Leadership, Culture and Management Practices: A Comparative Study between Denmark and Japan

A thesis submitted to the Management Faculty in fulfilment of the requirement for the degree of Bachelor of Science in Business Administration and International Management

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Abstract

This thesis aims to explore the differences and similarities in the leadership styles of Danish and Japanese managers and how these differences influence communication between business people from both cultures. The purpose of this investigation is also to determine what situations can be avoided and what strategies can be employed for improving communication between the two countries. Effective communication is an essentially important managerial skill, especially within an organization. Managers have different approaches to communication in regards to their leadership style. While cultural differences can play a part, leadership style also depends on personality, and context. There is a great amount of literature about management, communication, and culture. To explore, however, the variation of these terms in the case of Denmark and Japan only relevant models and theories are used.

In regards to the selection of theories for examining the management field, there are employed behaviour and situational theories. Individual traits are excluded since the focus of the present study is on cultural background. Different leadership is also described as varying due to communication approach. A point of interest to be explored is culture, because it has the potential to become a barrier to communication. To dig deeper into the relationship between culture and communication, the theories of Hall and Hofstede are combined together with specific models to explain the complexity of cultural differences between Danish and Japanese people. Consequently, what situations can be expected and avoided are determined with following examples in the discussion.

The collection of data is based on qualitative research because it is an appropriate method for exploration of connections between the phenomena. Semi-structured interviews and an online questionnaire are the chosen methods used to reach the respondents and collect the necessary data. A Danish manager and CEO who are working in Danish subsidiary in Japan have been interviewed in order to examine the interaction between both cultures. Another Danish manager, CEO of a Danish company, was asked about leadership style. Findings are showing how the leadership style of the Danish managers affect and is affected by the Japanese management and communication approach in the Danish company in Japan. Some of the results are in accordance with the employed theories while a few of the findings show interesting patterns in practice.

Key words: management, leadership style, communication, culture, Japan, Denmark, differences, similarities
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Introduction

“Leadership is practiced not so much in words as in attitude and in actions.”

Harold S. Geneen

How does leadership style influence the communication between people from different cultures? Talking about leadership style, it is important to explore the elements of its formation - not only personal traits and individual behaviours but also the background culture of the leader. According to Holt (1998), on one hand international management is concerned with people working together in an organization in order to achieve a specific organizational aim. On the other hand, international management concerns people from various cultures working together, on a personal level and competing against one another, or trying to cope with their differences. Why is culture then so important for managers when expanding business cross-culturally? Managers’ attitudes, their ways of doing business and manners of exchanging ideas reflect values and understandings which are rooted in their own national culture (Brooks, Ian 2009). Conducting managerial functions effectively is hard enough in a familiar home environment, but in a foreign setting with a unique combination of economic imperatives, traditions, work ethic, and culture, effective management becomes a big challenge (Deresky, H. 2006). Expanding business abroad is important not only for survival but also for competing and gaining market shares, thus the issue of leadership and leadership style can be very important to organisations international management. An international manager needs to have cultural awareness in order to adjust to the constraints and expectations of the culture in which they operate. If cultural factors are not considered, there will be a potential for unwitting and unintended conflict. In avoiding a conflict situation, a manager should communicate successfully and consider challenges such as language and different cultural background (Holt, D.H. 1998).

According to Brooks (2009. pp.310-311), in order to be a successful manager one must possess effective communication skills. The nature and patterns of communication exhibited by individuals are ascertained by cultural and social values. Doing business across cultures and managing in a multicultural environment, however, can raise difficulties and conflicts due to cultural differences (Holt, D.H. 1998). This may cause culture to become a challenge for effective communication. To illustrate the challenging environment in which the manager operates, Exhibit 1 shows the contingency role of an international manager whose objective is to perform appropriately in a new environment
within an open system of interacting variables, both in operating environment and in external environment (Deresky, H. 2006). The contingency model is a representation of the real challenges for the international management and is used to focus on the cultural context of the manager’s role and discuss the firm-level decisions the manager must make in planning and implementing strategy for international operations. The present study emphasizes the cross-cultural level, dealing with how managers within those organizations actually behave and how they should behave on an interpersonal level in an international environment (ibid. p.20).


This point of difference is illustrated by looking at people from Western nations, like the U.S and Western Europe that are considered to be “individualist” by nature and comparing them with the Asian societies that are said to be more “collectivistic” countries and thus have the greatest chance of misunderstanding and miscommunication to occur when interacting with each other (Samovar, L. A. &
Porter, R.E. 1997). The present study considers Denmark as an example of a Western country with Scandinavian values, as a part of the generalized ‘western culture’, and Japan as an example of Far Eastern culture.

