

**UNIVERSITY OF VAASA
SCHOOL OF MANAGEMENT**

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**Comparing Finnish and Japanese culture – Cross-cultural leadership
perspective**

Master's Thesis in
International Business

VAASA 2020

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VAASAN YLIOPISTO**Johtamisen yksikkö****Tekijä:** Tuukka Tarkkinen**Tutkielman nimi:** Comparing Finnish and Japanese culture – Cross-cultural leadership perspective**Tutkinto:** Kauppatieteiden Maisteri**Oppiaine:** International Business**Työn ohjaaja:** Vesa Suutari**Valmistumisvuosi:** 2020 **Sivumäärä:** 97

TIIVISTELMÄ

Yhä useampi organisaatio ja yksilö joutuu sopeutumaan entistä kansainvälisempään työympäristöön maailmantalouden globalisaation vuoksi. Tässä ympäristössä kulttuurien väliset vuorovaikutustaidot ovat tärkeitä jokaiselle toimijalle, mutta erityisesti esihenkilöille ja muille päätöksentekijöille. Kansainväliset vuorovaikutustaidot hallitseva henkilöstö on tärkeä voimavara erityisesti vientivetoisen Suomen yrityksille. Tämän tutkielman tavoite on ollut laajentaa tietoisuutta Suomen ja Japanin johtamistapojen eroista kansallisten kulttuurierojen näkökulmasta. Erojen ymmärtäminen voi johtaa parempaan yhteistyöhön suomalaisten ja japanilaisten toimijoiden välillä, jolloin resursseja jotka muuten kuluisivat kulttuurieroihin sopeutumiseen voidaan käyttää hyödyn saavuttamiseen.

Tutkimuksen kulttuuriosan teoreettinen viitekehys on muodostettu tunnettujen ja useissa tutkimuksissa käytettyjen Hofstede:n, GLOBE:n ja Schwartz:n teorioiden pohjalta, jotka kaikki lähestyvät kansallisia kulttuureja jakamalla ne eri ulottuvuuksiin. Johtamisosan teoreettinen viitekehä perustuu transformationaalisen johtamisen teoriaan ja sen Full Range of Leadership-malliin. Aikaisempaa tutkimusta, joka tarkasteli juuri näiden maiden johtamiseroja on hyvin vähän, eikä yksikään niistä käytä transformationaalisen johtamisteorian tai kulttuuriulottuvuuksien näkökulmia. Tämä tutkielma on toteutettu laadullisena ja abduktiivisena tutkimuksena. Empiirinen aineisto on kerätty kahdeksan teemahaastattelun kautta. Teemahaastattelut toteutettiin johtotehtävissä toimiville henkilöille, joilla oli kokemusta Japanissa ja Suomessa työskentelystä.

Yhtä lukuun ottamatta haastateltavilla oli kokemusta esihenkilöroolissa ja/tai johtotehtävissä toimimisesta.

Tulokset osoittavat, että kulttuuriulottuvuuksien tarkastelu antaa hyvän lähtökohdan Suomen ja Japanin kulttuurien vertailulle, mutta ei tarjoa niin syvää ymmärrystä aiheesta kuin laadullinen tutkimus. Korkea hierarkia Japanissa todettiin suurimmaksi johtamiseen vaikuttavaksi eroavaisuudeksi. Suomalaiset näkevät toisensa kutakuinkin tasavertaisina ihmisinä kaikessa kanssakäymisessään, mutta Japanissa ihmiset lokeroivat toisensa eriarvoiseen asemaan. Eriarvoinen asema on otettava huomioon kanssakäymisessä, jota ohjaavat tarkat tavat sekä muodollisuudet. Suomalainen johtaja painottaa yleensä tuloksia ja käytännöllisyyttä, kun japanilainen johtaja painottaa sääntöjä ja muodollisuuksia. Japanilaiset ovat myös todella kollektivistisia, se että poikkeaa normaalista ei ole sosiaalisesti hyväksyttyä japanilaisissa instituutioissa. Jokaisen työntekijän, mutta erityisesti esihenkilöroolissa työskentelevän kannattaa muokata toimiessaan toisessa kulttuurissa, tai toisesta kulttuurista tulevien henkilöiden kanssa. Kuka tahansa voi kehittää omaa johtamisosaamistaan ja kansainvälisiä valmiuksiaan. Tässä tutkielmassa esitetyt teoriat voivat auttaa erityisesti esihenkilöasemassa olevia kouluttamaan itseään ja muita erityisesti Suomen ja Japanin välisistä kulttuurieroista.

KEYWORDS:

1. INTRODUCTION

A renowned researcher in the field of cultural studies, Geert Hofstede, states: “*The survival of mankind will depend to a large extent on the ability of people who think differently to act together.* (Hofstede 2001: xv). Due to increasing globalization and the advantages of going international, most companies from the smallest start-up to the largest multinational want to be global, and the recent evolution of information technology enables them to globalize their strategy with better efficiency. This globalization of businesses causes cultures to collide and can cause cross-cultural issues to arise (Linna 2010).

The increasing pressure to go global has changed the needs of the skills that are required from employees. The pace of new cultural changes is often so fast, that dealing with new challenges unprepared becomes a daunting task for employees (Savitha & Rani 2013: 308). Cross-cultural management skills can be used to increase our understanding of these challenges and therefore can no longer be considered only as an additional competence for those who wish to work abroad because even if confined to a certain place, the probability of cross-cultural interactions in routine work is high. (Browaeyes 2008)

Japan has the third biggest GDP in the world and therefore, is a major economic power (World Bank 2019). The trade between Japan and Finland in 2017 was worth over 2 billion euros and Finnish exports to Japan increased by 28.3% while Japanese exports to Finland rose by 6.3% (Finnish Chamber of Commerce in Japan 2019). In 2019 the exports broke new records (Helsingin Sanomat 2019). Even though trade has increased in recent years, the size of the Japanese economy presents further opportunities of doing business for companies of all sizes.

Japanese companies route their activities through each other, making it hard for foreign companies to enter the market (Miwa & Ramseyer 2006: 8). For a business to succeed in Japan, it is necessary for a company to learn the cultural specifics of the market or to cooperate through a local actor (Miwa & Ramseyer 2006: 113). Understanding Japanese

culture and its cross-cultural interactions is therefore important for any company or individual who is, or wants to be, involved in the Japanese business environment.

Due to these facts, it is beneficial to study how interpersonal workplace interactions, such as leadership, function in different cultures. By comparing what is effective leadership in two different cultures, it does not only contribute to the research on that field from the academic point of view, but also deepens the understanding of the cultures compared and increases the cross-cultural capabilities from a managerial point of view. This knowledge can be applied to all situations that involve cross-cultural interaction to some extent. These arguments are supported by Lakshman (2013) who states that cross-cultural competence consists of cross-cultural leadership ability which allows actors to better absorb uncertainty in situations where multiple cultures collide.

Studies like GLOBE give empirical verification to the fact that there is a significant relationship between culture and leadership (House 2004). Understanding universally effective leadership attributes and practices is undoubtedly beneficial for everyone operating in the globalizing field of business and understanding different requirements of different cultures can help actors to adjust their actions and allocate their limited resources, such as time, differently depending on the cultural context, which leads to further efficiency. As an example: Having weekly verbal feedback could improve the efficiency and well-being of employees in one context but be a waste of managerial resources in another.

According to Lewis (2005), the perception of the Japanese and the Finns on their own cultures being somewhat isolated and being proud of their uniqueness creates a mutual understanding between the two countries. The similar communication styles help representatives of the two countries to seamlessly achieve mutual trust and engage in business. However, mutual relations can be hindered by the directness and frankness of the Finns which can be upsetting to the Japanese (Lewis 2005: 130). Japanese leadership culture can be classified as the reactive type, in which decision-makers are accommodating, compromising, courteous and good listeners. The leadership culture in Finland is closer to the linear-active type which places emphasis in calm, factual, and

decisive planning but have many tendencies of the reactive type such as being good listeners, using silence in communication, and valuing humble leaders (Lewis 2005: 88-89). However, empirical evidence on these differences is still scarce.

The importance of this issue can be contributed to the benefits that applying the right style of leadership brings to an organization and its members. Even though there are multiple ways to approach leadership, most of them focus on finding out what kind of leadership is beneficial to an organization in some way. Furthermore, the results of bad follower-targeted influence by a person in a leading position strongly increase the follower's resistance towards the leader and counterproductive work-behavior and decreases job satisfaction, organizational commitment, and individual performance (Schyns & Schilling 2013).

Because different cultures respond differently to different kinds of leadership behavior, increasing the knowledge of these interactions can help organizations and managers to allocate their limited resources efficiently. If for example a company or a manager invests lots of resources on applying a type of leadership in one country with positive results, having pre-existing knowledge that the same type of leadership will not yield the same results in another cultural context can help in allocating resources towards more efficient leadership.

In addition to increasing the general cross-cultural competency, comparing the cultures of two countries together will enable Finnish leaders to gain in-depth knowledge on how to allocate their leadership efforts when working with Japanese people and vice-versa, which can then lead to further trade, cooperation and business efforts between the two countries.

The literature review and the theoretical part of this thesis will consist of three main parts: First, different leadership theories are examined, and the choice of focus, transformational leadership, will be examined further. Second, dimensional approaches to culture will be examined to establish a general overview of culture and its different properties. Finally, the existing research on Finnish and Japanese cultures is examined and together the three

theoretical chapters will provide a framework for the research between Japan and Finland. The main theories will also be introduced briefly here.

Originally transformational leadership was defined as a style where leading was done through a social exchange, against the previous transactional style where leaders were seen “bargaining” with employees by exchanging one thing for another, such as financial rewards for good performance or punishments for failures (Burns 1978). The separation between two types of leaders was expanded, and the theory made the distinction between two types of leader types. First were the *Transactional leaders* who form contractual relationships with their employees. Job assignments are in writing and are accompanied by statements about conditions of employment, rules, regulations, benefits, and disciplining code. Motivation is created by trade-offs or transactions and the self-interest of all participants is high. Second were the Transformational leaders who use transformational leaderships four components, idealized influence, inspirational motivation, intellectual stimulation, and individual consideration, to establish that the leader and follower share the same goals, and achieving them will lead to mutual gain. This would motivate individuals beyond their self-interest to work for the benefit of the group or the organization. (Bass & Riggio 2008)

To conceptualize culture in business Hofstede developed a dimensional approach to compare how different cultural groups have different behavior from a managerial perspective (Browaeys, 2008). Hofstede’s dimensions can also be regarded as value dimensions, as values are often seen in forming the core of cultural behavior (Ergeneli, 2007).

There are five cultural dimensions in Hofstede’s research: *Power Distance* shows how large the hierarchical difference in authority is between different positions. *Uncertainty avoidance* measures the tolerance of uncertainty and instability. *Individual versus group orientation* measures the amount of importance a cultural group values the importance of individuals achieving their personal goals in contrast to collective goals. *Masculine versus feminine orientation* inspects the amount of competitiveness and assertiveness of a cultural group, as a comparison to find high amounts of cooperation and high-quality

relationships in the workplace. *Short-term versus long-term orientation* measures the decision-making of groups, by inspecting are the groups trying to find the best solution for the current situations or are they aiming to be more dynamic and thinking about the future. (Browaeys 2008: 25- 31)

The Global Leadership and Organizational Behavior Effectiveness research project (GLOBE) is a research project which aims to provide an in-depth understanding of 25 different cultures across 61 countries. It aims to offer researchers specific insight on their own culture in comparison to other cultures and benefit the ever-increasing amount of managers working in cross-cultural environments. Among the goals of GLOBE is to answer the following questions: “Are there leader behaviors, attributes, and organizational practices that are universally accepted and effective across cultures?”, and “Are there leadership behaviors, attributes, and organizational practices that are accepted and effective in only some cultures?” (Jagdeep, 2007) The GLOBE project consists of three phases which all have different approaches to leadership in different cultures, but the focus of this paper, the cultural dimensions, were created in its second phase. There are nine dimensions, which will be thoroughly discussed in the theoretical part of this paper.

Schwartz’s universal value theory draws its base from three basic universal requirements: Biological needs, interactional requirements of interpersonal coordination, and societal demands for group welfare and survival. From these requirements, eight motivational domains of values are derived, which are then divided to different domains according to the different interests they serve for an individual. (Scwhartz & Bilsky 1987)

1.1. Definitions of key concepts

1.1.1. Leadership

In business studies, the concept of leadership has been approached in different ways over the years. In fact, Perruci (2012) jokingly stated that there were as many approaches to leadership as there were scholars in the field. A relatively common approach is to separate

leadership and management from each other, as they are seen to be two separate activities. The word management comes from the Latin word for hand, implying that it is about handling things, whereas the origin of the word leadership is not as clear and can be seen coming from the Indo-European word which implied “crossing a threshold” giving it an altruistic meaning or the Anglo-Saxon word “leadan” which meant a cause to go with. (Oliver 2017)

A modern day dictionary definition of leadership is “The action of leading a group of people or an organization” where leading is defined as literally showing the way to something, being in charge of something, or to “be a reason or motive for (someone)” (Oxford dictionary 2018). This implies that leadership is a broad concept, and even though Burns, the creator of original transformational leadership theory, attempted to separate leaders from power holders, later transformational leadership studies don’t separate managing and leadership as different activities and refer to them as different leadership styles instead. (Burns 1978; Bass & Riggio 2008) Therefore, this paper will not focus on separating managers from leaders. Instead, the focus will be on discussing the different styles that are used to lead people in a workplace setting from any position in the hierarchy. When the paper talks about managers it is referring to the position in a company and assumes that every manager is a practitioner of leadership in one way or another.

The topic of *Leadership* has received considerable attention from academics, but it is not clear what constitutes effective leadership and how leadership effectiveness can be developed. Instead of universal leadership theory, the theories are often categorized into three schools of thought: trait theories, behavioral theories, and situational theories (Brooks 2006: 174).

Charismatic, authentic, and transformational leadership theories all share roots in the similar behavior approaches and focus on defining the process in which certain types of leaders can motivate influence followers to put the needs of the mission or the organization above their personal and materialistic interests. *Charismatic leadership* was originally created by Weber (1964) who defined charisma as a phenomenon where a

leader attracts followers based on a new vision during a social crisis, and the leaders have faith in the leader's extraordinary capabilities. *Authentic leadership* was identified in transformational leadership studies that preceded it, but defining a set of qualities of an "authentic leader" suffered from the same problems as trait theories, as researchers couldn't agree on a clear definition of common traits (Yukl 2010). All of these theories aim to find a universally applicable style of leadership behaviors, but since transformational leadership has the full-range leadership model that allows the evaluation of other types of leadership, and due to it having the most previous research in conjunction with cultural studies it will be the main focus and angle from which leadership styles are defined from. (Northouse 2010)

For the purpose of this paper, transformational leadership refers to the process where a person engages with others and raises the motivational and morality levels of both the leader and the follower, by enabling the followers to reach their full potential. The other side of the spectrum to transformational leadership is transactional leadership, which focuses on the practical exchanges that take place between the leader and the follower. Teachers giving students grades, or managers promoting employees who surpass their expectations are examples of transactional leadership. (Northouse 2010: 172). Transformational and transactional leadership are defined further in their respective chapter. The definition of this thesis is not to be confused with definitions of transformational leadership that refer to it being a form of management of change, or merely a separation between managers and leaders as depicted by Hacker & Robers (2004). Even though there are similarities between the manager and leader spectrum when compared to the transformational and transactional leadership spectrum, this thesis will focus only on the transformational theory definition established by Burns (1978).

1.1.2. Culture

Experts of different fields have tried to come up with an easy definition for the concept of culture, but the differing points of having made it impossible to find one true definition. (Broawayes 2008: 3) The first definition offered by Oxford Dictionary "The arts and other manifestations of human intellectual achievement regarded collectively." refers to the

common use of the term in informal speech where it means certain forms of art, such as theater or classical music. However, the focus of this study is much closer to the second dictionary definition: “The ideas, customs, and social behavior of a particular people or society.” (Oxford Dictionary 2018) To further elaborate the scope, we can use the definition created in the first phase of GLOBE where it was defined as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that results from common experiences of members of collectives and are transmitted across age generations” (House & Javidan 2004: 15).

There are a few additional things to consider when defining culture for the purpose of this thesis. Triandis (1985: 75) made the separation between objective and subjective cultures. By this definition, objective culture includes physical man-made artifacts, such as factories, roads, and tools. Subjective culture on the other hand referred to how a group sees themselves and especially its values, norms, and roles. Hofstede (1976) added that individuals who share the same nationality, sex, education, or a similar background variable were more likely to perceive their surrounding social environment and their subjective culture. Furthermore, Hofstede (2010) defines culture as the collective programming of the mind that distinguishes the members of one group or category of people from another (Hofstede & Hofstede 2010: 4). According to this definition, the distinguishable nature of culture allows making differentiations between different cultural groups and enables comparison between two cultures.

Even when culture is approached with the aforementioned definitions, there are differences in how its scope is understood. It is commonly acknowledged, that culture is something that is not inherited genetically, but a code of values, attitudes, and norms, which are learned from the social environment, and that it helps individuals perceive themselves and others in the world.

One way to conceptualize culture in business was developed by Hofstede, who developed a dimensional approach to compare how different cultural groups have different behavior from a managerial perspective. Hofstede’s first study of this approach was done across different subsidiaries of IBM in 64 countries, as he had founded and managed the

personnel research department of the company. The set-up of his research and statistical methods were utilized by other researchers, which conducted similar cross-cultural studies in different scenarios. (Browaeys 2008: 25)

The Global Leadership and Organizational Behavior Effectiveness research project (GLOBE) is another dimensional approach that aims to provide insight on one's own culture in comparison to other cultures for the benefit of an ever-increasing amount of managers working in cross-cultural environments (Jagdeep 2007). GLOBE has its roots in Hofstede's dimensions among others, and during the recent decade, the scores of GLOBE's dimensions are increasingly used in the comparison, as it is regarded as the more up to date and expanded version of the same scope (Brewer 2011).

Schwartz's universal value theory approaches the same phenomenon by establishing ten universal and measurable values, the values are then placed in a matrix, and the correlation between these values are used to form the cultural dimensions for comparison (Schwartz 1992).

