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**LEADERSHIP IN CROSS-CULTURAL ENVIRONMENT -
CHALLENGES AND OPPORTUNITIES**

Master's thesis

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The document length is 15 676 words from the introduction to the end of the conclusion.

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TABLE OF CONTENTS

| | |
|--|----|
| ABSTRACT | 5 |
| INTRODUCTION | 6 |
| 1. THEORETICAL BACKGROUND | 9 |
| 1.1. Theories and models of cross-cultural leadership | 9 |
| 1.2. Strategies and best practices for effective cross-cultural leadership | 13 |
| 1.3. Challenges faced by leaders in cross-cultural settings | 20 |
| 1.4. Virtual leadership | 23 |
| 1.5. Summary of theoretical background..... | 26 |
| 2. METHODOLOGY | 28 |
| 2.1. Research strategy and research object..... | 28 |
| 2.5. Data analysis..... | 32 |
| 3. FINDINGS AND DISCUSSION | 33 |
| 3.1. Key challenges that leaders encounter in cross-cultural environments..... | 33 |
| 3.2. Effective leadership styles and strategies in cross-cultural contexts..... | 38 |
| 3.3. Cross-cultural diversity benefits and the future of leadership..... | 41 |
| 3.4. Developing cross-cultural competencies | 43 |
| 3.6. Recommendations and implications | 45 |
| CONCLUSION | 50 |
| LIST OF REFERENCES | 53 |
| APPENDICES | 61 |
| Appendix 1. Interview guide | 61 |
| Appendix 2. | 63 |

Appendix 3. Non-exclusive licence.....64

ABSTRACT

Understanding the nuanced interplay between leadership behaviors and cultural dimensions is pivotal in fostering organizational success and cross-cultural collaboration. This thesis delves into the intricate landscape of global leadership through the lens of two frameworks: The Global Leadership and Organizational Behavior Effectiveness (GLOBE) Study and the Cross-cultural Leadership Qualities (XLQ) model. The GLOBE Study, renowned for its exploration of nine cultural dimensions and their impact on leadership effectiveness, serves as the pillar of understanding which challenges might occur within cross-cultural communication and how to navigate through those (House, Hanges, & Javidan, 2014; House R. J., 2004). It illuminates how leadership behaviors are variably perceived and enacted across different cultural contexts, thus underlining the significance of cultural adaptability in leadership practices.

Expanding the discourse, the XLQ model introduces five essential leadership dimensions—trust, empathy, transformation, power, and communication—requisite for navigating the complexities of cross-cultural environments (Grisham & Walker, 2008; Grisham, 2021). By synthesizing insights from both models, this thesis presents an understanding of how leaders can align their behaviors with cultural expectations to enhance their effectiveness in the growing diverse settings and benefit from the unique contributions these diversities can bring. The author dives into struggles and effective strategies covered in leadership literature and scientific work and touches upon the post-COVID impact on cross-cultural collaboration and leadership.

Through qualitative analysis, the thesis explores the sensitivity of not being stuck with cultural stereotypes but advocates for a more fluid, context-sensitive approach to leadership, putting the personality upfront. Leadership effectiveness in multicultural settings is not a one-size-fits-all paradigm but a dynamic interplay of global competencies and cultural intelligence. The thesis concludes by offering guidance for developing cross-cultural leadership skills that embrace both global and local perspectives, thereby contributing to the discourse on leadership in multicultural environments and paving the way for continuous research in this field.

Keywords: cross-cultural leadership, diversity, leadership styles, communication

INTRODUCTION

Organizations are increasingly diverse in terms of their workforce (both employees' backgrounds and their locations), customer base, and global reach (Singham, 2010). Globalization has reshaped the business landscape and effective interaction across cultures has become a fundamental job requirement (Thomas & Inkson, 2017). In 2019, top-quartile companies outperformed those in the fourth one by 36 percent in profitability, slightly up from 33 percent in 2017 and 35 percent in 2014. The likelihood of outperformance continues to be higher for diversity in ethnicity than for gender. After Covid-19 the topic became even more relevant and the representation of different ethnic groups is not an emphasis, but rather the dynamics around inclusion (McKinsey & Company, 2020). Leaders need to encourage inclusion, integrate cross-cultural competencies into their DNA, and navigate cultural differences to effectively manage and lead teams across borders (Mhlongo, et al., 2024). Understanding how leaders can utilize the advantages of diversity while mitigating the challenges is a critical area of study.

Leadership plays a pivotal role in shaping an organization's culture, performance, and effectiveness. The ability of leaders to understand and adapt to cross-cultural contexts directly impacts an organization's success. Managing and leading diverse teams comes with its own set of challenges, such as communication barriers, differing cultural norms, and potential misunderstandings. These challenges can hinder teamwork and organizational productivity. Effective leadership in cross-cultural environments can provide a competitive advantage. Cross-cultural environments bring together individuals with diverse perspectives, insights, and problem-solving approaches, US Silicon Valley thrives by multicultural collaboration hubs, and adaptive strategies, that embrace diversity help to build effective businesses in Africa (Mhlongo, et al., 2024). This diversity, when harnessed correctly, can lead to enhanced creativity and innovation (Thomas, 2016). Organizations that can harness the strengths of diverse teams and adapt their leadership styles accordingly are better positioned to excel in global markets.

A significant number of cross-cultural mergers, acquisitions, and projects fail due to cultural misunderstandings and mismanagement (Majidi, 2006; Schijven, Heimeriks, Graebner,

Haspeslagh, & Mitchell, 2024). Understanding the intricacies of cross-cultural leadership can lead to better financial results and reduced risks of failure (Trompenaars & Prud'homme, 2018). This topic is not only relevant to organizational success but also to the personal and professional growth of leaders (Syed & Tariq, 2017; Landers, 2017). Leaders who develop cross-cultural competencies become more adaptable and globally minded individuals (Thomas, 2016).

The topic of leadership in cross-cultural environments has immediate practical implications. Organizations need insights and strategies to develop effective leaders who can thrive in diverse global contexts. This research can provide actionable recommendations for leadership development programs.

Given the increasing importance of effective leadership in cross-cultural environments, it becomes critical to understand the challenges leaders face and the opportunities that arise from such environments.

The research problem of the thesis is that despite the growing diversity in workforces, there is a lack of understanding of how different cultural backgrounds influence team effectiveness, leading to challenges in communication, team cohesion, and project success. The uniqueness and actuality of the chosen topic are determined by the fragmented state of the field, which makes it complicated to formulate any practical, evidence-based advice, despite the availability of a quantity of literature and research on the topic (Hartog & Hoogh, 2024)

The aim of the thesis is to provide guidance to leaders and organizations on how to overcome challenges and leverage opportunities in cross-cultural setups. Drawing connections between empirical findings and theoretical frameworks, the thesis contributes to the practical application of theory. This not only validates existing theoretical models but also helps refine them based on empirical evidence.

The research questions are:

- What are the key challenges that leaders encounter in cross-cultural environments?
- What leadership styles and strategies are most effective in cross-cultural contexts?
- How can leaders develop cross-cultural competencies?

By addressing these research questions and the overarching research problem, this topic will contribute valuable insights into the evolving field of cross-cultural leadership, equipping present and future leaders with the tools they need to lead effectively in diverse environments.

The first chapter of the thesis will overview the existing literature on leadership in cross-cultural environments. Analyze and synthesize theories, models, and frameworks related to cross-cultural leadership and their gaps. Delve deep into specific instances and case studies where cross-cultural leadership was pivotal. Analyze successes and failures to derive lessons and insights. The second chapter details the empirical research methodology employed and the criteria for selecting participants. The third chapter offers empirical research. The study utilized a qualitative framework, with data being gathered via semi-structured interviews with the leaders of different levels with experience in cross-cultural communication in Information Technology related companies are conducted to bridge the gap between theory and practice in the realm of cross-cultural leadership. Respondents have been selected with different nationalities and cultural background as well as multiple companies to have more diverse answers based on the different experience.

The author would like to express appreciation for the interviewees who were open to share their experience, challenges, and learnings to make this research happen. As well as to the supervisor, Kristjan Jasinski, for the support, insights, and guidance within the process.

1. THEORETICAL BACKGROUND

This section of the master thesis delves into a comprehensive literature review encompassing theories and models of cross-cultural leadership, highlighting effective best practices and the challenges leaders face. Additionally, it offers an overview of the evolving role of leadership in the post-Covid era, particularly within the context of increasingly virtual or hybrid team configurations. This examination underscores the significance of adaptive leadership strategies in diverse cultural settings and explores how the pandemic has reshaped leadership dynamics, necessitating new approaches to manage and inspire teams in a transformed work environment.

1.1. Theories and models of cross-cultural leadership

Among the relatively recent theories and models available stands out “The GLOBE Study” (House, Hanges, & Javidan, 2014), which expanded upon previous models like those of Hofstede and Trompenaars (Hofstede G. , 1980; Trompenaars & Hampden-Turner, 1997). It provides a rich set of data and insights into effective leadership behaviors within various cultural contexts. It outlines how 6 global leadership behaviors might be more effective depending on the 9 main cultural dimensions identified.

Table 1. Leadership models and their cultural relevance summary.

| Model | Leadership Dimensions | Cultural Relevance |
|-------|---|---|
| GLOBE | Charismatic/Value-Based, Team-Oriented, Participative, Humane-Oriented, Autonomous, Self-Protective | Links leadership behaviors to cultural dimensions (e.g., Power Distance, Collectivism). |
| XLQ | Trust, Empathy, Transformation, Power, Communication | Focuses on specific competencies applicable across diverse cultural settings. |

Source: (House, Hanges, & Javidan, 2014; Grisham, 2021); table developed by the author based on literature analyses

Charismatic/Value-Based Leadership is treated worldwide as universally positive and traits such as integrity, inspiration, and vision are universally endorsed across cultures. (Van Wart & Suino, 2017) Variability lies in the expression of passion and decisiveness, which can vary; in cultures with high Uncertainty Avoidance (ex. Finland, Germany, Greece, Guatemala, Japan, Mexico, Portugal, and South Korea, etc.), leaders may need to present a clear vision with strong direction, while in lower Uncertainty Avoidance cultures (ex. United States, England, India, China, and Singapore, Vietnam (Maheshwari, Clarke, Nguyen, McClelland, & Kunte, 2024)), a more participative approach could be appropriate.

Team-oriented leadership in societies with high In-Group Collectivism (e.g., Japan, South Korea, Mexico, Brazil, Pakistan (Siddique & Babar, 2023)), leaders who foster a sense of team unity and collective identity are preferred. In Individualist Societies (e.g., the U.S., Canada, Australia, Great Britain, Denmark (Cunha, 2023)) though teamwork is valued, the role of the leader may lean more towards facilitating individual contributions within the team.

Participative Leaders in High Power Distance Cultures (Malaysia (PDI of 100), the Philippines (PDI of 94), Russia (PDI of 93), China (PDI of 80), and Indonesia (PDI of 78)) may find that while some participative decision-making is appreciated, there is still an expectation for the leader to make the final decision (Ashkanasy, 2002). Low Power Distance Cultures (ex. Australia, Canada, New Zealand, and the United States, etc.) expect and respect leaders who involve others in decision-making processes. Therefore, in the US such a leadership style is highly desirable, but in South Korea, it could be mentioned as counter indicated. (Lincoln, 2014)

Humane-Oriented Leadership in cultures that value compassion, patience, and generosity (High Humane Orientation) leaders are expected to demonstrate these traits actively (Yang & Zhang, 2023). In Competitive or Low Humane Orientation while being supportive is important, leaders may need to balance this with a drive for performance and excellence.