The present paper will explore how differences in national culture affect leadership style and consequently communication as inseparable part of the manager’s skills. Existing research has contributed a lot of ideas about the meaning of leadership, but studies have also deepened the puzzle surrounding it (Holt, D. H. 1998). In the organizational literature of leadership there are many definitions and countless pieces of literature that discuss the specifics of leadership (ibid). A summary of leadership approaches and managerial roles will be discussed later in this paper. This study seeks to reveal how managers practice the art of leadership in different societies, more specifically in Denmark and Japan, and how this influences the communication between them. The main goal of the research is to contribute to the existing body of knowledge on how management style between business people from Denmark and Japan affects and is affected by communication and how similar or diverse these terms are in this specific cultural context.

The present study will give a picture of the leadership profiles of Denmark and Japan and it can be used as guideline to prepare the Danish manager for working in Japan. It also can contribute to Danish companies which want to start business in Japan or managers from Danish subsidiaries who want to improve their current relationships with their Japanese colleagues. Japan has the 2nd largest consumer market after USA with a population of more than 127 million people and strong purchasing power (Clausen, L. 2006 p.18). The Confederation of the Danish Industries, moreover, reports that the Japanese market is the tenth most important market of export for Danish companies (ibid) and that the export is increasing especially in the medicinal and pharmaceutical market.¹ This is a challenging yet potentially rewarding business environment for the Danish managers and the present paper aims to find solutions for building successful business relations with the Japanese.

**Problem Statement:**

*How does management style influence the communication between Danish managers and their Japanese colleagues in Danish subsidiaries in Japan?*

¹http://eksportraadet.japan.um.dk/da/menu/Eksportraadgivning/MarketOpportunities/News/DanishExportToJapanIncreasedSignificantlyIn2008.htm
Structure of the report

This report is structured in seven in-depth parts of exploratory analysis. In the beginning, the Introduction, the main area of research and the actual problem are introduced. In Theoretical Background common terms are defined and limited to the exploration of the present study. Relevant theories and models to the problem are discussed. In Method and Data Collection arguments for the choice of method are given and the way the data was gathered is explained. The Findings are summarized in a table before the analysis part, and in Analysis they are analyzed. The Discussion reveals how the theory explains the findings and existing documents from research about Denmark and Japan are also mentioned. Based on the existing issues appropriate solutions are presented. The last part of the structure, the Conclusion, gives a summary of the purpose of the present paper, what is done and found out, and what solutions are found for the research problem.

1. Theoretical Background

1.1. Management Theory

Management is necessary to be defined as theory and practice developing over time. The emphasis here is on the contemporary concept of management and leadership to find out what issues it might raise concerning communication across cultures. In the rapidly globalizing world, leadership has even more challenges when it comes to doing business in another country with a divergent culture. A given management style may be effective in one culture, but seldom will the same style be effective in another country without modification (Whitehill, M. Arthur, 1991). The role of management is important for setting a strategic direction in the company. With the necessity for organizational change toward globalization, the role of management and leadership has been even further emphasized (Brooks, Ian 2009). In order to be examined the functions performed by management several management theories will be used throughout the paper.

Management development

From the 21st century work management has emphasized more concern about employees instead of only focusing on rationality of the work tasks, efficiency, standardization and discipline. A summary of the developments in management theory is given in the following table.
Table 1. Management Development Theories (Inspired by the management theories in Brooks, 2009)

<table>
<thead>
<tr>
<th>Focus on work task and efficiency</th>
<th>Theorist</th>
<th>Manager’s role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frederick Taylor (1910s)</td>
<td></td>
<td>• Scientific approach to management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• One best way of leading</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Work task efficiency</td>
</tr>
<tr>
<td>Henry Fayol (1949)</td>
<td></td>
<td>• Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Organize</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Command</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Control</td>
</tr>
<tr>
<td>Henry Mintzberg (1973)</td>
<td></td>
<td>• Build/maintain relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transfer information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decision making</td>
</tr>
<tr>
<td>Peter Drucker (1977)</td>
<td></td>
<td>• Satisfy the goal of the organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Enabling the workers to achieve their goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Social responsibilities</td>
</tr>
</tbody>
</table>

One of the founding fathers of management was Frederick Taylor, and he argued that the best way of managing focuses more on production and less on the human aspect of the employees needs. In practice many organizations today use Taylor’s principles in order to maintain or increase productivity (Brooks, Ian 2009). Another founding theorist by the name of Henry Fayol outlined a concept of how managers should conduct their tasks. He argues that their obligations should include coordination of resources, actions, outputs and direction to employees, and controlling the activities according to the plan (ibid).

The main difference in Peter Drucker’s work compared to previous studies is the consideration of human and interpersonal issues, including the recognition of the importance of communications and wider social concerns (ibid). Following the topic of what managers do, Henry Mintzberg’s observation is also acknowledged in this area by defining the roles of managers by the fulfilment of their jobs (ibid).