1.2. Purpose, research question, and objectives

Due to the globalizing environment, internationalization is a major goal for most companies. However, failures in internationalization, Foreign direct investments, and joint ventures are still common. Even large and resourceful companies like Walmart or Tesco have failed in their efforts on becoming international, and from their mistakes, we can see that over-estimating the appeal of their commodities without enough adaptation to the host country's culture and social norms can lead to loss of competitive advantage in the market. Without the right global competencies or mindset, the probability of failure is higher. (Ryu & Simpson 2011)

In Japan, this phenomenon is emphasized by the fact that local companies prefer to do things "their way" and require foreign actors to adapt. (Miwa & Ramseyer 2006: 113). The research question and objectives of this topic paper are designed to provide a further understanding of what is already known on the differences in leadership styles of Finland

and Japan. Its implications will allow the reader to gain in-depth knowledge of the two cultures in question and should be beneficial to anyone who is engaged or planning to engage in the interaction between the two. Furthermore, it gives Finnish and Japanese leaders insight into leading each other by providing an in-depth understanding of how their leadership styles differ from each other.

Research on transformational leadership has been conducted in some form on every continent, and in most of the industrialized nations (Bass 2008: 16). Additionally, research on cross-cultural leadership is common, and one of the main goals GLOBE is to establish cultural dimensions that can be utilized to identify cross-culturally effective leadership styles. The GLOBE project has aspects that utilize the transformational leadership theory, but it is not its focus (Jagdeep 2007).

Transformational and transactional leadership styles have been studied in a cross-cultural context using cultural dimensions before. Ergeneli et al. (2007) studied the connections between different aspects of transformational leadership and Hofstede's dimensions. Valdov (2016) studied Albanian and Russian leadership, and Guo (2011) compared Swedish and Chinese leadership styles. Jung et al. (1995) and Jung & Avolio (1999) compared the leadership results of countries that were on the different ends of the individualism dimension. Previous research has provided in-depth results to leadership styles together with cultural dimensions for some of its parts, but not enough to establish definite conclusions on how each cultural dimension connects with different components of leadership styles. There is also a lack of studies using GLOBE and Schwartz's dimensions. Furthermore, there are many combinations of countries that have not received such attention, and comparison of Finnish and Japanese cultures is one of them.

Recent research that compares Japanese and Finnish cultures in a workplace setting is not easy to find, but some master's thesis level student work can be found. However, more specific qualitative research that provides an in-depth analysis of how Japanese and Finnish cultures compare with each other from the point of view of transformational leadership or cultural dimension theories could not be found.

Exploratory studies aim to find out what is happening, to seek new insights, and ask questions, and to assess phenomena in a new light. (Saunders, Lewis & Thornhill 2016: 139). The fluid and broad range of exploratory approach allows this thesis to establish its purpose, which is to increase knowledge on the cross-cultural leadership phenomena by comparing its manifestations in two different cultures. In addition to being exploratory, the results between the two countries will be inspected comparatively, to meet the purpose of finding out differences between the two cultures. Two of the three principal methods of conducting exploratory research are used in this thesis: search of literature, and interviewing experts on the subject. Even though the focus of the initial question is broad, one purpose of an exploratory study is to narrow the focus as the research progresses (Saunders, Lewis & Thornhill 2016: 140). The research question for achieving this purpose is therefore initially broad:

“What are the differences between Finnish and Japanese leadership styles?”

1.3. Structure of the study

The first chapter of the research paper will be the introduction chapter. The need for the research and the existing research gap is introduced in this chapter, along with the research question. The usage and scope of the concepts leadership and culture are also defined, as there are many possible definitions and approaches to these terms. The theories are also briefly introduced. Therefore, the scope and terminology of the study are already established before the actual theory part of the thesis. The structure of the thesis is also introduced.

Chapters two, three, and four are the theoretical chapters that form the theoretical framework. Chapter two begins focused on leadership literature and examines how studies of leadership have evolved. It then focuses on the transformational theory and establishing it as the lens from which leadership is examined in this thesis. The third chapter introduces the cultural dimensional theories and their components. The fourth chapter combines leadership and the dimensional theories with existing literature on

leadership styles of Japan and Finland. In addition, expectations for the empirical part are established based on the existing theories.

The fifth chapter discusses the research design. It presents the type of research methods used in this thesis and discusses the reasoning for choosing them. It also discusses the data collection and processing and the sample itself.

The sixth and seventh chapters form the empirical part of the paper. The sixth chapter presents an analysis of the most relevant parts of data collected in the interviews. The seventh chapter discusses these results in conjunction with the expectations created in the theoretical framework. The purpose of this chapter will be to establish the connections between the data and the theoretical framework to enable relevant conclusions to be made in the final chapter.

The final chapter presents the conclusions of this study. The conclusion to the research question is the focus of this chapter. Theoretical and managerial implications are also discussed, along with ideas for further research on the subject.

Figure 1. The structure of the study.



2. LEADERSHIP

This is the first theoretical chapter of this thesis. Leadership as a concept was introduced in the previous chapter. This chapter begins by looking at how leadership studies have evolved during history. After that, it takes an in-depth look at transformational leadership theory and its MLQ framework which are later used in the theoretical framework of this thesis.

2.1. History of leadership studies

Leadership has been studied in different forms and from multiple different points of view during the history of mankind. Whereas Confucian teachers approached leadership from a moral point of view, Roman and Greek orators and rulers talked about the “men in power”. Lots of research on rulership was produced during the classical and middle ages, but for intellectual reasons, the separation of leadership had to be made for the modern age of research. (Burns 1978: 2)

The beginning of empirical studies on leadership can be traced to the late 19th century and the early 20th century. During this time, leadership was about the traits of the leaders, and researchers approached the issue to identify the characteristics of the great leaders of the past. Despite huge efforts, scholars could not form a list that they could mutually agree on. (Perruci 2012) Even though a similar list could be formed today, it is commonly thought that leaders are 30% born and 70% made, allowing anyone to develop their leadership potential through effort in training, or life experience (Avolio 2005: 3-4). In the 1930s the research shifted away from these “Great man theories”, and during 1950s and 1960s leadership studies were mostly approached with different situational and contingency theories, meaning that different contexts required different behavior from the leaders. The focus was still on leaders, but the perspective of followers was taken into consideration. (Perruci 2012)

In 1970s the focus was increasingly on the relationship between the leader and the follower instead of behavior and traits of the leader. One of the most important

breakthroughs in this leader-follower relationship was Burn's book *leadership* (1978) which made the separation between transactional and transformational leadership and shifted the focus into how leadership helps realize goals held by both leaders and followers. (Perruchi 2012) (Burns 1978: 18) Between 1970s and 1990s examining the complex relations between leaders and followers was becoming common, but there were a huge number of different theoretical lenses to approach leadership with. One example is the *Leader-Member Exchange (LMX)* theory by Graen and Uhl-Bien which was created in the 1970s but is commonly used even today. It focuses on the leader-follower relationship by separating the followers into an out-group and an in-group from the leader's perspective.

Leadership theories have evolved during the years and there are multiple theoretical approaches available. For this thesis, it is important to use theories that are considered relevant and applicable in a cross-cultural context. Combining leadership and cultural theories can be seen as a viable approach, as Jung (1999) states that the question of whether to use different leadership styles to lead people with different cultural backgrounds is a valid one, as it can provide information that helps researchers and managers alike in their efforts to understand and handle cross-cultural interactions (Jung 1999). GLOBE study offers one of the largest bodies of study that combines culture with leadership, as one of its main goals was to find out how differences in cultures related to differences in leadership. GLOBE researchers identified six global leadership behaviors, which were used to assess what type of leadership profile is preferred in a country (Northouse 2010: 348).

The leadership behaviors of GLOBE can be inspected from the point of view of many different theories. The *style approach* of Stogdill (1948) divides leadership behavior into task behaviors and relationship behaviors, where task behavior focuses on goal accomplishment and relationship behavior focuses on responding to the needs of the followers, by helping them be comfortable with the situations they are facing. The style approach was later refined to Leadership Grid, which allowed inspection of a leader's behavior by defining different styles according to the amount of each leadership behavior they were exerting. Using the grid approach, it would be possible to assess necessary

adjustments to the needs of different countries by adjusting behavior and moving to a different place on the grid when operating in different cultural environments. (Northouse 2010: 69-74) Burns's (1978) separation of transformational leadership and transactional leadership from each other, and Bass & Riggio's (2008) full-range leadership model shares similar concepts between the style approaches. Transformational leadership theory has been able to offer a more universally applicable leadership style than the style approach, which is one of its biggest criticisms (Northouse 2010: 79).

Hersey and Balanchard's (1969) *situational approach* and Fiedler & Garcia's (1987) *Contingency theory* focus on the fact that different situations and contexts require different types of leadership behavior. The situational approach focuses mainly on the competence of the subordinates as the determining factor of a leader's behavior and offers a matrix-based approach for determining and adjusting behavior according to current needs. Contingency theory focuses on the leaders fit the context he/she is operating in, which is determined by three variables: leader-member relations, task structure, and position power. Both of these theories share the assumption that leadership behavior should be adjusted, but their established frameworks focus on differences between subordinates, organizations, and projects on a process-level, so they are not the best fit for comparing two countries and their cultures on a national level. (Northouse 2010: 89-90, 111-114)

In the 21st century, the increasing globalization has increased the amount of leadership studies that focus on leadership in different cultural contexts. The consideration of ethics and values has increased, and due to increasing cross-cultural influences, it can no longer be assumed that the actors always share universal values. Additionally, there has been an increasing amount of studies of "followership" and followers are becoming equally valuable when leadership is conceptualized (Perrucci 2012).

2.2. History of transformational leadership studies

In his book *Leadership* Burns (1978) approached leadership, by combining existing literature, with the literature on followership, to understand the issue in a multitude of

levels and as an attempt to distinguish leaders from power holders. He also emphasized engagement and wanted to present power and leadership not only as things but as relationships that fall under the constraints of human motivations. His focus was not on the leader and his attributes, but on the psychological factors in which the leader, through communication with his environment, elevated followers to a new level of motivation and morality. He called this type of leadership transforming leadership, distinguishing it from transactional leadership, in which the leader was “exchanging one thing for another” like a politician changing jobs to votes or a supervisor financial bonuses for good results (Burns 1978: 4, 11, 27, 142.). Afterwards it has been regarded as a more polished version of earlier charismatic leadership theories, due to the focus on relationships established between leaders and followers. (Ergeneli 2007; Tarkkinen 2017)

Transformational leadership was first studied by Burns (1978) who combined existing leadership literature, that was very leader centric at the time, to studies that focused on followership to understand the issue in multiple levels, and to distinguish leaders from power holders. He was the first to make the separation from transactional leadership to transformational leadership, which he called transforming leadership (Burns 1978). Bass (1985) continued from the foundations set by Burns and found evidence that transformational leadership allowed leaders to empower followers by responding to their individual needs which then allowed them to reach performance levels that exceeded expectations (Bass 1985). It was later concluded that transformational leadership could be taught and learned (Bass & Riggio 2008: 142). Due to it being teachable and universally applicable transformational leadership is a suitable approach to leadership in any context.

Transactional leadership was defined by Burns (1978) as the “opposite” style from transformational leadership. In transactional leadership leaders promote compliance by followers through both rewards and punishments. It was described to be practical, resistant to change, passive and directive. This type of leadership was described to be effective in a short-term timeframe but limit the long-term motivation and discourage independent thinking of followers.

Even though Burns was the first to make the separation of transformational leadership from transactional, it was Bass who continued the research and further defined transformational leadership as a style in which the leader inspires themselves and the follower to achieve extraordinary outcomes by aligning the goals of the follower, the leader, and the organization together. His research provided evidence that this type of leadership led to followers exceeding what was expected from them while simultaneously increasing organizational commitment and follower satisfaction. (Bass 1985) Early research in 1980s and early 1990s focused on transformational leadership's effectiveness in a military setting (Bass 1985, Curphy 1992, O'Keefe 1989), but later research demonstrated how effective it can be in every setting and in every sector (Avolio & Yammarino 2002).

One of the reasons for transformational leadership's popularity was the development of proper measurement tools, of which the Multifactor Leadership Questionnaire (MLQ) is the most widely accepted (Bass & Riggio 2008: 19). The first version of MLQ measured 63 behaviors that could be connected to assessing either transformational or transactional leadership from which nine leadership dimensions measuring the outcomes of said behaviors could be measured (Bass & Avolio 1990). The current version, MLQ (5X), was refined due to criticism of the earlier model, and adds 4 items assessing each of the nine leadership dimensions, focusing more directly on leader behaviors (Bass & Avolio 1997). Perhaps the most crucial dimensions that MLQ can be used to measure are the four components of transformational leadership and the additional transformational leadership behaviors of the full range of leadership model which were identified during the MLQ:s factor analytical studies (Bass & Riggio 2008: 5, 7-8).

Transformational leadership has been explored from multiple angles during its existence. Hautala (2005) separated the points of view to be: 1) Impact on followers 2) Impact of transformational leadership on organizations 3) Training to increase transformational behaviors and 4) Qualities of transformational leaders. Uusi-Kaakkuri (2017) added one more viewpoint: 5) Subordinates' viewpoint of transformational leadership.

Transformational leadership has shown results in improving the satisfaction and performance of followers (Cummings et al. 2010, NG 2016) and organizational performance (Wang et al. 2011, Noruzi et al. 2013). The results of studies on enhancing transformational capabilities are not as simple. It has been shown that transformational leadership capabilities can be increased in group-based training (Chaimongkonrojna & Steane 2015), but as an example of the complications, it is suggested that training intellectual stimulation is relatively easy and has a positive impact, whereas training inspirational motivation can lead to unauthentic leadership and negative effects (Barling et al. 1996). Qualities of transformational leaders are not completely agreed upon, but a positive correlation of traits of transformational leaders includes confidence, high moral reasoning, femininity, reasoning, feeling, and dominance. (Ashforth & Humphrey 1995: 116). Subordinates' viewpoint of transformational leadership can vary depending on the individuals' seniority, position, and personality (Muchiri et al. 2011). Extroverted subordinates often find transformational leaders open-minded, innovative, daring, and committed, whereas introverted can see them as over-enthusiastic, innovative, zealous, and arrogant (Erhart & Klein 2001). On average, women prefer transformational leaders more than men (Felfe & Schyns 2006).

2.3. Components of transformational leadership

As previously established, there are four components in transformational leadership which are defined as behaviors that separate or elevate them from transactional leaders. The four components are *Idealized Influence*, *Inspirational Motivation*, *Intellectual Stimulation*, and *Individual Consideration*. Each of these can be measured with the MLQ.

Idealized Influence in essence means that the leader serves as a role model who the followers can trust, respect, and admire. The followers see the leaders as having extraordinary capabilities and amounts of persistence and determination and want to emulate these characteristics in their own behavior. Idealized influence consists of two parts: The leader's behavior, and how the followers give credit to the leader for his/her actions. Leader with high idealized influence can be counted on to be consistent, and to demonstrate high moral standards and to do "the right thing" (Bass & Riggio 2008: 6).

Idealized influence is one of the best ways to counteract interpersonal conflict, which is inevitable in organizations, because it promotes employee forgiveness and suppresses antisocial responses in conflict situations. Other leadership theories such as Charismatic leadership, ethical leadership, authentic leadership, and servant leadership overlap with idealized influence in conceptual levels and have been shown to correlate in the operational level. (Zdaniuk & Bobocel 2015)

Inspirational Motivation is a behavior in which the leader provides followers with new challenges and gives meaning to their work. Through displaying enthusiasm and optimism and by involving the followers to envision the future state of the team/organization transformational leader encourages team spirit and innovation. The actions are not limited to just envisioning however, as mutual commitment to this shared vision, and clearly communicated expectations are crucial. (House & Riggio 2008: 6) Organizations directed with inspirational motivation have been shown to contain people who are excited about the future and are more willing to take risks and to make mistakes to improve their organization. (Martin 2017) Idealized influence and inspirational motivation can be combined to a single factor called “charismatic-inspirational leadership” as they are like charismatic leadership theory in the conceptual level (Bass & Avolio 1993; Zdaniuk & Bobocel 2015).

Intellectual Stimulation describes the behavior in which the transformational leader stimulates their followers to be creative and innovative. This is achieved by encouraging to approach old situations with new solutions, without the public criticism for an individual’s mistake. Problems are reframed and assumptions questioned, new and different approaches than the ones of the leader are encouraged, allowing a problem to be inspected from different angles before courses of action are decided. (House & Riggio 2008: 7) However, recent research has shown that intellectual stimulation can backfire if not used with caution, as different ways of delivering the stimulation to followers can change the outcomes from desirable to something else, and that contingent reward leadership of the full range model can lead to good results more consistently (Robinson & Boies 2016)

Individualized Consideration as the name suggests, IC refers to the leader's behavior aims to recognize the unique developmental needs of followers, and to coach and consult the followers individually. (Bono & Judge 2004) Individual differences are recognized, and leaders can adjust things such as the level of autonomy, or encouragement according to the needs of everyone. In a more general sense, the leader creates a supportive environment where two-way communication is encouraged. This is achieved by having personal interactions with the followers and seeing the person as a whole instead of just an employee, and by listening, delegating and monitoring each individual. (House & Riggio 2008: 7)

2.4. Full Range of Leadership Model (FRLM)

The Full Range of Leadership model (FRLM) was first introduced by Avolio & Bass (2002) to distinguish three separate leadership styles. In the full range of leadership model transactional leadership style and passive leadership are inspected with the four I:s of transformational leadership, so a more comprehensive framework to different styles of leadership is created. In this model, Contingent Reward and the active form of Management-by-Exception are seen as transactional styles, while the passive form of Management-by-Exception and Laissez-Faire Leadership are the passive styles. An important thing to realize is that the FRL assumes every leader uses each of these leadership styles to some extent and finding the optimal amount and frequency of each style is the desirable outcome. (House & Riggio 2008: 8-9)

In ***Contingent Reward (CR)*** leadership the leader creates an agreement with the follower on what needs to be done and promises rewards for satisfactory performance in the task. If the reward is a material one, like a bonus, it is transactional leadership, but if the reward is psychological, such as praise, it can be considered to transformational leadership. A high contingent reward is shown to correlate with effectiveness and follower satisfaction, but not as much as the four I:s in most cases (Bass & Riggio 2008: 8, 50-51). However, there are studies in which contingent reward performs better than transactional leadership, and it has been argued that the results may be context-specific and vary between different cultures (Peus et al. 2013).

