culture is rather assertive with 4.73 points, but the desired level of assertiveness was investigated to be way lower, at 3.23 (House et al., 2004, pp. 410–411). While the East of Germany is not very future-oriented (3.95), they wanted this score to be at 5.23 (House et al., 2004, pp. 304–306). Same goes for the humane orientation, which is at 3.4 currently and should be at 5.44 according to the participants of the survey (House et al., 2004, pp. 573–574). Rather low differences were found at the levels of collectivism, with institutional collectivism scoring 3.56 (desired 4.68) and in-group collectivism scoring 4.52 (desired 5.22) (House et al., 2004, pp. 468–471). Gender egalitarianism was still rather low at the time of the survey (with 3.06 current score and 4.9 desired score) but this was and is still subject to change in many societies (House et al., 2004, pp. 365–366). The biggest deviation occurred in power distance with a current score of 5.54 and a desired score of 2.69 (House et al., 2004, pp. 539–540). Eastern Germany also had a high uncertainty avoidance (5.16 with a desired score of 3.94) (House et al., 2004, pp. 622–623).

The western part of Germany did, in most aspects, not deviate much from the eastern part. With 4.25 current and 6.01 desired state, they scored about the same in performance orientation (House et al., 2004, pp. 250–251). Assertiveness was classified at 4.55 with a desired score of 3.09 points (House et al., 2004, pp. 410–411). The current and desired state in future orientation did not differ much in western Germany with 4.27 and 4.85 (House et al., 2004, pp. 304–306). The west is, just like the east, not very humane oriented, scoring 3.18 (5.46 desired) (House et al., 2004, pp. 573–574). The collectivism was 3.79 institutionally and 4.02 in-group and the participants wanted it to be at 4.82 and 5.18 (House et al., 2004, pp. 468–471). The same issue as in the east occurred in gender egalitarianism with 3.1 and 4.89 current and desired outcome (House et al., 2004, pp. 365–366). There was again a high gap between the current power distance (5.25) and the desired power distance (2.54) (House et al., 2004, pp. 539–540). The last dimension, uncertainty avoidance, got a score of 5.22, while the desired state was 3.32 (House et al., 2004, pp. 622–623).

What can be seen is that both the east and the west have big deviations between their current cultural practices and their cultural values. Germany is a country without really extraordinary practices but in some cases, it is on one or the other end of the average range investigated by the researchers. In the aspect of humane-orientation for example, both parts of Germany were on the lower end of the range while they were on the other side in uncertainty avoidance.

5.4.3 German leadership

Eastern Germany values charismatic leadership, which scored the highest result out of the six dimensions with 5.87. Team-oriented leadership was valued with a score of 5.51 and participative style got 5.7 points. Humane-oriented leaders (4.6) and autonomous leaders (4.35) were not that highly valued. By far the least points were given to self-protective leaders with a score of 3.32.

In western Germany, charismatic leadership scored the second-highest result with 5.84 right after participative leadership with 5.88 points. Team-oriented leadership was also rated high, with 5.49 out of 7. Just like in the eastern part, human-orientation and autonomous leadership did not score very high results with 4.44 and 4.3. The leadership style that got the least points was self-protective behavior with 2.96. (House et al., 2004, p. 714).

5.4.4 Finnish culture

Just like with the German culture, the following figure shows Finland's cultural practices and values.



Figure 2: Finland's Culture according to GLOBE (House et al., 2004, pp. 239-654)

Finland's culture, according to GLOBE, has a medium to low performance orientation of 3.81, but a desired score of 6.11 (House et al., 2004, pp. 250–251). Assertiveness was at 3.81, which was at that time already very close to the desired state of 3.68 (House et al., 2004, pp. 410–411). While the future-orientation got a score of 4.24, the participants of the questionnaire wanted it to be higher, at 5.07 (House et al., 2004, pp. 304–306). Same goes for the humane orientation, which was highly valued by the Finns with a desired score of 5.81

and a current score of 3.96 (House et al., 2004, pp. 573–574). Finns had a reverse perception about institutional collectivism compared to the average of all countries, as the current state in 2004 was 4.63 and they wanted it to decrease to 4.11. The in-group collectivism of 4.07 was desired to rise to 5.42, in comparison. (House et al., 2004, pp. 468–471). They also wanted to increase the gender egalitarianism from 3.35 to 4.24 points (House et al., 2004, pp. 365–366). Regarding the power distance, the Finnish participants wanted to have a very low power distance in the future and valued this at 2.19, while the current state in 2004 was valued at 4.89 (House et al., 2004, pp. 539–540). While uncertainty avoidance was rather high (5.02), it should decrease to 3.85 (House et al., 2004, pp. 622–623).

The biggest deviations between Finland's practices and values occur in performance orientation, humane orientation and power distance. However, the scores that were investigated were all in the average range defined by GLOBE.

5.4.5 Finnish leadership

In the Finnish perception of good leadership, charismatic (5.94), team-oriented (5.85) and participative leaders (5.91) are the ones that got the highest scores. With a big gap in between, human-oriented leadership and autonomous leadership scored results of 4.3 and 4.08 points. Self-protective leaders got the least points with 2.55. (House et al., 2004, p. 713).

5.4.6 Comparison of both countries

In summary, the GLOBE study from 2004 suggests that Germany and Finland are very similar countries. While there are some differences in the cultural values and practices, the leadership styles preferred in the countries are similar. A short comparison of the single aspects investigated by the study will be provided in the next paragraphs. In addition to that, easy-to-read tables are given. In the following analysis, the scores of Finland are compared to the average score of eastern and western Germany. If the deviation is less than 0.4 points (<6%), it was seen as such as slight difference that it is not significant for the purpose of this study. The line was drawn at 6%, because that way it is possible to only compare the biggest differences, without neglecting most of the factors. If the border was set to be at 8% for example, there would be more dimensions in which no difference could be seen.

5.4.6.1 Cultural Practices

While Finland and Germany share the same practices in performance orientation, a bigger deviation occurs in assertiveness where Germany's score is approximately 12% higher. Both countries have similar practices regarding the future orientation, in-group collectivism and gender egalitarianism, as well as regarding uncertainty avoidance. Finland is more humane-oriented (~9,5% higher score) and the institutional collectivism is higher (~13,6% higher score), while Germany has a higher power distance (~7% higher score). (House et al., 2004, pp. 239–654).