Autonomous Leaders in Individualist Societies who exhibit independence and individualistic attributes may be respected. In Collectivist Societies autonomy might be seen as less important or even counterproductive, as collective decision-making is valued. (Hartog & Hoogh, 2024)

Self-protective leaders in High Uncertainty Avoidance cultures may need to be more risk-averse, ensuring the safety and security of the individual and group (South Korea). In Low Uncertainty

Avoidance cultures, there might be more tolerance for risk-taking and less emphasis on rigid hierarchy and rules (United States). Though culture-independent this style is regarded as the most negative one, it will be more expected and accepted by high uncertainty avoidance cultures. (Lincoln, 2014)

In addition to these dimensions, the GLOBE Study identified certain culturally contingent attributes (House R. J., 2004):

Assertiveness: In more assertive cultures, leaders are expected to be forthright and aggressive in their approach, whereas in less assertive cultures, subtlety and indirectness might be valued.

Future Orientation: Societies with a high future orientation value planning and foresight in leadership, while those with a lower future orientation may prioritize present challenges and relationships.

Gender Egalitarianism: In societies striving for gender equality, leadership effectiveness is increasingly judged independent of the leader's gender, and traits traditionally associated with both genders are integrated into leadership styles.

Though many scholars cluster countries to find similarities and differences in scales and dimensions, those clustering might have differences from scholar to scholar (Hartog & Hoogh, 2024)

Leadership effectiveness in various cultural settings is influenced by how well leaders can align their behaviors with the cultural norms and expectations of the societies in which they operate, as there is no one ideal unified leader perception, even though some of the traits are perceived rather positive or rather negative worldwide (Lincoln, 2014). The GLOBE Study provides a comprehensive framework to understand these cultural nuances and adapt leadership styles accordingly (House, Hanges, & Javidan, 2014). Nevertheless, there are multiple critics of the study claiming that the scales are rather stereotypes than the actual cultural dimensions (Hartog & Hoogh, 2024)

The XLQ model which appeared several years later is related to the work of Thomas Grisham and Derek H.T. Walker, who explored the competencies, attributes, and dimensions necessary for effective leadership in cross-cultural environments and stated those to be etic, or globally viable,

cross-cultural leadership skills. The XLQ model proposes a framework of five leadership dimensions essential for cross-cultural effectiveness: trust, empathy, transformation, power, and communication, conflict management and diversity (Grisham, 2021). Trust is the foundation of leadership and organizational culture, successful business relationship, particularly in cross-cultural settings where different norms and expectations may exist. Building trust involves demonstrating integrity, consistency, and concern for others. It requires understanding and respecting cultural differences to establish strong relationships (Karikumpu, Häggman-Laitila, Johanna, Kangasniemi, & Terkamo-Moisio, 2024; Mhlongo, et al., 2024). Empathy in leadership is the ability to understand and share the feelings of another cultural background. It goes beyond mere tolerance to a deeper comprehension of diverse perspectives and experiences. Empathetic leaders are adept at adapting their behaviors and decisions to the cultural context of their team members and are more effective in diverse crisis scenarios (Adigwe, Olaniyi, Olagbaju, & Gloria, 2024). Transformation within the XLQ model refers to transformational leadership, which inspires and motivates followers to exceed their own interests for the sake of the group or organization (Alvarez & Sahija, 2022). It includes creating a vision, empowering others, and fostering a culture of innovation and change with a focus on the person (Abbas & Ali, 2023). In a cross-cultural context, transformational leadership must be sensitive to cultural variations in how change and inspiration are perceived and enacted (Salih, 2024). The concept of power relates to understanding the dynamics of power in different cultures. It includes not only formal power derived from one's position but also informal power that comes from relationships, expertise, and the ability to influence. Cross-cultural leaders must be adept at navigating and balancing these power dynamics across cultures. Effective communication is key in cross-cultural leadership, involving both verbal and non-verbal aspects. It includes the ability to clearly convey messages and to listen actively, but also the ability to understand and adapt to the cultural nuances of communication, such as context, indirectness, and formality (Meyer, 2014).

The XLQ model is particularly useful for leaders working in multinational and multicultural environments, as it provides a structure for leaders to assess their strengths and areas for development in each of these dimensions. By focusing on these areas, leaders can work on enhancing their competencies, thereby increasing their effectiveness when leading diverse teams. (Grisham & Walker, 2008; Grisham, 2021).

The GLOBE Study, though criticized (Hartog & Hoogh, 2024), offers the most comprehensive framework the author could find within the literature review, that associates leadership behaviors with cultural dimensions. Additionally, the XLQ model introduced by Thomas Grisham and Derek H.T. Walker (2021) underscores leadership competencies crucial across diverse cultural contexts. The combination of both allows leaders to broaden their horizons on the cultural expectations towards the leader in different cultures, as well as points out the main cross-cultural leadership competencies to advance in those.

1.2. Strategies and best practices for effective cross-cultural leadership

The GLOBE model described in the latter sub-chapter has provided some of the expected preferences shared by followers towards the leaders' behavior. Similarly, Tsai and Qiao (2023) conducted a study delving into the alignment of leadership behavior expectations with actual leadership behaviors and their impact on Chinese employees' job satisfaction. They found that meeting the expectations of the employees towards leadership behavior has a direct impact on the job satisfaction of the employees. Though job satisfaction for Chinese employees is not the highest priority, compared to income, etc, there was still a direct correlation observed (Tsai & Qiao, 2023). Leaders should be perceived as consistent in their behaviors; inconsistency can lead to confusion in sensemaking and lead to negative effects on the followers. Novel, ambiguous behaviors, which do not meet with the representation followers have in their mind can be harmful as they disrupt the understanding of how to act for the follower when the cues are confusing (Shilling, Schyns, & May, 2023).

The best practices such as training programs for expatriate managers should be enhanced to include a comprehensive understanding of the expectations held by local employees. These training programs could be enriched by gathering insights into the preferred leadership styles of local employees and incorporating practical experiences in multicultural teams, including interactions with seasoned expatriates. The use of role-playing exercises could illustrate the effects of congruence or discrepancy between anticipated and exhibited leadership behaviors on the work attitudes of employees. Alongside equipping expatriate managers with these skills, the study suggests instituting training for host country employees to navigate the dynamics of working under expatriate leadership. Such training, which is relatively rare, would be instrumental in setting clear expectations and facilitating smoother interactions with expatriate supervisors (Tsai & Qiao, 2023)

Erin Meyer in her book “The Culture Map” warns that leaders should be very careful when adapting their behavior without shifting it to the radical side, as there can be potential pitfalls, for example, when high context culture representatives start to behave more direct, assuming they have adjusted to the group behavior, but are perceived as rude already within the low context culture, failing to navigate subtle nuances of that directness and in which context it is tolerated. (Meyer, 2014) There are also combined studies which try to review expectations taking not only cultural but also gender perspectives into consideration as the expectation towards the behavior of male and female leaders within the same culture might be different. (Kandola, 2018; Eichenauer & Marie, 2024)

Within the US context professional associations are brought to attention as the contributors to successful networking, multicultural collaboration, ideas flow, partnership, entrepreneurship, and driving industry standards. (Mhlongo, et al., 2024; Bhatia & Whig, 2022)

The international marketplace increasingly requires professionals adept at navigating cross-cultural environments. To sustain organizational competitiveness, enhancements in hiring, evaluating, educating, and advancing employees are critical. There is a growing necessity for professionals capable of deploying effective tactics in varied intercultural situations. Equipping such professionals with the skills to adeptly handle cross-cultural interactions is a critical responsibility for human resource managers, contributing significantly to the successful implementation of their companies' international business objectives. (Sahadevan & Sumangala, 2021) HRM practices focused on cross-cultural competences should be linking a lot of constructs, like history, geography, language, and psychology to understand how deep particular values and behaviors are rooted, in order to lead to more effective intercultural practices (Houdek, 2023; Dogan & Higgins, 2023).

Found by the author in the theoretical overview, best practices and strategies could be compiled into the categories, presented in Table 2 below.

Table 2. Summary of effective strategies for cross-cultural leadership and management

| Effective Strategies | Key Points |
|--|--|
| Leadership Behavior Expectations Alignment | Aligning leadership behavior with employee expectations significantly impacts job satisfaction among employees (Tsai & Qiao, 2023) |
| Consistency in Leadership Behaviors | Leaders must be perceived as consistent to avoid misinterpretation of their actions. (Shilling, Schyns, & May, 2023) |
| Expatriate Manager Training | Training programs for expatriate managers should include a comprehensive understanding of local employee expectations, preferred leadership styles, and practical experiences in multicultural teams. Role-playing exercises can illustrate the effects of congruence or discrepancy between expected and actual leadership behaviors. (Meyer, 2014) |
| Training for Host Country Employees | Instituting training for host country employees to navigate the dynamics of working under expatriate leadership is crucial for setting clear expectations and facilitating smoother interactions. (Tsai & Qiao, 2023) |
| Gender and Cultural Expectations awareness | Gender perspectives in leadership expectations, as behavior expectations for male and female leaders within the same culture, might differ (Kandola, 2018; Eichenauer & Marie, 2024). |
| Professional Associations entry | Professional associations contribute to successful multicultural networking and idea flow, enhancing industry standards. (Mhlongo, et al., 2024; Bhatia & Whig, 2022) |
| Cultural Competence in HRM Practices implementation | HRM practices should link constructs like history, geography, language, and psychology to deepen the understanding of cultural values and behaviors, leading to more effective intercultural practices. (Houdek, 2023; Dogan & Higgins, 2023) |
| Cultural Responses choice to impact the performance | Cultural adaptation, cultural minimization, and cultural integration are strong predictors of international managers' performance. Awareness of one's own cultural norms and differences with others is crucial. (Caligiuri & Tarique, 2016; Grisham, 2021). |
| Cross-cultural Creativity and Innovation fostering through social identification | Cross-cultural teams often bring diverse perspectives leading to increased creativity and innovation. Leadership that fosters social identification over personal identification with the leader can elicit innovative work behaviors among followers. (Thomas, 2016; Mhlongo, et al., 2024). |
| Complex Problem-solving and Decision-making facilitation | Cross-cultural leaders excel in leveraging diverse cognitive frameworks for complex problem-solving and decision-making, enhancing organizational decision-making processes and outcomes. (Stahl & Tung, 2015; Mhlongo, et al., 2024) |

Source: table developed by the author based on literature analyses and presented in a more concise table format.

Caligiuri and Tarique (2016) discovered that a trio of cultural responses—cultural adaptation, cultural minimization, and cultural integration—are strong predictors of international managers' performance, even when accounting for competencies in self-management, managing relationships, and individual personality traits. These approaches differ in the degree to which individuals alter their behavior to align with the cultural norms of their environment. It is critical for the leader to first be aware of their own cultural norms, personality, emotional intelligence, strengths and weaknesses in order to understand the difference with the others (Grisham, 2021). Cultural adaptation involves global professionals modifying their inherent behavior patterns to conform to the expectations of the host culture. On the other hand, cultural minimization is when these professionals downplay the host culture's norms in favor of maintaining universal standards. Cultural integration, in contrast, is the synthesis of a new set of norms that don't fully match any single cultural framework (Caligiuri & Tarique, 2016).