Active Management-by-Exception (MBE-A) is a corrective transaction in which the leader actively monitors deviances from standards, errors, mistakes in the follower's tasks and takes corrective actions when necessary. Mistakes or failure to meet standards can lead to scolding or other forms of corrective actions. In *Passive Management-by-Exception (MBE-P)* instead of active monitoring, leader passively waits for the deviations, errors, and mistakes to occur, and takes corrective action when they are noticed (Bass & Riggio 2008: 8). Both styles are shown to be passive and ineffective (Bass & Riggio 2000: 50), and inconsistent or negative relations to relevant outcome criteria (Peus et al. 2013).

Laissez-Faire (LF) or “hands down” leadership is the most passive, inactive, and ineffective form of leadership by its definition and research results. Laissez-Faire leadership is not transformational or transactional, but passive. Responsibilities of leadership are ignored, actions are delayed, necessary decisions are not made, and the authority vested in the leader remains unused. (Bass & Riggio 2008: 8-9)

3. CULTURAL DIMENSIONS

In this chapter the cultural dimension theories are discussed. The chapter will begin with a general level theoretical discussion on cultural dimensions. Next, the specific cultural dimension theories what this thesis uses will be introduced and discussed in detail. After that, some of the criticism these approaches have received will be discussed. Next, the field of cross-cultural studies in conjunction with the dimensional approaches will be discussed, until finally linking the dimensional theories to transformational leadership theory.

3.1. General level theoretical discussion

Culture can be discussed from objective or subjective point of view. Objective culture is used when discussing physical human constructed objects, such as factories, goods, or monuments, whereas subjective culture refers to the way individual perceive themselves as part of a group, and how norms, roles, and values manifest themselves in society. However, the complexity of the relationships between subjective cultural relationships and social behavior should not be forgotten, and it can't be assumed that we could accurately predict an individual's behavior just because we can connect them to exerting a certain value or practice. (Triandis 1994).

To enable comparison of leadership between two countries from a cultural perspective, a framework that defines the cultural differences must be established. In the history of business and cross-cultural leadership studies a common approach has been the identification of cross-cultural dimensions that differentiate national culture. In practice, it means dividing people to different cultural groups according to different cultural dimensions to achieve a better understanding of the specific cultural differences, and to find ways to compare them with each other, and to find benefits, such as how to conduct international business negotiations successfully, or as it is the case of his paper, how to practice leadership efficiently between two different cultures. (Browayes 2008: 3, 26-27)

Nystrom and Starbruck (1984) argue that shared beliefs are a major part of which culture consists of, as behavior studies have shown that different sets of belief patterns are what separate culture from each other (Schwartz & Davis 1981). Beliefs can be divided to three categories: Phenomenological beliefs like “Germans are punctual” which describe individuals, nature or society. Casual beliefs such as, “Germans like Swiss watches because they allow them to be punctual”, which describe why some states of nature and other phenomenological beliefs occur. And finally, normative beliefs like “German leaders should be punctual” which describe preferred states of nature or being. Leadership studies focus on normative beliefs, as they aim to identify the actions that match the normative beliefs of the environment. Cultural dimension theories aim to look at national cultures from the point of view of all the belief categories, but the aims of these theories are always in establishing the normative beliefs to understand behavior. (Sproull 1981)

In the next sections, different cultural dimension theories are introduced in further detail.

3.2. Hofstede’s dimensions of national culture

Hofstede’s cultural value dimension approach is the most well-known dimensional approach to culture. During the 1967 and 1973 Hofstede conducted his famous IBM study. At the time, Hofstede was working at IBM International as manager of personnel research and founded and managed the company’s Personnel Research Department. Data from subsidiaries of more than 72 countries was collected in “The company’s international employee attitude survey program” across two survey rounds. In the end, the process produced answers to more than 116000 questionnaires. During this process four of the dimensions were born. In his dissertation Hofstede stated that *“The country culture dimensions of power distance and uncertainty avoidance were found through an eclectic analysis of data, based on theoretical reasoning and correlation analysis. The dimensions of individualism and masculinity were derived from a country-level factor analysis of scores on work goal importance, standardized for eliminating acquiescence.”* (Hofstede 2001: 41).

In late 1980s Hofstede compared the results of the IBM study to another study from Chinese University of Hong Kong called the Chinese Value Survey (CVS), and found many similarities between the two, giving the cultural dimensions more validation. However, instead of uncertainty avoidance dimension, CVS explored how the respondents oriented towards present, past, and future. Hofstede labeled this approach as *long-term versus short-term orientation* and it became the fifth cultural dimension. (Hofstede & Hofstede 2010: 38)

The ***power distance (PD)*** focuses on analyzing how different societies handle inequality. From the biological point of view, humans belong to the group of species in which members of groups show dominant behavior towards each other to establish a so called “pecking order”. Equality is a word that has two different meanings, it can refer to equality in the sense of numbers and material goods, or the more complex human interactions and as the famous line from George Orwell states: “*All animals are equal, but some are more equal than others.*” (Orwell 1945: 90). On the societal level, Hofstede defines power distance as “*the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally*” (Hofstede & Hofstede 2010: 61). Therefore, in a culture with high power distance, high inequality and clear social structure is accepted and it is believed that “everyone has their own place” in society. Positions of power, authorities, and older people are valued and respected. (Hofstede 2011: 83-84)

In a workplace setting, the amount of power distance is the degree of inequality in power between one individual in comparison to another. In a relationship between a boss and a subordinate, it measures degree of the authority or power of the boss can be used to determine and/or direct the behavior of the subordinate. (Hofstede 2001: 83) In a country where power distance is high, employees are frequently afraid to disagree with their bosses, and the boss is seen as autocratic and paternalistic whereas in a low power distance country, followers are often included in the decision making, disagreements are frequent and the boss giving advice and guiding the subordinate (Hofstede & Hofstede 2010).

Uncertainty avoidance (UAI) dimension measures how much uncertainty individuals in a certain culture or environment are able to accumulate without reaching unpleasant amounts of anxiety. Human beings have to cope with constant uncertainty about their futures, but societies have found ways through technology, law, and religion to create structures and solutions that provide clear expectations and reduce uncertainty. High uncertainty cultures have more structure (Hofstede 2001: 145-146) Uncertainty avoidance should not be confused with risk avoidance. When avoiding risk, individual is concerned about a single issue and chooses whether or not the action is worth taking based on the outcomes. When uncertainty is expressed as a risk, it ceases to be a source of anxiety. (Hofstede & Hofstede 2010: 197)

High uncertainty avoidance workplace setting has more formal and informal rules and regulations that affect behavior. This can lead to rule-oriented behavior or rituals with no practical purpose. People have been culturally programmed since early childhood to feel comfortable in structured environments, and it is believed that things that can be controlled should not be left up to uncertainty. Low uncertainty avoidance cultures establish rules only when necessary and believe that problems can and should be solved without formal rules. The degree of uncertainty avoidance can be important when considering the amount of creativity and innovation a workplace has. Low uncertainty avoidance leads to more basic innovations, but the more structured nature of high uncertainty avoidance provides a better environment to implement these innovations into new products or services. (Hofstede & Hofstede 2010: 210-213)

Individualism vs. Collectivism (IDV) dimension measures how independent individuals are, and how do they consider themselves in contrast to other people in a society. Majority of people in the world live in societies that are described as collectivist. Collectivism refers to the “power of the group” and in such societies collective interests are placed over individual interests. First group for a person in this type of culture is the family they are born in, but this usually extends to other relatives as well. This so called “in-group” helps with general security and is a bastion against hardships of life. This group has a mutual dependency between the person and the group and breaking the loyalty of this group is considered an offence. Countries are likely to be high in collectivism if they have many

state monopolies, inflexible social and occupational class systems, and not as modern industry. (Hofstede 2001: 253-254; Hofstede & Hofstede 2010: 91)

In the less common individualist societies individuals' interests prevail over the interests of the group, and everyone is expected to look after him- or herself and the most immediate family. Children from these societies form a sense of individual personality in a young age and playmates are chosen based on personal preference instead of someone else deciding the groups and the purpose of education is to provide children with skills that enable them to stand on their own feet in the future. The focus is on the "I" instead of "we" of the collective societies. (Hofstede & Hofstede 2010: 91-93)

At the workplace employees from a collectivistic society are hired according on how they will fit to the "in-group" and hiring someone familiar is well accepted because it reduces risk. Relationship of trust should exist between parties before business is conducted, or if dealing with new people the use of an intermediary is desirable. Employees will not be fired because of their bad performance, and in Japan for example, this is because the relationship of a company is similar to the relationship between a father and a son, father can't fire a son. In an individualistic workplace recruiting is done according to the skills of an individual and using relations to get recruited or promoted is not well accepted. Management techniques have almost exclusively been developed in individualistic countries, and management is often seen as a transactional business relationship between the manager and an employee, where good performance is rewarded. (Hofstede & Hofstede 2010: 119-122)

The **Masculinity and Femininity (MAS)** dimension shows what type of behavior is valued in society. The behavior assumptions of two genre roles has evolved from biological realities, like the fact that males are taller and stronger on average, whereas females carry children and breastfeed. The behavior between men and women is different, and different societies tend to match what is valued based on the behavior of one of the gender roles. According to this definition, masculine behavior is assertive and competitive, whereas feminine is cooperative and modest. (Hofstede & Hofstede 2010: 136-137; Hofstede 2001: 279-280). Hofstede summarizes the phenomenon by stating

that: “In the business context Masculinity versus Femininity is sometimes also related to as “tough versus tender” cultures. (Hofstede Insights 2018)

There is a major difference on what type of work goals are pursued in both ends of the dimension. People in masculine countries work towards earning, recognition, advancement, and challenge, whereas people in feminine countries value having a good manager, short commute, cooperative environment, and employment security. (Hofstede & Hofstede 2010: 139). Feminine cultures generally have more opportunities for women. Jobs that are stereotyped as feminine often offer lower status and pay than the masculine ones. (Hofstede 2001: 313). In a workplace of a feminine society, conflicts are resolved through compromise and negotiation, rewards are based on equality, there is a higher share of women working in professional jobs, smaller companies are preferred as employers, and the agriculture and service industries tend to be the most competitive, whereas in masculine societies resolutions are settled by letting the strongest win, rewards are based on equity, not as many women work in professional jobs, larger organizations are preferred as employers, and manufacturing and bulk chemistry are the most competitive industries. (Hofstede & Hofstede 2010: 170)

Long- Versus Short-Term Orientation (LTO) measures how a society prioritizes its actions and prioritizing towards maintaining links with their own past, while dealing with the challenges of the present and the future (Hofstede Insights 2018). In low LTO societies people prefer to hold on to their traditions, quick results are expected, children are expected to learn tolerance and respect for other people, humility is considered to be a feminine virtue, savings are lower, and being able to spend money is considered being nice. On the contrast, in a high LTO society traditions are adapted to match the changing circumstances, persistence and perseverance prevail over quick results, children learning to be thrifty is valued, humility is considered a general human virtue instead a feminine virtue, savings are higher, and using resources sparingly by not spending much is considered a virtue. (Hofstede 2001: 360, 366)

In the workplace environment low LTO countries focus on the “bottom line” meaning the profits of the current month or a year of the business. Work values include freedom,

rights, achievement, and thinking for oneself. Leisure time is important, and managers and workers are separated psychologically to two camps. High LTO countries focus on the market position and the profits ten years from now. Leisure time is not viewed as important, and managers and workers share the same aspirations. In low LTO countries changing personal loyalties according to business needs is accepted, but high LTO countries focus more on building lifelong personal networks like the idea of “Guanxi” in China, which refers to a person’s connections and knowledge about local culture, and a high LTO individual would not sacrifice his guanxi for short-term gain. (Hofstede & Hofstede 2010: 236-238; Hofstede 2001: 362)

3.3. Dimensions identified in the GLOBE Study

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project is the largest study done on culture and leadership so far. GLOBE is a worldwide project with multiple phases, with the aim of answering questions such as “Are there leader behaviors, attributes, and organizational practices that are universally accepted and effective across cultures?” and “Are there leader behaviors, attributes, and organizational practices that are accepted and effective in only some cultures?” (House et al. 2004: 10). The concept of GLOBE was created by house in 1991 and in 1993 its pool of 735 questions was created. Using this questionnaire data was gathered from 1700 managers from 951 organizations in 62 organizations. (House et al. 2004: 9, 11) GLOBE’s data gathering focused on middle managers, as they can be recipients of leadership, as well as leaders themselves. (Cater et al. 2013)

The GLOBE consists of at least three different phases, but this paper focuses only of on the first two, and the second one in more detail. The first phase, described in detail in the book: “*Culture, Leadership, and Organizations: The GLOBE Study of 62 societies*” (House et al. 2004) focused on developing the research methodology. In the second phase, the data was analyzed with the established methodology, and the results were discussed through nine dimensions that were created to conceptualize culture. In the book “*Culture and Leadership Across the World*” (Chhokar et al. 2007) the 25 societies were chosen to represent their region and analyzed in more detail. GLOBE has its roots on Hofstede’s

cultural dimensions among many others. (Chhokar et al. 2007). Similarities between the dimensions of GLOBE and Hofstede's dimensions are clear. The scores of the GLOBE are however increasingly used, as it is regarded as the more up to date and expanded version of the same scope. (Brewer 2011)

In addition to the nine dimensions that conceptualize culture, GLOBE measures cultural practices and values. Practices measure how things truthfully are in a society, and values how they should be, or what kind of behavior is desired, according to the representatives of a culture (House et al. 2004: 29). There are numerous occasions where the score of practices and values of are far away from each other, and they do not always correlate with each other. According to Brewer (2011), there are no simple explanations for the value-practice relations, and a plausible explanation for these relations should be created for GLOBE so it can be used to its full potential, and that the rationale between the differences is a result of different reasons in the questionnaire.

In some previous research items, the lack of guidelines which score to use has led to researchers choosing either practices or values over the other without adequate explanation and justification (Veniak & Brewer 2010). This study will put its emphasis on the cultural practice score, since even though Hofstede's dimension are defined as "value" dimensions, Hofstede (2006) stated that the way GLOBE describes cultural "values" and "practices" considerably differs from his definition and approach, and higher correlation between Hofstede's value dimensions and GLOBE's practices on some dimensions can be explained by the fact that the "as is" items reflect unconscious feelings more than ideological perceptions of facts (Hofstede 2006). According to Javidian et al. (2006), cultural values are based on the assumption that cultural values drive cultural practices while GLOBE takes a broader view on the issue by separating practices from values, as they see defining culture as a single set of values insufficient for showing what actually happens in a culture as whole. For the purpose of this thesis, Hofstede's values are assumed to describe the broader cultural values, whilst GLOBE's "as is" scores are used, and they are seen to represent behavior on an more individual level (Javidian et al. 2006).

Performance orientation measures the extent to which innovation, ambitious standards and constant improvement of individual's performance are encouraged and rewarded by the community. Job-related accomplishment is universally accepted as an important work goal, but the way different countries define career success differs in many ways. Societies that value knowledge and vigorously pursue improvement, and see time as a limited resource, tend to create an environment with high levels of urgency, ambition and competitiveness (House et al. 2004: 239-248) and have higher amounts of educated and developed individual's due to the high valuation of education. (Krishnan & Alsudary, 2016) Societies that have a higher score on performance orientation tend to emphasize results more than people, value assertiveness, competitiveness and materialism and view feedback as a necessity for improvement. In contrast, societies with lower score tend to value societal and family relationships, have high respect for the quality of life, view assertiveness as socially unacceptable and associate competition with defeat and punishment. (House et al. 2004: 239-248)

Assertiveness as a personality trait is explicitly contrasted to passive behavior and is attributed to people who express their true feelings, are dominant and aggressive in social situations (House et al. 2004: 406). In Hofstede's cultural dimensions, assertiveness was seen as a part of masculine cultural groups attributes in the Masculine versus Feminine-dimension (Browaeys 2008). GLOBE differentiates the two to gender egalitarianism and assertiveness since the difference of gender roles in a society can be minimal, but at the same time society may stress the necessity of aggressive, dominant or assertive behavior in relationships. High assertiveness societies in contrast to low assertiveness ones have sympathy to strong over the weak, stress competition and performance over equality and solidarity, see aggressiveness as a positive trait instead of negative, try to control the environment instead of trying to be in harmony with it and value being explicit and on point in communication over being ambiguous and subtle. (House et al. 2004: 408-412)

Future Orientation measures how different communities relate to three different time frames: the past, present, and the future, placing the most emphasis on the third one. Past orientation places its emphasis on restoring the traditions on the past, present orientation focuses on what is happening at the moment, and is timeless and future ignoring, whereas

future orientation planning ahead in an attempt and belief that things can be improved in comparison to past and present. (Venaik et al. 2013) Future orientation also measures how much encouragement is given to long-term oriented behaviors, like how much delaying gratification and planning are encouraged in a society. Communities with lower future orientation tend to enjoy the moment and be spontaneous and hedonistic, without placing too much worry about the future. They may seem incapable or unwilling to plan their future for achieving their goals and ignore the warning signs that endanger the realization of these goals. High future orientation communities are willing to develop strategies for meeting their future aspirations and formulate new improved goals to meet in the future. They can, however, neglect their situational realities like current social relationships while pursuing their future goals. Future-oriented individuals are often seen as capable of maintaining self-control and improving their lives, whereas present-oriented individuals often live a simplistic life and tend to rely more on others. (House et al. 2004: 285-288)

Humane Orientation is described in GLOBE as a cultural dimension that defines the degree of in which a society encourages and rewards its members for being altruistic, friendly, generous, caring, fair and kind towards others. An organization with high levels of humane orientation is likely to have high amounts of material and emotional support, social companionship, and esteem and informational support. In a low humane orientation society, self-interest is more important than others, power and material possessions are the motivating factors for people and people are expected to solve personal problems on their own. GLOBE also suggests that high welfare states are low humane orientation states, due to results for them having state provide social and economic support for individuals well-being, (House et al. 2004: 571-572, 575) This statement is however disagreed on by another empirical study, which suggests that welfare state, along with high religiosity and agreeableness, was in fact in high correlation with humane orientation, although the characteristics of the humane orientation were not displayed towards members of the society that were perceived as the out-group by the so-called in-group. (Schlösser et al. 2013)