Table 2: Cultural Practices in both countries according to GLOBE

Dimension	Germany East	Germany West	Finland
Performance orientation	4.09	4.25	3.81
Assertiveness	4.73	4.55	3.81
Future orientation	3.95	4.27	4.24
Humane orientation	3.4	3.18	3.96
Institutional collectivism	3.56	3.79	4.63
In-group collectivism	4.52	4.02	4.07
Gender egalitarianism	3.06	3.1	3.35
Power distance	5.54	5.25	4.89
Uncertainty avoidance	5.16	5.22	5.02

Source 1: House et al., 2004, pp. 239-654

5.4.6.2 Cultural Values

Comparing the values of the countries, the scores in performance orientation, future orientation, humane orientation, uncertainty avoidance and in-group collectivism are similar. Deviations occur in assertiveness (~7,5% higher score in Finland), gender egalitarianism (~9,4% higher score in Germany), institutional collectivism (~9,1% higher score in Germany) and power distance (~6,1% higher score in Germany). (House et al., 2004, pp. 239–654).

Table 3: Cultural Values in both countries according to GLOBE

Dimension	Germany East	Germany West	Finland
Performance orientation	6.09	6.01	6.11
Assertiveness	3.23	3.09	3.68
Future orientation	5.23	4.85	5.07
Humane orientation	5.44	5.46	5.81
Institutional collectivism	4.68	4.82	4.11

In-group collectivism	5.22	5.18	5.42
Gender egalitarianism	4.9	4.89	4.24
Power distance	2.69	2.54	2.19
Uncertainty avoidance	3.94	3.32	3.85

Source 2: House et al., 2004, pp. 239-654

5.4.6.3 Leadership

Between Germany and Finland there is only one slight deviation, which occurs in the scores for self-protective leadership. The deviation in this aspect is about 8,4%. As both of the countries gave the style a very low score, that does probably only mean that Germany is more tolerant to this style of leadership, even though the scores themselves are very low. (House et al., 2004, pp. 713–714).

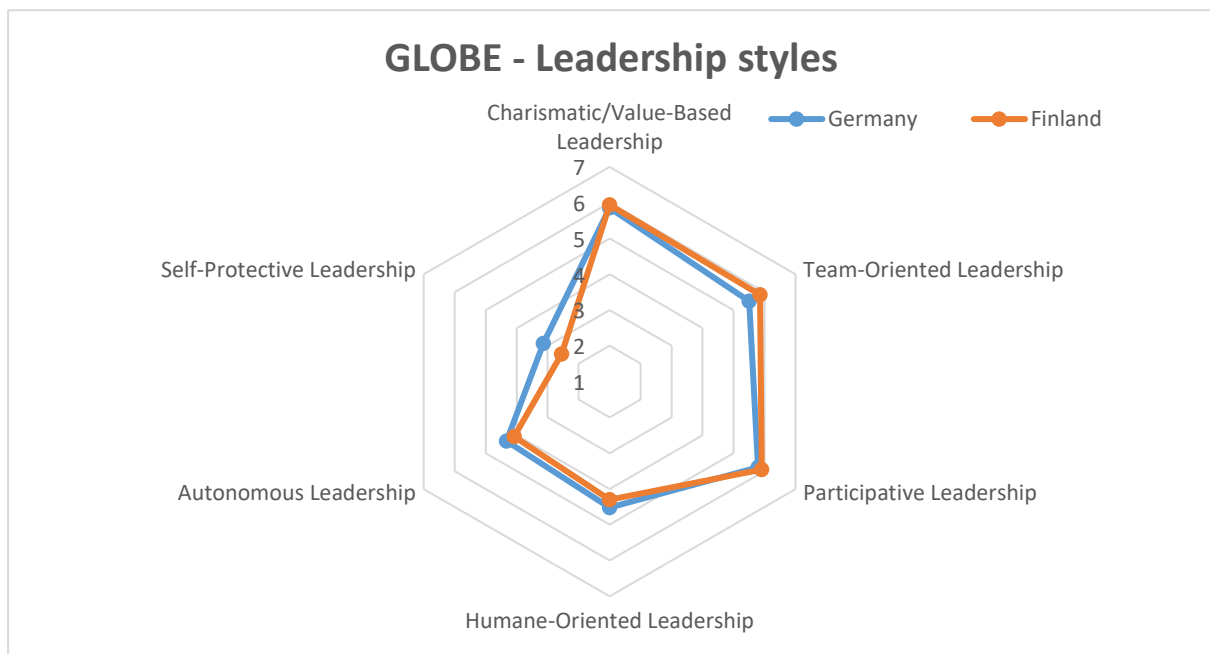


Figure 3: Comparison of both countries' leadership styles according to GLOBE (House et al., 2004, pp. 713-714)

5.5 When Cultures Collide

In the following part of the thesis, another well-known and accepted theory will be used to compare with the findings of the GLOBE study. The book in which it can be found is called “When Cultures Collide: Leading Across Cultures” and was written by Richard D. Lewis in 2006. As both of the books were published approximately at the same time, it will be interesting to see whether or not there are differences in the findings.

5.5.1 German working culture

According to Lewis, Germans have a monochronic approach towards time and want to finish one action before starting another. They are very straight forward and say if they do not agree with something. German companies have a rather steep hierarchy and chain of command (top-down) that has to be respected. In these companies, the decision-making power is often concentrated at a few people on top of the business. Lewis also writes that German bosses prefer a closed-door policy and that there is a rivalry between different departments. Germans enjoy having a luxurious lifestyle with an expensive house and car. They are said to be very structured, serious and low-context people. Further, they value honesty and directness. Appointments and punctuality are very important and binding for Germans. However, if they finished their work, the leisure time occupies an important role that should be respected. (Lewis, 2006, pp. 223–233).