In summary, the most recent theories have focused on the role of managers and leaders as critical strategic players and emphasized the importance of mission and vision and leadership of values for
outward-facing business (ibid). Leadership style is determined by the expectation of employees about the characteristic of a leader. This is a reason why leadership style varies from culture to culture. For example, in some cultures a leader makes decisions independently and such a decision-making process is accepted by the employees while in other cultures this approach can be inappropriate, and a consultation and democratic attitude to more common instead (Ahlstrom, D et.al 2010). In the present paper the leader’s activity is to be considered from a contemporary point of view in regards to how Danish and Japanese managers communicate inside and outside their organizations, build relationships and make decisions. Also, an important factor to be observed is how culture influences their communication.

1.2. Leadership

In the following section the concept of leadership will be explained as relevant part of management which needs to be explored for better understanding of the leader’s behaviours and abilities. Leadership can be described as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish the shared objectives (Yukl G.A. et.al 2006). Exploring the concept of leadership, only the most essential theories that are relevant will be explained and related to its development. In leadership research, there are three schools of thought – trait, behaviour and situational theories.

Personal traits

First of all, trait theories place an emphasis on the personal characteristics of leaders, by analyzing the individual’s ability to lead with regards to the social background, intelligence level (IQ) and the range of personality features (Brooks, Ian 2006). A set of universal characteristics of successful business leaders with regards to the personality traits were concluded as persistence, self-confidence, striving for achievement, capability to influence others, and creativity (David A. Kenny et.al 1983 p.678-685). These however, are personality features, and researchers find too many exceptions to suggest universal effectiveness by leaders with any or all of these traits (Holt, D.H. 1998). Within the present study, individual features of a leader will be excluded, although, the characteristics of managers with regards to national culture will be considered since the focus of exploration is based on Danish and Japanese culture. The reason for focusing on the behavioural aspect of the leader and not the personality traits is to allow it to serve as the basis to further explain how leadership based on culture will influence the style of a leader.
Behaviour theories

Leadership style involves the ways leaders behave towards their subordinates the manner in which tasks and functions of leadership are conducted (Brooks, Ian 2009 p.168). To explain the leadership style, related theoretical models will be used to give an illustration of the leader’s role. According to a study made by the Ohio State University, theorists defined leadership as an attribute that could be learned and they identify two types of leader’s behaviour (Holt, D. H. 1998): “initiating structure”, behaviour which focuses on the achievement of objectives, role distinction, and result orientation, and another behaviour, “consideration”, which encourages collaboration as supportive networks, group welfare and maintenance of job satisfaction. The Ohio State researchers indentified the both dimensions as separate sets of variables, not as independent structures. Thus, a leader’s behaviour can be defined in four ways: high on both factors, low on both, low on consideration and high on initiating structure, or high on consideration and low on initiating structure. Distinctive profiles can be drawn from these descriptions (ibid.). To illustrate this further, the system of Rensis Likert, his system is similar to that of the Ohio State model. On Exhibit 2 the one extreme is the abdicative – when managers make autocratic decisions and employ exploatitive techniques in top-down directive relationships with their subordinates. At the other extreme, the participative, managers encourage the participation of employees in decision making. Between the two extremes, managers could display controlling decision making, directive leadership style, or consultative decision making in the case of supportive style approach (ibid.).

Exhibit 2. The Ohio State Model (Holt, 1998 p.727).
A more complex extension of the Ohio State model is the managerial grid of Robert Blake and Jane Mouton. Based on the leadership styles they define two dimensions – relations-oriented and task-oriented behaviour (Robert R, B et al. 1981). Similarly to the models of Likert and the Ohio State, this also suggests that a manager style can be identified according to people and task orientation. Moreover, these style approaches are relevant to be explored in this study as changing due to cultural differences (Brooks, Ian 2009). Different perceptions about relationships and structure of tasks emerge from cultural values. Some cultures place importance on building long relationships with their employees or business partners while other cultures do not consider human relationships so significant in their organizations. In that in some societies structured tasks are required at the working place otherwise an employee would not know how to manage in unstructured situation where they are not given exact requirement of what they need to do. For example, in Western cultures the attention of managers is drawn to team building, employee involvement, and consensus decisions (Clausen, L. 2006). They employ more a human consideration approach and this could explain why the concept of control, structured tasks and directive behaviour could be distant for them.

**Situational theories**

Leadership style does not only depend on culture but also on situational factors such as context, nature of the task environment, and pressures of time (ibid.). These aspects can be explained by the situational theory which includes both behavioural and trait approaches reflecting a specific context.