Gender Egalitarianism of GLOBE compared to Hofstede's Masculine vs. Feminine dimension does not focus on the behavior of individuals. Instead, it measures the degree of which societies let the biological sex determine the roles and expectations placed on different individuals. These expectations are the result of differing political, economic, religious and social drivers. Societies that score higher on the gender egalitarianism scale tend to have more women in positions of authority, higher education and participating in the labor force and have higher female literacy rates and less occupational sex segregation. It is often argued that nation's economic development increases gender egalitarianism. However, results of studies on the subject show mixed results, because even if labor force participation for women increases in correlation with GDP growth, the participation increases the most in traditional female occupations. (House et al. 2004: 351-352, 355)

Power Distance in a society is traditionally the amount, or the perceived amount, of social inequality which can be the result of differences in resource allocation, physical characteristics, and education. In GLOBE power distance is discussed from the viewpoint of organizations and organizational leadership. In high power-distance organizations, leaders can use their power to threaten or apply employees with different types of punishments to achieve the results they seek and is therefore often connected to autocratic leadership in other leadership studies. (House et al. 2004: 528-530) High power distance societies are more accepting of the fact that power is distributed unequally. From this, a study made in Germany makes the hypothesis that members of a high power distance culture are more willing to be led with transformational leadership style, but fail to show any meaningful differences in results in comparison to transactional leadership, concluding with the fact that especially high power distance cultures require leadership to establish clear and shared visions for the benefit of the employees, regardless of the style of leadership used. (Zwingmann et al. 2014)

Uncertainty Avoidance measures how a society handles uncertainties as there are no sure ways of predicting the complex future, which is defined by numerous unpredictable variables. Societies with high uncertainty avoidance tend to establish different solutions to reduce uncertainty, like insurances, warranties and technological solutions. In an

organizational level, high uncertainty avoidance organizations tend to have clear and formal policies in promotions, rules and are resistant to change, whereas low uncertainty avoidance organizations rely on trust and more informal means of communication and show more tolerance to change and breaking the rules. (House et al. 2014: 602-603)

Institutional collectivism measures the degree of which institutional practices encourage and reward collective action on a societal and organizational level. It assumes that managers create organizational cultures that emulate the culture of the societal level. Organizations with high institutional collectivism have employees who assume they are highly interdependent with the organization and believe in making personal sacrifices to fulfill their organizational obligations. Individuals commit themselves to an organization, which is expected to provide welfare and training. In a high institutional individualism organization, members believe that they should be able to bring their unique skills and abilities to the organization. Employees are expected to change companies frequently, and instead of organization providing the training employees are selected based on their existing skills. (House et al. 2014: 453, 459, 463)

In-Group collectivism focuses on the personal independence and pride taken from accomplishment, and how individuals express it in their families, and how much pride children take on their parent's accomplishments and vice versa. The differentiating factor from institutional collectivism in GLOBEs measurement is the fact that the questions of the questionnaire focused exclusively on families, children, and parents. (House et al. 2014: 463)

3.4. Schwartz's Universal Value Theory

Schwartz's universal value theory has its roots in Hofstede's approach. In its early developments it conceptualized culture by establishing three basic universal requirements: Biological needs, interactional requirements of interpersonal coordination, and societal demands for group welfare and survival. To fulfill these three needs, individuals had to take different actions that can be placed under different motivational domains of values. Schwartz and Bilsky (1987) define values as (1) concepts of beliefs,

(2) they pertain to desirable end states or behaviors, (3) transcend specific situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance. Later the approach shifted to societal level, and value sets that could be used to differentiate cultures were created from the results of the original survey, and these values were used to analyze more than 25000 people in 44 countries including Finland and Japan. (Scwhartz 1992; Scwhartz 1999)

Self-Direction values measure the amount of independent thought and actions members of a culture engage in to. In a high self-direction society people choose, create and explore new things due to their own needs of control and mastery. (Scwhartz 1992)

All organic forms of live are assumed to have some need for variety and **Stimulation** to maintain desirable level of activation. Forms of stimulation vary between individuals, but are often related to social conditioning, which often differs between cultures. Values that describe high stimulation are excitement, novelty, and challenge in life, which can be achieved by living a varied and exiting life. (Scwhartz 1992)

Value set of **hedonism** is formed from the organic need of individuals to experience pleasure, and the activities that are used to fulfill this need. In describes the goals of individuals to achieve pleasure and/or gratification for themselves. (Scwhartz 1992)

Achievement value set measures the social standard of which demonstrating competence shows personal success, therefore connecting demonstrations of high competence with social approval. (Scwhartz 1992)

Values of **power** have their roots of social institutions requiring different degrees of differentiation of status between individuals. Interpersonal relations have varying amounts of dominance/submission type behavior, and by accepting power as a value this becomes acceptable in a society. Therefore, power can be seen as attainment of social status and prestige and having control over other people or resources. (Scwhartz 1992)

Security value set is motivated by the goal of seeking stability harmony and safety. In addition to collective interests related to security, such as national security, family security, and social order, there are values that meet the needs of individual security, such as being healthy, and having a sense of belonging. (Scwhartz 1992)

High **Conformity** values are present in a society where individuals restrain themselves from impulsive behavior and actions that violate social expectations or norms. Individuals tend to avoid being socially disruptive it is believed that it reduces the ability of the group to operate smoothly and efficiently. Conformity values are all related to self-restraint, and societies in which honoring parents and elders is high often show high amounts of conformity. (Scwhartz 1992)

Tradition is related to the amount that groups value customs and tradition in their actions. These customs have often been developed from different shared experiences of the past, or can be related to different behavior models, beliefs, or symbols that have established the identity of the group or society. In a high tradition society customs and ideas that are imposed by the existing culture or religion are accepted. (Scwhartz 1992)

Benevolence measures the concern that individuals have over the well-being of others in their everyday interaction. Benevolence values are measured by the degree of which an individual is helpful, loyal, forgiving, honest, and responsible. Furthermore, Scwhartz (1992) says that benevolent people show true friendship and mature love.

Universalism is similar to benevolence but has a larger scale. Universalism measures appreciation and tolerance for the welfare of all people and nature. The difference is most notable when the closest group of an individual comes in contact with another group that is not part of the primary party that the individual represents, for example a foreign culture or another family. This separation shares many similarities between GLOBEs (House et al. 2004) separation of in-group collectivism and institutional collectivism. In addition, in high universalism there is concern for the scarcity of natural resources and for the ability to accept differences between cultures, as they are skills that are crucial for the survival of mankind. (Scwhartz 1992)

Spirituality values is defined by the need of individuals to find a larger meaning and coherence to their otherwise seemingly meaningless everyday existence through the practices and/or beliefs of religion or another form of supernatural force. However, different types of spirituality correlate differently between other dimensions, as some promote values of universalism and others tradition. Therefore, a set of universal spiritual values cannot be established. Even though the empirical results might not therefore be as valid as some of the other dimensions, it can be important to note how this dimension interacts with other dimensions in different types of cultures, such as in the east and the west. (Schwartz 1992)

After studying different set of values on a societal level, Schwartz used a dimensional approach, in which the value sets were used as a starting point. This study composed of seven values, conservatism, intellectual autonomy, affective autonomy, hierarchy, mastery, egalitarian commitment, and harmony, which were placed under three dimensions, in which most the values represented opposites. Schwartz's (1999) reasoning for using this approach was to "*Reflect the basic issues or problems that societies must confront in order to regulate human activity. Societal members, especially decisionmakers, recognize and communicate about these problems, plan responses to them, and motivate one another to cope with them.*" (Schwartz 1999: 25-26) These three dimensions will be the main focus of this study, as they share many similarities with Hofstede's and GLOBE's approaches.

The first dimension puts the values of intellectual autonomy and affective autonomy to the opposite of conservatism and creates the first dimension: *embeddedness versus autonomy*. Similarly, to Hofstede's individualism vs collectivism, and GLOBE's in-group and institutional collectivism dimensions, it measures how much individuals place importance on their own individual interest over the group's interests. Schwartz (1999) places conservatism value set to the embeddedness, or collective, pole of the dimension because individuals with conservative value sets find meaning in life through social relationships and practicing life according to the social norms and established status quo of the society and restrain themselves from actions that would separate themselves from

the social order or disrupt it. On the contrast, autonomous society on the opposite pole of the dimensions has individuals who find meaning in their lives from their own uniqueness by expressing their own internal attributes. Intellectual autonomy emphasizes creativity and curiosity, whereas affective autonomy is focused on individuals pursuing positive experiences such as living and exciting and varied life. (Schwartz 1999)

The second dimension, *Hierarchy versus Egalitarianism*, explains how people in different societies guarantee responsible behavior that preserves the social fabric. In one pole we have hierarchical societies, in which predetermined roles and social structures ensure the responsible behavior, through obligations, rules and traditions. Hierarchical societies are not concerned with power roles and resources distributing unequally, which leads people to strive towards social power, authority, and wealth. On the opposite pole there are egalitarian societies, in which responsible behavior is promoted through social behavior by making individuals perceive others as moral equals and cooperate voluntarily to achieve mutual welfare which leads to everyone's welfare. In egalitarian societies individuals promote values such as equality, social justice, freedom, responsibility, and honesty. (Schwartz 1999)

Mastery versus harmony is the third and final dimension which aims to define how individuals handle their relationship between the natural and social world. On the mastery pole of the dimensions, individuals believe that they should be actively changing and mastering the world by bending it to their will and gaining personal or group benefits from it. The values connected to mastery-oriented societies are ambition, success, daring, and competence. In the harmony side of the dimension individuals try to live in coexistence with the circumstances and accept them as they are by trying to fit in instead of changing the environment. In harmonious cultures values such as unity with nature and protecting the environment are respected. (Schwartz 1999)

3.5. Limitations and criticism toward cultural dimensions

All three theories of cultural dimensions have similarities with each other, but they also have clear differences, and have all received their share of criticism over the years.

Because the goal of this thesis is to better understand the cultural phenomenon and differences between Finland and Japan in the working environment, it can be beneficial to try and apply multiple theories to examine the issue with additional depth. As there are no hypotheses placed on the results of this research, having a wide scope of theoretical lenses can make it easier to interpret the results. This summary will begin by discussing some of the criticism on all three theories. Then, similarities and differences between the theories are discussed, a framework combining the three theories is established, and country scores of Finland and Japan are examined to establish a baseline of expectations for the third theoretical chapter which takes a more in depth look to the cultures in question.

There are common critiques pointed on Hofstede's dimensions, and specifically the data used in the original study. It has been criticized for being US centered, and that the data was gathered during 1960s. Even though the interviews were conducted on a consulting project with his European colleagues, the questionnaire was based largely on the needs of IBM of the 60's, which can be seen to reflect mostly US-centric views, to be outdated, not be action based like it should, and therefore produced answers that had narrow applications (Javidan et al. 2006b). It has also been argued that due to aforementioned reasons, and over representation of "western" and male respondents Hofstede's representation of values can be biased to show larger amounts of "western values" such as positivism, capitalism, and managerialism. (Galit 2008) Perhaps one of the most common criticisms, and one that this thesis addresses by using multiple theories, is the fact that Hofstede's IBM study has achieved a revered status in the field and using a data the from a single consulting project to represent national cultures without closer inspection has been too easy for other researchers. (McSweeney 2002; Javidan et al. 2006b; Galit 2008)

Problems have been found also from the GLOBE framework. The biggest problem and source of criticism comes from the fact that it collected data from "values" and "practices" at the same time, and the results did not show the expected positive correlation between the two in seven of the nine dimensions (Maseland & Van Hoorn 2009). Hofstede (2006) criticizes this approach, and says that the results are due to the respondent's inability to

distinguish what the questionnaire was trying to accomplish, resulting to an assumption that all the respondents would be able to assess and distinguish their own culture reliably in relation to all the other cultures and be able to communicate these differences to two separate categories with the wording provided by the questionnaire. It is also claimed that GLOBE's approach of interviewing middle managers would be biased towards actors in "managerial" positions in comparison to Hofstede's (2001) approach in which majority of the respondents were in non-managerial positions. (Maseland & Van Hoorn 2009; Hofstede 2006)

There are strong arguments for the fact that there are no reasons to produce any more similar value surveys on global dimensions as developing different tools for same issues would not contribute enough new information. Therefore, it could be assumed that as far cultural dimension theories go, the research field can be considered to be "completed". It is also suggested that the current data would be used to create new approaches that answer more specific questions about the phenomena. (Earley 2006) However, there are others in the field who doubt the validity of the dimensional approach, as reducing a concept like culture to mere values derived from limited sets of questions is problematic. (Galit 2008)

Schwartz's approach have received criticism when compared to the aforementioned theories for not being sufficiently tested through empirical applications and because data used is not as applicable in a workplace concept. (Gouveia & Ros 2000; Drogendijka & Siangen 2006: 364). Lack of empirical applications is due to relatively low popularity of this approach. When compared to Hofstede and GLOBE, Schwartz's framework is more complex and abstract. (Gouveia & Ros 2000: 27) The data is not as valid for a context that leadership studies usually aim to provide more insight on due to the fact that the data was collected from teachers and students. Teachers and students broaden the range of respondents to represent an undesirably low age-cohort, and the results don't represent the workplace environment that this paper studies.

3.6. Cross-Cultural leadership

Adler and Bartholomew (1992: 562) conducted a survey that led them to conclude that 93.8% articles claimed that understanding human resource management and organizational behavior required an understanding of culture. According to Hofstede *“Asking people to describe the qualities of a good leader is a way of asking them to describe their culture. The leader is a cultural hero, in the sense of being a model for behavior.”* (Hofstede & Hofstede 2010: 331) Similar ideas are presented in the GLOBE study, as in its core it defines how different people from different cultures viewed leadership and concludes that ideal leadership varies among different cultures (Northouse 2010: 347). This summarizes the idea where culture has major impact on what type of leadership, or which leadership style, is commonly used in a country. Cultures with similar scores have been shown to use either transformational or transactional leadership in similar amounts. In Hofstede’s dimensions, clearest indicator for transactional style being heavily used in a country is a high amount in power distance dimension, but countries on the higher end of masculinity and long-term orientation tend to use transactional style, even though some studies suggest that these countries should develop their management practices towards transformational style to achieve better results (Guo 2011; Valdov 2017)

GLOBE empirically verifies that there is a significant relationship between culture and leadership and presents different theories on why there are attributes and styles of leadership that can be universally preferred. The common set of attributes can be seen to exist because of common technological imperatives, common industrial logic, and globalization. The universal attributes are often same as in leadership styles such as charismatic or transformational leadership, because they are styles that can satisfy universal and basic human needs that go beyond cultural boundaries and are strongly rooted in ethical values. (House, 2004) However, GLOBE research acknowledges that transactional leadership can be better suited to some cultures, especially when the resource cost of implementing transformational leadership is taken to consideration. (Javidan et. al 2006a)

3.7. Linking leadership styles to cultural dimensions

There are numerous studies that have combined the transformational-transactional paradigm or MLQ with studies on transformational leadership. These studies have different interpretations of the leadership styles theory, and usually focus on either Hofstede's or GLOBE's dimensions. Instead of attempting to establish a conclusive connection between both theories, previous studies usually use the theories together to inspect a more precise issue. However, multiple previous studies can give us some insight how leadership styles and MLQ behave between different cultural dimensions. There are studies that suggest that transformational leadership is generally more applicable universally (House et al. 2004:xx, Jung et al. 1995, Jung 1999, Bono & Judge 2004), but most of these, and also other studies suggest that preferred leadership style is highly effected by one or more dimension, which can lead to transactional style becoming as effective, or in some cases, produce better results with less management resources (Jung et al. 1995, Jung 1999, Guo 2011, Cater 2013, Hamstra 2014, Valdov 2016). Different components (4 I:s) of transformational leadership are also shown to have different interactions between different cultural dimensions (Valdov 2016).

Perhaps the most concluded issue in the previous research is the fact that cultures with similar scores prefer similar type of leadership. The results of effectiveness of transformational leadership and MLQ are debated as Muenjohn's (2007) study provides evidence for near universalistic position of the transformational-transactional paradigm, but studies of Brandt (2016) and Fukushige (2007) conclude that transformational leadership and the MLQ don't provide the right tools to create effective leadership for the cultures of Japan and Finland in specific. Due to all this, it should be taken to consideration that the issue is very complex because cultural dimension scores, culturally specific variables, and different components of transformational leadership and the MLQ all have different interactions with each other. Taking a closer inspection on all the cultural specific scores and assumptions and then looking at the more specific literature about the culture of each country can give us pointers on what to expect when we use components of transformational leadership and different dimensions of MLQ when we approach actors who have experienced the differences of leadership in both countries.

4. COMPARING FINNISH AND JAPANESE LEADERSHIP CULTURES

This chapter will establish the theoretical framework and expectations which are used to form the questions for the empirical part. This will allow the empirical part to focus on key issues that separate Finnish and Japanese leadership styles from each other. First, we will group similar cultural groups of different dimensional theories together so different theories can be discussed simultaneously in topics in which they are similar. Second, we will look at existing literature which discusses the country specific attributes of leadership styles of Japan and Finland. Finally, there will be a summary of the theoretical framework that has been established in this and the two previous chapters.

4.1. Grouping similar cultural dimensions together

Some dimensions from all the dimensional theories are divided to groups according to similarities in their descriptions. This grouping allows the thesis to streamline the framework, so similar issues are discussed together, instead of having to discuss every dimension in every theory separately. Furthermore, these groups are based on dimensions that can be regarded as major tangible issues that are relevant to differences in leadership. Therefore, some dimensions will be put to the final group which will include the dimensions that have no similar counterparts in other approaches.

Table 1. Cultural dimension scores.

