Leadership and Culture in the Context of SMEs

Case: Finnlumber Oy

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Laurea University of Applied Sciences   Abstract
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The concept of leadership and culture in most cases are related to bigger organizations or companies. Small and Medium Enterprises (SMEs) which form the basis of such bigger organizations or companies, are somehow in neglect of the concept. However, globalization has changed or changing every business established set up. Therefore effective leadership strategies should also be focus from SMEs level.

The purpose of the thesis was to analyses different kinds of leadership styles in relation to multicultural environment. The objective therefore was to identify effective leadership strategies for SMEs in relation to cluster of cultures.

The theoretical framework was based on meaning of leadership and different leadership styles in organizations. The definition of culture, clusters of culture, and dimensions of cultures were also studied. The main concept of the theory was to acquire understanding of leadership styles from different cultures in relation to international working environment. Qualitative method and inductive approach for the empirical part were used, due to the small size of the case company and the nature of the research problems. Analyses and discussion were done based on GLOBE research model.

For the empirical part, own observation and interviews source of information used to make suggestion. The empirical part discovers that autonomous leadership style is used to lead the employees. Internal communication should be more effective and information flow is not enough inside of the company.

Different styles of leadership were investigated to find out what kind of tools there are and how it links to multicultural environment. Leadership is an important figure in any company for employees to reach common goal. All studied theory will be applied to the case study company Finnlumber Oy.

Key   words: Leadership,   Culture,   Clusters   of   culture,   SMEs

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1 Introduction

Globalization has brought about increase in multinational employees in almost every business set-up including Small and Medium Enterprises (SMEs). The move of SMEs for cultural diversity workforce could be deemed strategic. The idea is to enhance their internationalization processes and vision. Notwithstanding, there are diverse challenges to multicultural work environment. Therefore effective leadership is significant and helps to curtail any kind of challenges that might arise. Leadership in a multicultural work environment is significant but challenging task considering employees with different values, beliefs, religions and backgrounds. Experience and applying a suitable leadership style is absolutely necessary to receive enough respect from the employees and make ready the team to perform in impressive way.

This thesis aims to describe leadership from a multicultural perspective. The different multicultural leadership will be studied. The main emphasis will be on leadership and culture. The theoretical study has been organized in logical way to give the reader an understanding to the fact and relation of leadership and culture. There are different issues to consider beforehand in order to create an effective leadership strategy. This topic has been chosen for this research in order to gain more knowledge about leadership in multicultural working environment and moreso in the context of SMEs. The SMEs are considered the bedrock of every bigger organization.

1.1 Objectives of the study

Nowadays companies recruit more foreign professionals, thereby creating international working environment. Due to closer collaboration between the European Union member states, an ever increasing amount of work force crosses boarders. Good leaders should have the ability to expand their team capacity. They must guide the employees by offering explanation and training schemes. Leaders should be conscious about cultural diversity present in the work environment. There could be exhibition of unpleasant and ethnocentric attitudes. Ethnocentric attitudes will be explained more in theory part. This issue is very sensitive in multicultural environment.

The main reason for choosing this specific theme is the fact that leadership plays a pivotal role in any company. To maintain effective working environment effective leadership strategy should be identified. The objective of the

thesis therefore is; Identify effective leadership strategies for SMEs in relation to cluster of cultures.

1.2 Structure of the study

Figure 1 describes the structure of the study. Theoretical background, the empirical section and the conclusions of research are the three main sections consist of this thesis. The structure Illustrates of the thesis as shown below.
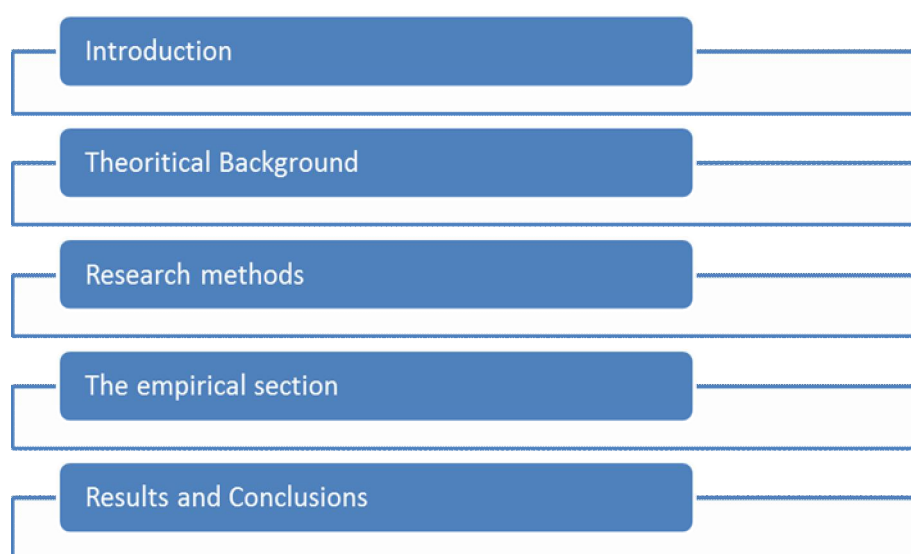
Introduction

Theoritical Background

Research methods

The empirical section

Results and Conclusions

Figure 1: Structure of the thesis

2 Theoretical background

The theory provides the framework for the analysis which mainly focuses on a research done by GLOBE Research. This theory serves as an excellent gateway to understand different cultural aspects in leadership. This section also bridges the area of different leadership styles, skills in leadership, cultural dimensions, world clusters, and characteristics of world clusters. To analyze the case company under the theoretical framework the empirical part will be conducted.

2.1 What is leadership?

Leadership is a fascinating topic in every company including SMEs. The definition for leadership does not bring the same meaning to people. The reason is leadership has different practice, depend on situation and it is also complex. But usually leaders are to give direction, inspiration and to build team with

others by using their personal example and word. In order to gain sub- ordinates talent and being able to work with full capacity, leaders should get employees involved into decision making process. In this case leaders' style should be participative. With the same way they are also able to influence on their work as one of their tasks, leaders have to define key functions, such as planning, briefing, controlling and evaluating in order to achieve tasks and to build team. (Adair 1990, 51)

Adair, (1990, 58) states that, Leaders are a certain kind of role models for their sub-ordinates; they should exemplify those qualities, which they expect or require from their sub-ordinates. If leader is acting as a role model, she or he should have his or her output into a common task, that way he or she would be leading from the front. However, it might take some time before a person is accepted as a leader. Personally, character, knowledge and skills in doing the functions of leadership are measures and recognized by other personnel, before they accept a person to be a leader. Also organization culture influence on leader's behavior. There are threats also in leadership; if one is good in one level, it does not guarantee that one is good also in some other levels says Adair (1990, 58). Leadership requires unlimited effort and energy; it is far more demanding than most people presume. In addition to define leadership Gardner (1990, 3-5) mentioned that, "Leaders come in many forms, with many styles and diverse qualities".

After studying different definitions of leadership Gary (2006, 3) highlights one definition of House et al, 1999 that "Leadership is the ability of an individual to influence motivation and enable others to contribute towards the effectiveness and success of the organization".

2.2   Different leadership styles

It is very important to understand different leadership styles to lead people. The well know GLOBE (Global Leadership and Organizational Behavior Effectiveness) research program have produced huge number of findings on the relationship between culture and leadership.

The whole concept of the GLOBE project was how people from different cultures viewed leadership. Northhouse, (2010, 348) precisely refers "Leadership to what people see in others when they are exhibiting leadership behaviors".

GLOBE researchers recognized six global leadership behaviors: charismatic/value based, team oriented, participative, humane oriented, autonomous and self-protective. These six global leadership behaviors are useful to identify different cultures in leadership point of view.

Charismatic/value-based leadership

Charismatic/value-based leadership refers to the ability for inspiration, motivation, and to expect high performance from others. Visionary, inspirational, self-sacrificing, trustworthy, decisive, and performance oriented are the main characteristics for this kind of leadership. Most importantly such kind of a leader and his qualities are easily identifiable.

Team-oriented leadership

This type of leadership reflects the quality to be collaborative, integrative, diplomatic, no malevolent, and administratively competent. Team building and a common purpose among team members should be placed in this leadership style.

Participative leadership

Participative leadership emphasizes on involving others in making and implementing decisions. In addition, such leaders are more participative and non-autocratic. They have the ability to involve themselves in teams and tasks without limitation.

Humane-oriented leadership

Humane-oriented leadership stresses the fact that leaders should be supportive, considerate, compassionate, and generous. There are emphases on humane oriented leaders' ability to be modest and sensitive to other people.

Autonomous leadership

Autonomous leadership means independent and individualistic leadership; Leaders are autonomous and unique in this type of leadership style. In other words such leaders are self-centered and the ability to be a role model is limited.

Self-protective leadership

Self-protective leadership ensures the safety and security of the leader and the group. Self-protective leadership is self-centered, status conscious, conflict inducing, face saving, and procedural.

2.3 Skills in leadership

There are no accurate universal traits for leaders, but in some point most of the successful leaders are ambitious, energetic, self-confident, have a good-job relevant knowledge, have desire to help and lead, are flexible, honest and trustworthy (Robins 2001, 340)

Leaders are usually the ones who give direction to the goals. Leaders play an important role in any organization's behavior. Dilts in 1996 exposed that, there are many characteristics for a good leader, but they all are general characteristics and are no good unless leaders know how to put them into practice. Managers or leaders should apply their extreme capability to keep team or employees on the right track.