Paula Caligiuri & Dan V. Caprar (2023) expanded practical implication opportunities of knowing and selecting the most suitable cultural responses based on the situation and goals. They claim that human resource management should be selecting employees with understanding of cultural context and provide international experiences as part of leadership or talent development initiatives. The significance of cultivating cultural competencies is well-established (Mhlongo, et al., 2024), but their research connects training to the nuanced skill of choosing the correct cultural approach. They put effective examples, where individuals preparing for international sales presentations could benefit from specific training in cultural adaptation techniques before their trip. Similarly, those tasked with conducting short-term safety audits overseas might receive instruction in the skills associated with cultural minimization (overriding cultural differences) (Caligiuri, 2023). Individuals embarking on more ambiguous or prolonged assignments must discern independently when to apply adaptation, minimization, or integration techniques. It is important to empower global professionals with the capacity for such discernment—achievable by enhancing cultural competencies and tying them to the real-world choices they will encounter on the job. Another strategy to foster this aptitude is through progressive cross-cultural experiences within a global talent development program. Emerging global professionals might start with short-term cultural engagements complemented by cross-cultural coaching or peer mentoring, receiving continuous feedback and guidance on how to apply specific task management competencies effectively. (Caligiuri & Caprar, 2023)

Some local learning and managerial best practices are overlooked and underestimated when looking for commonly known Western European or US learnings (Dogan & Higgins, 2023; Grisham, 2021). It is important to observe the history, culture, and religion of the countries and how they influence current expected leadership behaviors (Houdek, 2023). In “GLocal Business Leadership” a description of the peculiarities of different countries is provided, using different sources, academic articles, results of questionnaires they conducted, and the best-selling book in each country, YouTube reviews. While managing cross cultural team, it is of high value to study resources as mentioned to understand more nuances and learn best strategies, as the examples that they bring, show that the cultures with equally high-power distance values could be fundamentally different, for example, Greece and South Korea. (Dogan & Higgins, 2023). A study by Taras, Steel & Kirkman (2011) suggests that companies making even moderate adjustments to selection, training, and work design systems based on national cultural value differences in a stable functioning organization are likely to yield a 10—20 percent improvement in performance. In 2019 international companies invested in the leadership training process 370 US dollars (Alvarez & Sahija, 2022). Kramer et al, (2017) emphasize that even implementing technological advancements should take into consideration cultural differences and followers’ preferences. Though there are various studies on face-to-face interactions or virtual leadership independently, there are still very few recent studies that consider the implications of cross-cultural differences on virtual leadership, which has already gained importance. (Bell, McAlpine, & Hill, 2023)

Homogeneity within one country and relative stability of the culture over time (Hofstede G. , 1980) become outdated as there is a growing tendency of the population to identify themselves with several races, ethnicities, and cultural backgrounds & upbringings (Fitzsimmons, Miska, & Stahl, 2011). Common orientations and perspectives found in a particular nation will not be demonstrated by each individual with a corresponding passport, accent, skin color, or place of living, who might not have a strong affiliation with the country or simply not share prevailing values (Hartog & Hoogh, 2024). Likewise, within one nation could be multiple subcultures, so the difference between different countries’ cultures might be less than within one nation’s cultures. Meaning, a virtual team with high national diversity can be not necessarily culturally diverse (Morrison-Smith & Ruiz, 2020; Kiesler & Cummings, 2002). Cultural representation can give leader only a clue, but the rest should be discovered by listening, observing, and building relations. (Gibson & Grushina, 2021). The trend of homogeneous societies becoming heterogeneous is non-reversible (Barak, 2017)

One of the most emphasized positive opportunities that could be derived from cross-cultural leadership is enhanced creativity and innovation. Cross-cultural teams often bring diverse perspectives that lead to increased creativity and innovation (Mhlongo, et al., 2024). The combination of different cultural backgrounds can stimulate alternative ways of thinking, which is critical for innovation. Interesting results were brought by the study of Bracht *et al* (2023) that social identification is a more relevant and consistent construct in eliciting followers' innovative work behavior than personal identification with the leader. The author also highlights that different forms of leadership can positively or negatively impact innovation.

Research by Stahl, G. K., & Tung, R. L. (2015) highlighted that cross-cultural leaders tend to excel in complex problem-solving and decision-making by leveraging diverse cognitive frameworks and heuristics. Further studies have continued to affirm that the varied experiences and knowledge bases that come with cross-cultural interactions can lead to more robust decision-making processes, a positive effect of cross-cultural collaboration. (Stahl & Tung, 2015) Within one country or region, there could be diverse cultural groups, the perceptions of which could be different, which will impact negotiations, decision-making process, and business etiquette expectations overall (Mhlongo, et al., 2024).

Leaders with cross-cultural expertise are often more attuned to nuances in global markets. The literature indicates that such leaders are better equipped to understand and predict changes in consumer behavior across different regions, and offer broader market insights, giving their organizations a competitive edge (Alvarez & Sahija, 2022). They also emphasize the criticality of HR support and importance of development programs available, so that leaders could thrive with the help of organization, rather than despite of those (Miska, C., et al., 2013).

Cross-cultural leadership is crucial for the effective implementation of global strategies. A study by Bird, A., & Mendenhall, M. E. (2016) posited that leaders who are culturally aware are more successful in translating a company's global strategy into local action, ensuring that global initiatives are responsive to local needs. The authors also emphasize the importance of training conducted on global leadership, not a general one, but rather tailored to particular demands and competences which are associated with exact assignments.

Organizations led by cross-cultural leaders are often seen as more progressive and inclusive. Such perceptions can enhance the company's reputation, leading to greater brand equity and trust among

consumers and partners globally. The inclusive environments often fostered by cross-cultural leaders can make organizations more attractive to top talent. Research by Mor Barak (2017) indicates that professionals are increasingly looking for workplaces that value diversity and offer inclusive cultures, which are hallmarks of cross-cultural leadership.

Cross-cultural leaders are frequently identified as more agile and adaptable to change. A study by Taras *et al.* (2011) suggested that exposure to different cultures enhances a leader's ability to manage uncertainty and navigate the complexities of change. Leaders versed in cross-cultural dynamics are pivotal in promoting and maintaining ethical standards across borders. As businesses expand globally, the need for a unified approach to ethics becomes more pressing, and cross-cultural leaders are well-placed to bridge ethical divides (Eisenbeiß, S. A., & Brodbeck, F., 2014). Finally, cross-cultural leadership paves the way for building strong international teams and strategic alliances. These leaders are skilled at creating bonds and trust among team members from different cultures, which is essential for global collaboration (Maznevski, M. L., & DiStefano, J. J., 2000).

Taras, Steel, & Kirkman (2011) provide some good examples of divergent outcomes in cross-cultural corporate expansions of American enterprises. General Electric Co. (GE) did not accommodate local cultural nuances; it chose to transplant American managerial practices wholesale, including the implementation of universal accounting systems and merit-based evaluation models. Despite cultural insensitivity, GE resulted in significant revenue growth, with Europe generating \$24.4 billion in revenue by 1998 and could be attributed to its stature, allowing it to impose its practices without significant resistance. Wal-Mart on contrast, after acquiring many stores, was forced to sell them at a loss due to a range of issues, including cultural missteps and operational misjudgments. This resulted in a considerable financial setback for the company. The appointment of expatriates to top managerial positions and the enforcement of American business practices were perceived as insensitive, leading to high turnover, and loss of local expertise. Instructing salesclerks to smile at customers—a gesture perceived by many Germans as intrusive or suggestive—and attempting to transfer German executives, who, valuing their community ties more than their American counterparts, chose to resign rather than relocate. In 2006, Wal-Mart withdrew from the South Korean market by selling all its stores, and it has encountered comparable challenges in Japan as well as Great Britain due to issues that echo those experienced in other

international ventures. As per Yan&Luo (2001), 70% of international ventures were unsuccessful due to cultural differences (Yan & Luo, 2001; Paiuc, 2021)

Another positive example of local adaptation Taras, Steel & Kirkman (2011) bring from Nestle. The company grants considerable independence to its local divisions, recognizing that a uniform global consumer does not exist, particularly in an industry as deeply influenced by psychological and cultural factors as food. Moreover, there is compelling evidence that national cultural values have significant correlations with a variety of results that are of great importance to organizations (Taras, Steel & Kirkman, 2011).

In summary, cross-cultural leadership presents numerous opportunities for organizations willing to embrace and nurture diverse talent and perspectives. Leaders should effectively develop cross-cultural competencies, manage employees' local expectations, be mindful of cultural responses, and support organizations in providing relevant tailored training for common success.

1.3. Challenges faced by leaders in cross-cultural settings

Though leadership in cross-cultural environment offers a lot of advantages, scholars acknowledge that cross-cultural collaboration is a “double-edged sword” or “mixed blessing”. The “pessimistic” view of cultural diversity focuses on process losses resulting from reduced perceptions of similarity-attraction among team members; negative biases and attributions associated with social categorization processes; feelings of mistrust, dislike, and resentment due to incongruent values; and communication barriers resulting from differences in language and communication styles. An examination of 1,141 articles featured in the Journal of International Business Studies spanning 24 years (1989–2012) indicated a pronounced inclination within the field of international business scholarship to focus more on the negative implications of cultural divergences rather than the beneficial aspects (Stahl & Tung, 2015; Otike, Dr Messah, & Kitatu, 2022)

Based on the literature analyses, the author concluded the main challenges into Table 3.

Table 3. Summary of the challenges associated with cross-cultural collaboration

| Challenges | Details |
|-------------------------------------|---|
| Misapplied Management Practices | Management practices that do not consider cultural differences can lead to employee discontent, lowered morale, and increased employees' turnover. (Taras, V., Steel, P., & Kirkman, B. L. , 2011). |
| Communication Barriers | Cultural diversity can result in communication challenges due to differences in language and communication styles, leading to mistrust and resentment. (Groves, Feyerherm, & Sumpter, 2023) |
| Formation of Subgroups | The presence of cultural diversity often leads to the formation of subgroups within teams, which can negatively impact team dynamics and overall performance. (Eisenberg & Krishnan, 2018). |
| Conflict and Integration Challenges | Significant socio-cultural differences can hinder integration and communication within teams, leading to increased conflict, both task-related and emotional, which further deepens the divide in expectations, attitudes, and beliefs. (Morrison-Smith & Ruiz, 2020) |
| Authority and Seniority Perception | Different cultural perceptions of authority and seniority can create challenges in communication and alignment of expectations between team members of different ranks or statuses, depending on their cultural background. (Krishna, Sahay, & Walsham, 2004) |

Source: table developed by the author based on analyzed literature and presented in a more concise table format.

If management practices are developed without considering cultural differences or are indiscriminately applied across various cultural contexts, it frequently leads to discord, confusion, employee discontent, and lowered morale, resulting in increased staff turnover. Such oversights in acknowledging the importance of culture can culminate in significant drops in productivity and, in extreme cases, may even precipitate the downfall of a business (Taras, Steel & Kirkman, 2011). Leaders should acknowledge and adapt to cultural differences, and understand that diversity causes different perceptions, processing, and responding to situations, any disagreements caused by cultural opinions, should be addressed, not silenced. For example, Gibson & Grushina in their work illustrates that Brazilians, Spaniards, or Jamaicans might not voice their opinions with the new unknown group of people unless directly invited to speak. (Gibson & Grushina, 2021). Tactics used for group of followers in particular country, might be not efficient for the group in the other one. (Ernst, et al., 2022)

Groves *et al.* (2023) among the challenges of global leaders state the tasks of the critical responsibility to recognize and effectively communicate how organizational practices and systems embody fundamental values of inclusiveness, empowerment, and fairness for all participants. In the book, scholars shared the results of the study which showcased that 70% of companies agreed

that culture alignment had potential value on the merger and acquisition deals, though only 31% of respondents considered cultural dimensions while conducting due diligence on the other aspects, like legal and finance analyses. (Groves, Feyerherm, & Sumpter, 2023) Disparities in belief systems are prevalent in diverse groups. Cultural diversity often leads to the formation of divergent subgroups within teams, which can negatively impact team dynamics and overall performance (Eisenberg & Krishnan, 2018). According to the similarity/attraction theory, team members are prone to attribute positive characteristics to those they perceive as similar to themselves, preferring to interact more with these individuals (Robert & You, 2018) Conversely, they may associate negative characteristics with those deemed dissimilar, sometimes even avoiding interactions with them (Morrison-Smith & Ruiz, 2020). This perceived diversity, whether in terms of education, race, or attitudes is often linked to the adverse effects of team diversity, such as a reluctance to collaborate and coordinate (Harrison, Price, Gavin, & Florey, 2002; Homan, Van Knippenberg, Van Kleef, & De Dreu, 2007). Teams characterized by significant socio-cultural differences are more prone to face challenges in integration and communication, leading to increased conflict and the presence of both task-related and emotional conflicts escalates due to differences in work-related perspectives and approaches, further deepening the divide in expectations, attitudes, and beliefs (Morrison-Smith & Ruiz, 2020). A leader needs to treat those conflicts as the door opener to enrich communication about differences and similarities present and shape the micro-culture within their teams built on the alike values, create group-specific culture, using cultural integration approach to have a group cohesion, identity and psychological safety by closing the gaps within the group (Grisham, 2021; Caligiuri, 2023)

Authority or seniority addressing can also pause a challenge. While in one country senior people are respected unquestionably and cannot be approached confrontationally, in others they might need to win respect, which pauses a challenge of open and clear communication between both and misalignment of expectations. (Krishna, Sahay, & Walsham, 2004)

To conclude, leaders should be open to the cross-cultural issues that might be encountered when leading the team to be able to adjust their behaviors and tactics and navigate the possible conflicts into positive dialogues and team values creation.