It is also relevant the specific context to be explored in the present paper since situational theory assumes that cultures are homogeneous and each of the countries - Japan (Keeley, T. D. 2001) and Denmark\(^2\) could be considered as homogeneous societies. Moreover, these contingency models do not consider cultural dimensions, and ignore cross-cultural variables as work-related values, social philosophies, or religious beliefs (Holt, D.H. 1998). Therefore, the global and international companies cannot adopt these models as guidelines for management development.

A contingency theory that is based on the assumption that leaders can adapt their behaviour to different situations is House’s path-goal theory (Robert, J. House 1971 pp.321-328). It is illustrated on Exhibit 3. It suggests what ways a leader defines for their subordinates to achieve the desired objectives and these perspectives will be explored with Danish representatives in Japan. If the employees strongly believe that they can achieve the desired results, then they will be strongly motivated to perform (Holt, \(^2\) http://inet.dpb.dpu.dk/infodok/sprogforum/Espr9/risager.html
D.H 1998). Then, the leaders can develop behaviour suitable to the organizational purpose and their employees’ expectations and build on understanding of the goals which are important to the employees to ensure progress towards those organizational objectives. There are four main different leadership behaviours that exist: directive, supportive, participative and achievement-orientated (Brooks, Ian 2009). Supportive leadership is well suited for mundane or repetitive jobs and to make the job more interesting the manager has to create a personal and friendly environment. The manager would positively influence their subordinate to achieve a common goal and build relationships with them. Directive leadership is most appropriate for unstructured and ambiguous work environments where employees expect close supervision. Directive leaders are focused on the outcome, especially when deadlines need to be met, and building relationships with subordinates is not a requirement. Participative leadership employs team-building, again in unstructured work environments or for unpleasant tasks. Achievement-oriented leadership can be advantageous in an uncertain environment with interesting tasks (ibid). The leader is required to develop a flexible approach in relation to the environment and the characteristics of their subordinates (Brooks, Ian 2009).

Exhibit 3. House’s path-goal theory (Holt, D.H. p.730)

1.3. Management in Denmark and Japan

Managerial roles vary across cultures. Many Danish managers believe that the role of the manager is to solve problems even help their employees through giving them directions on how to solve a particular
problem and not only giving a direct answers to their questions (Adler, N. J. 2008). In this way the managers believe that they encourage their workers’ creativity and productivity. In contrast, most Japanese managers agree that “it is important for managers to have at hand precise answers to most questions their subordinates may raise at their work” (Adler, N.J. 2008 p.49).

**Danish leadership style**

The Scandinavian organizational culture puts a great emphasis on the decision-making process. The people participating in the decision making process have a real possibility to influence the final result. Informal and egalitarian organizational environments bring a relaxed atmosphere. Other characteristics of the Scandinavian management style are that feelings should not influence decision-making, respect for others feelings and avoid conflicts (Clausen, L. 2006 pp. 56-57). Clausen also argues that one of the differentiating features of the Danish management style from the Scandinavian is their orientation towards negotiation and this feature is also shared in the Japanese management. Scandinavians appreciate their leisure time and they make a clear separation between their private and professional life. This contrasts the Japanese way of understanding free time. They can go to work even if officially they are on holiday (ibid). Another similarity, however, is that Japanese also make a difference between their private and business life and they rarely invite colleagues to their homes (ibid). Danes are modest and their mentality accepts hierarchy in the organization as a mean to an end, not a goal in itself. This makes them a little bit more like the Japanese. The difference in the hierarchical organizational structure in Japan is that individualism is totally rejected. Moreover, in the hierarchical system in Japan the status of employees is determined by Confucian values, gender and age (ibid). Clause also cites Peltokorpi (2006), who found that the Japanese are polite in their communication with Scandinavians. A Japanese custom is to agree with the foreign businessmen rather than make them lose a face.

When hierarchy is seen from the different perspective of Danish and Japanese point of view the remaining unchanged similarities between them are modesty and consensus (Clausen, L. 2006). Researchers from Cranfield School of Management investigated differences in management style. They concluded a model called *Incubator* which explains a stereotypical category of leadership style within the Nordic countries – see table 2. Their style is described as *Leadership by Consensus* which means that teamwork and open dialogue are valued in the company. In Nordic countries, workers
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Table 2. Leadership by Consensus (Holt, D.H. 1998 p.742)

<table>
<thead>
<tr>
<th>Model of Leadership Behaviour in Nordic cultures: Leadership by Consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Emphasis on participation and team effort</td>
</tr>
<tr>
<td>• Open dialogue</td>
</tr>
<tr>
<td>• Self-discipline in activities</td>
</tr>
<tr>
<td>• Consensual decision making</td>
</tr>
</tbody>
</table>

**Japanese leadership style**

With regards to the Japanese style, the success of the Japanese management and its difference from other leadership styles resulted in the visible advantages that they gained in quality production. The Japanese system characterized with lifetime employment guarantee, a seniority system rewarding loyalty and commitment to group harmony (Holt, D.H. 1998). There are several common characteristics of the Japanese companies that can be drawn. First, once hired an employee almost never leaves the job even though they have that choice. Second, because Japan has a homogeneous population, connected by one language and social values, this makes it easier to maintain a closed social system of relationships among companies, groups, and political interests. Third, Japan’s decision-making approach, also called bottom-up, is based on participation from all employees. The name of this management approach, ringi-sei (or ringi), which means “reverential inquiry” is cited from the work of Mitsuru Misawa (1987) by Holt (1998).