Basic leadership skills include four different elements, which in one create holistic view to leadership. These four elements can be seen in figure 2 below. These elements are; Self skills, which in a way are how a leader leads himself or herself. Self-skills define how a leader behaves himself or herself in a specific condition. The second element is Relational skills; what determines the ability to understand, motive and communicate with other people. It is ability to understand another person's world and being able to guide that person. Such a leader recognizes one's problems and objectives. Relational skills are extremely essential aspect of a leader, because they have to be able to influence upon others and be able to reach their visions and also accomplish them. The third element is strategic thinking skills; which are necessary in order to define and achieve goals. It also involves capability to determine which operators and operations will lead to desired state most effectively. The fourth and the last element is systematic thinking skills; which are used by a leader to define and identify the problems, on what the organization is working on. Systematic thinking is at the root of effective and functional teams. A systematic thinking skill in practical and concrete way is a sign of maturity in a leader. (Dilts 1996, 14)

Systematic thinking skills

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                    ┌──────────────┐
                    │    System    │
                    └──────────────┘
Strategic thinking skill                    self-skills
    ┌──────────┐                        ┌──────────┐
    │   Self   │                        │   Goal   │
    └──────────┘                        └──────────┘

                    ┌──────────────┐
                    │    Others    │
                    └──────────────┘
                    Relational skills
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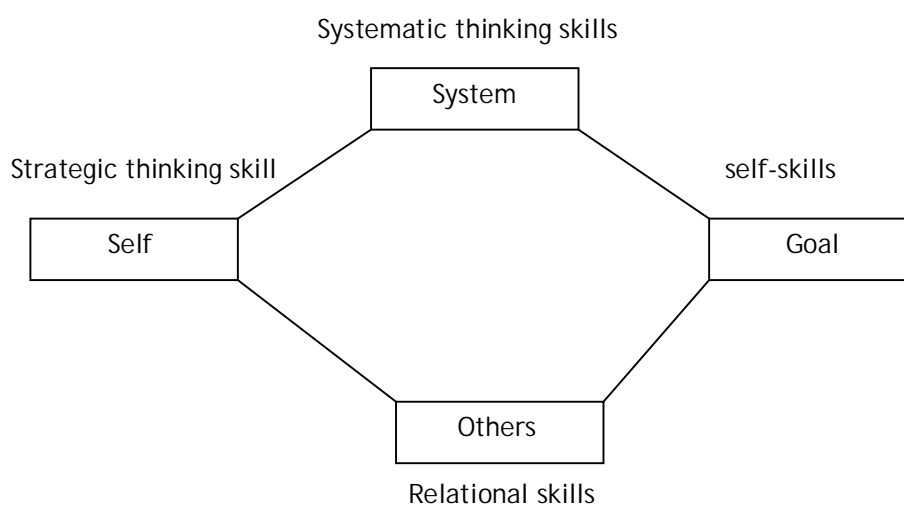
Figure 2: The basic skills of leadership (Dilts 1996, 15)

Samuel Certo (1994, 349) hints that, successful leaders tend to have the following characteristics; Intelligence, past achievements in scholarship and athletics, emotional maturity and stability, dependability, persistence and a drive for continuing achievement, the skill to participate socially and adapt to various groups and a desire for status and socio-economic position. According to Adair (Adair 1990, 58) good leaders have the following characteristics: Enthusiasm, inspiration, calmness in crisis, warmness and toughness together with fairness. These characteristics together create integrity, which is a quality that engenders trust.

Many of these mentioned characteristics are requirements for many leaders. However, wide vision, commitment, tenacity, empathy and good communication skills may be those most respected by subordinates (Cartwright, 2002, 120). Robert House who led a-160 researchers and established worldwide accepted GLOBE (Global Leadership and organizational Behavior Effectiveness) studies, identified positive and negative leadership characteristics. This is illustrated in figure 3 as shown below.

POSITIVE LEADER ATTRIBUTES

Trustworthy	Just	Honest
Foresight	Plans ahead	Encouraging
Positive	Dynamic	Motive arouser
Confidence builder	Motivational	Dependable
Intelligent	Decisive	Effective bargainer
Win–win problem solver	Communicative	Informed
Administrative skilled	Coordinator	Team builder
Excellence oriented		

NEGATIVE LEADER ATTRIBUTES

Loner	Asocial	Noncooperative
Irritable	Nonexplicit	Egocentric
Ruthless	Dictatorial	

Figure 3: Universally desirable and undesirable leadership attributes (Northouse, 2009, p.4)

2.4   Qualities of effective leadership

It is not possible to have all qualities in one leader, surely not in the same time. Situation and time changes the model of leadership style. (Gardnswartz and Rowe, 2008, 218-220) explain Leaders describe the following ten behaviors-

- Effective leaders have self-esteem and confidence, which creates a non-defensive, open environment. Leaders should have a concrete idea of the whole scenery. It helps to keep confidence in mind. To lead a multicultural team, if a leader does not have a solid foundation of self- confident, it is too complex to remain non-defensive. The self-esteem and confidence make the situation easy and the team can have a group confidence too.

- Effective leaders have a vision that generates enthusiasm and commitment. The 'vision' has to be crystal clear for a good leader. A leader should always be aware about his goal, where he/she wanted to take the team. It should be shared with those related group who can help to reach the set goals and also to inspire them.

- Effective leaders expand their knowledge and awareness of culture and its influence, as well as other diversity-related issues. Diversity includes everyone in the team. It does not mean any specific set group whether race, colour or sex status. A leader who wants to get best result from team, always need to be conscious about cultural norms. An effective leader does not support any particular group, thus, not to take sides. A leader should understand and be willing to explore issues and customs of members from all groups.

- Effective leaders catalyze support for the collective common goal, not just parochial self-interest.' Be less selfish and be more generous, be less narrow and more compassionate. It is risky behavior, but that is just the stuff of leadership legends'.-(Lee Gardnswartz, anita rowe, 2008,219)

- Effective leaders maintain a sense of humor and perspective. It helps team members to realize that what they are doing is meaningful and important. But the result necessarily does not have to be glorious. Leaders need to be open minded; they should think they are also part of the team.

- Effective leaders are trustworthy and dependable. Trust is the main element in leadership. In American culture they strongly believe that 'your word is your bond'. In specific terms it is w7'

- When a leader can identify faith from others, most members can easily deal with work and problems. Good leaders should have enough trustworthy to lead others. When leaders maintain their life with honesty and integrity people get more confidence to follow their instructions.

- Effective leaders have an internal standard of excellence. This quality may be intangible, but when people work together in an organization, it becomes noticeable. Part of why it's noteworthy is because in most organizations, people are afraid of rejection and risk, so they let other set standards. Leaders should reward people for setting their own high stand-

ards within the context of the team objectives. It works well rather than leader dampening people's motivation.

- Effective leaders are responsive and empathetic toward others. Good leaders are willing to listen to others and empathizing with team members about these issues. But a good leader is not only a passive listener. There are also chances; once people escape, to instruct, teach and challenge. After listing they can legitimately ask, what they are going to do about this. Listing to others does not always mean to accept everything or instinctively follow others. Being responsive builds leader-team members relationships. It also builds more empowered people.

- Effective leaders match their words with their deeds. If leaders' words do not match with deeds, it creates questionable. A good leader should maintain both of that. Own strong personality can make a leader best for the team work. This is an important quality for leaders.

- Effective leaders are aware of their own feelings and reactions to inter-personal experiences and try to maintain objectivity. After being a leader in an organization it does not mean the person is not a normal human. Obviously a leader has the right to feel things deeply, to be hurt, o feel joy. But the main thing is effective leaders know their own issues and aware about actions.

These overall 10 leadership qualities are crucial for a leader. But do not necessarily have to be used in every case. But what is the best for a leader is to keep those qualities in mind and try to apply to achieve goals and depending on right situations. When a leader is a source of inspiration and a good motivator for employees; then it is easier to reach in set goals.

Culture and leadership is very sensitive in the whole organization or company business process, especially when it comes to the workplace environment. Northhouse (2010, 335) mentioned that globalization has created the need for leaders who are competent in cross-cultural awareness and practice. People are becoming more interconnected and that there is more international trade, cultural exchange, and use of worldwide telecommunication systems.

Northhouse (2010) made mention of Adler and Batholomew (1992) five cross-cultural competencies needed by global leaders. These include the following enlisted points:

- That the leaders need to understand business, political, and cultural environment worldwide
- They need to learn the perspectives, tastes, trends and technologies of many other cultures
- They need to be able to work simultaneously with people from many cultures
- They must be able to adapt to living and communicating in other cultures
- They need to learn to relate to people from other cultures from a position of equality rather than cultural superiority

Communication competencies are very key principle that needs to be developed by global leaders. This will enable them to articulate and implement their vision in a very diverse working environment. In a nutshell there should be an understanding that culture plays a very important role in today's leadership process. However, the leader understanding the basic meaning of culture is significant.

2.5   Defining culture

Many authors and writers have given different background to the meaning of culture. Relatively culture is an abstract term according to Northhouse (2010) and that makes it hard to define. It is also dynamic and not static or fixed. Culture is the concept that has been re-defined over and over again, but the main idea is universal. Identifying culture as a one-way mind Hofstede (1997, 132) referred to it as, 'civilization' and 'refinement of the mind', in particular it relates to the results of such refinement, like education, art and literature.

Hofstede (1984) defined culture as "the collective programming of the mind that distinguishes the members of one human group from another". When groups of individuals from different cultures are compared, they tend to vary in terms of their communication and group behavior. This definition is significant for the purpose of the topic under review 'culture and leadership'. However one cannot loose fact of multiculturalism and diversity which are two important terms in relation to culture. Multiculturalism simply refers an approach or system that takes more than one culture into account. According to Northhouse (2010, 336) it refers to the existence of multiple cultures. On

the other hand he mentioned that diversity is the existence of different cultures or ethnicities within a group or organization.

The professor of social psychology Karmela Liekind agrees with John Vikström (Ervamaa 2005, D2) when she defined culture 'as the water where a fish swims', the fish doesn't even notice the water surrounding it. We are born in a cultural environment and grown to be a part of it. Many issues seem so obvious to us, that we are not aware of them until someone or something functions against those beliefs.

Mäkiloko (2003, 17) defines culture in relation to the following specific words. That the word 'culture' and 'cult' come from the Latin word 'colere' which means permanent habitation or arrangements associated with permanent habitation and living, in one place. It means patterned thinking and behavior of a permanent group of people. Earlier on, permanent living was also associated with religion and the patterned rituals of religion. When groups of individuals from different cultures are compared, they tend to vary in terms of their communication and group behavior. Culture as a patterned way of behaving, thinking and communicating is tightly tied to human psychology continuously. Mäkiluoko(2003,19) stresses that culture does not mean stereotyping, but that every individual shares some common understanding and skills for human interaction.