1.4. Virtual leadership

Groves *et al.* (2023) emphasize that leaders now face the quintessential challenge of steering their organizations through periods of intense upheaval or catastrophic incidents like the COVID-19 pandemic, which affect nearly every facet of business operations and disrupt virtual communication. It highlighted the need for leaders who are tolerant of ambiguity and resilient in managing uncertainty (Caligiuri, 2023). It moved the world from traditional (conventional) teams to remote or hybrid working teams with increased diversity, geographical distribution, and connecting using technological means rather than face-to-face, pushing the limits of cultural intelligence (Bell, McAlpine, & Hill, 2023; Paiuc, 2021). The absence of close contact and direct interpersonal interactions in virtual teams adds layers of complexity to leadership (building trust and engagement) and consequently changes the dynamics of engagement, demanding significant improvement in operations (Gibson & Grushina, 2021). Leaders should adjust effectively to this new reality, though virtual teams have been conceptualized since 1992, the prediction is that by 2028, 73% of employees will be working remotely (Mutha & Srivastava, 2023) New terms as e-leadership, digital leadership, Work-From-Everywhere concepts, which drive not only change of working style, but a change of values toward freedom and work-life balance. (Surungan Hutajulu, Gunawan Hutajulu, & Hutajulu, 2024; Paiuc, 2021)

Given the reliance on virtual communication tools, leaders and followers must excel in key skills such as communication and empathy to foster and maintain trust and motivation (Gibson & Grushina, 2021). Greimel *et al.* (2023) highlight that building relationships is a critical skill, especially in diverse management teams. Furthermore, as the workplace demands continual upskilling and learning, it is crucial for both leaders and followers to develop not only job-specific hard skills but also soft skills like motivation and trust to enhance team dynamics. Banks *et al.* (2019) emphasizes that leadership behaviors which worked well for the face-to-face might be not be the same way effective in virtual interactions. (Banks, Dionne, Sayama, & Mast, 2019) The amount of the virtual international assignments and technology enabled global work will be gaining momentum (Caligiuri, 2023).

Studies by Kahai *et al.* (2003), Kelloway *et al.* (2003), and Purvanova *et al.* (2009) suggest there is no significant difference in project satisfaction between face-to-face and virtual environments, and these satisfaction levels are correlated with overall job satisfaction and satisfaction with tasks. Surungan Hutajulu *et al.* (2024) highlight that to achieve employee satisfaction in the virtual

environment leader has to foster trust mediation, relationship building, and communication between team members (Surungan Hutajulu, Gunawan Hutajulu, & Hutajulu, 2024). Among positive aspects though was highlighted reduction of status differences between team members (Gilson, MT, NC, Vartiainen, & Hakonen, 2015)

The engagement level of team members, especially in written communication (including e-formats like social posts, videos, email, instant messaging, etc), aligns well with transformational leadership (Van Wart & Suino, 2017), and leaders who enhance their transformational approach in virtual teams tend to achieve more success, especially if strengthening their skills by corresponding trainings and working on the overcoming hurdles (Loyless, 2023; Purvanova & Bono, 2009). Though there are also contradictive studies proving that transformational leaders have difficulties leading teams across the distance, and might not authentically drive change in geographically dispersed teams (Eisenberg, Post, & DiTomaso, 2019) Charismatic leadership is sometimes interchangeable with (Joshi, Lazarova, & Liao, 2008) or is treated as subcomponent (Ruggieri, 2009) of transformational leadership has been studied mostly in face to face (Banks et al, 2017) and very little in virtual environment. As per the results of Ernst *et al.* (2022) though in face to face environment charisma results in a significant performance increase by the followers, it had almost no, or very slight impact in a completely virtual setup, when the followers haven't met physically the leader with the impact visible only in France and Mexico (high uncertainty avoidance countries (Hofstede & Minkov, 2010) compared to those of low uncertainty avoidance, as Austria and India in authors sample. (Ernst, et al., 2022) Some cultures due to the individualistic-collectivist dichotomy can be more open to working in geographically dispersed virtual teams, due to their self-efficacy believes. Team members from individualistic cultures are more likely to trust other teammates when using computer-mediated communication than team members from collectivist cultures (Hardin, MA, & RM, 2007; Morrison-Smith & Ruiz, 2020) Differences in competitive and cooperative cultures, might pose a challenge, as the first one are less willing to collaborate and tend to use asynchronous communication tools if in virtual environment, second would be more willing to have synchronous collaboration and therefore issues are harder to be addressed within virtual environment. (Olson & Olson, 2000; Kramer, Shuffler, & Feitosa, 2017)

The overall efficiency of virtual teams appears to be unaffected by the leadership style, as Hoyt *et al.* (2003) observe. Further, group potency and effectiveness seem to have no significant impact

on project quality or timeliness under transformational leadership in virtual teams (Strang, 2011). Certain leadership functions gain more significance within virtual set up compared to traditional one. Those are self-management encouragement – shared leadership fostering across team members, defining mission and establishing clear expectations and goals, formalizing objectives (Ala-Kortesmaa & Munoz, 2023), supporting the social climate, facilitating technology use – selecting proper infrastructure, guiding with basic recommendation in selecting communication channel, creating document repositories, etc. (Bell, McAlpine, & Hill, 2023). In the hybrid mode it is important for leaders to support by the awareness of the team set up, taking into consideration who is working from where and when, especially if the virtuality is dynamic and seize the opportunity of planning more complex and interdependent task when most of the team is on-site (Mortensen & Haas, 2021). Leaders should be aware of the proximity biases common for leaders in hybrid collaboration, which include evaluating the work of onsite employees higher than the remote ones (objective performance metrics should be in place and considered), engaging onsite employees into better projects or excluding remote workers from key meetings (Hirsch, 2022). Geographically distributed employees tend to be available outside of working hours to be more visible, which is not always recognized and decreases the general well-being of employees. In distributed work arrangements, employees in low-power position and less developed countries try get attention and more virtual face time from the colleagues in high power positions (Metiu, 2006; Cristea & Leonardi, 2019).

Perceived distance is indicative of the challenges within collaboration and is affected predominantly by the team heterogeneity and doesn't necessarily translate from geographical or spatio-temporal distance which are of less impact on the team performance (Siebdrat, Hoegl, & H, 2014; Morrison-Smith & Ruiz, 2020) Reduction of the in-person international experience to the benefits of the virtual global one could limit access to knowledge needed to develop global strategies, deeper connections between cross-border collaborators and reduce visibility of the presence in global market. The positive trend though is the increased amount of culturally agile employees trained through the virtual experience (Caligiuri, 2023)

Gibson C.B & Grushina S.V (2021) highlight the need to manage intercultural conflicts within global virtual teams, understand and bridge cultural differences, address disagreements be aware of preferences in technologies, formalize and structuring, and the importance of building one common identity for the team to relate and belong to. The key for the leader is to be context-aware

to be able to accomplish the required acknowledgment of how cultural differences might manifest at work.

As the virtual environment increases use of the metaverse collaboration tools, avatars, augmented virtual panels, virtual reality applications, and simulations it is important to acknowledge these tools as potential boosters or primers of leadership skills, self-empowerment means and opportunities to develop competencies like cultural agility without travel (Pena, Aridi, & Falin, 2023; Caligiuri, 2023). In an online set if particular roles or personas are selected or recreated people may act as per the expectations and stereotypes, which can influence their further behavior (Yee & Bailenson, 2007).

1.5. Summary of theoretical background

The first chapter of the thesis explores cross-cultural leadership through various theoretical models and practical insights available in literature. The GLOBE Study extends the foundational work of Hofstede and Trompenaars, mapping out how specific leadership behaviors correlate with cultural dimensions like Power Distance, Collectivism, and others. This is further complemented by the XLQ model, which emphasizes essential leadership competencies such as Trust and Empathy, vital for managing effectively across diverse cultural landscapes.

The research delves into effective strategies for aligning leadership behaviors with employee expectations, highlighting the importance of training programs that incorporate cultural nuances to enhance job satisfaction and organizational efficacy. The role of professional associations in facilitating multicultural collaboration and standard setting is also examined, underscoring their contribution to industry practices.

Challenges inherent in cross-cultural settings are thoroughly analyzed, with particular attention to communication barriers, misaligned management practices, and the complexities introduced by differing perceptions of authority and seniority across cultures. These challenges are amplified in virtual environments, where the absence of physical proximity demands a high degree of competence in digital communication and empathy to maintain team cohesion and effectiveness.

In summary, the thesis offers a comprehensive overview of the dynamic field of cross-cultural leadership, presenting a nuanced understanding of how various leadership styles and practices can

be adapted to meet the challenges and opportunities of a global workforce. The findings underscore the necessity for leaders to cultivate a deep understanding of cultural differences to navigate the complexities of today's multinational business environment effectively.

2. METHODOLOGY

The subsequent chapter outlines the study's methodological approach, detailing the research design, sampling techniques, data-gathering processes, analytical methods, and the limitations inherent to the methodology implemented in this research.

2.1. Research strategy and research object

Qualitative research involving semi-structured interviews with Leaders with experience in cross-cultural communication has been selected by the author to bridge theory and practice in the realm of cross-cultural leadership. Qualitative research has been chosen as it refers to techniques that rely on nonquantifiable phenomena such as people's experiences and culture and should be seen as tools applied in conjunction with theory analyses (Bhangu, Provost, & Caduff, 2023; Fisher & Guzel, 2022). The following methods have been applied: content analyses based on transcribed interviews to identify patterns, themes, and biases and phenomenology to understand the essence of the experiences the respondents had, their perceptions, and perspectives. Content analyses have been chosen as they allow researchers to specify the angle from which to examine the data, be systematic but also be able to conclude an external social reality that goes beyond the area of study (Shreier, 2012). Interpretative phenomenological analysis (IPA) allows to explore experience on its own terms, examine how people make sense of their life experiences (Smith, Flowers, & Larkin, 2021).

The research object revolves around the phenomenon of leadership in a cross-cultural environment, how it is practiced and perceived across different cultural settings, and the effectiveness of various leadership models within these contexts. This focus drove the author's data collection, analysis, and findings, ultimately contributing new insights to the field of cross-cultural leadership.

2.3. Research sample

Participants were selected for semi-structured interviews using a purposive and heterogeneous sampling strategy, to make sure respondents have relevant experience and are knowledgeable of the phenomenon of cross-cultural leadership, but are representing different nationalities, age groups, companies, and sample groups that have different genders representation. Purposive sampling presupposes the judgement of the researcher on including individuals based on a variety of criteria which may include specialist knowledge of the researched issue and willingness to participate in the research (Rai & Thapa, 2015). Respondents have been selected using the personal and professional network of the author. Heterogeneity sampling is a sampling of diversity, requiring a variety of ideas (Etikan & Bala, 2017).