5.5.2 Finnish working culture

The Finnish culture has a long history and is, even though the country was belonging to other countries (Sweden, Russia) for a very long time, still existing. Lewis writes about Finns being pessimistic and clumsy. However, they are also very sincere and warm-hearted, they are very tolerant, but do not want to speak publicly and are extremely individualistic. Finnish leaders in a modern corporate environment make their subordinates work in teams very often. They always try to find a good balance between authority and a flat hierarchy. The business climate is compared to other cultures very informal, which can cause problems in the beginning of a working relationship. The Finnish workers are loyal, reliable, and value honesty and punctuality. Their culture includes that they do not want to say much and value their private space. Even though they might have something to say, their own shyness or introversion keeps them from contradicting others. Finns work hard and do their work diligently, the author even stated that they are perfectionists. (Lewis, 2006, pp. 330–337).

5.5.3 Comparison between both countries' cultures

While Germans do a lot of small-talk, it is not common in Finland and one should rather make a pause in which it is silent. Germans always express their opinion, whereas Finns are typically more reluctant and only talk if they have important input to give. Finnish professionals often use their first name to address a colleague or business partner, while in Germany at least the last name, more often the academic title and the last name, are used. The

hierarchy also differs often, as it is usually steeper in German than in Finnish organizations, which leads to a closed-door policy in Germany and an open-door policy in Finland. Both of the cultures prefer a structured, responsible and thorough working style. Punctuality plays a key role in both cultures, but while Germans might be a little too early in many cases, Finns always try to be on the dot. Furthermore, Finns have a bigger need for their personal space than Germans do. (Lewis, 2006, pp. 223-233, 330-337).

5.6 Comparison of both theories

In the following part of the thesis, the two theories that were introduced and investigated earlier, will be compared to each other. As WCC only investigated the cultural aspect rather than the leadership part, this will be the focus. After that, a conclusion on the similarities and differences can be drawn.

While some of the aspects investigated within the GLOBE study were not used for Richard D. Lewis' theory, some others were used for both theories. Even though the second theory does not use the same terms or dimensions, it is possible to compare most of the aspects. However, the aspects that were not investigated here will be checked on in the empirical part.

According to GLOBE, Germans are rather performance oriented than not and their values are even more positive towards performance orientation. Lewis found similar things about the German culture, as he stated that they expect their results to be good and thus, compliments for success are rare. Further, he stated that Germans always want to spend their time in a profitable, productive way which supports this aspect. Same occurs in the aspect that deals with assertiveness. While GLOBE characterized Germans as assertive, WCC says that they are extremely direct and openly disagree if they want to. GLOBE classifies the culture as medium future-oriented, which is a bit more difficult in Lewis' theory. He stated that Germans have a very monochronic approach towards time, which means that they value time very high but also that they want to finish and focus on one task at a time. Still, he also states that they plan into the future, which can be kind of confusing as it somehow contradicts the first part. That the theory stated those two different things makes it clearer why Germany is medium in this aspect of the GLOBE study and the results match good.

While the humane-orientation in Germany is very low according to GLOBE, WCC states that Germans are honest, fair, loyal and good friends, even though they openly tell if something was done wrong. This indicates a rather high humane orientation as this is pretty much exactly what GLOBE tested in their dimension. While this is the first difference between the

theories, there is another that can be seen in the aspect of institutional collectivism. In this aspect, Lewis states that there is often a rivalry between departments and information is kept internally, which indicates a very low score. Even though GLOBE also investigated a low- to medium score, there is still a difference between the extent of the dimension. The hierarchy aspect, called power distance in GLOBE, was seen as pretty high in both of the studies. WCC did not investigate the three remaining dimensions, which makes a comparison impossible at this point of the paper.

When looking at the Finnish culture, there are five dimensions of GLOBE which were not investigated in Lewis' theory, but still there are some interesting things to take into consideration. While GLOBE found a medium score in assertiveness, WCC states that Finns are extremely reluctant and do often keep their opinions to themselves, which would mean a very low assertiveness.

Additionally, GLOBE found a high institutional collectivism which is not validated by Lewis, who says that Finns are very individualistic. Still, they work in groups a lot, which makes a rather high in-group collectivism. This is agreed on from both sides, even though in WCC it is written that if a Finnish employee has an individual task to do, then he wants to finish it individually and without constant supervision. While GLOBE also found a medium to high power distance in Finland, Lewis states in his book that there is a low power distance and that decision making does not often require the permission of superiors.

5.7 Both countries' scores in Hofstede's model

As the GLOBE dimensions were built on Hofstede's dimensions, there should be a strong connection between both of the theories and subsequently, the scores should be similar. This paragraph will be used to see how Germany and Finland score in Hofstede's model (see paragraph 4.2.1.1) and whether there are also differences in this theory. Within the dimensions of power distance, individualism and uncertainty avoidance, there are almost no differences between the two countries, as the score goes from 0 to 100 and the differences are 6 points at most. Both countries have a low power distance, are rather individual and uncertainty avoidant. In masculinity, a big deviation appears with Finland scoring 26 and Germany scoring 66 points. The same can also be seen in long-term orientation, where Finland scores 38 and Germany scores 83 points. With 40 points, Germany is also a rather restrained culture, compared to Finland with 57, which is rather indulgent. Germany's scores do not differ much from what the other theories suggest. Only the low power distance contradicts

what is written in the other theories. The aspect of long-term orientation is classified higher in Hofstede's theory. Finland's scores do also not differ very much, but they confirm that Finland is characterized as being very individualistic and that there is a low power distance. In general, one can see that Hofstede's scores for Finland are closer to the WCC scores than to the GLOBE scores. This is interesting because the initial dimensions of Hofstede built the basis for the GLOBE study. (Hofstede Insights, w.y.a).

6. Interviews with German and Finnish leaders

As already stated in paragraph 2, interviews with experts were used for the empirical part of the study. Those interviews took part between March 28 and April 05, 2019. In this paragraph, the questions will be stated and an explanation of the importance and the reason for the choice of the question will be given. After that, the outcomes of the interviews will be shown, before they will be compared to the theoretical findings. In the end, guidance on how to lead in both cultures will be given.