2.5.1 Ethnocentrism and predjudice

These two mentioned terminologies are closely related to culture and leadership. However these concepts can have impacts on the influence leaders have on others. Northhouse explains that "Ethnocentrism is the perception that one's own culture is better or more natural than the culture of others". He added that it is much shared idea people have on tendency to give more priority to their own beliefs, attitudes and values. It can be the reason of leaders' failure to identify the unique views of others. In actual leadership process ethnocentrism can be a major problem preventing people from fully understanding and respecting others point of view. The more ethnocentrism leaders are the less open or tolerant. He made mentioned to the fact that, to be a skillful leader one needs to be able "to negotiate the fine line between trying to overcome Ethnocentrism and knowing when to remain grounded in their own cultural values" (Northhouse, 2010, 337)

The idea of prejudice is pretty similar to ethnocentrism. Northhouse (2010, 338) defines "prejudice as a largely fixed attitude, belief or emotion held by an individual or group that is based on faulty or unsubstantiated data". People who are prejudice usually judge others base on previous decisions or experience.

Prejudice is a familiar way to structure and put the observations of others. It can reduce nervousness. On the other hand, the problems occur because prejudice is self-oriented rather than other oriented. By Ethnocentrism and prejudice people interfered to their understanding and appreciating the human experience ability of others. Prejudice followers are habitually challenging figure for leaders. Furthermore, good leaders must face the prejudice followers with skill hand to find new ways to deal with negative from various cultural backgrounds (Northhouse 2010, 338)

2.6   Dimentions of culture

In (1980, 2001) Hofstede researched on 'Dimensions of culture'. G. Hofstede identified five major dimensions of culture. The dimensions differ on cultural background base and it is indicated on figure 4.
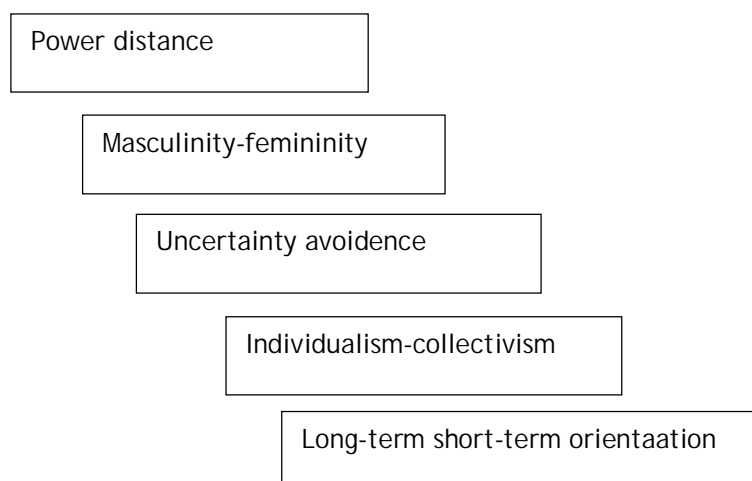
Power distance

Masculinity-femininity

Uncertainty avoidence

Individualism-collectivism

Long-term short-term orientaation

Figure: 4 Dimensions of culture

Based on Hofstede work, the GLOBE study was introduced by Robert House in 1991.The GLOBE study covered more areas as compared Hofstede research. The main purpose of the GLOBE project was to increase understanding of

cross cultural interactions and the impact of culture on leadership effectiveness (North House. 2010, 339). North House presents in his book (2010,340) that, GLOBE researchers identified nine cultural dimensions which are; Uncertainty avoidance, Power distance, Institutional-collectivism, in group collectivism, Gender Egalitarianism, Assertiveness, Future orientation, Performance orientation, humane orientation.

GLOBE research on dimensions has been presented in this thesis work to give better impression for multicultural leadership and also taking into account relations to SMEs. For example, Finnlumber which is the case company faces multicultural leadership challenges due to their employees' cultural diversity. Therefore the dimensions might help to identify the key fact to help ensure effective leadership. This section takes into account each of the dimensions described according to Northhouse (2010, 340)

Uncertainty avoidance

This dimension discusses about the social norms, rituals and procedures which are already established to avoid uncertainty. This explains that every culture has own way to use rules, structures and laws to help deal with circumstances more predictable and less uncertain.

Power distance

Power distance is an idea where group of people believes and like to agree that power should not be shared equally. North House states that, based on power, authority, prestige, status, wealth and material possessions power distance is concerned with the way the cultures are delighted.

Institutional-collectivism

This aspect describes the degree to which society is concerned in a wider societal interest rather than individual goals and accomplishments.

In Group collectivism

This dimension refers to the degree to which people express pride, loyalty, and cohesiveness in their organizations or families. In group collectivism people are dedicated to their organization or families.

Gender Egalitarianism

This concepts measures the degree to which an organization or society has the tendency to minimize gender discrimination and establish gender equality. In Gender Egalitarianism it concerns the roles that members play in their homes, organizations and communities.

Assertiveness

Assertiveness is about how people in a culture are determined, assertive, confrontational and aggressive in their social relationships. Influence by the social culture, people can be forceful, aggressive and tough. On the other hand, society can encourage people to be timid, submissive and tender in social relationships.

Future orientation

Future orientation is a concept where people related in more future orientated actions. It is about planning, investing in the future. It also highlights that it is variable in different cultures. It is about how people prepare for the future or enjoy the present and being spontaneous.

Performance orientation

This is present orientated dimension. Here it describes the extent to which group members are encouraged by the organization or society to improve performance for achievable reward. Performance orientation is more suitable where people are rewarded for setting and meeting challenging goals.

Humane orientation

The ninth dimension deals with the inner personality. People for being fair, altruistic, generous, caring and kind to others are rewarded and encouraged by organizations or society.

GLOBE researchers applied these nine cultural dimensions to analyze the characteristics of 62 different countries in the study. GLOBE dimension in general is about how countries variations in their approach to leadership can be measured.

2.7   Clusters of World cultures

In the 62 countries which were studied into GLOBE research process. Researchers present an effective way to evaluate the similarities and differences between cultural groups. In addition this research is able to make a significant generalization about culture and leadership. They apply prior research, common language, geography, religion and historical accounts to form regional clusters.

Depending on these facts they grouped into 10 countries into 10 distinct clusters: Anglo, Germanic, Europe, Latin Europe, Sub-Saharan Africa, Eastern Europe, Middle East, Confucian Asia, Southern Asia, Latin America and Nordic Europe. Figure 5 below depicts the 10 regional clusters which were identified in GLOBE's studies.
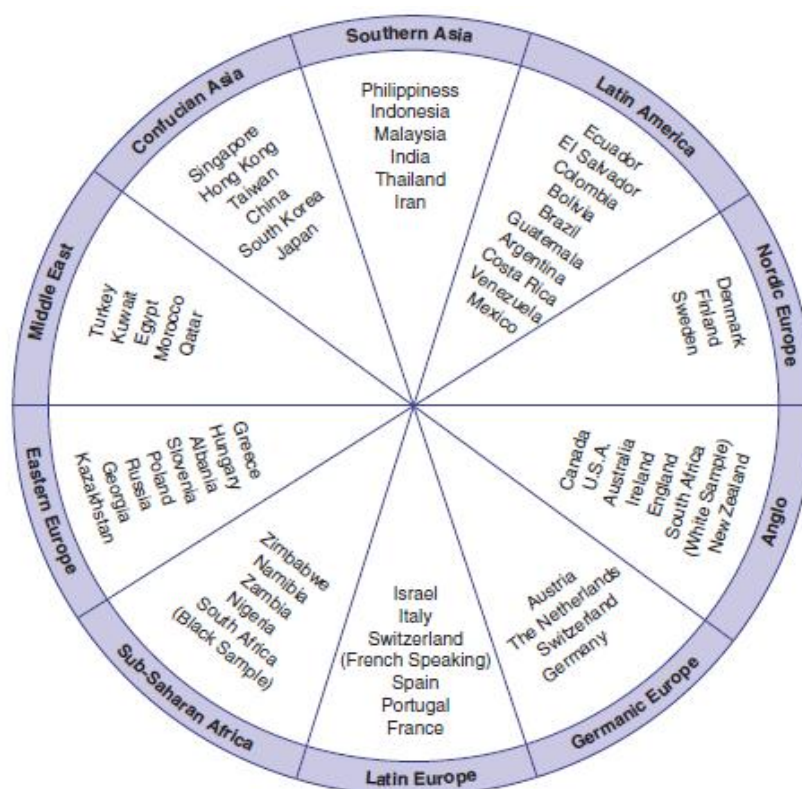
Figure 5: Country Clusters According to GLOBE, Source: Leadership Theory and practice, (5th Edition, 343)

2.8   Charateristics of clusters

Figure 6 describes how the 10 different clusters scored on each cultural dimension. In figure 5 below, the nine cultural dimensions are listed in the left-hand column, and the high-score and low-score regional clusters are provided

in the next two columns. These are the regional clusters that were significantly higher or lower on particular dimensions than other regions. Several observations can be made about the characteristics of these 10 regional clusters (North house, 2010, 344)

CULTURAL DIMENSION	HIGH-SCORE CLUSTERS	LOW-SCORE CLUSTERS
Assertiveness Orientation	Eastern Europe Germanic Europe	Nordic Europe
Future Orientation	Germanic Europe Nordic Europe	Eastern Europe Latin America Middle East
Gender Egalitarianism	Eastern Europe Nordic Europe	Middle East
Humane Orientation	Southern Asia Sub-Saharan Africa	Germanic Europe Latin Europe
In-Group Collectivism	Confucian Asia Eastern Europe Latin America Middle East Southern Asia	Anglo Germanic Europe Nordic Europe
Institutional Collectivism	Nordic Europe Confucian Asia	Germanic Europe Latin America Latin Europe
Performance Orientation	Anglo Confucian Asia Germanic Europe	Eastern Europe Latin America
Power Distance	No clusters	Nordic Europe
Uncertainty Avoidance	Germanic Europe Nordic Europe	Eastern Europe Latin America Middle East

Figure 6: Cultural Clusters Classified on Cultural Dimensions

From figure 6 above various observations can be made about the characteristics of the regional cultures as shown below. This observation helps to identify the different characteristics of each regional cluster.

Anglo

The following countries Canada, the United States, Australia, Ireland, England, South Africa (white sample), and New Zealand are considered as the Anglo Cluster. The main characteristics of this cluster is that they are more high competitive and result oriented, other than less attached to their families or similar groups.

Confucian Asia

This Confucian Asia cluster consists of Singapore, Hong Kong, Taiwan, China, South Korea, and Japan. This group has high scores in performance orientation, institutional collectivism, and in-group collectivism. In this cluster countries people are mostly dedicated and loyal to their families. People support working together in groups. However they do not encourage people for individual goals.