Group	Theory (scale)	Dimension	Finland	Japan
1	Hofstede (1-100)	Long term orientation	38	88
1	GLOBE (1-7)	Future orientation	4.37	4.29
2	Hofstede (1-100)	Uncertainty avoidance	59	92
2	GLOBE (1-7)	Uncertainty avoidance	5.11	4.07
3	Hofstede (1-100)	Power distance	33	54
3	GLOBE (1-7)	Power distance	5.08	5.23
3	Schwartz (1-7)	Hierarchy	1.80	2.65
3	Schwartz (1-7)	Embeddedness	3.37	3.49
4	Hofstede (1-100)	Individualism	63	46
4	GLOBE (1-7)	Institutional collectivism	4.77	5.23
4	GLOBE (1-7)	In-group collectivism	4.32	4.72
4	Schwartz (1-7)	Intellectual autonomy	4.93	4.78
4	Schwartz (1-7)	Affective autonomy	3.96	3.76
5	GLOBE (1-7)	Gender egalitarianism	3.55	3.17
5	Schwartz (1-7)	Egalitarianism	4.90	4.36
6	GLOBE (1-7)	Assertiveness	4.05	3.69
6	Hofstede (1-100)	Masculinity	23	95
6	Schwartz (1-7)	Mastery	3.66	4.06
6	GLOBE (1-7)	Performance orientation	4.02	4.22
6	GLOBE (1-7)	Humane orientation	4.19	4.34
6	Schwartz (1-7)	Harmony	4.34	4.21

4.2. Comparison of Japan and Finland from the dimensional perspective

In addition to the research that focuses specifically on cultural differences between Japan and Finland, we can make assumptions about the differences based on the different cultural theories which can be seen in Table 1.

The differences in long-term orientation (38 in Finland and 88 in Japan) indicates a major difference in how Finns and Japanese approach time, especially when trying to achieve results and using resources. It could also indicate that the transformational leadership style is more common in Japan (Guo 2011). An example of this difference was realized by Finnish businesses in 1920s when they were surprised by the different approach from the Japanese, where they could receive huge discounts at the beginning of the partnership, as an amendment to establish a long and profitable relationship instead of a one-time business transaction that was more common. (Sahi 2018)

In the second group, we can see the differences in uncertainty avoidance, which in Japan is high (92) and average in Finland (59). However, GLOBE dimensions place Finland noticeably higher in uncertainty avoidance (5.11 compared to 4.07). One explanation can be the difference in definitions since Hofstede's Uncertainty avoidance refers to workplaces that establish strict rules and regulations to reduce uncertainty in the workplace, whereas GLOBE's definition focuses on the national level of culture, and emphasizes insurances and technological advancement as means to reduce uncertainty. Therefore, both cultures can be seen to prefer safe and clear solutions but have different methods in achieving them (Hofstede 2006; House 2004).

The third group shows Finland and Japan relatively close when power distance and hierarchy dimensions are considered. The biggest difference is in Hofstede's power distance which puts Finland low (33) and Japan average (54). The difference in Schwartz's hierarchy from Finland's 1.80 to Japan's 2.65 is also notable. These differences would indicate that Japan has notably more hierarchy and power distance, which should be impactful on the leadership style as well.

The fourth group of dimensions shows that Finland is higher in individualism (63 to 46), and Japan is higher in institutional collectivism (5.23 to 4.77) and in-group collectivism (4.72 to 4.32). This difference is not surprising, as Finland is seen to have more western values, which can be connected to individualism (Lewis 2005). According to Hofstede's definitions, the closeness of the two countries despite different values can be due to Finland being a Nordic welfare state, and Japan being a technologically advanced country

with a high level of infrastructure (Hofstede, 2006). One way to explain Japan's higher institutional collectivism is the concept of Lifetime employment, which means that Japanese companies are expected to provide work to employees for their whole career, in exchange for loyalty and commitment, which leads to low job mobility. (Ono, 2010)

The fifth group of dimensions indicates how egalitarianism between genders, age groups, etc. is handled in a society. Schwartz's egalitarianism puts the countries slightly apart, with Finland's 4.90 to Japan's 4.46. The difference in scores seems small, as the theories that compare Finland and Japan specifically see Finland as a highly egalitarian society, whereas in Japan title and position dictate a person's worth in social situations and society. Despite the close egalitarianism values, and the fact that the title of a person is the most meaningful indicator of the individual's position in the company's hierarchy in Japan while being a male or a female is only a small side note (Pukkila 1997: 67), only 5% of senior roles and other decision-makers in mid- to large size companies are held by women (The Japan Times, 2018).

The sixth and final group of dimensions consists of the dimensions that don't fit together with any other dimensions. Most of these dimensions have Japan and Finland close together, except masculinity, which puts Japan as one of the highest with 95 when compared to Finland's a relatively low score of 26. Hofstede's definition would indicate that Japanese prefer tougher and ego-oriented approaches and appreciate work and money over other things in life, whereas Finns would prefer a more cooperative approach, and appreciate the overall quality of life more.

4.3. Japanese Culture

Until the end of Second World War, business conglomerates known as *Zaibatsu's* had consolidated a major part of economic power to the hands of few families, or to the literal translation of the word: "Financial cliques" (Yamamura 1964). After the war, Americans ordered the *Zaibatsu's* to be broken by selling the shares of their holding companies to the public market. When the cold war began, American priorities shifted elsewhere, and only 2 of the 325 *Zaibatsu's* were dismantled completely. Even though *Zaibatsu's* lost

influence of their holding companies, they adapted to the changing circumstances, and gave birth to the “*Keiretsu*” companies, that still dominates Japanese business circles, even though mentioning it aloud is considered very impolite (The Economist 2000). Unlike *Zaibatsu*’s, *Keiretsu*’s don’t have holding companies, but sizable cross-ownership tie many different businesses together in conglomerates (Pukkila 1997: 44). Due to these lasting traditions and ties between companies we can assume that Japanese management and business culture has been influenced by the practices of these companies.

From the traditional point of view, Japanese society can be characterized as a hierarchical network of human relationships. The network is called *ningen kankei* which is essential for making business, sharing information and making new contacts. *Ningen kankei* can be born from many reasons, including being a neighbor, studying together or having been growing up in the same area. The network gives benefits, but also imposes responsibility on its members. This network thinking in business circles has its roots in *gakubatusu* which can be translated to school cliques. In this hierarchical society of networks, knowing one's place is very important. Instead of emphasizing peer relations, Japanese *ningen kankei* thinking focuses in relationships between “higher” and “lower” members of different groups, and a network of responsibilities (*Giri*) and personal obligations (*On*). This type of thinking often puts the interest of developing and maintaining the network over financial benefit, and large contracts between different companies can be made with economically worse partners due to these relationships. (Pukkila 1997: 60-61)

Japanese interaction has its roots in Shinto harmony, in which individuals are expected to express a modest, polite, and conflict avoiding exterior called *tatami*. This in turn hides the true feelings and motivations *honne*. Individuals who have enough exposure to Japanese culture can read each other’s *honne* from their subtle verbal or physical expressions called *haragei* – the language of the stomach. (Pukkila 1997: 60) Japan has also had major influence from Confucianism, which emphasizes the five twofold relationships of virtue, some of which include the benevolence of the ruler and the loyalty of the subjects, and the caretaking of an older friend to the respect of a younger friend. (Pukkila 1997: 59). These religious values can be seen as part of the reason why Japanese relationship thinking and hiding one’s true intentions during communication. An example

of these values is the only acceptable way Japanese employees are allowed criticize their superiors: During informal drinking parties under the influence of alcohol, which are formally forgotten by both parties afterwards. (Pukkila 1997)

Japanese leadership style is known as “*nihontekei keiei*” which has three basic principles: Lifetime employment, seniority-based salary, and a corporate labor union. Lifetime employment of individuals often begins during senior years of education when large companies hire students as trainees and start molding them to become their lifetime members. Companies rate the adaptability and development potential of candidates over the individual skills they bring to the company. Seniority based promotions and salary make it so, that more capable individuals can be positioned higher in the company, which results in all the levels of the organization having responsibility in the decision-making process to ensure its effectiveness. The lack of general labor unions can make the corporate unions seem toothless, but the possibility of them imposing negative public statements is often enough to trigger constructive dialogue for Japanese companies which are careful about losing face. (Pukkila 1997: 63-64)

The decision-making process in Japanese corporations is called *ringi*. *Ringi* is a time-consuming collective process, in which all personnel who are in any ways impacted by the decision on the table have to collectively agree on the decision. In practice, enough names must be collected to the written proposal *ringi-sho*. However, before the names are collected, the issue is discussed, and the members of the organization are converted to the decision in a process called *nemawashi*. Even though the final decision-making power is in the hands of middle-management, everyone affected has a responsibility to contribute to the process. The process itself can be very slow, and take months to complete, but because all the levels of the organization have taken part in the process, the implantation doesn't suffer delays like it does when decisions are made only on the highest levels. Japanese companies are willing to make even large changes according to the needs of their environment. (Pukkila 1997: 65)

When compared to western corporate practices, the differences are often summarized in three main points: First, the appearance of the project is often valued more than the actual

results which is tied to the network thinking and the importance maintaining face. Second, commitment between parties is valued over short-term gains, and due to this and the slower decision-making process, it can be stated that Japanese corporations prefer large long-term orientation over short-term or quarterly results. Third, community and the interests of the group are placed over the individual's benefits, which is often noticed by highly individualistic American researchers. Finally, the high amount of etiquette and rules can be baffling for someone from the relatively free-form practices of the west. Japanese business environment includes numerous rules and traditions that are to be followed in all situations, beginning from work interviews to things such as, drinking tea, after work drinking sessions, gifts, introductions, and business meals. (Ford & Honecutt 1992; Pukkila 1997: 64-76)

4.4. Modernization of Japanese leadership

The traditional view of Japanese culture was established during and soon after the so-called "Japanese economic miracle" that was used to describe the period of growth after the Second World War until the 1990s during which Japan became the economic power, it is today. From this period, a large amount of research exists, as many nations were trying to replicate Japanese practices in hope of achieving similar success. After the Japanese economy started to slow down during the 1990s the so-called "lost decade" the amount of research started to diminish. Furthermore, Japanese culture started to change their practices to adapt to the changing environment in which achieving economic success was harder than it used to be. (Fukushige 2007)

According to dimensional approaches and the research during the 90s, Japanese culture was often described as having clear seniority-based systems with lifetime employment, and to have a highly collective culture which manifested itself especially in the decision-making processes of companies. However, as a result of globalization, the culture has shifted towards a more individualistic approach, which values meritocracy over seniority, with less lifetime employment and a higher amount of women participation in the workforce (Fukushige 2007). The unquestioned commitment and long working days that guaranteed Japanese employees their lifetime employment, social community of the

workplace, and other job securities have been replaced by temporary employment contracts. Japan still has the third-largest GDP in the world, which is largely a result of some of its universally successful companies, which all have managed to adapt and recalibrate their culture and practices to the new environment (Hasegawa & Kimm, 2011).

Even though the culture appears to have changed, there are studies that support the argument that the culture hasn't changed towards individualism as much as some recent literature has claimed and that the traditional values still exist (Hasegawa & Noronha 2009:180). It is stated, that due to the high satisfaction of the traditional system to Japanese employees, and the fact that companies were able to reduce the cost of labor by reducing bonuses and other benefits with the consent of employees, some companies have become highly resilient to cultural pressure of globalization (Hasegawa & Noronha 2011: 187).

In Fukushige's (2007) research on the full-range leadership model in a Japanese context, it was found that Japanese employees did not respond to the components (4 I:s) of transformational leadership as expected by the model. Idealized influence was given a negative reaction in its effectiveness by 9 out of 13 interviewees because it was seen as overconfidence and hot-headedness instead of calmness and modesty which the Japanese interviewees would have preferred. (Fukushige 2007) Inspirational motivation was rejected by 10 out of 13 interviewees, as in 2007 it was considered to be a style more suitable to the previous success period of the economy, and that the current environment needed security, careful planning, and risk management instead of talks of future glory and success. Intellectual stimulation and individual consideration had a positive reaction from the majority of the interviewees. These results suggest that transformational leadership, although often depicted as universally effective (Bass & Riggio, 2008; House et. al 2004) didn't work so well in the Japanese context, and the cultural factors and the state of the Japanese economy had an influence on the preferences on the interviewees (Fukushige 2007). These results are similar to the previous research on transformational leadership in different cross-cultural contexts and suggest that some of the components of transformational leadership should not be applied in every culture.

4.5. Finnish Leadership

After the Second World War Finland managed to stay independent, but the cost of independence for the small and war-battered nation on the losing side was heavy. Finland lost 10% of its territory and a substantial amount of its population had to take in 420 000 Karelian refugees and had to pay huge war reparation to the Soviet Union. However, the industries that had to be set up to pay the reparations managed gained efficiency and became the driving force for the economy in the 1950s. Later, the success of the Finnish economy was led by successful technology companies such as Nokia. (Lewis 2005: 38-39) Modern Finland is export-dependent, and highly integrated in global economy, as a third of its GDP comes from international trade. Finland is a Nordic welfare state, which means that taxes are high, but the state offers huge numbers of benefits to taxpayers, including free education and healthcare.

Finnish communication is somewhere between the Linear active types and the reactive types. Linear actives are calm, factual, and decisive planners while reactive are courteous, outwardly amiable, accommodating, compromising, and good listeners. Finn's distrust deviousness and verbosity. Finnish leaders see their own leadership style as being somewhere between autocratic and democratic and think of themselves as "team leaders" instead of solo leaders. (Lewis 2005: 88-93) Finnish companies use the concept of "balanced leadership" at different levels of decision-making, where individuals with different skill sets complement each other to form an effective team. Like other Nordic companies, the organizational structure tends to be flat and to consist of autonomous groups with their own decision-making power and resources. (Lewis 2005: 98) Finns share many qualities with the Japanese, and there are usually no problems in establishing trust between individuals from these countries. Finnish and Japanese languages have much in common, both view their own culture as somewhat isolated and unique from others, the concept of personal space and dislike of touching is similar. However, the openness and straightforwardness of the Finns is often too much for the Japanese who prefer subtlety and maintaining harmony in their relationships, even though Finns share understanding of maintaining one's "face". (Lewis 2005: 131-132) A key differentiation to Japanese culture is the lack of formality and small talk. Instead, every member of the

group is expected to stay on point and contribute to the task at hand, and adding unnecessary small talk is seen as wasted resources. (Lewis 2005: 88)

The foundations of transformational leadership theory are familiar to many Finns, as the Finnish military officers and non-commanding officers are trained to use the “*syväjohtaminen*” leadership theory, which owes most of its components to transformational leadership theory. In *syväjohtaminen*, the components are called “cornerstones” of leadership. Finland has mandatory conscription for men, so a large part of the population is exposed to somewhat similar leadership style. (Kinnunen & al. 2012) In *syväjohtaminen*, idealized influence is broken down to “professionalism” and “building trust”, while inspirational motivation, intellectual stimulation, and individual consideration remain. In addition, *syväjohtaminen* adds controlling leadership and passive leadership dimensions to the mix, which can be interpreted as different forms of transactional leadership and *laissez-faire* leadership. *Syväjohtaminen*, therefore, combines transactional aspects such as punishments and material rewards to the original framework of transformational leadership, in order to train transformationally and transactionally competent leaders to a military setting with relatively small resource investment. (Nissinen & al. 2004: 41-45). However, empirical research on the effectiveness of *syväjohtaminen*, and its implications in the working life don't exist, so assumptions on the cause-and-effect relationship between the two are hard to establish (Hakala 2013).

Previous studies on transformational leadership in Finland have shown mixed results on its effectiveness. Holstad et al. (2013) studied the effectiveness of transformational leadership on employee work strain levels and as a mediator of procedural fairness in Finland, Sweden, and Germany. Unexpectedly, there were no significant correlations between transformational leadership and the level of work strain experienced by employees. Furthermore, the part of the study that inspected transformational leadership's role as a mediator of procedural fairness showed that more ambitious employees were more likely to perceive their leaders as transformational and that they received more

attention from their leaders (Holstad et al. 2013). Brandt's (2016) study failed to show a positive relationship between transformational leadership and profitability of Finnish companies. These studies suggest that successful leadership in Finland requires the leader to be able to take multiple situational variables to consideration when planning leadership activities instead of relying on universal solutions.

Brandt's study (2016) showed that different aspects of transformational leadership had different results on pure profitability, and concluded that enabling, rewarding, and contesting behavior had positive effects on profitability in some cases. However, a leader using contesting behavior as a form of challenge could have negative impacts on profitability if used in companies that had very stable situations. However, Uusi-Kaakkuri's (2017) study showed that results indicate that transformational leadership is an appropriate style for the leadership of creative people. Intellectual stimulation and inspirational motivation should be applied when leading creative individuals and innovators, and that people that use transformational leadership are often creative individuals themselves. Furthermore, Finnish CEO:s that could be defined as transformational leaders showed high amounts of emotional intelligence, control, and politeness in their communication style, which can be beneficial in cross-cultural interaction and leadership especially between two cultures such as Japan and Finland (Brandt & Uusi-Kaakkuri 2016).

4.6. Summary of the theoretical framework

The theoretical part of this thesis has discussed transformational leadership theory, the dimensional culture theories, and the specific research on Japanese and Finnish leadership. Everything has contributed to the theoretical framework of this thesis. The theoretical framework will be the part in which the results of the empirical part will be reflected on. To compare the leadership styles of the two countries from the point of view of these theories, the focus will be on establishing the cultural differences that are most relevant for leadership differences.

Dimensional theories on culture allow us to focus on these differences from the point of view of the dimensions, or combination of dimensions, that the cultural dimension theories discuss. The scores of dimensional theories in combination with country-specific theories allow this thesis to form questions that are effective in finding the most relevant differences regarding the research question.

The leadership part will be discussed through the components of transformational leadership, and through the Full Range of Leadership model. By breaking down leadership to different distinguishable styles it will allow the empirical part to have comparisons between them.

5. RESEARCH DESIGN

This chapter presents the empirical framework of the thesis. First, the methodological approach and the reasons for choosing this approach are introduced. Second, the process of formulating relevant questions for the research interview is discussed. Third, the details of the data collection process and the sample are presented. Fourth, the process of transforming the data from the interviews to analyzable form is described. The fifth and final part discusses the research ethics and quality and addresses the validity and reliability of the study.