6.1 Research method

For the purpose of the study, expert interviews were used. This paragraph will deal with the characteristics of the method and the reason why it was chosen. In general, an interview consists of an interviewer, who orally presents a topic and questions to the interviewee, who answers them. There are several types of interviews, which include personal interviews and phone interviews. For this paper, skype interviews were used additionally. All of the interviews followed a structured way, which means that the questions and its order were set in advance. Even though unstructured interviews would allow a bigger flexibility, predetermined questions were used to make sure all of the required topics would be treated within the interview. This way, it was possible to compare the answers to each other. Interviews were seen as the research method that allows the best possible insights into the topic, as the respondents would answer the questions specifically designed to the topic and, compared to surveys for example, could still give new insights. As the interviews treated given hypotheses developed earlier, qualitative research furthermore seemed more suitable than quantitative research. (Kothari, 2004, pp. 97–99).

As leaders usually have a lot of work to do, their interest in taking part in the research was supposed to be rather low. Therefore, a convenience sample was chosen to find respondents. This type of sample is a non-probability sample, which consist of possible respondents that

are conveniently available for the researcher to take part in the study (Etikan, 2016). However, all of the respondents were suitable for taking part in the interviews, which means that the sample is seen as representative and significant. All of the respondents were contacted by e-mail or, in one case, via LinkedIn.

6.2 Questions

The questions should cover the two most important aspects of the thesis. The first part is about the cultural differences between the countries. Those could be either asked for directly, if managers with relationships to both countries can be found and convinced to help, or be asked in open questions about situations in which the theory suggests that the cultures might act or respond differently. The second aspect that the questions should deal with are the leadership styles within the countries. Even though the theory suggests that they might be very similar, it will be interesting to see if there are differences as well. It is important to mention that the focus of the question is on the leadership-styles, as they occupied a minor role in the theoretical part. Leading questions should be avoided in order not to falsify the study and to leave space for new insights and opinions. For that reason, the first three questions are kept very general and open.

1. What is, for you personally, most important when leading people?

With the first question, it should be possible to get a first understanding of the leadership styles the interviewees could be part of.

2. How does the German/Finnish culture differ from others?
3. How does leadership in your country differ from others? What are its most unique attributes?

The second and third question are used to get insights on the topics that research question one and two (see paragraph 1.1) deal with.

The other questions are directly related to either one or both of the theories and to the differences that were found between them.

4. Is it common in Germany/Finland for departments to work a lot together? Is it common for departments to have a good relationship to other departments?

These two questions were used to get an insight on the dimension of institutional collectivism. In the interviews, only the first question was directly asked for, as the second part could have been leading. If necessary, the second question was added as a follow-up question.

5. During a meeting, do you tend to speak publicly and express what you think? Do you think that your colleagues also do that? Do you expect them to?

In order to get more insights on the assertiveness of the leaders and teams in both cultures, those questions were used. As WCC suggested that Finns do not want to speak publicly, this question is of importance for both theories.

6. Do you think Germany/Finland is a performance-oriented country? Why? Where does the focus lie?

This question was used to confirm or disconfirm the findings on performance-orientation, that were part of both the project GLOBE and WCC.

7. How does decision making happen? Who has the power and who is consulted?

The questions 7 and 9 were used to get more insights on the leadership style and were mainly treating the participative and team-oriented dimensions. Also, the extent of power distance could possibly be seen.

8. What does your management structure look like?

The management structure gives an indication of the power distance in every of the companies that the leaders work in. This dimension was important for both theories and treated extensively in the theoretical part.

9. Do you often delegate power to subordinates? When do you delegate and when don't you delegate power?

As mentioned before, this question was closely connected to question 7.

10. How important is team-building for you personally? Is it important to have a team working on a project instead of individuals?

These two questions were focused on both the team-oriented leadership styles and the collectivism within the working culture. Both of the aspects were part of the GLOBE study, but partly also mentioned in WCC.

11. How important is it for you to have a good relationship to your employees? How important is it to make the employees think positively about you as a person?

Those questions were treating the aspect of humane-oriented leadership used in the GLOBE study.

12. How would you describe the German/Finnish working culture?

The last question was used to get insights on how a German leader thinks about the Finnish working culture and vice versa. In the interviews with leaders that experienced both cultures, it was specifically asked for the differences between them.

By using these kinds of questions, it should be possible to see whether or not there are differences in the cultures and how these differences are perceived by leaders. In case that the respondent had knowledge about both of the countries' working cultures, the questions were adjusted to get country-specific answer to both of the cultures. Furthermore, in those cases a bigger focus was laid on the differences between the cultures. While the interviews with the Finnish leaders were conducted in English language, the interviews with the German leaders were done in German and translated afterwards.

6.3 Respondents

In the following paragraphs, the respondents of the interviews are briefly introduced without mentioning their name. A short description of their current positions, as well as of their experience will be given in order for the readers to get an understanding of the composition of the sample.

6.3.1 German leaders

Two of the people that the interviews were conducted with are German leaders that have not experienced the Finnish working culture. This group of respondents was chosen in order to get input that is really about the German working and leadership culture. A third candidate with experience in the Finnish working culture should furthermore help to understand the differences. All of the three interviews were conducted through phone calls and skype interviews, as it was not possible to meet personally.

One of the respondents within this group, respondent A, is a department manager of a German industrial company. After working five years as a project manager, he obtained five years of experience as a team leader and has now been working as the head of a department, consisting of 12 people, for more than two years.

The second respondent, respondent B, currently works for a marketing consulting agency, where he is a managing partner. There are 11 employees in the agency at the moment. Before that, the respondent ran his own marketing communications agency for more than 20 years.

Respondent C currently owns an engineering and consulting agency and has a lot of experience working in highly international businesses. During his time at a big Finnish sports goods company, he experienced both the German and the Finnish working culture and therefore, contributed with insights on both of the cultures.

6.3.2 Finnish leaders

Just like in the first group, this group consists of two leader that have not experienced the German working culture and one leader who has experienced both of the cultures. It should therefore also be possible to get insights on both the Finnish working culture and on how the cultures differ. The interviews with the Finnish leaders took place in personal meetings with the respondents.

Respondent D, the first respondent of this group, is CEO of a Finnish industrial company currently employing 25 people. Before that, he already founded his own company which he sold to a British corporation.

Another respondent of the second group, respondent E, is currently working as head of the R&D department in a Finnish company. Her team consists of 15 people and she has been working in this position for about 3 years. Before that, she was responsible for a smaller team, where she gained 5 years of leadership experience.