Eastern Europe

Greece, Hungary, Albania, Slovenia, Poland, Russia, Georgia, and Kazakhstan are Included in this Eastern Europe cluster. On assertiveness, in-group collectivism, and gender egalitarianism are high score characteristics. Besides on performance orientation, future orientation, and uncertainty avoidance they scored low. In this cluster people have tendency to be forceful and supportive of their coworkers. Women treated with greater equality but less ambitious people.

Germanic Europe

The Germanic Europe countries are Austria, The Netherlands, Switzerland, and Germany. They scored high in performance orientation, assertiveness, future orientation, and uncertainty avoidance. They scored low in humane orientation, institutional collectivism, and in-group collectivism. In these countries people are more people oriented than result oriented. Germanic Europe is more likely to be individualistic and fewer groups oriented.

Latin America

The Latin America cluster includes Ecuador, El Salvador, Colombia, Bolivia, Brazil, Guatemala, Argentina, Costa Rica, Venezuela, and Mexico. Considering in-group collectivism, Latin America cluster scored high. But on performance orientation, future orientation, institutional collectivism, and uncertainty avoidance they scored low. People in this group are more dedicated to their

families and similar groups but not as much of interested in institutional and societal groups.

Latin Europe

France, Portugal, Spain, Switzerland (French speaking), Italy, and Israel are considered as Latin Europe cluster. Latin Europe displays more moderately. They display less on humane orientation and institutional collectivism. This group value individual autonomy rather than to the greater societal collective.

Middle East

Middle East cluster includes Qatar, Morocco, Egypt, Kuwait, and Turkey. They are more involving in-group collectivism than future orientation, gender egalitarianism, and uncertainty avoidance. In families and organizations these countries tend to show great pride. Middle East is devoted and loyal to own people. In addition, they tend to treat people of different genders in noticeably dissimilar ways. Women are often less status than men, and very few women are getting in place of authority than men. There additional tendency to focus on current issues in contrast their tendency is not to control the future.

Nordic Europe

The Nordic Europe cluster is made up of Denmark, Finland, and Sweden. On future orientation, gender egalitarianism, institutional collectivism, and uncertainty avoidance Nordic Europe cluster scored high and on assertiveness, in-group collectivism and power distance they scored low. They give high priority on long-term success. Another characteristic is women are not treated unequally. They treat women with greater equality. But this is not family oriented cluster. Nordic people highly valued Cooperation and societal level group identity.

Southern Asia

The Philippines, Indonesia, Malaysia, India, and Thailand Includes in Asia cluster Nordic Europe. These countries scored high on humane orientation and in-

group collectivism. Southern Asia cluster demonstrate strong family loyalty. They have deep concern for their communities.

Sub-Saharan Africa

The Sub-Saharan Africa cluster form of Zimbabwe, Namibia, Zambia, Nigeria, and South Africa (Black sample). In Sub-Saharan Africa humane orientation is in high level. People generally are very concerned for family as well very sensitive to others.

The figures below offer observations made by the GLOBE about desired leadership profiles or behaviors of world clusters. This desired leadership profile would be taken into consideration during the empirical studies.

Eastern Europe leadership profile
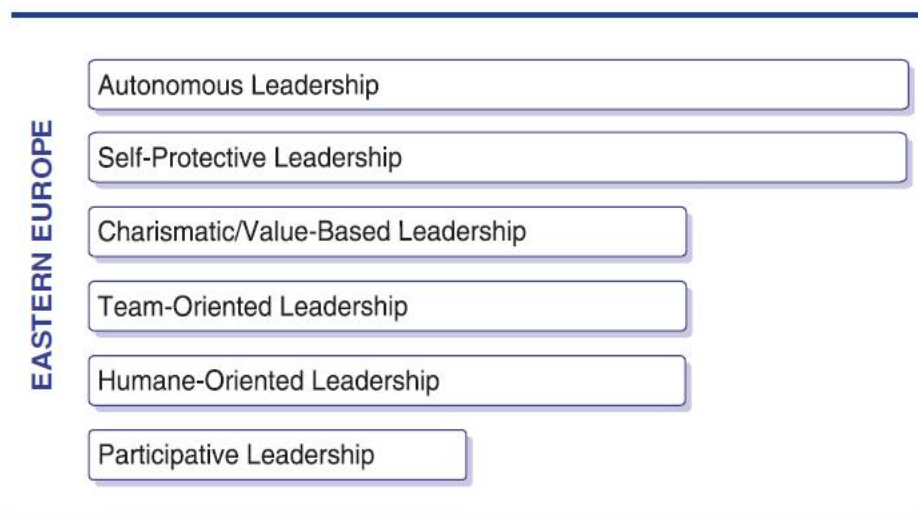
Figure 7: Culture Clusters and Desired Leadership Behaviors: Eastern Europe

As shown in figure 7 above the Eastern Europe leadership profile refers to leaders who are very independent in decision making process and moderately charismatic/value-based. Besides that they are inspiring, team-oriented, and attentive to human needs.

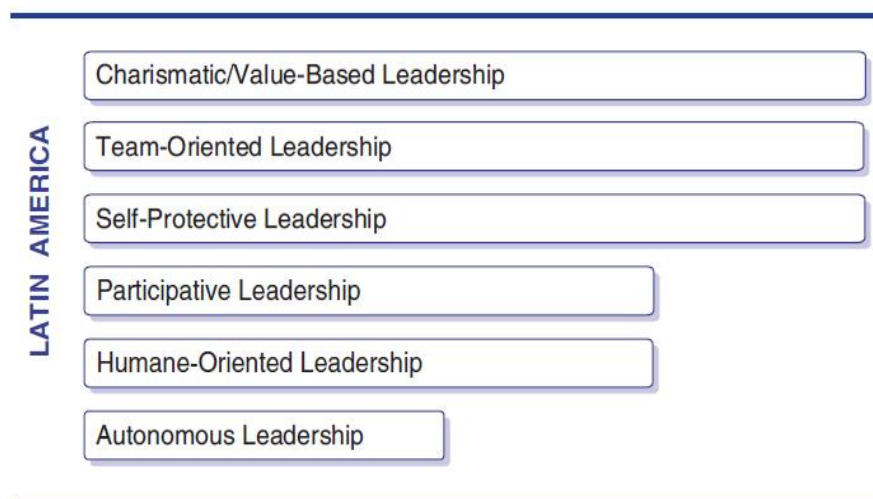Latin American leadership profile

Figure 8: Culture Clusters and Desired Leadership Behaviors: Latin America

Figure 8 indicates the Latin American leadership profile which is different from the Eastern Europe leadership profile. They give more priority on team-oriented, charismatic/value based, and self-protective leadership. They do not give much priority on autonomous Leadership; but have less interest in leadership that is participative and people-oriented. The profile for the Latin America cluster is charismatic/value-based but fairly Self-serving, collaborative, and inspiring.

Latin Europe leadership profile

Figure 9: Culture Clusters and Desired Leadership Behaviors: Latin Europe

Latin Europe leadership is charismatic/value-based. Furthermore they are team-oriented, participative, and self-protective. In summery the profile of the Latin Europe cluster shows that leadership is inspiring, collaborative, participative, and self-oriented but not highly sympathetic as is indicated from figure 9.
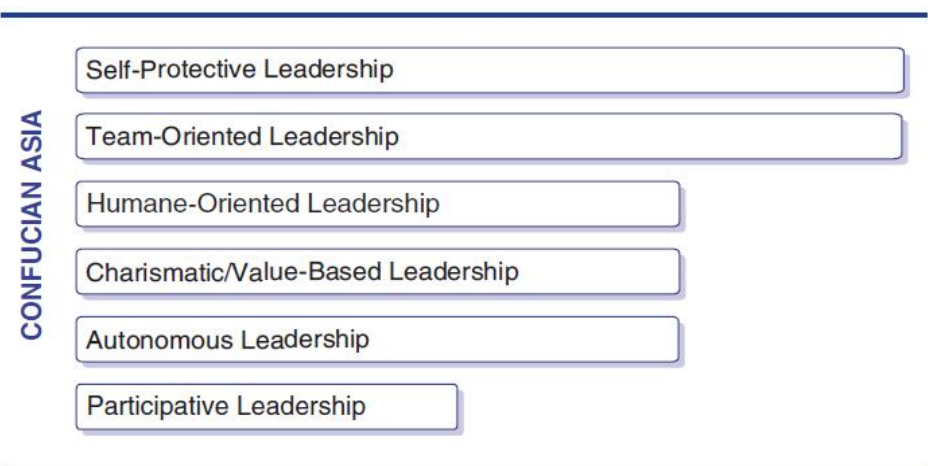
Confucian Asia leadership profile

Figure 10: Culture Clusters and Desired Leadership Behaviors: Confucian Asia

Figure 10 indicates that this cluster follows self-protective leadership. They usually do not involve others to set goal or decision making process. However in some point they are inspiring. So, the sum of the confusion Asian leadership is self-protecting, team oriented and humane oriented.