The Japanese decision-making involves and empowers employees without encouraging confrontations. When a group achieves their objectives together they are rewarded for their common achievement. Japanese companies rarely award individuals apart from a group, and promotion privileges of an individual should enhance group harmony (Holt, D.H. 1998). Managers also have to use their intellectual capabilities and experience to encourage the teams to work at fulfilling their potential. The Japanese system of leadership is based on participative methods and group responsibilities. Western
managers operating in Japan have to understand the worker’s expectations for leadership and the group processes (ibid).

The Japanese management system worked properly in a rapidly expanding economy but had to adjust and make changes in order to survive in periods of slow growth. These changes require the retention of international management techniques and competences (ibid).

To give a basic picture of the differences and the similarities of both leadership style, a comparison is presented in a table below.

Table 3. Differences and Similarities between Danish and Japanese leadership styles

<table>
<thead>
<tr>
<th>Differences</th>
<th>Hierarchy</th>
<th>Private and Professional Life</th>
<th>Responsibilities</th>
<th>Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Denmark</strong></td>
<td>Hierarchy does not reject individuals.</td>
<td>Private time is more important than business.</td>
<td>Individual responsibilities</td>
<td>Rewarding individual achievements</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>Hierarchy is determined by gender and age. It rejects individualism.</td>
<td>Professional work is more important than private life.</td>
<td>Group responsibilities</td>
<td>Rewarding loyalty and group commitment; Life-time employee guarantee</td>
</tr>
<tr>
<td><strong>Similarities</strong></td>
<td>Employees involved in decision-making process</td>
<td>Clear separation between private and professional life</td>
<td>Negotiation orientation</td>
<td>Avoiding conflict and confrontations</td>
</tr>
</tbody>
</table>

Today’s managers operating in international environment have to handle a various dynamically changing factors – political, economic, legal, technological, and ecological. The cross-cultural environment of the international manager is calling for special leadership skills to recognize and value the foreign culture. Taking into account the challenges of managing abroad, international management can be defined as the process of developing strategies, designing and operating systems, and working with people around the world to ensure sustained competitive advantage (Deresky, H. 2006. p.4).
Pursuing such a sustainable competitive advantage overseas, communication becomes a critical skill for success.

1.4. Communication

A very important component of manager’s skills is the ability to be able to communicate well. In this section the concept of communication will be defined and further the relationship to leadership and culture will be shown. Communication occurs whenever someone attributes meaning to another person’s words or actions (Clausen, L. 2007 p.91). There are several elements that are part of communication. Communication is symbolic (ibid). Symbols include the verbal language and the body language. Most nonverbal communication is represented by gestures, postures, eye-movements, facial expressions which share the same or similar meanings (ibid). However, communication is usually ambiguous and a message can have more than one meaning. When we communicate we expect that the other person will share the same communication patterns, the same symbols. This assumption can fail when communication occurs between different cultures. Furthermore, communication is a dynamic process through which meanings are negotiated. It is a continuous process between two or more individuals who interpret the messages through their senses when they interact. When we communicate we exchange, create, maintain, repair and transform reality (ibid. p.92).

To illustrate better the process of business communication inside the borders of nation, culture, language and customs, Exhibit 4 shows the communication at different levels. In the present study the exchanging of ideas and intentions within one company will be explored, more specifically the relationship between a manager and an employee.
Exhibit 4. Business communication model

The relationship between communication, leadership and culture

Communication is important not only inside the organization but also for its external environment. The ability to communicate effectively is a necessity for a leader’s skills. A leader is a person who communicates with the employees inside the organisation, he or she motivates, sets objectives and respond to needs. A leader also communicates with the outside environment, dealing with suppliers, markets and competitors. All leaders consciously or not transmit symbolic messages (Brooks, Ian 2009). Communication skills, sensitive to the power of symbols and recognizing how people perceive words and actions, are essential skills of the competent leader.