The last respondent, respondent F, works for a German company conducting business worldwide. She is head of the procurement department, based in Finland, and responsible for the Nordic countries. Her team currently consists of 15 people. For more than 20 years, she has been working closely together with Germans and had a German boss for approximately the same number of years. Just like respondent C, she was able to contribute with insights into both of the working cultures.

6.4 Findings

The following paragraphs will state the outcomes of the interviews, which will afterwards be used to draw conclusions on whether or not the findings from the theoretical part were confirmed. Within the following paragraphs, the terms interviewee, leader, expert and representative are used as synonyms for respondent.

6.4.1 Interviews with German leaders

The first question of the interviews was used to understand what the respondents see as important when leading people and thus, get a first understanding of which leadership style they could be part of. One of the German leaders, leader A, answered that “in a motivated team and with a good mood in the team, 10 people can do the work of 15 people that are less motivated” (Personal communication with respondent A, 28.03.2019), which means that for him, good mood is the most important aspect. Respondent B stated that it is most important that the team delivers the desired outcome and expert C mentioned that trust is the core value and that it is very important for him to be a role model as a leader. These answers indicate that while leader A is extremely team-oriented with humane-oriented traits, respondent B is very performance-oriented, which is part of the value-based leadership dimension. Representative C could be classified as an inspirational leader, which is also a sub-dimension of the charismatic/value-based leadership dimension. However, expert B also agreed that the atmosphere within the team is important, which means that team-orientation is also a part of his philosophy.

The respondents stated that in Germany, the working culture is pretty hierarchical, which indicates a high power distance. Respondent C added that in the German working culture, the way of communicating is very important while in Finland, the pure message is important. It is important to mention that the German working culture can differ a lot. Leader B even stated that there is no common German working culture and that small- and medium-sized enterprises (SMEs) are extremely flexible nowadays, while big corporations might still work in a hierarchical and traditional way. Respondent A agreed with that aspect and stated that leadership in Germany is about to change from a very dominant to a team-oriented style. Still, the German boss is very confident and dominant in his opinion. Interviewee B saw planning and organizing as very important, which shows a rather high future-orientation.

Two of three respondents answered that departmental thinking is common in Germany, while the third said that the departments do work together a lot, even though some departments may

not really like the others. However, the extent to how this applies was seen as different. While representative A stated that he has experienced this self-oriented mindset very often and thus, sees a rather low institutional collectivism, respondent B said that it is improving more and more due to the increasing lateral communication and hierarchies that are rather flat.

There was also a difference in how the German respondents approach meetings. While two of them said that they first think about what to say but almost always express publicly what they think, leader B stated that he always has an opinion, but that he sometimes keeps it for himself. As the theory suggests that Germans have a rather assertive approach to communications, it is interesting that one respondent seemed to be more moderate in this aspect. Expert A compared to that, stated that to him the ability and willingness to express and address problems publicly is the "most important reason for why German engineering became as successful as it is today." (Personal communication with respondent A, 28.03.2019)

Even though all three respondents agreed on Germany being a performance-oriented country, the answers differed in this aspect. Respondent A answered that the focus of German performance-orientation is set wrong in his opinion, as it is often more important how a task is executed than how the actual outcome is. For leader B, the focus clearly lies on the outcome of a project and he sees a very high pressure to perform, which might even lead to employees not able to handle the pressure. However, leader B also stated that other things besides from performance rise in importance, as he stated work-life balance as increasingly important. WCC also stated that Germans do value their leisure time but also work very hard, which is why that fits the theory pretty good. Respondent C perceived Germany as a performance-oriented country in which both the outcome and the way to reach it are very important.

All of the respondents said that they try to let their team participate in decision if possible. While two leaders stated that the individual decisions might outweigh the team-decisions, they also said that it is the task of a leader to make these decisions. The third respondent, expert B, agreed with that and the reason for why he stated that team-decision happen more often than individual ones might be the type of industry and company he works in. However, all of them seemed to have a participative style. This was confirmed within question number 9, where the outcome was also that the team could, if possible, make decision by themselves.

Depending on the industry and specific company, there is a rather high power distance in Germany according to the respondents. Representative C stated that he thinks that the extent of different hierarchies is extraordinarily big in Germany.

For two of the three German leaders team-building and with this, making the employees working on a project as a team instead of individually, is very important. Their replies were very similar, as interviewee A stated mutual respect and acceptance as key values and interviewee B mentioned trust as most important.

While respondent B also thought about team-building as an important aspect, especially for young people and new team members, he said that a good team does not assure a good outcome. This means that in his opinion a team of experts that does not usually work together, and is therefore not as much of a team as others, might sometimes still be able to deliver better results.

The relationship to the team was very important for all of the interviewees. However, while a trustful, fair and respectful relationship was key for them, it was not important how their team thinks of them as a person. All of them agreed that being liked is not the task of a leader, which indicates a rather, but not extremely, team-oriented style that is far from self-protective leadership. Respondent B added however, that if the productivity and outcome of a team is good, he can also cope with members of the team that he has a mediocre relationship with. (personal communication with respondent A, 28.03.2019; personal communication with respondent B, 01.04.2019; personal communication with respondent C, 03.04.2019).

6.4.2 Interviews with Finnish leaders

After answering the first question about the most important aspects when leading people, respondent D and F seemed to be part of the team-oriented leadership style, while respondent E seemed rather humane-oriented. Expert D stated that freedom for the employees to do their work individually is the most important thing in his opinion, which shows that he is also very participative. Respondent F, who seemed to have a similar style of leading people, said that she wants to be a role model and a “servant for her team” (Personal communication with respondent F, 05.04.2019), which means that she tries to give them all the resources, information and directions for them to be able to work as efficiently as possible. Leader E however laid a big focus on “soft” values and on the employees feeling well when doing their work.

The Finnish working culture was classified as very informal and flexible without many hierarchical levels. The respondents also stated that there is often a friendly basis and that Finns try to address things directly. However, representative F saw the Finnish way of working as very target-oriented and hard-working and stated that in the Finnish working culture, every employee trusts in the capabilities of the colleagues.

Leadership in Finland was seen as more flexible than in Germany. Even though the first two interviewees of this group said that the traditional Finnish leader is very dominant and straight forward, all three agreed that this changes and that nowadays, Finnish leaders are rather participative and team-oriented with an open-door policy.