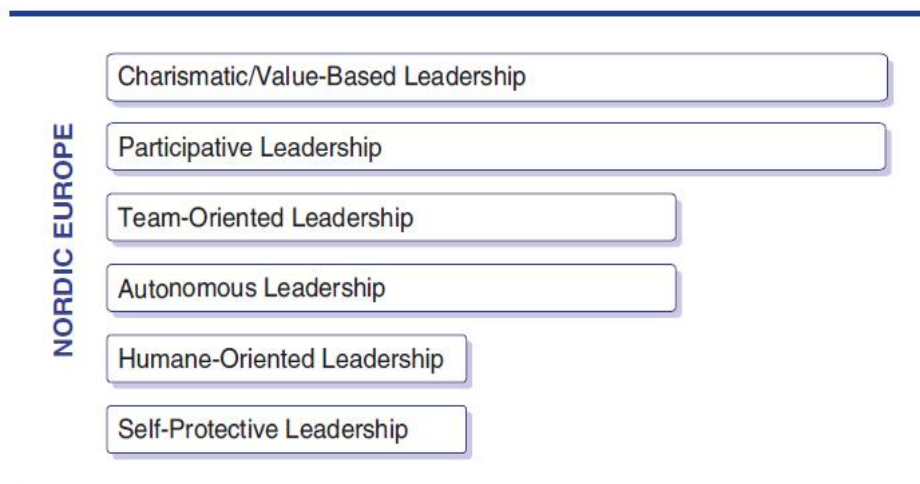Nordic Europe Leadership Profile

Figure 11: Culture Clusters and Desired Leadership Behaviors: Nordic Europe

Figure 11 shows how highly visionary and participative of this cluster. People oriented or protective of their office is less essential. They value others perspective in decision making procedure and inspiring too. Nordic Europeans leadership model is not that their leaders have to be exceedingly compassionate, but not also self-centered leadership
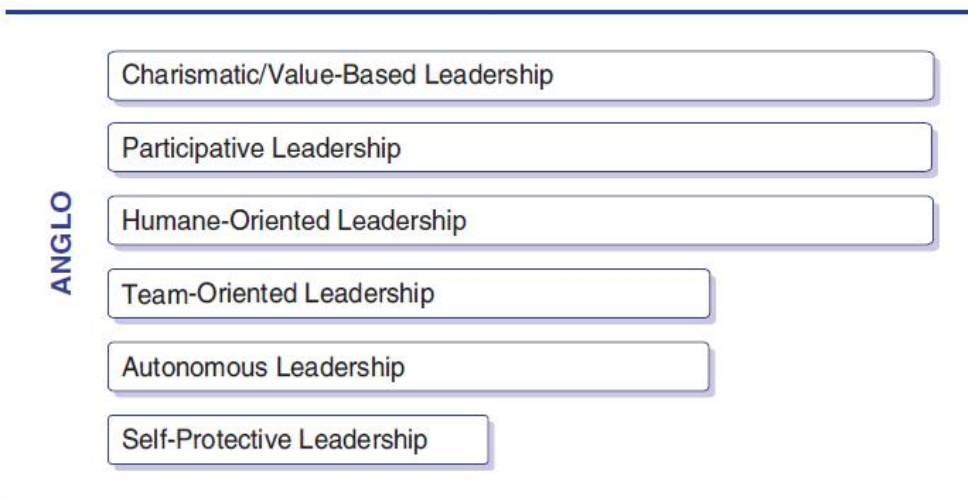
Anglo leadership Profile

Figure 12: Culture Clusters and Desired Leadership Behaviors: Anglo

Ideal Anglo leadership profile refers leaders to be exceedingly motivating and visionary, not autocratic, and considerate of others as shown in figure 12. They appreciate if leaders are team oriented and autonomous. Their strong believe is self-protective useless if leaders are status conscious or prone to face saving. So, self-protective leadership is not workable in this cluster.

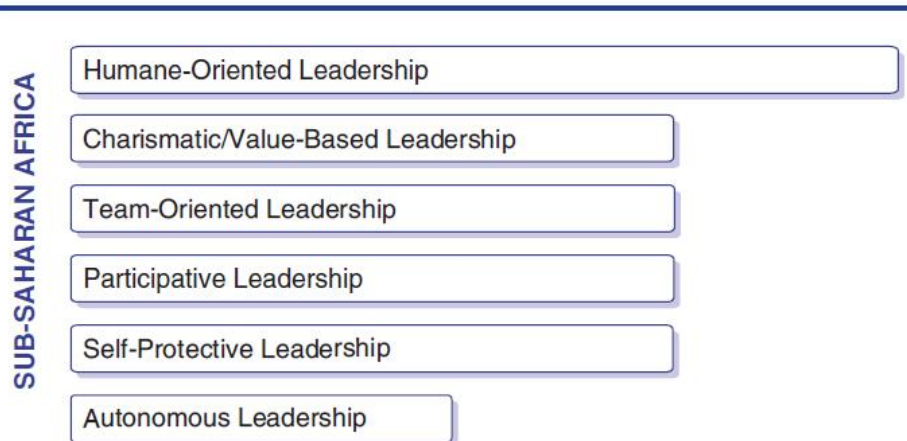Sub-Saharan Africa leadership profile

Figure 13: Culture Clusters and Desired Leadership Behaviors: sub-Saharan Africa

Sub-Saharan African people think that, the ideal leader should be modest, compassionate, and sensitive to the people. In addition relatively charismatic/value-based, team oriented, participative, and self-protective is this cluster. Acting independently or Alone are viewed as less effective in this cluster. Inspirational, collaborative, and not excessively self-centered is effective leading technique. In Sub-Saharan Africa countries act autonomously are seen as unproductive and this is indicated on figure 13.
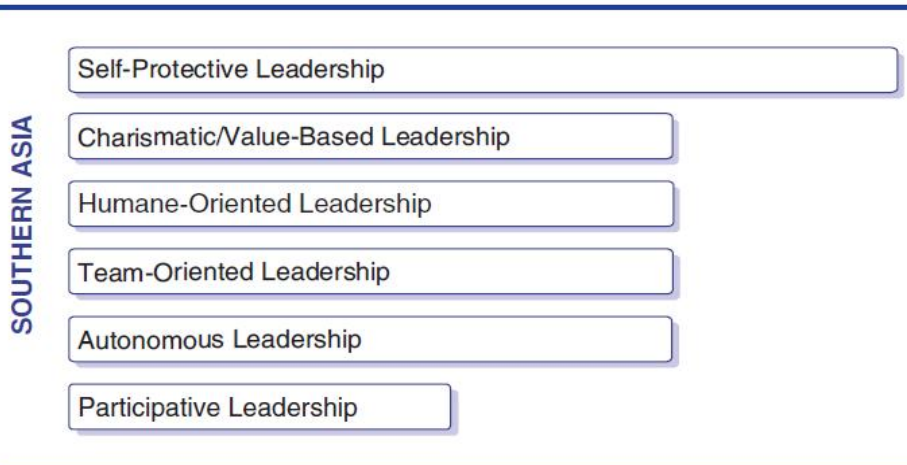
South Asian Leadership Profile

Figure 14: Culture Clusters and Desired Leadership Behaviors: South Asian leadership Profile

Figure 14 shows Southern Asian leadership and confusion Asian leadership profile. In both clusters people give importance on self-protective, humane oriented, and team-oriented leadership, while participative leadership ineffective for both cluster.

Charisma is an important leader attribute and very important for southern Asian people. Autocratic are more effective in Southern Asia. The reason is being that they believe whoever lead by inviting others into the decision-making process is more confusing.
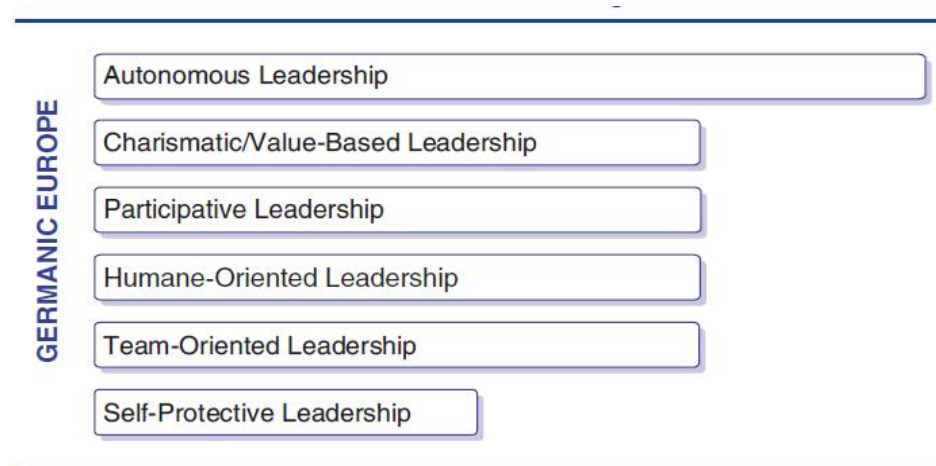
Germanic Europe leadership Profile

Figure 15: Culture Clusters and Desired Leadership Behaviors: Germanic Europe

The successful leader in the Germanic Europe cluster is very participative while also being inspirational and independent. In this cluster from figure 15, participation, charisma, and autonomy (but not on face saving and other self-centered) is effective leadership characters.
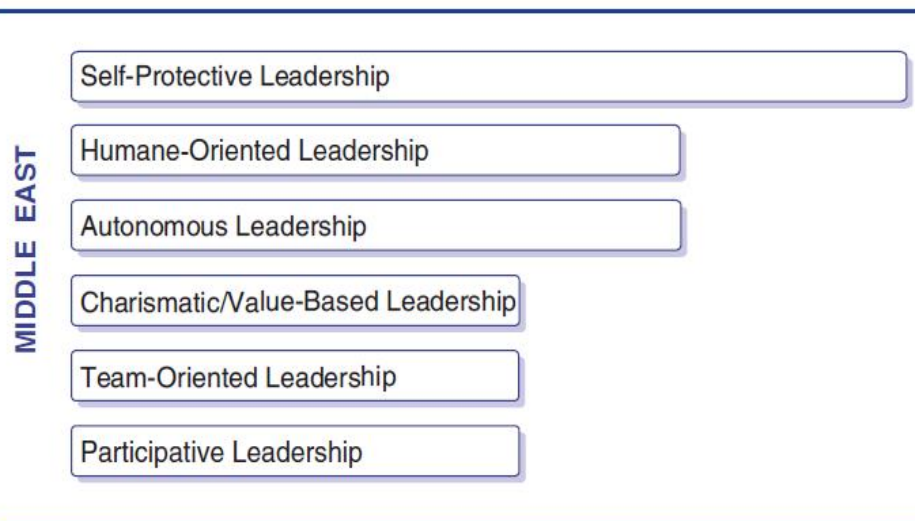
Middle East leadership profile

Figure 16: Culture Clusters and Desired Leadership Behaviors: Middle East leadership profile

In the Middle Eastern countries leadership profile is very different as compare to other cultural leadership profile. They count self-attributes as effective leadership. However, they discover charisma, collaboration, and participative decision making less essential for their leaders. Middle East countries people prefer leaders independent work ability as indicated in figure 16.