Communication and culture become closely tied when managers have to transmit their messages across cultures. Distinguishing between cultures on the base of context in communication, Edward

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3 http://www.emeraldinsight.com/content_images/fig/1680100206002.png
Hall (1990) defines two cultures – high context and low-context cultures. The high-context cultures interpret the message’s meaning of communication inside the context. In cultures in which the context is implicit, communication is indirect and inferred. In cultures in which context can be understood, communication messages are explicit and direct. This is true of low-context cultures where the meaning is encoded in words. People from low context cultures put their thoughts into words because they want to be understood correctly. An example of such culture, that is going to be described, is Denmark. However, high-context cultures do not only rely on the meaning of the words in communication and body language is very important to them. Most of the information of the messages is already in the person and little is coded in the transmitted message (Hall, Edward T. 1990 p.6). Hall identifies Japan as a high-context culture (see Exhibit 5) in which messages are multilevel and implicit (Clausen, L. 2007 p.27-28). Edward Hall even equals the terms culture and communication: “culture is communication” and “communication is culture” (Hall, Edward et.al 1981). Consequently, understanding communication will help us understand culture. Understanding culture on the other side will help us understand particular leadership style. Further on, an explanation to the challenge of communication will be given with regards to the cultural background.

Exhibit 5. Low Context and High context cultures (Holt, D.H. p.419)

1.5. Culture

“Culture is everything that people have, think, and do as members of their society.”

Gary P. Ferraro, “The Cultural Dimension of International Business”
There are more than 160 definitions of culture. In this section, the history of culture will be explained but only to give an appropriate explanation of the concept in the context of international management. Culture has two dimensions. One – what people can see as behaviours, attitudes and relationships, referred also as the onstage level of culture, and another dimension, the backstage, with the values, motives and ideologies, which explicate the onstage level, the reason behind these visible features. The patterns of behaviour are learned (Fred Luthans 1992 p. 26-27). Culture is transmitted in the interaction among members in society or a group. Therefore, the members learn what the society values in patterns of possessions, symbols, languages, relationships, religious beliefs or eating habits. They also learn what not to do, think and have (Holt, D.H. 1998 p.363). From an in international management perspective, these shared systems of learned patterns of behaviour impact on the view about the role of authority, leadership, work attitudes, and ethical practices. Cultural background also influences the workers’ attitude toward job responsibilities, quality performance, and their role in decision making. Managing in international environment emphasizes sensitiveness to these cultural differences for efficient ways of doing business (Holt, David H. 1998).

Culture also means that people have different approaches to same problems. For example, education systems ensure the transmission of values, beliefs and knowledge and in Japan it emphasizes group harmony and loyalty while student evaluation in Scandinavia emphasizes students’ individual classroom behaviour (Holt, D.H. 1998 p.363-366). This means that people will have differences in cultural values and behaviours. It becomes a challenge for the international manager to recognize these differences and avoid misunderstandings and conflicts. It is important for the international manager to ask themselves the question of “how do other people behave?” to understand how their foreign colleagues will make decisions, how employees will respond to leadership styles, and what values foreign workers place on quality work and personal relationships (ibid). As managers gain knowledge they need to recognize and become more tolerant of cultural differences. Managers become effective leaders when they can accurately predict the behaviour in others. Behaviour cannot be always predicted because it also involves personal traits. The cultural values that shape behaviour within a society will be explored. To plunge deeper into the meaning of culture the four-dimension model of Hofstede will also be used.

Hofstede’s Model of Cultural Dimensions

Hofstede’s model defines culture as a sum of values, beliefs and customs that binds a group of people together. He based the value system on four dimensions: power distance, uncertainty avoidance,
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individualism and masculinity (Holt, D.H. 1998). Later, a fifth dimension was included – term orientation. The dimensions come out from collective attributes, or value orientations and gives relative picture of group characteristics. They draw the inclination of a society to react to human problems with high or low score on each value.

*Power distance* is the dimension that measures human inequalities within a society. If the culture has high power distance such a society would have hierarchical status and authority. It means that people from such cultural background, as Japan, accept subordinate levels, respect formal hierarchical authority and employees seldom question openly decisions by their subordinates (ibid). The boss is right because he or she is the boss and requires the employees to do the work in a particular way. Bypassing the boss is considered as insubordination (Adler, N.J. 2008). In contrast, people from cultures low on power distance, as Denmark, do not hesitate to ask questions about decision making and they are not also expected to adapt to authority. The boss is right only when they know the correct answer. Employees do their work in a way that they personally believe is the right to do it. Moreover, in Denmark, employees are expected to bypass their bosses in order to do their work efficiently (Adler, N. J. 2008). This contrast is illustrated on *Exhibit 6*. The research showed that a culture low on power distance can reduce human inequalities and respect the right for individual self-achievement (Holt, D.H. 1998).