Aiming to achieve a diverse representation of professionals within IT related field, 14 participants were recruited from 5 global companies, meeting the following criteria:

- Middle or Senior level managers
- More than 2 years of experience in leading cross-cultural teams
- Representatives of different nationalities and various companies to receive more diverse perspectives.
- IT related field; global companies (500 plus employees)
- Male (8) and female samples (6)
- Different age groups

IT sector has been selected for multiple reasons: first due to relation to the author's profession and the actuality of the study for personal development within the industry, second, due to the speed of development, globalization, and virtual collaboration, cross-cultural expansion of the IT field. The respondents were representatives of different nationalities, with Ukrainian and Romanian dominating, due to the prevalence of those in the professional and personal network of the author, as well as the desire to have the respondents within and outside of the author's company to have more diverse perspective and results, which would be not impacted only by the company culture which the author represents:

- Ukrainian (5)
- Romanian (3)

- French (1)
- Russian (1)
- Moldavian (1)
- Finish (1)
- Estonian (1)
- Filipino (1)

The age of respondents was between 32 to 50 years old. Each of them had experience working with multiple nationalities and people with diverse cultural experience worldwide.

2.4. Data collection

Semi-structured interview questions were designed for data collection based on the theory to find the support or contradiction of it, as well as get practical field expertise to which the interviewed leaders could contribute. The questions were mostly inspired by the books “The culture map” (Meyer, 2014), which is referring to, reusing and interlining in multiple ways “The GLOBE study” (House, Hanges, & Javidan, 2014) and “The multicultural mind” (Thomas, 2016), which provide real life examples of the pitfalls leaders in crosscultural environment should be aware of and the practical solutions to the best way of navigating those. Semi-structured interviews offer unique flexibility to address specific dimensions of the research questions leaving space for the respondents to suggest new meanings to the topic of study (Galletta, 2013). There were 22 questions covering the following 9 themes:

- background and experience of the respondent withing cross-cultural leadership;
- challenges they have encountered when leading multinational teams;
- strategies they apply or strategies they had to adjust based on the learnings;
- opportunities brought by the culturally diverse environment;
- leadership style choice;
- influence after Covid pandemic;
- training and development required for cross cultural leaders;
- provided and desired support from organizations;
- future trends within cross cultural leadership realm.

Questions were designed to be open-ended to encourage participants to share their experiences and insights freely. Before finalization, the questionnaire underwent a pilot interview with the first participant to ensure clarity and relevance, before setting up further interviews. Interview questions can be found in Appendix 1. Interviews were conducted in English language, mostly using virtual call in MS Teams and Transkriptor software with exception of one conducted in person and another one submitted in written form due to unavailability for the call, all the interviews took place within month of February 2024. Each session lasted approximately 40 minutes to 1 hour on average with participants' consent obtained for recording and using the data for research purposes. One of the respondent's replies in written form was still included into the sample, as had unique and alternative inputs to consider. Written accounts are considered to be a time-efficient means of gathering quality qualitative data (Ross & Joselyn, 2005). To ensure confidentiality, all participants were anonymized within the analyses.

The interview questions explored leaders' experience in cross-cultural environments, their definition of cross-cultural leadership, examples of the challenges and positive effects they encountered due to the cultural diversity, strategies and learning they have come up with within their professional work, the impact of the Covid to the leadership, support received or required from the organization, future of the cross-cultural leadership in their view.

It is important prior to the interviews to build rapport with respondents (Longhurst, 2016). Observation typical for the respondents, who were not working with the interviewer and were not in the close personal network was to open up and be “off guard” when replying to questions more openly after the interview, as it also took them a while before we build the trust for them to open up and be less “politically correct” when voicing their observations off the record. They came up with more examples and more intimate observations to share.

The recorded interviews were transcribed verbatim using Transkriptor software, converted to MS Word format, and imported into Google Docs. Text coding software Taguette has been used to conveniently highlight and tag the code parts of the text for further thematic analysis. Text analysis software Assembly AI and LeMur were employed to find additional non-identified or not directly noticed by the author themes and ideas. Link to the interview transcriptions and audio files is available in Appendix 2. Interview recordings were re-listened to several times to get a broader understanding of the respondents' experience and incorporate corrections to the transcriptions.

The findings from the interviews were organized in an Excel table and direct quotes were used to illustrate the analysis results.

2.5. Data analysis

Following a methodological approach, the analysis involved familiarization with data, using the First Approach to Qualitative data by creating a summary of each interview, linking summaries back to the corresponding interview, comparing the summaries to determine thematic similarities, and converting those in initial codes, searching for patterns, iterating for detailed analyses. The First Approach to Qualitative data helps researchers gain a rich holistic understanding of contextualized experiences deepening the understanding of phenomena and generating meaningful coding frameworks, themes, and patterns (Inayat, Younas, Fabregues, & Ali, 2024; Dierckx de Casterle, De Vliegheer, Gastmans, & Mertens, 2021).

Later moving from segmented to wholistic analyses: codes were selected based on their volume, frequency, and relevance to the study aim, refined and theme development initiated. The coding process is a critical interpretative phase in qualitative research, which helps to develop conclusions and insights, generate units of meaning to encapsulate key aspects of data (Parfenova, 2024). The iterative process allows the emergence of themes closely tied to theoretical framework while remaining open to new insights that diverge from or expand upon the existing literature (Galletta, 2013). The Practical Iterative framework emphasizes importance for researchers to move back and forth across the data (Dierckx de Casterle, De Vliegheer, Gastmans, & Mertens, 2021; Aspers & Corte, 2019)

Just as most theories, author's survey has the fault of taking perspective of European colleagues only (Dogan & Higgins, 2023; Grisham, 2021). That would have been interesting to continue with interviews and get responses from the other part of the world, more respondents from APAC area, Middle East or Latin America and compare those. Participants were informed about the study's purpose and measures taken to ensure their privacy and confidentiality.

3. FINDINGS AND DISCUSSION

The chapter finds the answers to the research questions and discusses empirical findings based on the interviews and in relation to theoretical framework provided in the first part of the thesis. The result of the thesis is guidelines for the organizations and leaders in cross-cultural environment.

3.1. Key challenges that leaders encounter in cross-cultural environments.

The most common patterns observed in the replies given by respondents on the key challenges that leaders encounter in cross-cultural environments were the following:

- Communication barriers: pace, vocabulary, connotations.
- Tailoring task description as per the expectations of respondents: just a direction or full-fledged step-by-step detailed guide.
- Feedback giving, both personal or regarding the services offered, and provided.
- Time zone differences, being mindful of employees' time.
- Overload of online meetings to compensate for lack of face-to-face interaction.
- Stereotype or a cultural peculiarity, personal trait, or culturally determined.

Those patterns have been summarized visually by the author in Figure 1. Interviewees brought up the importance of explicitly pointing out certain delicate issues in countries and organizations, like corruption, addressing those through common values within organizations and non-acceptance of those.

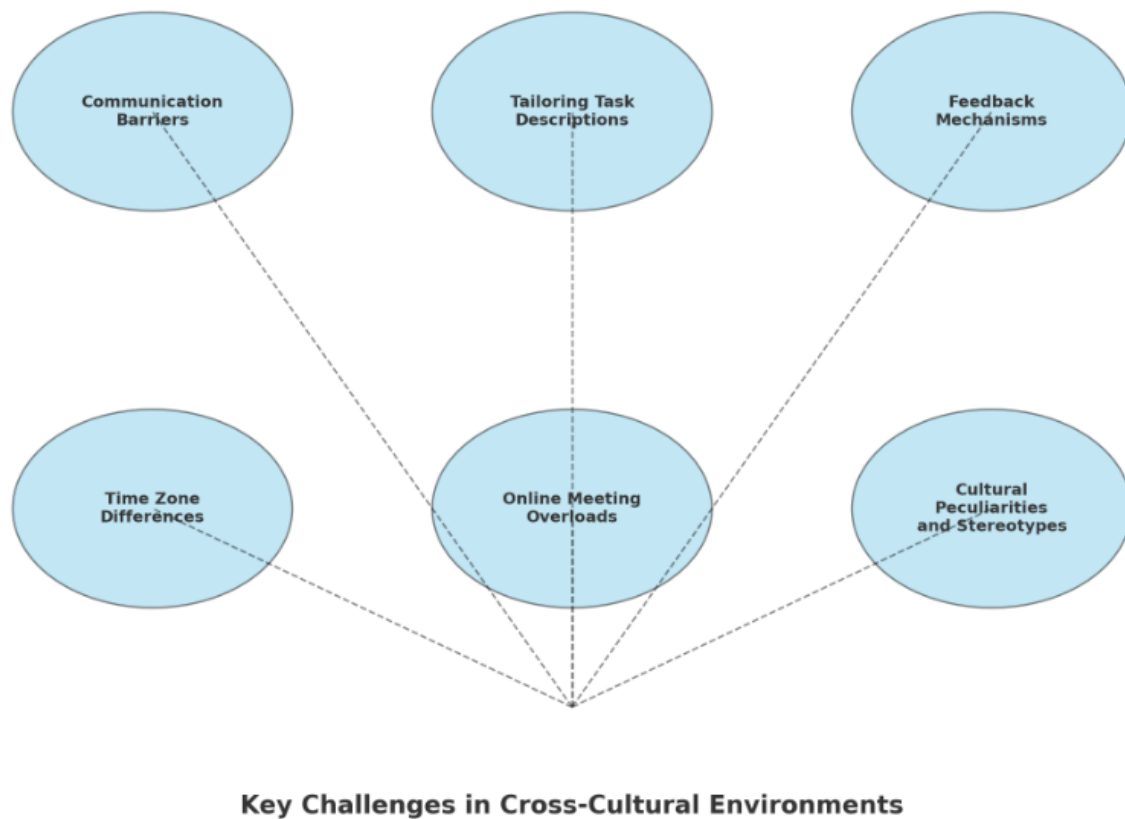


Figure1. Main challenges identified within the interview analyses

Communication Barriers which were also covered in the theoretical part of the theses (Groves, Feyerherm, & Sumpter, 2023) were presented by respondents in several dimensions. Language questions in different aspects have been brought up by respondents 41 times within the interviews, though were never explicitly mentioned or asked by the author. The first point is knowing the English language at a required level to be able to understand and interpret quick speech or vice versa slowing your tempo to be aware and inclusive of the environment, adjusting the vocabulary from elevated to simpler, potentially asking to repeat what was understood from the message. (INT4): “Language can always be a challenge, even though you kind of expect for them to know English very well... in some cases, they are having a hard time understanding, we are talking too fast.” (INT6): “Don't use complicated words, you know, fancy words in English. You're not going to impress anyone, you know. The important thing is to kind of get your message across.” Second is the pronunciation peculiarities to which one should get used by continuous listening for the same

cultural pronunciation (INT1): “and if talking about India, it was just a language barrier at the very beginning and to maybe some several hours of conversation like we adjusted to our language's pronunciation and then it was fine to continue communication”. Third point was interpreting language nuances, which could be lost in translation and the speaker from one country might use another layer or choice of words and cover the subtleties, which cannot be received by the recipient from the other country or are misinterpreted. (INT5):” When you even use you know some English analogs from French or some English analogs from any other language, Ukrainian or German, you know the connotation of the same very phrases might really different in the shade of meaning.” Leaders often face difficulties due to language differences and non-verbal communication nuances, which can lead to misunderstandings and inefficiencies. One of the respondents commented that he was trying to find the e-learnings or lectures provided by the people of the different culture and he found the manner of the Japanese lectures quite confusing, that they dwelled all around the topic till they finally came to it. A similar observation has been listed in “The Culture Map” book, where the author has been repeatedly asking the same question as she assumed the respondent forgot the initial question and has been communicating irrelevant to the question information, but in reality, they just started on purpose from very far before coming to the direct answer. (Meyer, 2014)