3   Challenges: Internal communication

Hopkins mentioned that "Communication is a dual listening process", and that it is about dialogue not monologue. In Small and Medium Enterprises internal communication is a dialogue process takes a vertical and horizontal form. Thus, vertical is between employees and employers, while the horizontal approach is between employees and employees. There are various kinds of communication processes present as internal communication adds Hopkins. One-on-one meetings, staff/team meetings, emails, voice mails Video broadcasts, Intranets, audio files, staff-to-staff newsletters, corporate newsletters, annual Reports, quarterly reports, road shows etc. It is good to count that 'communication between employees is very often far more powerful than any communication from employer to employees' (L. Hopkins, 2006)

4   SMEs (Small and Medium Enterprises)

The acronym S.M.E means Small to Medium Enterprise. SME has different definition based on country by country. Since the case company is located Finland and bonded as well by the European commission on SMEs. According to definition given by the European commission, SMEs are defined based on staff headcount and turnover or annual balance-sheet total.

The European Commission adopted Recommendation 2003/361/EC on 6th May 2003, to take effect from 1st January 2005 (published in OJ L 124 of 20.5.2003, p.36). The Commission has a third category called Micro Enterprises. A micro enterprise has a headcount of less than 10, and a turnover or balance sheet total of not more than €2 million. A small enterprise has a headcount of less than 50, and a turnover or balance sheet total of not more than €10 million. A medium-sized enterprise has a headcount of less than 250 and a turnover of not more than €50 million or a balance sheet total of not more than €43 million.

According to European commission Finnlumber, the case company is considered as a small company as their employees are less than 10. Last year turnover was a bit more than 10 million euro's.

5   Case Company overview

This part is about the company Finnlumber, its business operations, structure and other key facts. This will help give understanding of the company's ability and future possibilities.

Finnlumber Oy is a company located in Helsinki, Finland which started to sell Finnish sawn timber, planed wood, finger joint, laminated wood and log houses for 11 years. Currently Finnlumber is selling mainly sawn timber and pine wood those are used for manufacture furniture, interior decoration, paneling, doors and windows. Their business operation is principally business to business (B2B) .The key markets areas are Turkey and Israel. However, they also trade with other countries like France, Greece, Indonesia, Pakistan, Holland, Belgium and Finland. There is the future possibility for Finnlumber to expand their business in India market. The processes of this business are very international, and therefore dealing with different cultural background partners is

paramount. Understanding and having good knowledge background of cultures and leadership skills will be a key principle.

Finnlumber Oy was established in 2001. Israel was the first dealing country but then business expansion made it possible to cover countries such as Holland, France, Belgium, Indonesia and Turkey. At the moment Turkey is the biggest market for this company. There is no competitor yet in Turkey market, but in Israel other two small agencies are the main competitors at the moment. There is also one middle man to ensure that business gets to the local people on a good relationship.

Finnlumber has been selling sawn timber from different part of Russia since 2004. They have many buyers who desire to buy Russian sawn timber through Finnlumber Oy because of their reputation in market. The main product line of Finnlumber therefore is Swan timber.

The financial turnover in 2010 was about 9,822,000€ and in 2011 was 11,682,000€. In compared to year 2010; last year turnover increased.

Future plan is to expand their business with China, Bangladesh and India. Chairman and manager take all the final decision.

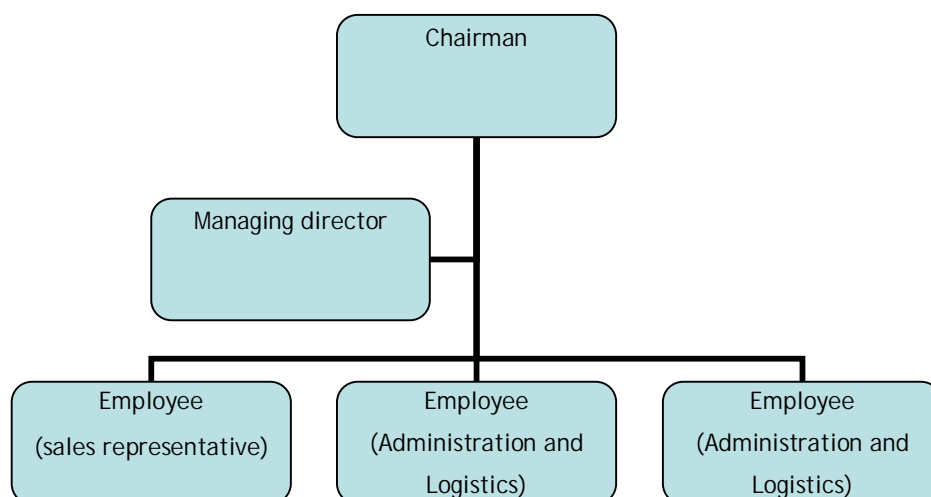Here is the structure of the company.

Figure 17: Company structure

Finnlumber has one managing director and one chairman on the board. At the moment they have 3 employees working in the office. However how small the employee base seems, there are different cultures present in this company. Among three employees one is from Turkey, one from Ukraine and one from Russia. The share capital is 50 percent each between the managing director and Chairman. The managing director and the chairman occupy managers' role and serving as leaders as well. Both managers are from Israel.

There is the willingness and support for each other when the need arise. Each individual member of this company considers and understands the different cultures. I had the opportunity to work in this company as an intern for 3 months. My personal observation indicates a cordial and friendly atmosphere at the work place. Workplace environment is very open with tasks divided base on skills and employees own responsibilities levels. Everyone is supposed to give their effort and opinions if needed. The daily working hours for the company staff is from 9.30 a.m. to 4.30 p.m. Normally the sales representatives personally visit the company. This is in order to create an atmosphere which will help increase sale and supply as well as to get new customers. The sales representatives therefore become part of the day-to-day activities of the company.

To create a common understanding due to cultural diversity present among the workforce, English Language is mostly use in the company. However there is freedom of usage of Finnish, Russian and Hebrew. Cordiality and communication seem to be working well, yet there are few lapses regarding leadership style. For example when a task is given, one receives instructions from both managers. This affects information flow and prolongs task duration in some extend. The overcoming ability is to allow employee on a particular task to receive instructions from at least one manager.

There is also limitation on its marketing strategy because of the conflicting leadership approach. Who to ensure the company is well grounded on a proper campaign strategy. Personal contacts also an important marketing tool for this company. The customer may know about their products and services by dealing with them beforehand. However the fact remains that Finnlumber has made little work to advertise its products and company. But they have a very strict quality control system that makes them success in this particular market. Finnlumber covers a rage of different products markets in a range of countries.

Often than not leadership and culture is associated with bigger organizations or companies. However, as mentioned before SMEs form the basis for such organizations and therefore the need for the chosen case company.

6 Empirical research methodology

In this section research methodology will be presented. There are two main methods used in business research. They are qualitative method and quantitative method. Ghauri (2005, 109) point out that, the main variation is in procedure not in quality. The basic distinction between qualitative method and quantitative method is that the qualitative researchers employ measurement while the quantitative researchers do not. The focus in this study will be based on qualitative approach. This is because the thesis involves the studied used and collection of different practical things such as: Case study, personal experience, introspection, interviews.

6.1 Qualitative methods

Qualitative method is one of the main data collection methods between two main methods. As mentioned before the two main methods of data collection in research are qualitative method and quantitative method. Both method has own advantages and disadvantages. Which methods and techniques are most suitable for which research (project) depends on the research problem and its purpose. (Ghauri and Gronhaug 2005, 109)

According to Ghauri & Gronhaug, (2005, 110) Qualitative method is a combination of the rational, explorative and intuitive. In this method researcher must apply the skills and experience to analysis data. So, researcher has a significant role in this process.

Ghauri & Gronhaug, (2005, 111) states that qualitative research is often use in social and behavioral sciences and among experts who like to understand human behavior and meanings. It is quite suitable for studying organizations, groups and individuals. A qualitative method is more useful when inductive and exploratory research needed. Ghauri & Gronhaug, (2005, 111) point out; There are three major components of qualitative research (Becker, 1970; Strauss and Corbin, 1990; Miles and Huberman, 1994). These include the following:

- Data: Often collected through interviews and observations.
- Interpretative or analytical procedure: the techniques to conceptualize and analyses the data to arrive at findings or theories.
- Report: written or verbal. In the case of students, the report is written in the form of a thesis or project.

To understand the differences between culture and behavior is very important when it is needed to collect data for multicultural or multi context study consider Ghauri & Gronhaug, (2005, 111). Quite often researchers collect data according to their self-observation while collecting data in a very different culture than their own. The qualitative research allows a researcher to explore and probe deeply.

In this thesis qualitative data collection method is useful as this is often unstructured questions that can be changed and reformed easily.

6.2 Data collection

Business is 'context bound' related to specific markets, customer groups and competitive situations. For that reason, the main purposes of business researcher often gather information to improve business process and take final decisions. On the other hand, empirical research always implies to measurements, which is the ground for data collection from the primary and the secondary data sources, data collection is dependent on measurements used to reach high quality of information. (Ghauri & Gronhaug, 2005, 75)

In this thesis, two major alternative sources of data has been used; primary data and secondary data.
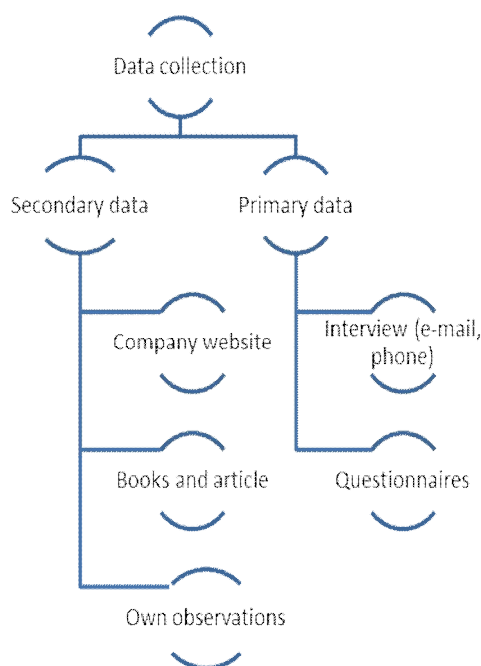
Figure 18: Data Collection

Primary data refers self-collected and self-generated data, where in contrast the secondary data refers to data produced by others. The primary data was implemented by personal interviews, questionnaires and direct observations. The secondary data refers all the sources used in the study and in addition company website.