<table>
<thead>
<tr>
<th>Low</th>
<th>Power Distance</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social integration</td>
<td>Social differential</td>
</tr>
<tr>
<td></td>
<td>Little concern for</td>
<td>Significant concern for</td>
</tr>
<tr>
<td></td>
<td>Hierarchical status</td>
<td>Hierarchical status</td>
</tr>
</tbody>
</table>

*Individualism* is the dimension which measures the degree to which a society values independent initiative relative to collective effort (ibid). If a culture scores high on individualism, see *Exhibit 7*, it would emphasize personal achievement, innovation, autonomy, and adventure (ibid). Individualistic society, Danes as such representatives, means that individuals often put their own interests before their families and even neglect the needs of society. Individual achievement is highly valued and means success. It is important to note that people from some individualistic cultures believe that some universal values must be shared by everyone (Adler, N.J. 2008). This will be further discussed in the case of Denmark. On the other side, a culture low in individualism, in this case Japan, will promote
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group harmony, social order, and conformity in group relations (Holt, D.H. 1998). Such societies have collectivist behaviour and put high significance on family relationships. The group defines the member’s behaviour and this reflect in the Japanese saying “The nail that sticks out will be pounded down (Adler, N.J. 2008 p.51)”.


<table>
<thead>
<tr>
<th>Low Collectivity</th>
<th>High Self-determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for group harmony versus personal achievement</td>
<td>High concern for achievement and personal growth</td>
</tr>
</tbody>
</table>

*Uncertainty avoidance* is a dimension which deals with a society’s tolerance for uncertainty and ambiguity. If a culture is high in uncertainty avoidance the members of such society, (here are considered the Japanese) will seek to reduce ambiguity and would not feel comfortable in situations without clear structure. This is illustrated in *Exhibit 8*. Such societies reduce uncertainty by establishing a lot of formal rules and laws, rejecting unacceptable collective behaviour, valuing ultimate truth through searching for clarity in past and future events and providing their employees with career stability. In contrast, societies which put little value on any absolute truth, low uncertainty avoidance cultures, accept uncertainty easier. They tolerate ambiguity within their working place and have more informal environment compared to high uncertainty avoidance cultures. Such an example is Denmark. Low uncertainty avoidance societies also tolerate job mobility.


<table>
<thead>
<tr>
<th>Low Informal relationships</th>
<th>High Formal relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little regard for Structure or control</td>
<td>High regard for structure, rituals, and procedures</td>
</tr>
</tbody>
</table>

*Masculinity* versus its opposite, femininity refers to the distribution of roles between genders. A highly masculine society values decisiveness, assertiveness, and competitiveness, which reflect traditional manly values of control over events (ibid). In societies where the culture is masculine, as

---

Japan, men have the responsibility of having a job to support the family and the woman is the person who raises the families. Such societies emphasized career success (Adler, N.J. 2008). On the opposite side, see Exhibit 9, feminine cultures, as Denmark, put high emphasis on nurturing relationships and human interactions. In feminine societies women are seen more often among management positions. There is a less stressful environment in the organization and also companies are also concerned about women’s needs such as maternity leave and child care. Hofstede found out that organizations in feminine cultures put less value on individual achievement because of limited emphasis on organizational competition (Holt, D.H. 1998). These societies focus more on quality-of-life (Adler, N.J. 2008) and this concept is strongly emphasized in Scandinavian countries.


<table>
<thead>
<tr>
<th>Low</th>
<th><strong>Masculinity</strong></th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurturing relationships</td>
<td>Controlling relationships</td>
<td></td>
</tr>
<tr>
<td>Little concern for control, decisiveness, assertive behaviour, or competition</td>
<td>Assertiveness, decisiveness, and competitive behaviour</td>
<td></td>
</tr>
</tbody>
</table>

Long-term orientation versus short-term orientation is the last added fifth dimension of Hofstede’s model. Societies associated with long-term orientation value thrift and perseverance. A great example of long-term oriented society is Japan. Societies with long-term orientation respect tradition, have a sense of fulfilling social obligations, and “protecting one’s face”. Japan as such a culture strongly emphasizes work ethic and commitment to traditional Confucian values (Adler, N.J. 2008).

To illustrate the differences between Denmark and Japan, Exhibit 10 shows a comparison. Based on these graphs, the two cultures will be further analysed and interviews will be conducted to find out the reasons for the differences in each dimension and the impact they have on the communication between Danish and Japanese managers.

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5 http://www.geert-hofstede.com/hofstede_denmark.shtml
Exhibit 10. Geert Hofstede’s cultural dimensions for Denmark and Japan

The biggest limitation of Hofstede’s model is that it is based only on IBM personnel and even though it is global in scope it does not mean that IBM includes representatives from all societies. At first, it reflected mainly European and American values. This factor became a reason for Hofstede to extend the model to a fifth dimension for improving the accuracy of his representation of world societies. The new aspect of the model covered Eastern values, also called Confucian dynamism (ibid). Another limitation of Hofstede’s study is his conclusions based on behaviour for individual countries without taking into account subcultural differences or ideological orientations (ibid).