A deviation occurred when asking the question whether or not it is common to have a good relationship with other departments. While two of the respondents said that they had already experienced departmental thinking, one said that she does not think that this is the case in Finland. Expert D said that, in his experience, departments do “often have a problem with recognizing good work done by other departments” (Personal communication with respondent D, 01.04.2019) and that they sometimes do not want to solve problems that were caused by other departments. Similar things were expressed by respondent F, who said that there is a competition or rivalry between departments and even between different production sites of the same company. Interviewee E, in contrast to that, stated that the willingness to work together is always there but sometimes there is not enough information transfer by mistake.

In meetings, respondent D stated that he is quite impulsive and always expresses his own opinion, no matter which topic it is about or if it is a positive or negative statement. The only thing that is important for him is not to hurt the feelings of other people but to stay focused on the topic. Leader E said that she most often expresses her thoughts but that, in cases when she has to represent the opinion of a group of people or the whole company, she does not always agree with that. The last respondent, expert F, said that sometimes she keeps things to herself but that this is mainly if she does not want to influence the outcome of a discussion. All of the leaders agreed that they try to encourage their team to always give input but that Finnish employees are pretty reluctant and thus, some just do not want to say anything.

The question that was about the performance-orientation brought up one clear answer, which was that Finland is very much focused on performance. The outcome of a task is seen as the most important, whereas the way to reach a goal is of lesser importance.

Just like the German leaders, the Finnish managers try to lead in a participative way and make decisions in teams. However, they stated that this is not always possible and that individual decisions are part of the role that they are in. Respondent E stated that letting the team participate in decisions “strengthens their commitment” (Personal communication with respondent E, 04.04.2019) towards the decision and the team itself and is therefore extremely important in her opinion. As question 9 was closely related to this question, the outcome agreed with the answers given in question 7.

Interviewee D stated that making subordinates make their own decisions is important for increasing their motivation and respondent E said that her team consists of experts only, which is why she does not make all decisions by herself. However, if one of her team members has a question, she does not answer it but tries to lead the employee in a certain direction so that he can find his own solution. Leader F stated that she thinks in Finland it is easy to get decision-making responsibility if one is able to show that he or she is capable of making these decisions. Formal authority plays a minor role compared to other countries in her opinion.

While one respondent stated that he thinks the power distance in Finland is rather low and that middle managers can, in some cases, have the same power as the top management, the other two stated that there is a high power distance. For respondent F however, it was crucial to mention that her company is of German origin and thus, the power distance may be even bigger. She stated that there might be a flatter hierarchy in other Finnish organizations.

All Finnish leaders agreed on team-building as a vital part of good leadership. The respondents D and E stated that they think people with different strengths, backgrounds and different knowledge might work well together and thus, they try to have a team in which the individual members are different from each other. Expert F even stated that it is important for the team members to have a good interpersonal relationship, as well as a professional relationship. She also said that in her company “nobody can work only by himself” (Personal communication with respondent F, 05.04.2019).

Their own relationship to their subordinates played a very big role for them. While respondent D still tried to distinguish between working life and a personal life, the other two experts said that they also want to be liked by their employees. Representative E added that this might even be a bad thing in some cases, whereas it is a necessary part of respondent F’s leadership style. Respondent F mentioned that only if a leader can talk very privately with the subordinates, it is possible to understand their problems and underlying obstacles to how

work could still be organized better. (personal communication with respondent D, 01.04.2019; personal communication with respondent E, 04.04.2019; personal communication with respondent F, 05.04.2019).

6.4.3 Analysis of the findings on Germany

The theoretical part showed the German culture as rather performance-oriented and very assertive with a high power distance. After the interviews with German experts, those findings can be partly confirmed, but there were also some different opinions.

Every leader agreed on the fact that Germany is performance-oriented, while there were also some indications that the outcome of a project is not the only thing that matters in the German working culture. The aspect of assertiveness could be confirmed, as every respondent stated that they first think, but in most cases openly say if they disagree with something. This indicates that Germans are not reluctant at all when it comes to expressing their opinions, even though those might be negative. The rather high power distance, that was discovered by comparing the theories, was also confirmed empirically. While respondent A stated that there is a low power distance in his department, he also agreed that the organization he works in has many different levels of hierarchy with a CEO that has the ultimate decision-making responsibility. As stated in paragraph 6.3.1, representative C also confirmed that, even though he has experienced many different working cultures already, he has never experienced so many different hierarchical levels in other cultures. However, as mentioned by respondent B, hierarchy depends a lot on the nature and structure of a business and therefore, smaller or “younger” businesses might have a flatter hierarchy.

WCC, and partly also GLOBE, suggest Germany to be a low-context culture, whereas respondent C clearly stated that he thinks in Germany the message and the delivery are both very important. This indicates that Germany is rather high-context compared to other cultures. That Germany is future-oriented was mentioned by leader B, which was seen as medium in the studies that were used. Lewis did however also write about Germans being future-oriented and Hofstede's results confirmed this.

When comparing WCC and GLOBE, a deviation in the aspect of humane-orientation was found (see paragraph 5.6). While GLOBE indicated that Germany had a rather low humane-orientation, WCC suggested a rather high one. Even though the interviews did not directly treat this aspect, there were some indications that German leaders are indeed rather humane-oriented. This could be seen for example when asking about the most important things when

leading people. Respondent A stated good mood and motivation within the team as key factors. Further, leader A also said that he highly values a good relationship with the team, while respondent B was more focused on the outcome and had a rather low humane-orientation.

Regarding collectivism in an organization, the interviews agreed with the theory on Germany being an individualistic culture. While two of three experts stated that there is departmental thinking in Germany, respondent B said that there might be departments that have a rather distant relationship, even though they do work together regularly. However, as good atmosphere in the team is encouraged, the in-group collectivism is higher than the institutional collectivism.

For the leadership styles, the interviews showed that the results of the theoretical part are right. The only styles that could be investigated were team-oriented leadership, performance-oriented leadership and inspirational leadership, which are all part of the dimensions that scored well in the GLOBE study. Additionally, the people answering the interview showed participative leadership aspects, which also confirms GLOBE's investigations (see paragraph 5.4.3). By answering that it is not the task of a leader to have a good personal relationship to the employees, the experts showed that self-protective leadership is not part of their philosophy. In case there are problems with the employees, their answers indicate that they would also be willing to make unpopular decisions and would not try to avoid them just to keep the current state.