In this study primary data was collected as interviews send via email, face to face discussion, own observations and questionnaires. Therefore secondary data is used as background information for the primary data and qualitative research. Ghauri and Gronhaug, 2005,91 describe secondary data as a useful tool not only to find information to solve the research problem but also to better understand the situation and explain the research problem. They suggest beginning with a literature review, including book, journal articles, and online data sources such as company website. First step to gather those sources and then evaluate. The final results get support from the primary data to assert validity and reliability of the research. Direct observation was done while working as an intern in Finnlumber Oy. To explain the researcher moral responsibility Ghauri and Gronhaug, (2005, 23) mentioned that the role of the researcher is very important, as no research findings are final. So, the researcher is the significant role to make decision on the strong evidence to reach the conclusion.

The primary data is collected from employees of Finnlumber. Background and profile of interviewees are given on table 2 below.

Interviewee	Gender	Home country	Rank
Gil Mishael	Male	Isreal	Chairman
Gilad Sperling	Male	Isreal	Managing Director
Orkun Yasat	Male	Turkey	Sales
Yana Golo-vatch	Female	Ukraina	Administration and Logistics
Alla Kmitto	Female	Russia	Administration and Logistics

Table 2: Background and profile of interviewees

6.3   Quality standards: Validity and reliability

Silverman (2005, 210) defines 'validity' as another word for truth. Validity receives more attention than reliability says Flick (2003, 221). He continues that the question of validity can be concise as "a question of whether the researcher sees what he or she thinks he or she sees".

The research is based on relevant theoretical back ground and data was collected from different sources. However the research is based on a single case study, in order to enrich reliability of this research drives with clear procedure to allow easy reproduction further research.

Reliability refers to the stability of the measure quoted Ghauri and Gronhaug (2005, 81). It also helps to minimize the errors and biases of the research. In qualitative methods reliability is more difficult to measure. Often in leadership literature, cultural values are most often related to it. Cultural issues are usually complex and it changes habitually. So, it seems to be a risk to use old framework and theories. It is better to keep in mind that all theories make assumptions by generalizing the observations and data. The level of reliability can rise with well-organized theoretical framework. This is the way this thesis paper is proved to be on the level of reliability. For example the theories were carefully chosen and questionnaires has link to the theoretical part.

Silverman (2004, 204) states that "unless you can show your audience the procedures you used to ensure that your methods were reliable and your con-

clusions valid, there is little point in aiming to conclude a research disserta-
tion".

6.4   Induction and Deduction

In this thesis paper all information were observed and chosen credibly. There
are two ways establishing what is true or false to make conclusions: induction
and deduction. Approve by Ghauri and Gronhaug (2005, 14). Induction is more
about empirical evidence in contrast deduction is more about logic. In addi-
tion writers define in induction empirical observations give the conclusion. It
proves that this research paper used induction method because it started with
theory and during the theory part research questions were developed and the
conclusion was under constructed. Qualitative research method is often sup-
plementary with induction. Furthermore, it is also should be noted that this is
not 100 percent guaranteed about induction conclusion Ghauri and Gronhaug
(2005, 15). The reason is that conclusion is made depending on empirical ob-
servations.

In deduction process conclusion is drawn through logical reasoning Ghauri and
Gronhaug (2005, 15). Quantitative research method is often associated with
deduction type of research. In this process, it begins with idea and then lead
to propositions; theories and prediction specify same writers. On the other
hand Inductive and qualitative method is most useful as they can lead this
thesis to hypothesis building and explanations.

7   The empirical section: Questionnaire and Analysis

The inductive approach used to carry out the research was whereby qualita-
tive method was associated. Questionnaires had been formed for Leaders and
employees. Qualitative method was used to collect the data. Under the quali-
tative method different approach was conducted. Face to face interview and
email was the way to get answer. Both leaders were interviewed face to face
while all employees sent their answers via email.

This part handles with a corresponding theme from the questionnaire. Some
aspects were similar from the top management level. But difference thought
between chairman and manager also exist. Leaders have been interviewed
separately. They explain the theme in their own words. There are different
ideas and opinion on things. However, on the basis of this questionnaire, both

of the leaders ensure that in this business unit leadership is fairly autonomous.

As discussed earlier on, Finnlumber is considered as small and medium size enterprise. The company's employees are mainly led by the chairman and managing director. Below are questionnaires and analysis which were presented to both the managers and employees to get a view of their understanding to leadership and culture.

- How do you understand 'leadership'?

- Are you familiar with different leadership styles?

  - Charismatic/value-based leadership, Team-oriented leadership, Participative leadership, Humane-oriented leadership, Autonomous leadership, Self-protective leadership

- Which one of the leadership styles do you use to lead your employees?

- What is your style in decision making process?

  - Centralized (boss), delegated (down to workers), joint   (everyone together)

- In decision making process, do you consider others comment?

- Are you conscious about ethnocentrism and prejudice?

- What are the skills you have as a leader?

- How many clusters are present in your company?

- As your company has multicultural employees, are you conscious about cultural dimensions?

- Which cultural dimensions you prefer to learn culture?(Greet Hofstede's cultural dimensions / GLOBE research)

- Do you find any challenges when you give instructions?

- Do you take cultural aspects in consideration when you lead multicultural employees?

- Which one is your communication pattern? (Effective/ ineffective/sufficient/insufficient)

- Do you maintain human relation among employees and you?

Thank you- Would you like to share any additional information on leadership and culture?

> For the first question about leadership both leaders stated that leadership is about the direction given to employees in order to achieve set common goals. Leadership requires self-confidence to maintain people. Leaders responsibility is to make sure all the resources are available for employees to achieve the goal.

> In response to second question, both of the leaders are familiar with the different kinds of leadership styles. The Chairman of this company have had previous studies and training on leadership and culture. That gives him more self-confidence and ability to lead multicultural employees.

> To lead multicultural employees, the managing director mainly discusses with the chairman, when they both agree on issues, employees get direction. But depending on each situation, the director and chairman both discuss with the employees. However, this is not often the situation in this company. As the chairman considers that 'time is money'. For that reason he thinks participated leadership takes time to make final decision and autonomous leadership is more suitable for this company.

> In decision making process; chairman Gil Mishael and managing director Gilad Sperling both apply centralized (boss) style rather than delegated (down to workers), joint (everyone together) style.

> In decision making process generally chairman and managing director discuss and take the decision. Employees do not need to contribute as they have different responsibilities inside the company. But if issues are the same and need to be argued out both leaders consider others comments but that also depends more on what situation.

Multicultural employees are highly appreciated in this company. They consider as an asset for Finnlumber. From managing director point of view employees from different cultures are big advantage. Multicultural employees have different capabilities, different ideas, and different ways to solve problems. Finnlumber is respectful to the different culture. Top level management is conscious and aware about ethnocentrism and prejudice. Nobody can fully avoid their cultural norms and it is difficult in multicultural working environment says Finnlumbers chairman Gil Mishael. However, ethnocentrism and prejudice do not exist in this company in dangerous way. Chairman says that "we always try to attach behavior and the way different people with diverse culture think. In my culture something is good but also something is bad. When leaders work in multicultural environment they should combine both behavior otherwise no business at all".

To describe what are the skills they have as leaders, Managing director Gilad Sperling pointed out that, good managing skills, problem solving capacity, working in a harmony, close communication are the main leadership skills. On the other hand on chairman's opinion, he has skills to find out trustable people to work better for the company and also maintain long term relations among employees. As a leader essential skills are present in both of them. They are self confident.

There are three clusters present in this company. Both managers are from Latin Europe (Israel), two employees are from Eastern Europe (Russia and Ukraine). Their responsibility is maintaining administrative facts. Another employee is from Middle East (Turkey) and he is responsible for selling and marketing products in Turkey.

About cultural dimension both of the leaders are attentive. They are respectful to all the different cultures. It is a plus point for them because from every culture new idea comes. They said in cultural dimension power distance score is low score in this company. They do not discriminate people based on gender. They highly appreciate male and female in same way. They highlight high score in humane relation, Institutional-collectivism and uncertainty avoidance. Leaders are very conscious in keeping good long term relation with employees. They are not only task oriented leaders. For uncertainty avoidance leaders take all steps beforehand. In this company Institutional-collectivism is

high. They all are concerned in wider societal interest rather than individual goals and accomplishments.

To learn different cultures the chairman prefers to work with multicultural people and observe practically. However, he took different course to learn different cultures and how to do business with them. In Finland, it took time for him to settle as a leader; he found difficulties in Finland while acting as a leader. Whereas the managing director think culture is interesting topic to learn and Greet Hofstede's cultural dimension is easier to take a quick look for general idea about culture. The important reason he mentioned, although employees are originally from different cultures, but all of them live in Finland before they started work in Finnlumber. So, everyone has already international experience.

Gilad Sperling the managing director does not find any challenges when he leading multicultural employees. The explanation for not facing any obstacles when he gives direction is, first top management discusses, set the final decision and then employees get instructions. Gradually the instructions are clear to employees. The same question answer was different from Chairman Gil Misheal. His response was negative. He faces challenges while he gives instructions to the multicultural employees. When tasks are given to the employees and leaders himself does not know how to solve it. To get better result from employees it is an uncertain situation and big challenge for the company, chairman explains.

In Finnlumber, top management considers cultural aspects, when they find suitable situation. Both chairman and managing director count multicultural employees as an asset. They have different kinds of asset and they procedure those asset in appropriate atmosphere.

Communication pattern is insufficient. But communication should be more among managers and employees to have better result. Also insufficient communication creates complications and company might falls into trouble think company's chairman. On his part the managing director, claims that, communication pattern is effective inside the company.

The Chairman of the company tries to maintain human relation among employees. He counts as an important tool in leadership. The chairman tries to keep good relation with employees by having time to time meeting, annual

party, social conversation and travelling together. In addition he says that "this is a point of the responsibility of a leader". Managing director Gilad Sperling also maintains sufficient human relation with employees. In his approach, it will be very difficult to lead employees without human relation in this kind of multicultural company.

Finally both of the leaders express their own observation in leadership and culture. Leadership is hard, when people do not have self confidence, then it cost a lot for a company. Many people are slow to answering questions .Quick response to the question is very much appreciated in Israel cultural point of view. Israel people treat late answer a waste of time and unproductive says Chairman Gil Misheal. Managing director Gilad Sperling said, he enjoys by leading multicultural employees. They are aware about different cultures. In future they intend to employ people of different cultures even as the company expands to help bring in new ideas. Multicultural employees help the growth of a company, expand the world wide activities and build the business. Leaders should have responsibilities, awareness and strong personality to handle multicultural employees.