5.1. Methodological approach

Generally, two methodological approaches to research exist, quantitative and qualitative. They have different strengths, and they are used for different purposes. Quantitative data often consists of values, objects, and/or variables that are reported in numerical form and are used systemically to test and verify different hypotheses. Qualitative data is often written text and is used to create understanding through interpretations and rationale. (Ghuri & Grønhaug, 2002) Mixed methods, which combine elements from qualitative and quantitative, are also used in some research (Johnson, Onwuegbuzie, & Turner, 2007, pp. 113).

This thesis uses a qualitative approach, as the scope of the subject matter can be explored in much more detail with this approach and because the goal is to increase the understanding of a complex issue instead of establishing reliable generalizations.

The research approach of this paper is abductive. In this research, the themes and process developed during both, the theoretical and empirical part. Constructing the framework based on only one of them would have limited the view on the complex subject. Therefore, a combination of elements of inductive and deductive approaches was used. The former suggests developing theory based on the data while the latter uses the theory to form the approach (Thorne, 2000). Abductive research can explain, develop or change the theoretical framework before, during or after the research process, and moves back and forth between inductive and deductive styles. (Friedrichs & Kratochwil, 2009)

The nature of this paper is exploratory, but it uses a qualitative and abductive research approach. Due to the scale and complexity of combining these two subjects and the number of possible viewpoints from which the issue can be inspected from, an abductive approach is the most suitable one to gain implicit knowledge on the issue. Furthermore, a comparative research method was chosen, as the focus is on differences between the leadership of Finland and Japan.

The dimensional approaches of Hofstede, GLOBE, and Schwartz used as the theoretical basis for defining national cultures are quantitative studies and provide good and broad generalizations and expectations on culture from which this paper aims to expand from.

Piekkari (2004) states that interview-based qualitative research studies are well suited in international business and exploratory studies, as it allows the one-on-one situation between the interviewer and the respondent to lead to discoveries of new relationships or situations that might not have been previously conceived. Furthermore, the low population of possible respondents available for this study would make other study methods hard to apply, (Piekkari, 2004:185-186) so it is sensible to focus on the depth and quality instead of quantity.

5.2. Data Collection and sample

Semi-structured interviews were used to collect the data for this thesis. In a semi-structured interview, specific themes will be used in forming the questions, but the use of different themes and how they are interpreted by the interviewee can vary between different interviews. Some questions are given more focus than others depending on the flow of conversation, and additional questions can be presented by the interviewer to further elaborate relevant phenomena. In the case of this thesis, additional questions were presented regularly in the leadership part of the questionnaire, as the terminology and the approach of transformational leadership was not familiar with any of the interviewees. According to Saunders et al. (2016), the data of this study can be defined as primary data because it was collected through semi-structured interviews by the author of the thesis.

The data collected can be impacted by the way the interviewer asks questions and interacts with the interviewee (Saunders et al. 2016: 394). Cultural differences and not being able to use their native language can also affect the quality of the data (Saunders et al. 2016: 394-398). The interviewer had familiarized himself with these issues and took them into consideration when conducting the interviews. Furthermore, there must be room in the interview for the interviewee to be able to raise any additional points of view they wish to share (Eriksson & Kovalainen 2008: 82). This was established by the semi-structured format that enabled the interviewees to talk about any subject at any time, even if it didn't relate to any specific question. Furthermore, the final question allowed the interviewee to add anything that they felt did not get addressed in the questions, add anything they might have forgotten to say earlier, or further emphasize an issue that was previously discussed.

The way culture is defined in this thesis must be considered regarding the data. The approach to culture is subjective because, in order to make this assumption, a position in which certain perceptions and consequent actions of social actors are assumed to be responsible for creating the phenomena itself must be taken in contrast to the one and only objective truth which is not dependent on the social actors concerned with their existence. (Saunders, Lewis & Thornhill 2016: 596, 601).

Five out of the eight interviewees were Finnish and spoke Finnish as their native language. In these cases, it was unlikely the data was impacted by cultural or language issues. Three of the interviewees were of Japanese nationality and therefore spoke Japanese as their native language. Cultural differences and the fact that the interviews were conducted in English could have diminished the data somewhat. However, the fact that each respondent and the interviewer were all familiar with using the English language and have work and/or study experience in an international environment or another culture mitigated the issue. As the thesis aims to compare these two cultures, improving the sample quality by limiting the population of the interviewees to either only Japanese or Finnish respondents would have resulted in a quality reduction in the results. However, an improvement in the sample quality could have been achieved if the Japanese interviewees were able to express themselves in their native language.

Before the interviewing process was started, the interviewer had familiarized himself with good practices in conducting semi-structured interviews and the subject matter itself. This was done so that relevant follow-up questions could be presented and that the flow of discussion was somewhat guided towards relevant issues without adding personal bias to the interview. The interviewees were provided with the research questions (Appendix 1). Additionally, brief summaries of transformational leadership and cultural dimension theories were provided, and the structure of the study, including the aims of some questions, were further elaborated in a written format. These steps were taken to help the interviewees to prepare for the questions in advance and provide information on what type of information the researcher is interested in (Saunders et al. 2016: 402).

Purposeful sampling was applied when looking for research subjects, and the used criteria were presented when contacting interviewees. The criteria used as the first priority aimed to ensure that the interviewees would have applicable knowledge on cultural differences between Finland and Japan, and the differences of leadership styles between the two countries. As a secondary priority, interviewees that had experience from different industries and companies, and that represented different nationalities, age-groups, and genders were sought out. This was done to get a wider range of perspectives on the phenomena and therefore improve the applicability of the data. Finding experienced young Japanese or female leaders proved to be challenging, a fact that in itself tells something about the cultural differences between the countries. Therefore, some concessions on the leadership requirements had to be made to include a wider range of viewpoints. The criteria for interviewees included two factors:

First, the individual is originally of Finnish or Japanese nationality and has experience from living in both countries. Five interviewees were of Finnish nationality. Three had lived and worked in Japan extensively, one was currently working in Japan, and one had done a 6-month exchange in Japan. Three interviewees were of Japanese nationality. All of them were working in Finland, two permanently and one temporarily. These criteria ensured that all the respondents had witnessed the culture of both countries, and interactions in their non-native culture at least to some extent.

Second, the individual has worked in an international environment that includes Japanese and Finnish actors. The ideal criteria were to find interviewees that had work experience from both countries from the perspective of a leader and a follower and had been in a leadership position in both countries and had had followers of both nationalities. However, the ideal criteria were not achieved by most of the interviewees. Instead of fulfilling the ideal criteria, most interviewees had worked in both countries and had leadership experience in one of the countries, which often included followers from both nationalities. Even though the ideal criteria could not be fulfilled, working in both countries and seeing different actors in a wide range of different roles, including the role of a leader, ensured that all interviewees had something unique to contribute to the research.

Table 2. Sample Characteristics.

Interviewee (I)	Sex	Nationality	Occupation /Position	Experience abroad	Leadership experience
1	M	Fin	Senior Director	5+ years with Japanese	10+ years. Different levels and positions
2	M	Fin	Manager	2.5 years in Japan	7 years as a manager
3	M	Fin	Country manager (Retired) etc.	Decades in Japan and other parts of Asia	10+ years. Different levels and positions
4	M	Fin	CEO / Entrepreneur	7 years in Japan so far	~10 years
5	M	Jap	Regional Sales Manager	15+ years in Finland	~5 years
6	M	Jap	IPO Manager	2 years in Finland	10+ years
7	M	Jap	Sales	3 years in Finland	None
8	F	Fin	Founder / Senior Consultant	1 semester in Japan. 5+ years in a Japanese company	1.5 years

Eight people were interviewed between autumn 2019 and spring 2020. The sampling process was done by contacting Finnish companies operating in Japan and Japanese companies operating in Finland. Other organizations that could be identified as networks that could host such people were also contacted. Three suitable interviewees were found through this process. Three more were found through the interviewer's own social

connections. The last two were found through social contacts and recommendations of the six previous connections.

The audio from all the interviews was recorded. Some were recorded in video format, depending on the location of the interview. Four of the interviews were conducted face to face like most of semi-structured interviews are. However, due to geographical distances and the global COVID-19 pandemic, four interviews were done via video call using different programs such as teams or zoom. This is defined by Saunders et al. (2016) as internet-mediated interviews, referring to electronic interviews taking place in real time. The total recording time was between 45 and 90 minutes. Five to fifteen-minute break was usually taken before question 8 to improve the quality of the latter part of the interview. This practice was taken because the interviewer noticed that the first interviewee started getting exhausted in the first part of the questionnaire, which in turn resulted in reduced quality in answers on the second part.

5.3. Research Design

By inspecting the cultural scores of all the dimensional approaches and combining that with the more country-specific leadership, expectations on differences in leadership between the two countries were established in chapter 3. Combining these assumptions and the framework that transformational leadership offers on leadership styles, the interview questions (Appendix 1) were created.

The interview can be divided into three main parts. The first part (0-2) has general questions on the interviewee's profile. The second part (3-8) focuses on culture. It begins with open questions to find out what the interviewees themselves think are the biggest differences and similarities between the countries. The questions after the open questions were created by using the expectations discussed in chapter 3. The score in long-term orientation dimension, for example, had the largest difference between the countries, so dedicating a question on this topic was relevant. The third part is the leadership part. It begins by discussing how different components of transformational and transactional leadership are visible in leadership in each country. It then adds questions from

leadership's activeness and passiveness to fit the transformational leadership's FRLM model. Finally, the overall effectiveness and happiness of employees is discussed to add to the comparison of leadership.

5.4. Data analysis

Analyzing data in qualitative research requires care and consideration. Qualitative data often contains large volumes of non-standardized data in a complex form, which is also the case with this research's interview recordings (Saunders et al. 2016). The way interviewees use different terms, especially when working with Japanese who are not speaking in their native language and Finns that have been interviewed in Finnish, has to be considered when interpreting the answers and reactions of the interviewees. For example, one of the interviewees initially thought that the Finnish translation of follower, "seuraaja" referred to a person who will be taking over a person's current job after they move to another position or retire. Fortunately, this misunderstanding was fixed by the interviewer. However, cases like this must be considered with care especially when translating quotes of the interviewees. (Eriksson & Kovalainen 2008)

The first step in the process of analyzing the data was to transcribe all the interviews into a written format. From the interviews, a total of 101 pages of text were transcribed. The second step was applying a content analysis to the transcribed data. The aim of a content analysis is to reduce the amount of information to a manageable amount. This can be done by condensation and categorization. With this type of data analysis, the end result should present a compressed and general description of the subject of the research. (Blumberg et al. 2011:294) During this phase, the true identities of the interviewees were removed from all documentation, and they were referred to as Interviewees that are numbered from one to eight.

The categorization of the data was based on the framework of the study. The first part of the questionnaire was based on the cultural dimensional theories of Hofstede, GLOBE, and Schwartz. The second part was based on transformational leadership theory, its components, and the MLQ. Due to the semi-structured format of the interview, much of

the data had to be reorganized and further categorized to have an accurate representation of the data. Furthermore, additional categorization had to be done to identify the full meanings that the interviewees intended to communicate. (Blumberg et al.2011:295)

5.5. Research ethics and quality

5.5.1. Research ethics

When research is conducted on human beings, there are ethical considerations that must be followed throughout the process. First of these is *informed consent*, which can be defined as protecting the participants and ensuring that their motivation for participation comes from their own free will instead of pressuring or forcing (Salkind, 2010). Participants were protected by ensuring their anonymity. Their name was recorded in the recordings but beginning from the transcribing process they are referred to as arbitrary I:s followed by a number that separates each individual. No names are visible in the research itself, and after the research is done all of the recordings are destroyed. Consent was taken into consideration when contacting possible participants. It was made clear that that participating is completely optional. A second inquiry was made in case of some participants in case they had forgotten or didn't receive the first inquiry.

The second consideration is being *transparent* in the research. Complying with transparency ensures that research is more replicable, accountable, and efficient. Furthermore, it supports the later process of adding some information to the topic and/or correction of any errors that may occur within research (Knottnerus, 2016). This research aims to be as transparent in all of its research methods as possible. For the protection of participants, however, the data won't be stored after the completion of the process, as the anonymity of participants can be placed higher in the ethical hierarchy. The motivation of the author is, in addition to graduating and developing personal competences, broadening the understanding of the subject, and improving trade relations between Japan and Finland. The author is not doing this research in accord of any other actor. Therefore, there is no need to take any predetermined point of view to satisfy an outside source for funding.

5.5.2. Validity and reliability

The quality of a research can be partially evaluated by looking at its validity and reliability. In the context of qualitative research, validity and reliability are defined by being the ability of the researcher to interpret the participant's shared knowledge and experiences in a way that they intended. With a semi-structured interview format that has large amounts of complex data in a non-standardized form, extra attention to discussing the reliability and credibility of a study becomes important. Therefore, this chapter presents notable factors that should be considered when evaluating the reliability, credibility, and applicability of this study. (Saunders et al. 2016: 202, 397-398)

The validity of research refers to the appropriateness of the methods used, the accuracy of the analysis of the results, and that the research findings measure what they were intended to measure (Saunders et al. 2016: 194, 202). Semi-structured interviews can achieve a high level of validity when conducted carefully using clarifying questions, probing, and by exploring the responses from multiple angles. (Saunders et al. 2016: 400). In this research, multiple angles were attained by emphasizing the diversity of the interviewees, by having young and retired individuals with experience in different industries as an example. During the interviewing process, if an answer seemed lacking in content, or the interviewee referred very briefly to something that had been emphasized in theory or by the previous interviewees, the interviewer tried used clarifying and open-ended questions to gain knowledge in these subjects, because they contribute most to the validity of the study.

Reliability refers to whether the data collection techniques used and analytic procedures would produce consistent findings if they were repeated on another occasion or if they were replicated by a different researcher (Saunders et al. 2016:192). Transparent reporting of the research methods is therefore crucial, as it allows any other researcher to replicate the study and judge its reliability. Any bias from the interviewee's side was minimized by allowing them to choose the place and time of the interview, and in the case of video interviews, the program that they were the most familiar with. This was done so that they

would be in the most comfortable place possible, and to have enough time to share their experiences as widely as they wanted. Unfortunately, few of the interviewees had to skip two last questions due to time constraints. This would have happened in more occasions if the interviewer would have not moved the conversation forward.

When discussing repeatability, it is important to note the researcher's own culture and how it affects the point of view. The study is done in a Finnish university by a Finnish student. The majority of the interviewees were Finns who had been expatriates in Japan or Japanese who had moved to Finland with an intention of living here permanently. The Japanese interviewees had chosen to work in Finland, which indicates they prefer Finnish culture. Therefore, the opinions and views taken could be very different if the interviews would have been done by a Japanese student at a Japanese university. The data and how the results are interpreted would likely show different results. However, if this study would be replicated in such a way, it would contribute to understanding the phenomena instead of contradicting the results of this study.

Bias from the researcher's side was minimized by sufficient preparation to an interview situation and by being familiar with the subject of the interviews. Small changes were made to the interview process after the first few interviews, as the interviewer noticed what type of questions were effective and how the quality of answers declined during the leadership part of the questionnaire. Therefore, during all the interviews the bias was reduced over time, as the interviewer's competence as an interviewer, and the knowledge on the subject progressed further.

6. EMPIRICAL FINDINGS

The research compares the leadership styles of Finnish and Japanese managers. In this chapter, the results of the data that was acquired through the questionnaire is reported. Reporting follows the theoretical framework as its baseline, but some changes in categorization were made so that the most relevant data regarding the aims of this research would be discussed. First, the results on the cultural part of the interview are reported. Reporting is structured in such a way, that the largest differences according to the interviewees will be discussed in a separate part. All these parts will also fit in the framework of one or more dimensions in one or more cultural dimension theories.

The second part of this chapter reports the leadership part of the interviews. It follows the separation of leadership to transformational and transactional styles presented in the leadership chapter. It will discuss the components of transformational and transactional leadership and will also include discussion on the components of the Multifactor Leadership Questionnaire such as activeness and passiveness. Finally, it will report some of the results that did not fit the theoretical framework's view on leadership.

6.1. Cultural Dimensions

6.1.1. Hierarchy

Most frequently mentioned difference between the cultures of the two countries was hierarchy. It was referred by some theories as power distance. Four out of eight interviewees mentioned it as the biggest. The overall opinion was that Japan, as a society and at the workplace level, has a significantly higher amount of hierarchy and power distance than Finland. This result was somewhat expected from the scores of dimensional approaches (Finlands 5.08, 33, and 1.80 vs. Japans 5.23, 54, and 2.65). According to the interviewees, however, the difference has more impact on leadership than the dimensional approaches indicate.

Most respondents had similar views on the cause of the differences in hierarchy and power distance. The philosophies of the Japanese religion, Confucianism, were the main contributor to these differences. Among other things like gender equality issues, Confucianism emphasizes social and family hierarchy and is transferred to work environments as well.

“Based on this Confucianism I say that it’s like house you know? So managers take care of the staff like children. This consideration is what makes very different in Japanese company...” (I6)

“...But for Japanese people, as I explained, basically we consider our management or president like a father you know. So basically, follow them and their decisions. And also, maybe we have some respect with managers always...” (I6)

In addition to philosophical reasons, the difference in the amounts of hierarchy was rationalized through practical reasons. Multiple interviewees noted the demographic differences between Japan and Finland, especially the population density and environmental differences. Finland has always been a sparsely populated country with extremely harsh weather conditions, where survival has depended on practicality instead of social formalities. Japan on the contrary is extremely densely populated, which has required the society to develop means of controlling the efforts of large groups of people, which resulted in high amounts of social hierarchy.

“...In (Finnish) places where titles and formalities were thrown away, and things were done by whatever or whoever it required. I believe this is something that helped people living in peripheries to survive through the long winter. In Japan however, where population is really dense. And when it’s dense and there are people everywhere, it leads to people being constantly up in each other’s faces, so naturally people start to form different cliques.” (I5)

Some cultural differences were seen as results of the difference in hierarchy and power distance. Often top-down structured organizations of Japan versus the relatively flat

structure of Finnish organizations was the most common one. The high amount of formality and the use of language and titles in Japanese society compared to Finnish informality was another common issue.