6.4.4 Analysis of the findings on Finland

In the theoretical part, Finland was shown as a culture that was medium in many aspects. They were said to have a rather high institutional collectivism and below medium performance-orientation and assertiveness. Those aspects were seen differently in the interviews that were carried out.

Institutional collectivism was seen as low, with two experts stating that they had experienced a strong departmental thinking and competition within their companies. Respondent D stated in that regard that there is a "not-invented here syndrome" and that "this was the reason why Nokia failed." (Personal communication with respondent D, 01.04.2019) Representative F, who experienced both cultures, said that she does not think that this aspect is worse in Germany, as departmental thinking is already very common in Finland. What is interesting is that even though WCC sees Finland as very individualistic, the GLOBE study and Hofstede

Insights see it as medium, which aligns with what the interviews revealed about in-group collectivism.

The performance orientation was seen as rather high, with all of the leaders stating that Finland is performance-oriented and that the outcome is the most important factor in this respect. The low assertiveness could partly be confirmed with the interviews. While one respondent, respondent D, said that he would always express his opinion publicly, respondent F stated that she does not always express her opinion.

In Hofstede's model, Finland had a very low future-orientation (Hofstede Insights, w.y.a). Two of the respondents clearly stated that Finnish workers just want to do their work without having to plan and being controlled very much. This means that even though it was not directly asked for, there are also some similarities in this aspect.

What is interesting is that the interviews indicate that Finland is even more humane-oriented than investigated in the theoretical part. Respondent E and F stated that they want to have good relationships with their employees and also when it comes to the employees themselves, they expressed how important it is that they like each other. Respondent F said in this regard that it is very important in Finland to have a good relationship to colleagues as it is difficult for Finns to distinguish between working and personal relationship. This fits what Hofstede investigated in his masculinity aspect, as soft values are connected to a rather feminine working culture.

The interviews could not confirm that Finns are very individualistic. The experts even talked a lot about the importance of relationships and interpersonal things, which might lead to the assumption that they are not that individualistic when performing their work. However, Finns might be more individualistic privately.

When comparing the leadership styles investigated by GLOBE and in the interviews, there were some small deviations. In theory, Finland's leadership styles were very similar to the German ones, but there were minor differences in the answers collected in the interviews. One respondent was very team-oriented and participative, while another had similar traits, but also showed some more humane-orientation. The third expert can be seen as a part of the humane-oriented style. While humane-oriented leadership was seen as having almost no impact according to the GLOBE study, the other two investigated leadership styles scored more points which means that they were valued higher within the study.

6.5 Conclusion on the theoretical and empirical findings

While some findings from the theoretical part could be confirmed with the expert interviews, others were not confirmed. Even though only a small sample was used for the interviews, conclusions on the working cultures and leadership styles within both Germany and Finland can be drawn. To have an overview about the main similarities and differences between both of the two cultures, and thus be able to answer research questions 1 and 2, the main findings of the theoretical and empirical part will be stated again in the following. After that, all the findings will be used to draw conclusions on the most important aspects.

In the theoretical part about the GLOBE study (see paragraph 5.4.6), it was investigated that Germans are more assertive than Finns. Additionally, there was supposed to be a higher power distance in Germany, while Finland was said to be more humane-oriented and to have a higher institutional collectivism. However, Finns wanted their own assertiveness to increase and Germans wanted to put more emphasis on gender egalitarianism, a lower power distance and a better institutional collectivism.

Richard D. Lewis (see paragraph 5.5.3) saw differences in how Germans talk more than Finns and are more assertive and formal. Furthermore, he said that Germany has typically a higher power distance and with that, Germans prefer a closed-door policy which is not the case in Finland.

According to what was investigated by Hofstede, Germany is more long-term oriented than Finland. They do also have a more restrained culture with many rules and are way more masculine than Finland.

The differences that were found in the interviews (see paragraphs 6.3.1 and 6.3.2) are that Germany's working culture is more formal, the context of a discussion plays a bigger role and most often there is a bigger power distance. While both of the countries are performance oriented, the Finnish culture is more focused on outcome and does not control the way work is conducted very much. Also, it was stated that to be successful, formal authority and educational background are way more important in Germany than in Finland. In both countries, the trend is to implement a participative leadership style and delegate power to the team. The last difference that was investigated is that Germans are able to differentiate between work and private relationship, while it is inseparable for Finns.

When using all the findings, it is easy to see that the German and Finnish working culture have many similarities, but that there are also numerous differences. The main similarities of the two working cultures are the following:

- The institutional collectivism, which was said to be higher in Finland, seems to be about the same as that in Germany. There is departmental thinking in both cultures, which indicates that the collectivism is rather low in both countries.
- However, there seems to be a high in-group collectivism due to the fact that almost every respondent underlined the importance of having a functioning team.
- Both of the cultures are very performance-oriented, even though the Finnish culture might even be more focused on the pure outcome.
- The leadership styles of the cultures are very similar, even though humane-oriented leadership is more common in Finland. Both cultures have a very participative approach to leadership and try to delegate power as often as possible.
- In both countries, the core value for working together seems to be trust. While both Germans and Finns stated this within the interviews, it could also be seen that Germans try to trust but do still have a strict controlling system.

The main differences that were investigated in the thesis are the following:

- Finland is more feminine and humane-oriented. Even though there is an ongoing change in German SMEs, the culture itself is not very humane-oriented. For the Finnish culture however, there were more answers that significantly showed the importance of the topic.
- In the German culture, controlling plays a way bigger role which is why the performance-orientation is also focused on the way how work is done, compared to Finland where the outcome is most important.
- The German culture is by far more formal than the Finnish culture, which makes it rather hard-to approach and, as stated by the respondents, makes the Finnish culture more friendship-based and natural.
- For the Finnish workforce, an open-door policy is the norm. While there is also a shift towards that in Germany, a closed-door policy is still more common.
- That Finns are more individualistic than Germans was investigated in both the interviews with leaders having experienced both cultures and the theory. However, it was found out that this mainly relates to private life and not so much to working life.