The questions were reframed for the employees. Three employees who came from different cultures answered the questions. All of the employees responded via email. In this segment, employees' answers will as well be analyzed. Below are the questions and analyses.

Questionaire(Employees)

- What is leadership in your opinion

- How do you describe your boss's leading style?

- What do you expect from the leader?

- When tasks are given, do you get clear instructions?

- Do you contribute in decision making process?

- If team work needed do leaders supervise closely or is task done independently?

- Which are the similarities or differences between you and your colleagues that you want to highlight? (For example, in communication methods, team works decision making process..?)

- How do you describe the communication pattern in this company? How do you say in one word? Is it Effective/ ineffective/sufficient/insufficient?

- Does management maintain enough human relationship?

Thank you- Would you like to share any additional information on leadership and culture?

To define what is leadership two employees highlighted an ability to lead and motivate a group of people toward a common goal. Another employee mentioned leadership; as a process of managing and motivating people in a way that guides them to the implementation of the set business goals and targets.

All of the employees have different expression for their bosses leading style. Two employees think both leaders are goal-oriented and participative. Other one indicates one leader is more or less democratic. Open in discussion and new ideas upon the set goals but final decision come from leader. The same employee specifies another leader is authoritarian leader.

Employees' expectation from the leaders is the same in a way. They all want leaders with vision to provide enough support and guidelines; compromise; give the subordinate the space to deal with the issues.

Three employees ensure that they are given clear instruction from the leaders.

Employees always do not contribute in decision making process confirm majority of employees. One employee gave positive answer that there is an element of contribution in decision making process.

Finnlumber has very small workforce so normally team work is not required. However, if team work needed leaders supervise to achieve the goals.

Employees simplify similarities: Goal, working methods, similar perception of things, ability to find compromise, accuracy. One employee points out differences among them. 'The Mediterranean's are more open in expressing their emotions, following the procedure protocols is more or less flexible, they rely more on relationships whereas Slavonic are used to more strict procedure following and a bit more reserved with expressing their personality'.

The employees' entire point of view communication pattern is effective in one word.

Human relation is satisfactory by all of the employees. They all mentioned that leaders are adequate in maintaining human relation. Appropriate human relation helps to keep their energy inside the company. The next section is about discussion, Observation and suggestions.

8   Discussions, observation and suggestions

Based on today's business culture, leaders face rapid changes. Multicultural working environment is getting more and more known into SMEs. As a result leaders always need frequent adjustments or update themselves. To keep business update, leaders continuously have to adapt to different cultures and different nations. Change in business model, introduce new practices, improved old practices are obvious to performance properly. If leaders wish to achieve a better position, they eventually require new strategy of leadership. Relationship orientation leadership usually gains better results in a multicultural company than a task orientation leadership. In order to understand and accept others, leaders need to gain cultural knowledge and awareness themselves. This will help in utilizing the diverse cultural advantages inside the company.

The research question was based on relevant theoretical back ground. In this part discussion, observation and suggestion will be presented.

The objective of this thesis paper was identifying effective leadership strategies for the SMEs in relation to cluster of cultures. When leaders and employees asked about leadership, leadership gets different key words from their perception. But everyone agree in same way that principally Leadership is an ability to motive people for achieve a common goal. However, we can agree with House et all, 1999; "Leadership is the ability of an individual to influence

motivation and enable others to contribute toward the effectiveness and success of the organization".

Based on GLOBE research there are different kinds of leadership styles that exist in leadership. In this particular company leaders ensure that they have autonomous leadership style. In this style leaders take all the final decision. Employees are not particularly involved in decision making process. Nevertheless in some cases leaders discuss issues with employees but final words are set by leaders. Although two employees found participative leadership styles in their leader but by observation autonomous leadership is more active inside the company. GLOBE research shows that Latin Europe leadership is charismatic/value-based. In summery the profile of the Latin Europe cluster shows that leadership is inspiring, collaborative, participative, and self-oriented but not highly sympathetic. In practical the scene is totally different in this small company. Even though both leaders are from Latin Europe, they apply autonomous leadership style. In this leadership style leaders are individualistic and take all the final decision for the company.

Two leaders have effective leadership skills and self-confident, intelligent, co-coordinator, encouraging, motivational and good in maintain human relation. Even though leaders have many positive skills some negative attributes are also remain in their leadership styles such as that they never apply value based leadership and participative leadership styles in decision making process. It will be appreciated by employees if they have opportunities to participate. But in the basis of this company activity autonomous leadership is more suitable and work better. In participative leadership it takes long time to make final decision and leaders consider time as a big issue.

Different clusters are present in this small company. Three different clusters are working well. Leaders consider different culture as an asset. Culture is big issues to be considered, it is essential to be more conscious about cultural diversity. However, in this company leadership and culture does not have conflict. Leaders believe that different culture helps to growth business. Observably, different cultures help gather different ideas, and to keep business internationally fit.

All employees response that communication pattern is effective inside the company. Managing director continued as same. Only chairman of this company gave different answer and in his opinion communication pattern is in suffi-

cient. Information flow is not sufficient inside the company. Due to leaders business trips employees might not get all necessary decision from leaders on time. Sometimes it effect badly in business. In my observation, it is necessary to mentioned that due to multiple leaders sometimes I faced problem to get final decision from them. It happened during my job placement in the same issues both leaders are not agreeing and I had to wait to get final decision for long time. In this type of case it s not effective for business growth. However my suggestion in this case leaders should show concern beforehand and give the right information flow to the employees. It makes work easier and opens more opportunities to achieve the goals on time.

This thesis study is pretty reliable. The point is that respondents answered in a similar way, seem to support reliability. Human relation is very rich in this company. Employees are satisfied and leaders also claim that they maintain enough relation among employees. I also observed to keep humane relation leaders are good. They are very jolly and open minded, that's gives a positive atmosphere inside the company. Employees are willingly to do more work than their usual responsibilities if needed.

Theoretical background has given me a clear idea what leadership is all about. Depend on theoretical background I prepare the questions for leaders and employees. Every questions I analysis based on that. The best result was there are many types of leadership styles exist. Finnlumber mostly apply autonomous leadership to lead others and this leadership style is effective inside the company. Although leaders want sometimes employees can involve in decision making process but most of the time, discussion makes the decision making process slow. For that reason, leaders prefer to lead by their own decision. One more important thing is, internal communication is sufficient but sometimes multi leader makes employees confused how they will carry on the work. So, leaders should have perfect direction to lead multi-cultural employees. Culture makes people nature different. Someone can take the problem more seriously and company can have the negative result for this aspect. For these company leaders might have to be more careful for internal communication process. At the moment internal communication is not real internal communication inside the company. According to theory, internal communication should not be monologue. It should be dialogue to get better output from the employees.

Based on the findings one of the most challenging task for leaders of Finn-lumber is to lead multicultural employees by giving enough information flow on time. Replying all the emails does not mean that company has effective communication pattern in the company. However, latest information delivered on time is more effective communication pattern. It can gives better result from employees.

9   Scope of the thesis

This thesis paper has some limitation. However, this limitation might be open opportunity for next researcher. The case company is very small and employees' response on questionnaires is not enough to make a reliable conclusion. To have better picture on culture research should be in big range of people. For empirical part qualitative method and induction approach was used. According to theory in induction method this is not 100 percent guaranteed result. The only reason is conclusion made depend on empirical observations. It would be interesting to investigate to have a base for further study on information flow. How to improve information flow inside the company? Multicultural environment is getting more and more familiar to a greater amount of workers via globalization. That is why, examining issues within the challenges on multicultural working environment is important. The motivational factors of the different nationalities could be studied. As the values, needs and beliefs of different nationalities differ, it would be interesting for leaders to know the motivating factors for employees.

10   Final words and conclusions

To conclude the whole study might be the most challenging part, but still this is the most important one. The case company was easy to access. In Finn-lumber everyone was very co-operative, sincere and interest in this study. They all have interest for the coming result from my thesis. As both managers were very supportive that gave a vital inspiration. I sincerely hope that Finn-lumber will find the discussion and suggestions valuable and that will help to the successful future of the company.

I came to the conclusion that to get effective result leaders have to develop internal communication. Another important research answer is autonomous leadership is more successful than other leadership style.

Since my interest is particularly in leadership therefore, I gained greater inside into leadership theories and cultural aspects. Now I can understand cultural phenomena better. This paper work also gave me more chance to gathered additional information on Finnlumber, a company I might end up working with in some kind of form one day.

It was very interesting as well I have learned how a big deal the topic is. This work was also helpful to teach me how to work on a long assignment independently with great patient. At last, I would like to say I am very satisfied with the whole thesis writing development.

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13 Figures

14 Appendix

Questionnaire: (For Leaders)

- How do you understand 'leadership'?

- Are you familiar with different leadership styles?
- ➢ Charismatic/value-based leadership, Team-oriented leadership, Participative leadership, Humane-oriented leadership, Autonomous leadership, Self-protective leadership

- Which one of the leadership styles do you use to lead your employees?

- What is your style in decision making process?

  ➢ Centralized (boss), delegated (down to workers), joint (every-one together)

- In decision making process, do you consider others comment?

- Are you conscious about ethnocentrism and prejudice?

- What are the skills you have as a leader?

- How many clusters are present in your company?

- As your company has multicultural employees, are you conscious about cultural dimensions?

- Which cultural dimensions you prefer to learn culture?(Greet Hofstede's cultural dimensions / GLOBE research)

- Do you find any challenges when you give instructions?

- Do you take cultural aspects in consideration when you lead multicultural employees?

- Which one is your communication pattern? (Effective/ ineffective/sufficient/insufficient)

- Do you maintain human relation among employees and you?

  Thank you- Would you like to share any additional information on leadership and culture?

Questionnaire: (For Employees)

- What is leadership in your opinion?

- How do you describe your boss's leading style?

- What do you expect from the leader?

- When tasks are given, do you get clear instructions?

- Do you contribute in decision making process?

- If team work needed do leaders supervise closely or is task done independently?

- Which are the similarities or differences between you and your colleagues that you want to highlight?(For example, in communication methods, team works decision making process..?)

- How do you describe the communication pattern in this company? How do you say in one word? Is it Effective/ ineffective/sufficient/insufficient?

- Does management maintain enough human relationship?

Thank you- Would you like to share any additional information on leadership and culture?

15 Tables

Table 1 Difference between qualitative and quantitative methods
Table 2 Background and profile of interviewees