“In Japan if a person is even a year older than another person you use a more polite form of language, the Keigo or Teineigo type of language...there is no word for a brother or sister, it is always either little brother or big brother,...when referring to oneself the pronoun “I” also has different words that can be used to represent different levels of assertiveness and masculinity, these can be used to represent the pecking order” (I5)

High power distance can affect an employee’s well-being. The bureaucracy and chain of command practices, where you are supposed to only take up feedback with your closest manager, were seen as inefficient by most interviewees.

“When I was working in japan, I was feeling very stressed, and the reason is not the work itself. It comes from human relationships, and everybody was basically really nice, but of course there are hierarchies. So, I have to report something, I was feeling really nervous and worried, even though I knew things would work out. But still, you are young and there are so many people who are higher than you. So, for example in the meetings there are limited numbers of seats. I wasn’t allowed to take a seat because there are so many people who are older than me.” (I7)

It was commonly agreed however, that the amount of hierarchy and power distance in Japan has gotten lower during the last decades and would probably continue to do so in the future. The difference of Japan and Finland is still noticeable and has major implications on how leaders interact with followers and vice versa and should be taken to consideration when comparing the leadership of the two countries. The implications of hierarchy are discussed in more detail in the leadership part of this thesis.

6.1.2. Individualism vs. Collectivism

Another commonly emphasized difference was the different amount of individualism and collectivism between the countries. The dimensional approaches show that Finland is higher in individualism (63 to 46), and Japan is higher in institutional collectivism (5.23 to 4.77) and in-group collectivism (4.72 to 4.32). Some of this closeness in scores can be accredited to the fact that Finland is still relatively collectivist when compared to the countries with the highest amounts of individualism. This issue however received mixed opinions from some interviewees, as they stated difference is not as noticeable as some theories make it out to be. One of the interviewees had experienced his Finnish workplaces to be more collectivist than his Japanese workplace. The mixed results indicate that the complex phenomena can't be represented on a simple linear scale measurement.

The interviewees who emphasized the difference described that the underlying difference is how individuals are socially accepted to express themselves. Even though Finnish society was seen as collective in many ways, freedom of expression of one's own ideals and personality was socially accepted, and even encouraged by some. Furthermore, it was mentioned by several interviewees, that in Japan it is not socially acceptable to express yourself or your personality by being different.

“Being individual in Japan, which sometimes means being different from all of the others, is accepted in Japan though really hard tries and that also makes the situation more difficult or less difficult depending on your gender and age ... for example school children hair has to be black, even if you are born with red hair, in some schools you had to dye your hair black because otherwise you would stand out.” (I5)

“(In Japan) ...nails that stick out are hammered to the tree.” (I1)

The opposing view to this matter was that the difference in collectivism was not big as some theories describe it to be. This was mostly based on the fact that members of a team where individuals who were measured by their individual performance; Japanese were just as focused on individual accomplishments as Finns. Therefore, it seemed, that the workplace environment largely dictates what amount of individualistic behavior is accepted or preferred, and when expectations of the environment are lifted, the extreme amount of collectivism of the Japanese are reduced.

“When you look at the issue from a smaller scope, on a level of a team or an individual, we are all humans. The team will usually live according to the rules they are allowed to live by. So, on a level of a society or an organization the (collectivism) is high, but on a microlevel the difference is not so noticeable.” (I1)

Therefore, the results indicate, that on the level of the society as a whole, and in the most traditional Japanese companies, collectivism is noticeably higher than in Finland. The differences in expressing one’s identity and uniqueness on a societal level, and in institutions is something that should be noted when considering cross-cultural leadership between the two countries. However, when leadership is conducted on a micro level the differences should not be over-estimated, and people can be expected to hold similar values and needs for personal accomplishments.

6.1.3. Long-term orientation

It was agreed by all but one interviewee, that the time frame in which decision-makers base their thinking on is more long-term in Japan when compared to Finland. As a result, Finnish companies were seen to have faster decision-making and being able to adapt quicker, whereas Japanese companies were seen as focusing more on their long-term relationships and results. Finnish companies were mostly described as being somewhere in the middle of long-term and short-term thinking, becoming increasingly short-term all the time, whilst Japanese companies were still considered to be a prime example for long-term thinking.

“...Japanese always look very far ahead to the future. They don't really care what happens tomorrow, but that the thing that needs fixing will be fixed at some point. And when some type of change in the process is decided, they really take their time thinking how it should be done before implementing the change... It's not like they see that there are only two weeks left of this quarter, and radical changes or financial decisions need to be made so that the results will look good. Instead, they can focus on the actual work.”
(I2)

These results match the expectations of Hofstede's Long-term orientation (38 to 88) but don't explain the similarity of GLOBE's future orientation (4.37 to 4.29). The different results can be explained by the fact that long-term orientation focuses on how individuals perceive their past, while future orientation how they see and plan for their immediate future (Venaik & Brewer, 2013). This reveals one similarity between Finland and Japan: The pragmatic and planning-oriented working style of the two countries, which was referenced by two of the interviewees as both being “Engineering nations”.

When the interviewees discussed reasons for higher long-term orientation in Japan, three main issues came up. First, the slow and collective decision making in Japanese organizations, which can easily be tied to the high amount of hierarchy and collectivism of Japanese culture. In Japan almost all decisions have to go through some form of a “higher-up” and no one can be left out when decisions are made, like in the case of the “ringi” process. In Finland, employees are encouraged to make small decisions by themselves to improve the practicality of the process. Second, the network building of the Japanese was brought up. Building new business relationships is a slow process for the Japanese, and old networks and commitments must be respected. Finns tend to think most business deals as one-time contracts and see no problem in changing partners for the next deal. Finally, the lifetime employment of traditional Japanese firms enables the Japanese to think long-term, as they are expected to work for the same employer for their whole career.

These views were not shared by everyone. It was also brought up, that in some Finnish companies everything had to go through management, and the lack of a clearly set

decision-making process slowed down the decision making. It was also argued that a slow process could be faster in some situations than no process at all.

“Time frame, you know this case is only about this company, I don’t know about other Finnish company. It feels too slow for decision making because everything get approved by management in this company. Maybe because this company is a small company, only 200 people, so everything go to our management to get approval so it mean that it take time. So I can say it’s too slow.” (I6)

As a foreign leader, it is important to understand the differences between the timeframe of decision making between the two countries. The long-term networking of the Japanese should be considered when dealing with the Japanese, while Japanese should understand that Finns can change the partner’s case-by-case basis. The different mindset on time and the slow speed of the decision-making process can feel very frustrating for Finns, who are accustomed to making fast decisions individually and changing processes very fast according to the situation. Relatively small Finnish companies might not see the things as the Japanese do, however:

“If a Japanese company decides to add a specific component to its process, it might have to train 150 000 people in the organization to understand the new process, and if it doesn’t work, then the whole training and change has backfired. They have to consider, is the small change worth it for the organization as a whole, and if the customer is not happy, we could lose this relationship. So the point of view is much further away, compared to Finns who might think that this component is better than the competitors component.” (I1)

These differences are crucial to understand when building Finnish Japanese business relationships. Cross-cultural leaders can also use this knowledge to better consider the needs and mindset of their followers. Five years in the same position without changes can be a short time for a Japanese employee, but a long time for a Finnish one.

6.1.4. Uncertainty avoidance

It was unanimously agreed that Japanese society and workplace tend to have more rules and regulations when compared to their Finnish counterparts. The importance of following rules and authorities is incorporated into Japanese from a very young age. This behavior seems to last with most Japanese throughout their whole life. As a result, it is present in Japanese companies as well. This leads to increased uncertainty avoidance, as it can be hard for the Japanese to do things outside the rules that have always shown a certain way of doing things. The interviews match the expectations from the dimensional theories, where Finland is average (59) and Japan is very high (92) on uncertainty avoidance. Finns are not low on the scale when the global average is considered, which confirms with the opinion of many of the interviewees: Finns prefer to do things according to the rules and expectations as well, but lack the extreme amounts of rules, hierarchy, and other formalities that are deeply ingrained in Japanese society.

Most interviewees felt that the number of rules in Japan was overwhelming, and sometimes even silly when compared to Finland. Few interviewees stated that following the rules seemed more like a formality than practicality to the Japanese, whereas Finns tend to avoid unnecessary formalities and find the most practical solutions. Questioning the rules in Finland in search of finding better solutions is usually accepted, while in Japan it can lead to punishments like public humiliation of oneself in the eyes of his/her community.

“...then it has brought this idea, that rules are there to obey and if you don't you get a punishment which reminds you that you are different. Because you don't want that you just learn to obey rules, but here (In Finland), I think you are allowed and you might even be encouraged to question the essence “does it really make sense, does it really fit you? if not, then just talk with someone who has made that rule which doesn't fit you or which you don't like and in Japan you just don't do that, so that's different.” (I5)

However, one of the Japanese interviewees said that the lack of rules and precise descriptions of processes could lead to confusion and inefficient ways of doing things in

the Finnish workplace. This issue was also brought up by Finnish leaders who had had experience of leading Japanese followers and was emphasized as a thing to consider when leading Japanese employees.

”When talking about leading, you have to consider how big amount of freedom to give to some individuals, as if there are misunderstandings about the specific details it can go very badly, which in turn lead to mistakes and losing face.” (I3)

The way that Finland and Japan handle failure is also very different. In Finland, you are usually allowed to fail and learn from mistakes. In Japan, however, mistakes are often seen as serious issues, and talking about them should be handled discreetly, so no “loss of face” will occur.

”It (Japan) was a taxing place to work because of the fact that they had to always be sure what they were doing in order to avoid all mistakes. They had to use every precaution to avoid taking risks and making mistakes, and that, for me, as an active person, seemed very inefficient and slow due to all of the pondering and researching. And eventually making only one decision that sticks no matter what, even though it would later be realized to be a bad decision it won’t be fixed, because then it would be seen from outside as a mistake” (I3)

6.1.5. Gender egalitarianism

The role of women in Japanese society was still seen to be traditional and to follow the values of Confucianism. In practice, this means that women are expected to stop working and focus on building their family and often become housewives. Women working alongside men were often expected to do things outside their job descriptions, such as pour drinks for men. In Finland, these types of expectations are largely seen as unequal and offensive, especially by women in the workforce. It was mentioned in the interviews that if a woman was working in a high position, she was treated with the same respect as a man in the same position according to the hierarchy of Japanese companies. Reaching such a position was seen to be rare, but more common during the recent decade. Definition

of the word equality and perception of the Japanese on this institutional equality could explain why the scores of GLOBE:s Gender Egalitarianism are relatively close to each other (Finlands 3.55 to Japans 3.17), even though Japanese society was often seen as much more unequal in practice.

“I would say that in Finnish culture being independent is highly valued while in Japan, for example, ladies are depending on guys in many cases and there are many people who are just staying at the house without working at all. Also what the world equality is, its really different in a way that still in many societies you can see how males are valued compared to females, like in Japanese society but in Finland its smaller compared to Japan... When you communicate with people who are for example older, and when you are in Japan you have to be really polite but in Finland in that case there are not high barriers and walls regarding your age, gender or position” (I7)

There is a large difference between the Masculinity score between Finland (23) and Japan (95). The interviewees agreed with the fact, that Japanese society often emphasized more masculine values, and such leaders were often valued in the workplace. The value of cooperation which is by definition a feminine trait was often seen to be higher in Japan than in Finland, and some interviewees emphasized that this difference is not so simply explained. Furthermore, children at school were also told how a man was expected to behave, and how a woman was expected to behave. This, in addition to other factors, has led to a large divide between occupations by gender.

“Gender division is really harsh there. When our son was in school there, he was taught how he is going to be when he grows up to be a man. I assume girls are tough the other way around. Our neighbors liked to talk how they want equality in a way that both parents would work and take part in taking care of the children and the home. They talked about it, but you could read between the lines that they do not really mean it, it is just a way to keep the conversation going and to look better. Like it was taught very straightforwardly in school: Man works and lives wherever he works, and wife takes care of the children and home wherever she lives.” (I2)

The experience of the female interviewee that had worked in Japan was very positive, and she felt that she had been treated with a lot of respect at her workplace. However, she acknowledged that there were some attitudes from her colleagues about her plans of starting a family. She also emphasized that in the current period of time there are more unmarried women in the workforce than ever before in Japanese history, and the future will show how they will move forward in their careers. The difference in how equal or unequal women are in the workplace should be considered by Finns and Japanese that want to lead

“...As a western woman you will get treated very well. They quickly assume that as a Finnish female in your position such as I was, they will automatically assume that you are very smart. Even without mentioning that you speak 6 languages they will assume it... I don't know how they would treat you if you were from some other country Asian country for example.” (I8)

6.2. Leadership

This part discusses the differences between leadership styles of the two countries mainly from the point of view of transformational leadership theory. This is done by presenting how the interviewees matched transformational and transactional components with each country. Previously discussed cultural dimensions are sometimes touched upon, as they were often used as explanations for differences in leadership. After focusing on transactional and transformational aspects there will be a more open general discussion on the effectiveness of leadership, which reports some of the important issues that arose during the final part of the interviews, but don't fit that well in the theoretical framework.

6.2.1. Transformational leadership

Idealized Influence, the component in which a leader influences his/her followers by setting an ideal and inspiring example, was met with mixed and quite speculative responses from the interviewees, as many had not reflected their experiences from that

point of view before. However, many felt that the Japanese did things mainly because they had to, and they were expected to do so by society and authorities, whereas Finns have a Lutheran Christian work ethic, which requires them to do some kind of work to feel good about themselves. On the other hand, some said that Japanese were seen as really motivated regardless of the job, as just being able to work was seen to motivate Japanese, and Finns needed other factors to motivate them. Confucianism sets Japanese leader as a father figure. Therefore, it seemed that some followers more often saw them as role models. However, the results were very mixed in practice, as some interviewees had felt that it was only the authority of the position that motivated them to obey their Japanese superiors, not idealization or respect for the person.

The common opinion of the interviewees was, that the Inspirational Motivation component of transformational leadership was very important in both countries. The need for trust was emphasized by interviewees who had had international experience from North American countries and/or companies. The Confucianism philosophy of thinking workplace as a family was often seemed to make Japanese to take building a fair and trusting environment even more seriously than Finnish leaders, but it could also lead to harsh treatment and high expectations from the leaders. The traditional after-work dining and drinking activities were also mentioned to be an extra tool that the Japanese use to build trust, whereas Finns could do similar things by discussing personal matters during the workday and small coffee breaks. It seemed that Finns were able to build trust during the workday, whereas Japanese needed to tie resources for it specifically. It was also said that Japanese have a tool called “facetime”.

“There is a tool for building trust called “facetime”. It means showing your face at the office. It is an old-fashioned concept, but in Japan where people don’t say things straight to your face because of the hierarchy, they might end up building groups/cliques of resistance in secret. So as a leader it is important to find the right amount of facetime, to find out when you are present enough but not too much. It should still be understood that Japanese employees can have different opinions that they would normally have in front of their boss.” (I4)

The interviewees approached Intellectual Stimulation from the point of view of Innovation, and how leaders enable their followers to innovate. The Finnish leaders who had had Japanese employees emphasized that the Japanese required additional efforts to bring forth their innovation. This could be achieved by encouraging them to speak freely, without considering possible disagreement with their manager, or having a clear and specific time in the process for innovation. However, some Japanese managers had a different point of view, and according to them, the Japanese were really aggressive innovators but also felt that some of the innovation was forced by the manager, whereas Finns tend to build an environment that allows anyone to innovate at any given time.

“In my experience the Japanese need a bit more motivation and confirmation about the fact, that it is okay to give their real opinion, whereas Finns give their opinion regardless. Japanese should be told multiple times that we really want your opinion, and it might take some time before they are okay with it.” (I4)

The general consensus of the interviewees was, that Individual Consideration was more prominent in Finnish companies. Finnish leaders were often tailoring roles and rewards according to the needs and skills of their followers, whereas Japanese leadership style often seemed to focus on collective motivation building and/or similar solutions for all employees. The long-term career planning was seen to be regularly individually considerate in Japan, whereas in Finland planning careers so far ahead was rare.

“I think in Japan they more like focusing on long time careers or they have long time perspective when they inspire people. I feel that in Finland those leaders focus on this year, or next year, or how employees are doing like now. In Japan we kind of had to make long time career plan in that company, which I hated a lot because you never know what you will be doing for ten years. Still, it is very common for employees to work for one company 20 or 30 years and leader can inspire them so leaders can inspire them like if you do this job well you will be able to be manager after five years.” (I7)

Leaders in both countries often practice many of the components of transformational leadership. The way the results of the component is practiced can be very different, as

leaders must work in their own cultural framework. The results of using transformational components was agreed to be positive in both countries. Understanding cultural nuances is important to practice transformational leadership in each country.

Regarding the differences between activeness and passiveness of leaders from the point of view of transformational leadership theory, the opinion varied between interviewees. Generally, Finnish leaders were seen as more active leaders. Some interviews approached the subject by stating that Japanese line managers are more involved in the work of their followers, as they are just one level higher in the hierarchy. On the other hand, some had experienced that the very strict rules and processes of Japanese companies made it so, that each employee had their own work defined so clearly, the leader didn't have to get involved in it at all. Generally, the experiences were different depending on what level of management and what type of company the interviewees were discussing.

“In Japan it feels like, what the locals were actually saying, higher you get the farther away you are from the real work. At that point you have less other responsibilities than just to be present. You don't have to say or do anything, as long as you exist. As a result the higher managers sleep at the corner of the conference room and that's their presence”
(I2)

One thing that could be mostly agreed on about Japanese leaders was the fact that the higher up they get in the hierarchy, more distant and passive leaders they tend to become from the followers' point of view. This was true because of the high power distance in most Japanese companies, whereas in Finnish companies this distance mostly doesn't exist, and every member of the organization can have an informal interaction with each other.

“It never happens in many Japanese companies, that CFO is having lunch with a new trainee because there is huge like position difference in between those two people. (I7)”

It also seems that at least the more traditional Japanese companies are more “Management by exception” type organizations as they try to keep the status quo intact and passively

focus on dealing with deviations. Finnish companies and more modern Japanese companies focus on cognitive reward, in which new tasks and goals are actively set and meeting them is rewarded.