Cultural Misunderstandings occur due to diverse cultural norms and values which can cause conflicts or misinterpretations of behaviors and intentions, making it challenging for leaders to manage team dynamics effectively (Morrison-Smith & Ruiz, 2020). Here examples of giving more descriptive guidance or giving more creative freedom were brought up by the interviewees based on the culture of the task doer (INT4): “While in APAC, like in Japan for example, doing repetitive tasks are very well defined, are very specific.” So exact tasks are more likely to be managed better by some cultures than others. For example, more described and precise tasks are to be delegated to the Indian team, more creative to French or Italian. Surely one cannot generalize and though there could be a very organized French person and a very creative person in India, the expectations of the briefing for both are likely to be different, therefore the task description to be accomplished well should be also tailored taking those expectations into consideration. (INT10): “Speaking about some planning, I put some tasks for my European teammate that we should build a proper plan model inside the team to achieve such type of goals. For example, SLAs faster or some KPI of content perspective. It works for our European teammates, but Indian guys, I bring this from another way that we should be thinking about our SLAs.” Leaders know and try to manage

expectations of the followers regarding the tasks at hand, to shape them in the most understandable and clear way for the follower taking cultural expectations among all into consideration. One of the respondents demonstrated this high level of misinterpretation possibility by showing his LinkedIn article, where he used quite typical within cross-cultural books examples of the answer provided by the Chinese person to the question of the work to be done in time. What struck him was the diversity of the equal split between 4 responses given by the audience on how to perceive the given answer and whether the project will be delivered at all. The answers are equally divided between the 4 variants provided. This example shows quite vividly the level of misunderstanding possible. Adapting leadership styles and the need to adjust leadership approaches to suit the cultural expectations and professional norms of diverse team members presents a significant challenge, not adapting it in time might lead to misinterpreted and half-executed tasks, delays, and loss of quality. Making more direct requests compared to simply providing soft directions. As well as providing feedback should be managed differently depending on the cultural background, which will presuppose different perceptions based on the manner of the feedback delivery. (INT8): “I know how much it can have an impact on them, you know, saying kudos or, you know, delivering negative feedback, them being more sensitive, let's say, than Eastern Europeans or, you know, people in the US.” Another respondent provided very direct and honest feedback to the Egyptian colleague, who took offense and treated it as impolite, other respondents mentioned that they needed to prepare more carefully feedback for more sensitive Latin American colleagues and that feedback to Japanese should be also very carefully delivered, to ensure it doesn't touch the dignity of the person. Also, there were remarks on the feedback given not only from person to person, but on the relevance of the service, what people appreciate and resonate with them, and what not. It can be easier to get direct responses from one culture versus the others, who could just listen carefully and neither provide negative or positive thoughts, though they could be very interested or not interested at all within the polite silence.

Time Zone Differences require coordinating work across multiple time zones and can hinder real-time communication and collaboration, affecting project timelines and team cohesion, as well as the inconvenience of having common discussions at all as there might be only 1h of the working hours overlap between the APAC and Americas, which leads to inconvenience on both sides of shifting the work hours and stretching those to make collaboration work. The leader should be communicating appropriately why the need of stretching the hours might occur and balance out, so that none of the team is being put into the worst position. (INT1): “Also different days off,

public holidays, and workdays should be considered when collaborating internationally. if it is not too early for American colleagues or not too late for APAC colleagues. For such country as Israel to remember about different times scheduled during the week, so Friday maybe not the best day to approach colleagues from Israel and so on. So yes, for sure it's maybe smaller things, but important.” (INT4): “You need to be mindful of the time zones because usually leaders are more inclined to, you know, do the meetings within their time zones, which obviously it's not always easy for the rest of the countries who are not within the same time, right within the same time zone.” Also, the time perception itself has been brought by several respondents as the point worth of attention. (INT3): “...I want to add that in different cultures people from different cultures understand time differently... in Europe, if you say something will be ready in two hours, it means something will be ready in two hours. For example, for Arab people, it doesn't mean anything at all. Like, it means it can be ready today.”

Establishing trust across cultural boundaries requires understanding and respecting cultural differences, which can be a time-consuming and delicate process. Ideally, it requires face-to-face meetings to establish connections, which might be not possible and have to be compensated somehow by more online collaboration – (INT4): “Meaning that you need to spend the same amount of time that you are spending with the team that you are within the same zone”, which as well lead to an overload of the meetings within working hours, handicapping employees from doing the actual work. (INT10): “To be more effective, I think we should create some meeting governance inside our team that will allow us to plan our day and also control our budget internal.” Trust has been put as well as simply an alignment of the expectations within collaboration when the next steps of your employee or employer are expected ones.

Leader try to be avoiding focusing on the differences, shifting focus on the similarities, common values, arguing that pointing the differences might be not encouraging the inclusion but doing the opposite. On the other hand they should be acknowledging those differences too. In the book “The racism at work” the author brings up, that by not admitting that racism still exists and not talking about it, we are making it happen. Similarly, not acknowledging that certain cultural patterns of behavior still exist and might be to extend or not visible in behavior of a particular person, can save us in misinterpreting and misjudging if being aware of those classical behavior patterns (Kandola, 2018). There is still a very thin line between stereotypes and cultural differences

to consider which leaders and organizations should be cautious about keeping business ethic and be politically correct.

It is always difficult to distinguish whether certain behavior patterns have a cultural or personal nature. Though as per the theoretical studies Brazilians tend to have more flexible timing for the scheduling and be more adaptable, the example brought by one of the respondents showed the opposite or at least she treated it as opposite, that the Brazilian colleague did not wait for the meeting to start for the 10 minutes and got offended that the counterpart has been late without any note. Authors personal experience in non-business space also shows that if invited to a particular time slot as a guest, people tend to show up within the next hour and that is totally acceptable. Though in business conversations author's Latin American colleagues have been always punctually on time. Maybe the example provided also showed the flexibility of the person and the offense that the interviewed colleague read might have been a misunderstanding, the Brazilian colleague might have just updated his schedule quickly and flexibly assuming that the call is not to be happening, so moved ahead with the next plan in the list. All these examples show that leaders should be mindful of both cultural and personal peculiarities and adjust there communication styles according to the follower.

3.2. Effective leadership styles and strategies in cross-cultural contexts

Though leadership styles were rarely directly named within the interviews, they appeared within the descriptive answers of the respondents. Following leadership styles have been identified based on descriptive replies provided by the respondents on the approach:

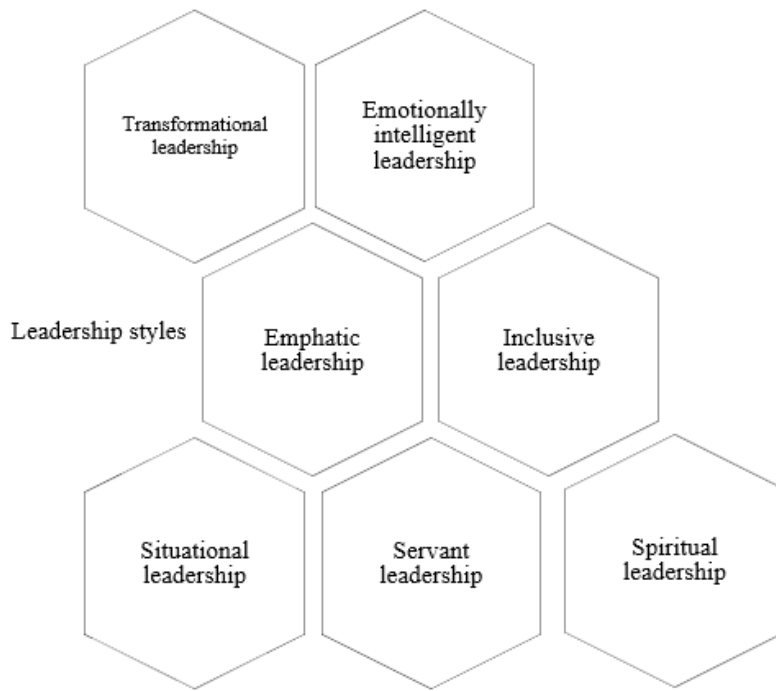


Figure 2. Leadership styles identified by the behaviors commented by the respondents

Inclusive Leadership, which emphasizes openness, accessibility, and the inclusion of diverse perspectives. Leaders who actively seek and value input from all team members can foster a more inclusive and collaborative environment and can learn from the employees by being open to the alternative perspectives offered. The word “inclusive” appeared 8 times during the interviews. (INT6): “I definitely learned to really appreciate and kind of seek out these individual strengths that each person has and kind of adjusting myself as well to that sort of environment”. It was also important to maintain inclusiveness for respondents by ensuring all the team is included into the collaboration, that it still happens online, and if the team works half onsite half remotely everyone is given the equal right to participate and impact the processes and decisions.

Servant Leadership was visible within the interview through the focus on the growth and well-being of team members and their results. This approach can build a strong sense of loyalty and commitment among culturally diverse teams. Leaders emphasized that the most rewarding in their jobs has been recognition of the team, their feedback, and visibility of the team’s success as the common achievement. (INT4): “Creating that sense of belonging and you know you are part of the team. Even though we are not getting together, we are all in one team. So having that unity belonging, that's the biggest thing.”

Situational Leadership appeared in the ability to adapt leadership style based on the situation and the cultural background of team members. Interviewees showed flexibility in leadership approach which allows for more effective management of diverse teams and change of the role based on the situations or cultures they face. There were examples brought up when Europeans had to become more straightforward and controlling in collaboration with India, which Indian leader had to adjust the speech and approach to a more soft and subtle one when collaborating with Europeans as well as the leaders selected which tasks were better to be given to perform to particular team member or group and the way the task at hand was put so that it is perceived correctly by the exact team member. Situational leadership presupposes assessment of the performance of the followers and taking responsibility for making things happen, it considers both individual and environmental needs (Schermerhorn, 1997; Walls, 2019).

Transformational Leadership, most of all covered within the theoretical part, was recognized through inspiring and motivating team members across cultural boundaries through a shared vision. This style can transcend cultural differences and unify the team towards common goals. One of the respondents was particularly driving the change from the company values uniting the organization, taking aside any differences which there might be, which should not hinder the company in trusting the same values and building common strategy and actions based on those across the organization worldwide. Leaders cannot be silent, and the team expects them to openly share and support or oppose, voice the company's view toward geopolitical situations or any environmental crisis (be that COVID-19, earthquakes, or wars), be emphatic towards the people who have been impacted, especially if employees. (INT2): “So the companies aren't any more kind of like that isolated from the world that whatever crisis there are so people are expecting... And I think it's exactly about this leadership.” The same theme has been going through the recent articles, mentioning that crisis management goes way beyond the pandemic, all the natural disasters, economic upheaval, and political and social challenges across the globe puts leaders in unique cultural contexts with societal considerations, where leaders should be ready to resonate with specific groups, address cultural nuances and navigate social dynamics (Van Wart, McIntyre, & JL, 2023; Adigwe, Olaniyi, Olagbaju, & Gloria, 2024). Cultural differences gain more visibility when leaders get in more personal nonbusiness-oriented relationships. And must engage within those in different team buildings, coffee, and lunch breaks to build rapport and trust. (INT7): “to put yourself in the shoes of the other person, the person you're leading, considering everything they've been through and where they're coming from.” A leader needs to appreciate what are the

interests of the people, how they react on different occasions, which traditions and values they have, share concern, appreciation for both self and the others, producing a sense of membership and feel understood and appreciated (Fry, 2003). Leaders gave advice when engaging with new culture look for the recent events, most popular sport or food or another uniting point of interest which would allow you to have meaningful engaging conversation, showing that you know something of the traditions or culture and are genuinely interested to explore more.