- The power distance seems to be bigger in the German culture. Even though traditional German corporations tend to have an extremely complex hierarchy, the same was stated for two of the Finnish respondents. It is however important to mention that one of those respondents works in a German company.
- Germans are in general more assertive than Finns, even though the interviews showed one exception.

6.6 Best approach for leadership in both cultures

Based on the findings stated in the previous paragraph, the third research question shall be treated within this paragraph. Even though there are more differences mentioned than there are similarities, it does not mean that the cultures of both countries differ very much. Many of the differences would probably neither hinder the working relationship significantly, nor would they be hard to integrate into the current working culture and thus, the attitude and behavior of a German or Finnish leader.

Even though the humane-oriented leadership style is more common in Finland than in Germany, a German leader's style would not be seen as completely uncommon in Finland, and vice versa. While a traditional German leader is rather value-based, the team-oriented and participative leadership style is growing in popularity and some humane-orientation could also be found. The same goes for Finnish leaders, who traditionally have been said to be very direct and autocratic. Within the study, it was seen that in both countries team-oriented and participative leadership aspects are very popular.

While the overall leadership style would probably not lead to discrepancies, there are some aspects of the working culture that should be adapted when working with and in the other country. As there is a high humane-orientation in Finland and the Germans' cultural values investigated in GLOBE were also focused on increasing the humane-orientation, Germans should try to adapt in this aspect. One factor that is closely related to this aspect is the open-door policy that Finland has, which allows employees to talk to their superiors openly and lets the leaders understand their problems. All in all, German leaders should try to give the subordinates the feeling that their individual interests have high importance for the team. When working with Finns, they could try to build a more personal relationship as a leader.

Another aspect that could help in this regard is making the German working culture more informal. When talking to colleagues, and even bosses, by using the first name, the relation immediately feels more personal. This was agreed on by two German leaders, who said that the Finnish working culture seems more harmonic and less hierarchical.

Even though German leaders should try to adapt in this aspect, it is advisable for Finnish leaders to try to differentiate between working and private relationships. While the interviews showed that they want to have a good personal relationship with their employees, they also stated that it can be hard to make difficult decisions, like laying-off workers, when having this kind of relationship. However, as those decisions are a vital part of being a leader, it is important that they should not hesitate, but make difficult decisions for the common welfare of their company.

Even though there are still very complex management structures in German corporations, SMEs try to implement a flatter hierarchy, which makes the German and Finnish culture more similar in this aspect. A German leader has to be prepared for the flatter hierarchy when conducting business in Finland.

Both of the cultures are very performance-oriented, with Germany controlling the way how work is done and Finland focusing more on the outcome. What is interesting is that one German leader said that the focus is set wrong in Germany and that one Finnish leader answered that the German way is better in her opinion. This indicates that a compromise between both approaches would probably lead to the best possible result. In Finland, the way how an employee reaches a goal is not controlled very closely, which can lead to discrepancies with the leaders, if they had wanted it to be done in another way. In Germany however, performance losses can happen due to the high effort and time spent on controlling every single step within a process. When finding a balance between both of the practices, the risk of both disadvantages can be minimized.

The Finnish workforce in comparison should try to increase their own assertiveness and become more direct. While every Finnish leader agreed on the fact that the input from their team members is very important, they also stated that there are always people that do not want to express their thoughts. The German approach to that is more assertive, which can be perceived as rude by Finns. However, as team decisions play an important role in both of the countries, Finns should try to adapt when working with Germans.

7. Summary

Within the thesis, the research questions stated in the beginning could be answered. By comparing several theories and conducting interviews with experts, it was possible to find several similarities and differences between the two cultures, which are important when conducting business in or with both of them. After those findings were made, the differences were used for the last part of the thesis, in which the aim was to state how cultural clashes can be avoided. In the following section, a critical view on the validity and reliability of the thesis is taken, before mentioning some ideas about possible future research.

7.1 Critical view on validity and reliability

Within this study, common theories as well as opinions of experts were used. It is important to know that, even though the study gives a clear picture of how culture and leadership in certain countries look like, there are some limitations in their validity and reliability.

One of those limitations is that the theories may lead to stereotyping, which should not be supported by the thesis. Even though some of the aspects investigated in the theoretical part were confirmed in the empirical part, that does not mean that every member of a culture behaves in the same way or that every leader within a culture uses the same approach. In the end, both culture and leadership style are also influenced by individual personalities and it is difficult to draw a line where culture ends. Therefore, this study should be seen as one example for how to conduct research on the topic and not as proof of how every culture or every leader in a culture behaves. Still, due to both the theoretical and empirical investigations, the findings should be seen as both valid and reliable.

As already mentioned in paragraph 1.2, there are further perspectives that were not part of the thesis, which means that when approaching the same topic from another point of view, the outcome can differ from what was investigated in the study.

What is also important to understand is that the interpretation of the interviews was done by the researcher, which means that another person may draw other conclusions out of the same data. That does neither mean that the findings presented in the paper are wrong, nor that other findings and interpretations are wrong.

Even though the leaders answered the questions as honestly as possible, it is possible that their answers differ from reality. This means, that it is possible that their answers unconsciously contain thoughts about how a situation should be instead of how it really is.

The most important limitation that should be mentioned is the limited number of interviews. As only six interviews took place, it is very important to mention that similar interviews conducted with other leaders could bring different findings. However, this is always the case when using qualitative research methods. Also, if the research would be done again, the focus should probably be on one specific kind and size of business. Even though the reason for choosing the sample was to get as many different views on the topic as possible, the findings would probably be more significant and easier to compare if all the respondents worked in the same type of organization from one business field.

7.2 Suggestion for future studies

Even though the sample of respondents contained one person each that already conducted business within the other culture, it could be interesting to investigate the validity of the findings by doing a quantitative study only using the opinions and experiences of leaders that do already have experienced both of the cultures. This way, it should be possible to see whether or not the experiences used in this thesis were only organization-specific.

Another topic for future studies could also be to investigate the relationship of the German and Finnish working culture in companies that had cultural clashes already. Within this study, it could be seen whether or not the findings on how to approach leadership would have improved the situation.

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