“Finnish leaders are more active for sure. But for the Japanese, it has changed. Traditionally a hierarchal organization didn’t have to do or explain much of anything because everyone was accustomed to working in a certain way” (I3)

6.2.2. Transactional leadership

It was unanimously agreed, that using material rewards to motivate followers for good short-term performance is common in Finland. Japanese leaders use feedback and coaching to motivate and reward desired behavior and action instead of direct monetary compensation. Instead of monetary benefits, the Japanese were seen to be focused more on public recognition, better titles, and other formal rewards. It was also mentioned that Japanese leaders can reward for the process, whereas Finnish leaders focus on rewarding the result. Furthermore, the promise of traditional Japanese companies is taking care of the family of the employees, so some interviewees interpreted this to be the only transactional reward some Japanese need.

” (in Japan) ...rewarding wasn’t visible, and it felt like people didn’t even need. In Finland however, it feels like when some project comes up, that the first thing people ask about what is the reward if I do this project well. Well, maybe not so straightforwardly, but I feel that additional rewards can be the reason for doing the additional project. There (in Japan) the reward for completing the project is the fact, that you have brought good for your community and you have been able to work. Perhaps in the yearly company party few people are rewarded.” (I2)

Few interviewees brought up the fact that rewarding is not done individually in Japan, as many Japanese companies do not have the infrastructure or bonus schemes for rewarding the individual. Japanese companies tend to prefer collective rewarding instead, by rewarding the whole team for example. Most Finnish companies have some sort of system

in place for individual rewards, but often this does not exclude collective results. There were differing experiences on this collectivistic rewarding, which indicates that different companies can have very different practices regardless of the national culture.

It was clear from the interviewees, that punishments are very different between Japan and Finland. The consensus was that Japanese leaders can issue very harsh punishments, usually in the form of public humiliation, which in a collectivistic Japanese society is very serious. Japanese leaders could also be seen to get more emotional and angry when giving negative feedback, and it was said that this was done to enforce their position of authority over the follower. Finnish punishments were seen as really mellow in comparison, as negative issues are usually handled in a one-on-one feedback session where the issue is discussed, and if leaders would use similar language as the Japanese it could easily lead to legal or other problems for the leader. A termination is rarely an option in neither country.

“(In Finland) it's not like a scolding, but issues are discussed together, as in, “I have noticed that you are doing this type of thing, so what could we do about it and what is causing it”. So, it is like a discussion that goes both ways, and not like that the management is scolding and putting you back in line. I could never imagine myself saying to a Japanese leader something like: “Sorry I’m late because.” It would have to be: “I’m sorry, it won’t happen again.” This type of explaining doesn’t fit Japan, but in Finland the manager might actually be interested why is it hard for you to come to the office every morning at 9 o’clock for example.” (I8)

Public humiliation is used as an effective punishment in the collectivistic Japanese society. This can be used to in some cases to bring shame to the whole family.

“Often there was a big public email sent at the workplace which told everyone what had happened. We were often at those with my wife, but didn’t take any stress about it because we know we were about to leave soon enough. We couldn’t stress too much about remembering or knowing every rule, but it was clear this public shaming was used to enforce it over there.” (I2)

6.2.3. Effectiveness of leadership

It was mostly agreed that Finnish leadership produced more efficient followers who could achieve the same or higher productivity with less input as to their Japanese counterparts. Even though good things were said about the motivation that Japanese collectivism and management along the values of Confucianism could bring, the unnecessary formalities and stressful hierarchical structures along with rules and regulations were crucial factors that would decrease the overall efficiency. It is also important to note the difference between factory and office work.

“Finnish system was more efficient (in Japan). Traditional Japanese way is to follow the rules very closely. Traditionally you stay at work until 7 o clock and few hours of the time you don’t do very much. After that you go to have drinks with your friends and go home around 9-10 o clock, so the day is long, but efficiency drops as you don’t have the energy to do so much.” (I3)

Few interviewees thought that Finnish leadership is more efficient even when applied to Japanese followers in Japan, but most thought that Finnish leadership would not work in Japan, as the highly collectivistic and hierarchical culture would put different requirements on the leader as well. It is also important to note the point of view that many Japanese that are working in Japan seem to prefer their current way of doing things, and don’t want things to change.

It was agreed that Japanese leadership would not work in Finland, and a Japanese leader would have to be ready to make changes to be even accepted as a leader when leading Finnish followers in Finland. One of the interviewees had experienced the hardships of assuming the position of a leader based on seniority and status in Finland:

“...and I used to coach, I was like a playing coach for several years in Helsinki in a ultimate team. There even the youngest players had guts to question something that I said, and which I thought should have been taken for granted. And also, the fact that I was

much older than some of the younger players, so I kind of thought that the way that I would be leader as in a Japanese culture. I was hoping that it would be taken as an okay thing in Finland but it wasn't." (15)

This chapter introduced the data that was gathered in the interviews. In the next chapter, the focus will be on establishing connections with the theoretical framework and the research question.

7. DISCUSSION

This thesis explored the differences in leadership styles of Finland and Japan from the point of view of culture. This chapter combines the results of the interviews with the theoretical framework which was based on different cultural dimensions and transformational leadership approaches. The research question for the thesis was:

“What are the differences between Finnish and Japanese leadership styles?”

The most relevant of the numerous differences are discussed and reflected to the expectations provided by the theoretical framework. Cultural reasons for these differences are explored to provide a cross-cultural perspective. The effectiveness and suitability of the tools that transformational leadership theory provides are also discussed.

7.1. Discussion of key findings

7.1.1. Culture

The difference in individualism and collectivism was expected to be a noteworthy difference between the countries. The dimensional approaches show that Finland is higher in individualism (63 to 46), and Japan is higher in institutional collectivism (5.23 to 4.77) and in-group collectivism (4.72 to 4.32). The differences shown in the dimensional approaches are not as big as some of the interviewees made them out to be, but match Pukkila's (1997) description of the collective decision making “ringi” process. Some interviewees emphasized the fact, that on a micro and team level the difference between Finns and Japanese is smaller than expected. This micro-level similarity can explain why the dimensional scores are so close together, even though the Japanese society at a macro level was emphasized by the interviewees to be much more collectivistic when compared to Finland. This affects how leadership is practiced in many ways, as the tools and processes leaders use to reward good performance can be targeted on rewarding the individual or the team. Generally, Finns and Japanese are adaptable on this matter and can adjust themselves to the requirements of the company and the team they are part of.

Japanese society at the level of the whole country is much more collectivistic than Finland.

All the dimensional theories place Japan slightly higher than Finland in Power distance and Hierarchy. However, the interviewees emphasized that the difference has more impact than the dimensional theories suggest. Hierarchy was mentioned as the most impactful aspect that affects leadership style between the two countries more often than any other aspect. This has the biggest issue on how follower's converse with leaders, as disagreeing and challenging the leader's points of view and methods of doing things is accepted in Finland, but not accepted in Japan. When decisions on bigger issues are made, Japanese collectivism seems to trump hierarchy, and everyone is expected to take part in the decision-making, or *ringi*, process as Pukkila (1997) described. It was also pointed out, that Japanese wish to maintain harmony and conformity, and rarely challenge the status quo even though they would honestly disagree.

Japan's extremely high score of 95 in Hofstede's power distance compared to Finland's low score of 26 placed certain expectations on how a Japanese leader acts when compared to a Finnish one. The interviewees agreed that Japanese leaders can be more assertive and place much more emphasis on work, ego, and title when evaluating a person. The fact that Finland has a higher score in GLOBE's assertiveness conflicts with the findings, but can be explained by the fact that it measures how things are communicated in the culture in general, as Finns can be very straightforward in how they do things, but rarely practice leadership in such an assertive manner as some Japanese leaders do.

The difference in Globe's gender egalitarianism and Schwartz's egalitarianism dimensions is much smaller which indicates that instead of a higher difference in gender equality, the expectations of behavior differences between the cultures, especially in the workplace. Hofstede's definition would indicate that the Japanese prefer tougher and egoistic approaches and appreciate work and money over other things in life, whereas Finns would prefer a more cooperative approach, and appreciate the overall quality of life. According to the interviewees, this difference is larger than dimensional scores suggest, especially in traditional Japanese leadership style which is still widely practiced,

as Japanese value work over everything else, whereas Finns often try to find a healthy balance between their personal lives with their work life. Despite the close egalitarianism values, only 5% of senior roles and other decision-makers in mid- to large size companies are held by women. Women have entered the workforce relatively late in Japan, and time will tell how women will do as managers in Japan. In theory, Japanese believe that position matters much more than a person's gender, but in practice, the society places very different expectations depending on their sex.

Uncertainty avoidance between Japan and Finland received mixed scores from dimensional theories. Hofstede's theory places Japan high (92) and Finland close to the average (59) in uncertainty avoidance, whereas GLOBE places Finland higher (5.11) when compared to Japan (4.07). This was explained by Hofstede's UA referring to how rules and regulations are used to reduce uncertainty, while GLOBE's UA refers to how societal insurances and technologies are used to reduce uncertainty. (Hofstede 2006, House 2004). The interviewees emphasized the strict rules of Japanese hierarchy, and the importance of the etiquette when compared to the straightforward approach of Finns. This matches the expectations of the theories on how differently both nations deal with uncertainty. Furthermore, the Finnish interviewee's views are similar to Lewis's (2005) description of Finns considering many of the Japanese formalities as an unnecessary waste of resources. Some interviewees noted that Japanese employees could find the uncertainty that comes with the freedom in a Finnish workplace overwhelming, and have a hard time completing tasks without clearly set rules, regulations, and processes. Therefore, the amount of in which employees are used to managers' micromanaging and dictating their work varies heavily.

The perspective on time between the cultures is different according to Hofstede (2006) who places Japan high (88) and Finland relatively low (38) on long-term orientation. This difference was always acknowledged by the interviewees but never emphasized, as it was seen as a typical observation between western and Asian cultures. The interviewees shared Pukkila's (1997) views on the long decision-making processes of the Japanese. Furthermore, the interviewees added that the number of rules and regulations can make the bureaucracy of Japanese companies work seemingly slow and that every decision the

Japanese make also takes into consideration all the other groups the individual is associated with. These practices were seen to be very different from how Finns prefer to go straight to business and handle affairs fast and efficiently. This difference impacts leaders as well, as they must consider the actions of their followers, as well as their own when making managerial decisions and/or dealing with customers.

7.1.2. Transformational leadership

Transformational leadership has different effects in different cultures as Javidan et al. (2006) stated, but the implementation and effectiveness of the different components can vary heavily. In Fukushige's (2007) study the results indicated that the full-range leadership model was a poor fit on Japan's leadership culture and that especially the inspirational motivation component received negative results from modern Japanese office employees. In the interviews, however, the Inspirational Motivation component was seen as important in both countries, but inspirational and motivational leader was understood first and foremost as trustworthy and stable instead of an energetic and visionary idealistic leader. House (2004) suggests that transformational leadership is universally effective because it satisfies some of the universal needs that all human beings share. The interviewees shared this view by emphasizing both Finns and Japanese valuing the end results of transformational leaderships different components, but the key difference for leaders was to understand how to implement these components so that they fit the culture, as the North American descriptions don't always work, especially in Nordic and Asian countries.

8. CONCLUSIONS

This chapter presents the main conclusions this study has found to the research question. Furthermore, theoretical contributions and practical implementations of this study are discussed. Additionally, the limitations of this study and opportunities for further research are presented.

8.1. Conclusions to the research question

The research question of this thesis was the following:

“What are the differences between Finnish and Japanese leadership styles?”

The data of this thesis suggests that the answer is complex and has many layers. It also depends on from which point of view to leadership is taken. According to the data, it can be summarized that Japanese leadership style is hierarchical, formal, rules-driven, and collectivistic when compared to Finland’s hierarchically flat, informal, practical, and somewhat more individualistic style. Japanese often have a way things are expected to be done, or people act according to how they are expected to act in their position, whereas Finns try to act how they perceive they will achieve the best results. Theories suggest that Japanese leadership style is more transactional whereas Finnish style is more transformational. It is true that Japanese leaders use more and much harsher punishments than Finns, but Finnish employees are motivated by material and transactional rewards more often than Japanese. Transformational leadership at its face value is more common in Finland, but Japanese leaders use methods that are appropriate in their own cultural context when aiming for the same results. Furthermore, transformational elements can be integrated into the processes and expectations of larger companies, which means Japanese leaders have to utilize them to an extent.

The listening-oriented communication style and the technical mindset are common cultural denominators, but the straightforwardness of Finns and the Japanese formalities can lead to misunderstandings. Generally, similar communication and core values should

allow Finns and Japanese to overcome the differences and learn to work together. There are many things to take into consideration as a Finnish or Japanese leader trying to work, or even lead, in each others country. Finnish leaders shouldn't place their followers in a position where the follower has to compromise his/hers network of relations, have to understand the importance of formalities and rules to the Japanese, and communicate clear processes to the Japanese, as they are not used to doing things according to on how they feel they should be done. Japanese working in Finland need to cope with the fact that leader's decisions can be questioned, people are expected to find solutions and be efficient without clearly defined processes, and that there is much more general freedom and openness to the workplace and society.

8.2. Theoretical Contributions

The main contribution of this thesis is the expansion of the very limited amount of research between leadership styles of Japan and Finland. The results show how different cultural characteristics have created different working environments, which in turn require different types of leadership. On a broader scope, it furthers the understanding on how specific characteristics of culture can indicate what is required from a successful leader according to the characteristics of its culture.

It also contributes to the dimensional approaches presented by Hofstede, GLOBE, and Schwartz, as it reports how well their universally generalized scales work in an in-depth qualitative study. From the point of view of this study, the dimensional approaches work well in establishing basic assumptions on a culture. However, they offer only relatively narrow views on complex issues, like the way all the dimensions interact with each other, and how each national culture is unique in its own way can never be completely understood through a narrow set of numbers. None of the numbers established false expectations, and all the differences and inconsistencies between the different dimensional approaches could be explained when the cultures were examined in more detail. They serve as a great entry point when examining or comparing cultures but can never explain the full extent of the cultural differences.

Secondarily, it reports how transformational leadership theory works in an international context. It contributes to the research according to which the different components of transformational leadership and the FRLM can have varying results between different countries. However, it expands the view somewhat by stating that leaders in different countries can use different components of transformational leadership, as they aim to fulfill the same universal needs people all over the world possess, but that they can have very different means of implementing and reaching the same results. In other words, an inspirationally motivating leader can be understood very differently in a different cultural context.

8.3. Managerial implications

Considering the subject of this thesis, it is important to note its managerial/practical implications. The findings are most impactful on the leadership style of Finns when they consider cross-cultural interactions with the Japanese, and to a lesser extent, with other Asian nations. It can also be used by the Japanese to do the same with Finns or other Nordic, or even western nations. Furthermore, understanding new nuances of cultural differences and how they impact leadership can be beneficial to any cross-cultural leader.

The findings suggest that every Finnish or Japanese employee, especially the leader, working in the others country should take into consideration the differences of the national cultures and leadership styles between the countries to be a more effective employee or a leader. Anyone in a leadership role should adjust their leadership style to lead differently in each country, and with people from each country. It is not necessary to completely change working practices, but understanding how to achieve similar results with people who House (2004) describes as being "programmed" in a different way requires adjusting the way things are presented.

Leadership and cross-cultural competencies can be developed by anyone. The findings of this thesis enable managers to train themselves and/or followers to understand interactions between Finnish and Japanese companies and/or people. This type of training

can save valuable resources that would otherwise be lost to inefficiencies that result from cultural misunderstandings.

8.4. Limitations

This research is a master's thesis, which sets certain limitations to it. The scope in which leadership and culture are examined, as the issues themselves are very large and can be examined from many different points of view. Limiting culture to the point of view of national cultures, for example, does not consider the differences of organizational cultures. Transformational leadership theory is only one approach to leadership, and many others could have been considered. The sample size of eight is small. However, the quality of the sample makes it adequate, as people from different positions and nationalities, and with different experiences were represented. The researcher's inexperience of conducting research and understanding Japanese culture firsthand are also factors to take into consideration. Lack of resources affected the data somewhat, as the interviewees had to cut the interview short, as they were conducted during their lunch or after a full day of work. Due to COVID-19 some interviews that could have been otherwise conducted face to face had to be done remotely.

8.5. Suggestions for further research

There are a few options to expand on the central topics of this research. If the goal is to examine Japanese and Finnish leadership further, it could be done by repeating similar research in Japan and see how different or similar the results are. Similar research could also be done in either country, but by changing the approaches on culture and/or leadership even more intrinsic knowledge could be attained.

If the goal is to examine how transformational leadership and cultural dimension research of Hofstede, Globe, and/or Schwartz work in conjunction with each other, similar comparisons between other countries than Finland and Japan could be conducted.

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APPENDIX 1. Interview questions in English:

0. Introduction: could you briefly introduce yourself and describe what you do in this company.
1. What is your background in working in an international environment, and more specifically, between Japanese/Finnish companies or other actors?
2. What kind of leadership experience do you have, either from the perspective as a manager, and/or a follower?
3. In your opinion, what are the biggest differences between Japanese and Finnish Culture, regarding values and practices?
4. What would you say are the most notable similarities between the cultures of Finland and Japan (if any)?
5. How would you compare the two countries regarding rules and regulations, strictness of their implantation, and appreciating more “hard” or masculine accomplishments.
6. How do the values in the two countries compare when inspecting the accomplishments of an individual versus the accomplishments of a group?
7. How would you describe the differences of the time-frame of decision making between Finns and Japanese? (long term vs short term)
8. Which of the cultural differences discussed so far have the most influence on leadership between the two countries in your opinion?
9. In your opinion, how do Japanese and Finnish leaders differ when considering:
 - a) Building trust with followers and personal integrity

b) inspiring followers

c) encouraging innovation

d) individually considering and developing specific followers (Transformational scale)

10. In your opinion, how do Japanese and Finnish leaders differ when considering:

a) Rewarding correct behavior and actions

b) Monitoring for deviations and mistakes, and the resulting corrective action (Transactional scale)

11. How would you compare the activeness (or passiveness) of all leadership and managerial actions between the two countries?

12. In your opinion, how do the leadership styles of the two countries generate extra effort from followers and follower satisfaction

13. Is there anything else you would like to add to the interview?