Emotionally Intelligent, Empathic and Spiritual leadership. Leaders who exhibit high emotional intelligence can better navigate cultural sensitivities, manage conflicts, and build strong interpersonal relationships with team members from different backgrounds. More direct European colleagues had to adjust their communication when providing colleagues from Arabic countries. Recommendation of pausing important talks or important decisions was given, to ensure that the talk will be less emotional but prepared one to provide expected result. High importance is building trust (mentioned 21 times within the interviews) and as well brought as one of the main pillars within XLQ model. It combines both building good professional and personal relationships, acting as a leader in expected and consistent way. Perceived consistency is more important than the actual consistency of the leader. Among the strategies to employ were mostly mentioned the openness (82 mentions) and regular mutual feedback (35 mentions), being able to discuss openly any misunderstandings or feelings that might occur.

All these examples show that there is no one-size-fits-all approach, and the effectiveness of the leader depends on his ability to find relevant responses and styles with different followers and situations.

3.3. Cross-cultural diversity benefits and the future of leadership

Within the interviews, multiple respondents have responded to the topic of innovation within cross-cultural communication through an expertise-sharing, context-specific approach, with getting the best of each solution and adapting it to the local realities and cultural values, which turned out to be the only way to penetrate new markets efficiently and open doors to the business expansion. (INT3): “Strategize then with the help of people from different parts of the world, you can verify what can work for this region, what cannot” Similar studies outcomes and examples were provided by Mhlongo N.Z (2024) in the article on cross-cultural business development

strategies in the US and Africa. The example given was the e-commerce localized platform in Nigeria, which included a cash-on-delivery option, accommodating local preferences, taking a socioeconomic situation and customer behaviors into consideration, and in this manner slowly building trust. (Mhlongo, et al., 2024)

That has been a regular observation that it might have been impossible to develop a business overseas without having local employees support on the ground in the country of interest to expand to. Not only they can communicate with the potential or existing clients more productively in their local language, but they are also driving the change by giving advice and guidance on how to enhance the offering, and adjust it to local needs and realities. Therefore, their ideas, which might have been not innovative per se, are innovative for the main team or initial product. (INT9): "...in terms of bringing different skills, bringing a different perspective, bringing angle...your 1 + 1 equal much more than two in this context." (INT4): "I think you need to cross collaborate and to match and map people together from different cultures so that they exchange awareness, they exchange knowledge, and you know, you take the best out of the out of those words... We need to do things in a certain way to approach the customer in a certain way, not to say certain things. This is valuable insight that only person that are within that region know that." With people from different backgrounds and perspectives, the ideas might be more unusual and unexpected than when you work with a similar group.

Most of respondents were positive about the changes which were brought or facilitated by Covid, like digitalization, equality by moving everyone remote, more focus on the global arena, and finding both clients and employees worldwide. (INT5): "I would say it positively impacted on my personal growth as the team leader and on the boost of the cross-cultural team because before the COVID we used to work and focus on our monocultural you know group- groups... I see and talk right now more often to some of the you know other culture guys rather than to the one that I live in the same very city even." (INT6): "COVID created this opportunity of people just, you know, opening all barriers and you know, doing business on a global scale, managing very different teams from all over the place." Not everyone has been aligned with the view though and the most frequent negative aspect was named the reduction of face-to-face interaction and traveling which is most likely not return to its previous level in business. Hybrid sectors where possible are treated as the best way forward, which allows people to select private time based on their need to focus or vice versa come and collaborate in the office when brainstorming, creativity, and collaborative work is

required. Respondents mentioned that it brought improvement for the people who were working remotely prior, putting them into more equal position compared to those who met face-to-face in the office regularly and saw each other contribution better: (INT4): “You need it to stay closer but remote and somehow we, the ones that weren't working mostly from other countries, from other regions, somehow we ended up being at the same level because we are no longer seeing each other. Therefore, I think from this perspective it improved for the rest of the region, while for the others who were used to being in the office was a bit more difficult.” Though we are in the globalized society, it tends to go back to nation centered trend when tough timing comes, so there will be always those back and force going to more cosmopolitan type of people and then again more those preserving their unique culture, nationality, and identity. Being flexible, mindful within diverse environment will be always a growing requirement for the leader.

3.4. Developing cross-cultural competencies

Respondents communicated different means they or their organizations help them thrive as a leader in cross-cultural environment. Among those were named different training programs, immersive learning, books, movies, traveling, personal reflections, which help them grow and improve. Respondents brought up that for senior positions in international companies it is one of the requirements to have cross-cultural experience and that this diversity inclusion should be in from the hiring process. There was a concern raised that still not all the companies are open to hire internationally or are not prepared for it. (INT2): “many companies say that our goal is to have this diversity, it is one of our key strategic focus areas in HR. But yeah, but what happens then when once you have a diversity because then the story like the game starts and then you need to know and understand how you get the most out of this diverse team.”

Cultural Awareness Training was found common and relevant in organizations. Participating in workshops or training programs focused on understanding different cultures, norms, and communication styles to enhance sensitivity and awareness. (INT6): “someone might be a visual learner and you know, don't bother talking too much with that, but you need to show them, yeah, versus someone an active listener and he prefers that sort of communication. So this sort of personality and cultural type of training and workshops I think are essential.” Those could be the recorded e-learning programs or culture cross-sharing sessions facilitated by HR department.

Different training programs on the other subjects could be used to observe the typical behavior of other cultures and learn simultaneously. Unconscious bias was one of the trainings which a respondent found of value for him. (INT3): “first of all, trainings. Second, the ability to hire people from different parts of the world. Third, ability to visit countries.”

Online programs allow to develop from the comfort of one’s home. (INT 10): “Because of those courses we have different lecturers. And also use YouTube for grab some knowledge from different channels.” Youtube channels, online courses, podcasts, books, which might be not directly linked to cross cultural collaboration, but be written, conducted by representatives of different countries, and thus offer a unique view or presentation and cultural awareness.

Experiential Learning by engaging directly with different cultures through travel, international projects, or team-building activities can provide practical experience in managing cultural diversity. One of the respondents mentioned the expatriations that their company has been organizing effectively prior to Covid. Most of respondents voiced missing the face-to-face interactions and importance of those. (INT8): “...for me it would be it would be movies and travel show that I would watch, you know my free time in the past 10-15 years, I've always been doing that. Traveling is the number one thing that you can do. No better strategy than getting out of your comfort zone.”

Language Learning: Acquiring language skills or understanding language nuances can improve communication and show respect for team members' cultures, fostering a more inclusive environment. Respondents voiced misunderstandings which can occur either due to insufficient language knowledge or due to the way of applying the language in different cultures.

Mentorship and Coaching: Seeking guidance from mentors who have experience in leading diverse teams can provide insights and strategies for effective cross-cultural leadership.

Reflective Practice. (INT2): “...but I always am quite like critical like thinking that OK that I should have said also this or I should have like said it differently, so it's quite often communication related and yeah one simple thing is that I'm not good at remembering oh it's not an excuse I have calendar, I should mark there like all these birthdays and that's super important in Estonia, and in Finland it's vice versa.” The respondents mentioned that they are continuously reflecting on personal experiences, biases, and leadership practices to identify areas for improvement and adapt

strategies for managing cultural diversity effectively. From the biases mentioned was to appreciate more the work of the employees who are visible face to face, which placed the remote employees in non-equal positions. Another point that was nicely put by respondents and resonates with authors experience too, Europeans or rather Eastern Europeans look for the threads more, rather than focusing on opportunity. First thread people might encounter on the way and everything that would hinder them in achieving goal, which is different from Americans who see the idea and pursue for it without hesitations. This theme has been also brought in theory, that one must know and understand well his own culture to be able to analyze the different one. And different cultures help to identify the peculiarities of your own culture, as the metaphor says: "A fish doesn't know it's in water."

The insights derived from the interviewees' experiences underscore the complexity of leading in cross-cultural environments and highlight the importance of adaptability, empathy, and continuous learning in developing effective leadership strategies and competencies in such settings.

3.6. Recommendations and implications

Most of the respondents brought up the importance of treating personality at first as such, rather than looking at the culture. (INT2): "we saw the change immediately but of course, it's a lot to do with this person's personality also. So I also repeat again this that I don't know if it's about nationality or personality but how this person is taking everyone into account and kind of like that the project started to progress faster and people were more involved..." Personal behavior might not have a direct correlation with the culture, though knowing the nuances of the culture will help to understand and navigate better if the known patterns have been recognized in employee behavior.

Interviewees mention the diversity of people within any culture and how individuals might fulfill their responsibilities without necessarily going above and beyond. This highlights a theme of varying work ethics and commitment levels among employees. Work-Life Balance discusses the challenges of scheduling meetings across different time zones and the importance of respecting private time while also explaining the necessity of certain meetings. This indicates a focus on work-life balance and the effort to accommodate employees' schedules across different regions. The necessity for leaders to explain and justify decisions, especially those affecting work

schedules, suggests a theme of transparent communication and leadership empathy towards employees' personal time and commitments. Interviewees emphasize the importance of understanding and respecting cultural differences, especially when organizing meetings across different time zones or when dealing with gender-specific cultural norms in regions like the Middle East and APAC countries, taking into consideration the clothing and the outlook which is expected. High value placed on cultural sensitivity and the adaptation of communication styles to accommodate diverse team members. Recognizing the importance of accommodating different time zones to ensure all participants can engage in meetings without significantly disrupting their personal time.

There's a focus on establishing clear communication rules within teams, such as setting agendas for meetings, ensuring follow-ups, documentation and providing equal opportunities for all team members to express themselves. (INT10): "Here we should follow some standard with our documentations. When we have communication inside country or inside culture or some special client, we should prepare documents that our other team mates will understand properly and do perform in a proper way." Understanding of the importance of structured communication in fostering team cooperation and accountability. The emphasis on regular, structured meetings with clear rules, agendas, and follow-ups to ensure effective communication and accountability. This approach helps in managing expectations and ensuring that all team members are aligned and informed. Respondents have highlighted the requirement to have 1to1s scheduled to ensure team can address any concerns at the required time, even if there is no agenda leader has in place.

Also, the consent of the people that they are indeed ready to engage in any activities or tasks identified is important. The responses highlight the necessity for leaders to be emotionally intelligent, including understanding their team's diverse needs and being able to justify and explain decisions in a way that respects individual team members' time and commitments. This theme underscores the importance of empathetic leadership and the role of emotional intelligence in managing diverse teams.

The mention of adopting new and effective practices (e.g., introducing fresh suggestions that are now used across all teams) and the commitment to continuous learning about cultural traditions and emotional leadership skills suggest a proactive approach to personal development and innovation within the workplace. Something which has been widely used in one country or projects, might be innovative when applying to the other country or projects.

There's an underlying emphasis on both individual responsibility (e.g., team members fulfilling their commitments without needing constant reminders) and collective responsibility (e.g., making team decisions where everyone feels a sense of ownership). This balance between individual and team dynamics is crucial for achieving common goals while respecting personal differences.

Acknowledging the challenges and opportunities brought by remote work and digital communication tools, particularly highlighted by the COVID-19 pandemic. The shift to digital has opened new avenues for collaboration, though it also underscores the need for meaningful, personal interactions.

Tailoring communication strategies to consider cultural differences, including language preferences and cultural norms. This can involve selecting team members who share a cultural background with clients or trying to greet in the native language to build trust and rapport. Though everyone welcomed cross-cultural and worldwide collaboration and exchange, they acknowledged the differences which are not to fade away, therefore it is better to have likeminded culturally people to be collaborating with client and serve as the “interpreters” to the main team. Navigating initial challenges in communication due to language barriers or perceived behavioral differences, with a focus on adjustment, patience, and humor to facilitate smoother interactions. Understanding and respecting cultural requirements, such as dress codes and behavioral expectations, during face-to-face and virtual meetings. This is particularly important in regions with specific cultural traditions or norms. The importance of creating an environment where diversity is valued, and everyone feels included and able to express themselves. This includes fostering awareness of diversity and starting communications with clear explanations of why diversity matters.

Central Idea is to enhance workplace communication and inclusivity in diverse teams. From the respondents answers it could be achieved with the help of:

- Flexible Scheduling Practices
 - Rotating global meeting schedules.
 - Clear communication on meeting necessity.
- Clear Communication Protocols
 - Consistent meeting agendas and follow-ups.
 - Effective use of digital collaboration tools.
- Cultural Sensitivity and Inclusivity

- Cultural representation in teams.
- Regular cultural awareness training.
- Overcoming Language and Behavioral Barriers
 - Language learning support.
 - Education on cultural communication styles.
- Promoting Diversity and Inclusion
 - Inclusive communication practices.
 - Diversity awareness and training.
- Leadership and Emotional Intelligence
 - Training in empathetic leadership.
 - Transparent decision-making processes.

Those findings could be put for visualization into the following mind map:

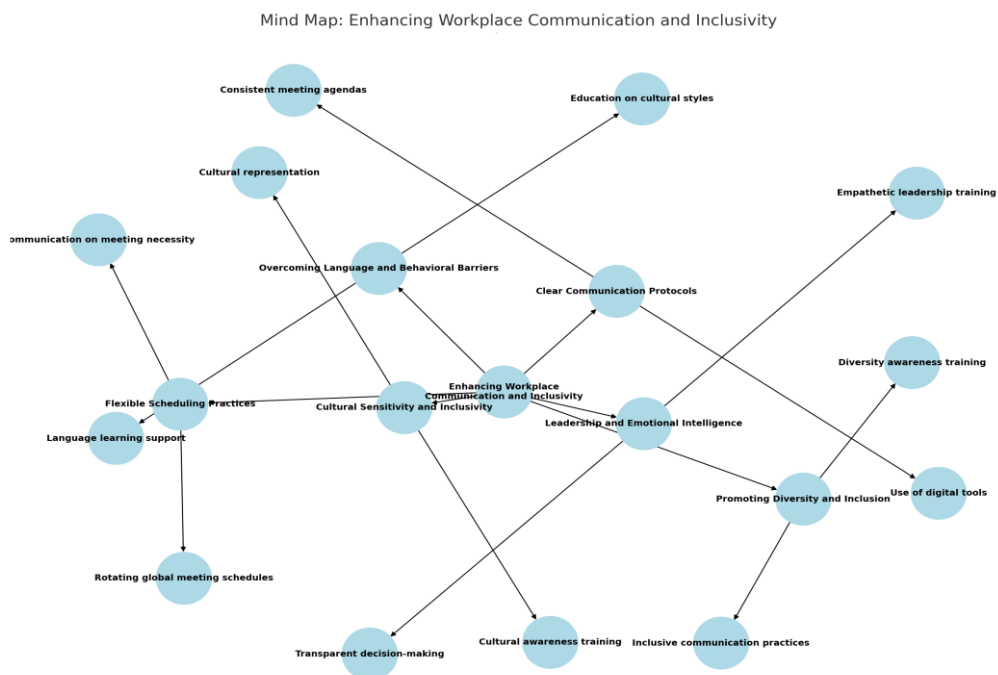


Figure 3. Mind map diagram visualizes the main themes and recommendations for enhancing workplace communication and inclusivity in diverse teams.

This diagram provides a structured overview of the strategies and practices that organizations can adopt to improve their internal communication, collaboration, and inclusivity across culturally diverse teams.

To sum up, the following guidelines could be defined for the leaders in cross-cultural environments and for multicultural organizations:

1. **Language Proficiency and Cultural Familiarity:** Enhance communication skills by encouraging employees to engage in language learning through courses and clubs. Utilize podcasts and YouTube videos to familiarize oneself with the accents and cultural nuances of other regions, facilitating quicker adjustment to new cultural encounters.
2. **Understanding Cultural Contexts:** Provide historical and geopolitical insights into different countries to comprehend deeply rooted cultural patterns. This knowledge can inform interactions and help in understanding the context behind behaviors and attitudes.
3. **Local Engagement and Communication Nuances:** Employ local expertise to foster on-site relationships and accurately interpret client requirements. Offer rhetorical workshops and adjust communication styles, including the pace of speech, to match cultural preferences and ensure clarity in communication.
4. **Respect for Personal Time and Collaborative Standards:** Be considerate of time zones and personal commitments to find mutually agreeable times for collaboration. Implement standardized documentation processes to ensure that all team members have a clear understanding of collaborative efforts.
5. **Building Relationships and Personal Development:** Allocate time for team members to develop personal connections and understand each other's values and motivations. Promote continuous personal and professional growth through online courses and interactions that challenge and expand one's comfort zone.

This summary is not exhaustive, and each point entails a lot of work and consistent efforts from the leader and organizations to get the best results from cross-cultural teams.

CONCLUSION

The topic of cross-cultural leadership is vastly studied within different fields and does not seize its importance: there is research conducted in education, religion, military, business organizations, healthcare, psychology.

Analysis of literature and the interviewees' responses helped to derive insights to address the three research questions for a master's thesis:

- What are the key challenges that leaders encounter in cross-cultural environments?

Most identified challenges enumerated in the theoretical part and revealed deeper in the interviews are misapplied management practices, communication barriers, formation of subgroups, conflicts and integration challenges, authority and seniority perception. All those concerns were also uncovered in the respondents' examples provided, they have confirmed that managerial practices which they used within the monocultural team, which was closer to them differed significantly or might have been ineffective when collaborating cross cultures, simple task should be handed over to multiple teams in a different manner, to some very high level superficial description of the goal is enough and it boosts creativity, others need a step by step detailed guide to ensure the goal and the tasks completion. Within communication, even if English of the followers was very good, one could still be challenged with pace, vocabulary, tone or specific range of words used. In some cases, leaders tend to form the subgroups of the followers on purpose to have the lead the leader scenario, having so called "cultural interpreter" between them and the team. Respondents mentioned how perception of seniority impacted any open conversations and mutual feedback, which should be more direct in one case and extremely softened in other. Additionally, topic of importance of being mindful of employees' personal time, which could be badly endangered through the time zone difference was highlighted, as well as importance of achieving balance between compensating of lack of face-to-face interaction and overloading oneself and the team with non-stop meetings. Leaders should be open minded and ready to be out of the comfort zone to get all the benefits of cross-cultural collaboration and minimize misunderstandings or

inconveniences hindering productive collaboration which could be occurring as per the examples above.

- What leadership styles and strategies are most effective in cross-cultural contexts?

Within theoretical research, most of the coverage was given to transformational leadership, which is predominantly linked to the Covid and post-COVID period, which required a lot of courage and ability to react to the new reality and help teams navigate those challenges. Situational leadership through applying minimization, integration, and adaptation mechanisms depending on the environment and the task at hand. Spiritual leadership in business studies was mentioned mostly by Asian authors or by European in religious studies on leadership, as well as empathy has been paid big attention overall. In the interviews following leadership styles were to be observed in replies: transformational, emotionally intelligent, emphatic, inclusive, situational, servant leadership, spiritual leadership, with the latter brought up by a leader with Asian origin too. Important to note that there is no one-size-fits-all solution. Leaders effectively adjust their predominant leadership style based on the situation, followers' expectations, and the goals set. Switching or combining those styles helps leaders thrive within different teams and the ambitions they set in front of them.

- How can leaders develop cross-cultural competencies?

There were many means of how to enhance and develop cross-cultural competencies. Among those are different training programs, immersive learning, books, movies, traveling, personal reflections, putting yourself out of the comfort zone, and having an open mindset.

In the first part of the thesis, the literature review was carried out on cross-cultural leadership and its impact within organizations. Based on the theoretical review the empirical research was formed. The second part of the thesis explains the empirical research methodology and sample selection criteria. Qualitative research was chosen to open the topic and understand the phenomena. The author conducted 14 interviews with leaders working in cross-cultural environments. Findings from these interviews are presented in the third part of the thesis.

Theory and empirical evidence from the interviews confirm that leading cross-cultural teams has both advantages and challenges, to overcome which leaders should be developing cross-cultural competences and adjusting their leadership tactics, which might have been successful within their

culture and could be not helping while encountering and leading diverse cultures. Cross-cultural experience has been of relevance when applying to international companies and with growing globalization, nationalization and virtual work with employees and customers geographical expansion such expertise will be only gaining importance, giving competitive advantage both to the leaders and the organizations.

Within the interviews most of the respondents were from Europe and therefore most challenging they found work with Middle East, APAC, Latin America. The study could be extended by taking perspectives from the other continents to help mapping and matching expectations on both sides and identifying deeper differences and commonalties. The study could be developed further also considering or in-depth analyses into adjusting behaviors and approaches when penetrating specific market.

The author of this thesis believes that the defined research questions have been answered and that the aim of the thesis has been fulfilled. As result of the thesis guidelines to support the leaders and organizations with cross cultural diversity have been generated.

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APPENDICES

Appendix 1. Interview guide

| Interview questions | |
|---|--|
| Introduction | Introduction of the aim of the interview. Asking permission to record the interview |
| 1. Background and Experience Questions: | Age and nationality of the respondent |
| | Please briefly describe your experience in leading teams in a cross-cultural environment? Which ethnicities were represented? What were their main differences |
| | How do you define cross-cultural leadership in your experience? |
| 2. Challenges in Cross-Cultural Leadership: | What are the most significant challenges you have faced while leading a culturally diverse team? Why? |
| | Please share a specific instance where cultural differences posed a challenge in team dynamics or decision-making? What made it difficult? |
| 3. Strategies and Approaches: | What strategies do you employ to manage and integrate diverse cultural perspectives within your team? |
| | How do you approach communication in a cross-cultural environment to ensure clarity and understanding? |
| | How did Covid impact the way of collaboration in any way? |
| 4. Opportunities and Benefits: | In your view, what are the key opportunities that a cross-cultural environment brings to leadership and team dynamics? Why? |
| | Please share an example where cultural diversity within your team led to a unique or innovative solution? |
| 5. Leadership Styles and Adaptability: | How has leading in a cross-cultural environment influenced or changed your leadership style? |
| | What has been the biggest discovery about your leadership style due to the cross-cultural environment? |

| | |
|--|--|
| | Do you believe it's necessary for leaders to adapt their style when managing cross-cultural teams? Why or why not? |
| 6. Training and Development: | What kind of training or preparation do you think is essential for someone aspiring to lead in a cross-cultural environment? |
| | How do you keep updating your skills and knowledge to be effective in cross-cultural leadership? |
| 7. Organizational Support and Resources: | How does your organization support leaders in managing cross-cultural teams? |
| | What are the specific resources or policies in place that assist in overcoming cross-cultural challenges? |
| | What would you advise your company to add to make your work more effective? |
| 8. Personal Reflections: | What has been your most rewarding experience in leading a cross-cultural team? |
| | Looking back, what would you have done differently in managing cross-cultural teams? |
| 9. Future Trends: | How do you see the role of cross-cultural leadership evolving in the future? |
| | What advice would you give to future leaders who will manage increasingly diverse teams? |

Appendix 2.

Interview recordings:

https://drive.google.com/drive/folders/1nLTU_9cHTLeO2uCHIHBFdVpcKqDu68Ga?usp=sharing

Interview transcripts:

<https://docs.google.com/document/d/1Nk41eG0MOb7R3tKobS11ihnHVSrEEExU/edit?usp=sharing&oid=104515342870998491221&rtpof=true&sd=true>

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