The Cultural Paradox

One of the disadvantages about Hofstede’s cultural dimension’s model and Hall’s definitions are that they cannot generalize for each single individual from a particular culture that he or she will exhibit the same features classified in the model and might not fit the descriptions. More recent theorists, Osland and Bird (2000), call such judging based on theoretical concept sophisticated stereotyping. They also argue that the managers in cross-cultural context need to recognize that the original classification and characterization of other cultures modifies as they gain more experience. When the managers realize that their understandings are incomplete and misleading their limitation of thinking is revealed (Osland, J.S & Bird, A. 2000). This is called cultural paradox. The right understanding about another culture is done through observing how values are interrelated in a specific context and acting accordingly to such a situation as a manager.

Classification about cultural behaviour is also made by Trompenaars who identified five dimensions of how people deal with each other. They also identify that Denmark and Japan are in the opposites of these categories (Clausen, L. 2006). The first category is universal versus particular and Denmark is a
culture following universal rules and for Japan more importantly are the rules in a specific situation. The second category is collectivism versus individualism – in Denmark individuals are more significant than the group while in Japan more importance is placed on nurturing family and group relationships. The third classification – emotional versus neutral – put Denmark as more emotional than the Japanese who do not lose face. The fourth dimension - specific versus diffuse – shows Danish as more direct in their communication than Japanese who are ambiguous.

Managers show respect and trust to their employees in different ways depending on the manager’s cultural background (Clausen, L. 2006). Managers from specific cultures focus on employee’s behaviour at their work place and managers from diffusive culture focus not only on the employee’s professional behaviour but also on their private life (Adler, N. J. 2008). As an example of diffuse culture Adler determines Japan and managers from such culture are required to provide housing to their employees. This, managers from specific cultures, as Denmark, do not believe to be necessary (Adler, N. J. 2008). The last classification describes achieved status versus ascribed status (Hampden-Turner & Trompenaars, 1998. p.29) – Danish managers hold a leading position because of their qualities and achievements and Japanese people earn a leading position due to many years of employment (Clausen, L. 2006). These studies can help in the present study as explanatory framework based on generalization of values. The disadvantage, however, is that uncertainty about the exhibited values in cross-cultural situation remains, since it cannot be concluded for each individual manager and each different professional situation.

Inspired by Osland and Bird, Lisbeth Clausen (2006) summarizes the “sophisticated stereotypes” in the Table 4.

Table 4. Sophisticated Stereotypes (Clausen, L. 2006. p.53)

<table>
<thead>
<tr>
<th>Generalizing Studies</th>
<th>Denmark / West</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hall (1959)</td>
<td>Low context</td>
<td>High context</td>
</tr>
<tr>
<td>Dimensions of communication and culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hofstede (1980, 1991)</td>
<td>Feminine</td>
<td>Masculine</td>
</tr>
<tr>
<td>Dimensions of national culture</td>
<td>Low risk avoidance</td>
<td>High risk avoidance</td>
</tr>
<tr>
<td></td>
<td>Individualist</td>
<td>Collectivist</td>
</tr>
<tr>
<td></td>
<td>Egalitarian</td>
<td>Hierarchical</td>
</tr>
</tbody>
</table>
All three approaches above are based on generalization of cultural values. Through generalization culture is oversimplified; however, this does not mean that the stereotype about a national culture fits the business context. These approaches are “snapshots” of a research study at a particular time, however, the intercultural work environment changes over time (Clausen, L. 2006 p.55-56). Current discussions have so far defined Danish and Japanese organizational culture based on their national cultures, although lacking the impact of culture and through generalization the complexity of communication is ignored. This study aims to explore what influence culture has in the communication between Danish and Japanese managers. Relying on stereotypes can provide a good base for becoming a successful communicator. Company culture, common practices, feelings of identity and values are important as a common base for understanding in the organization (Clausen, L. 2006).

### Cultural values

**Danish cultural values**

The Danish values can be summarized in table 4 made by Vagn Skov Saerkjaer. The Danish language is the essential feature of the Danish culture that they do not share with any other cultures. The petals symbolize rules and values that are common to some extent in other societies.

The Danish language gives the people identity and a way to express their thoughts and emotions not possible in another language. Denmark is also the longest-surviving kingdom on earth and for this reason the Danes are proud of their royal family. The Danish flag (Dannebrog) is the people’s flag. Danes accept it as theirs not as a belonging to the state. They are also proud of their ancestors – the Vikings, who were great sailors, warriors and traders. The Vikings had the vision that all of them are leaders and the same rule applies to the Danes today. This reflects the Danish view of management - they accept themselves as leaders and want to decide for themselves. The distance between the Danes and the authorities is very short. They accept the state as “theirs” and see themselves as responsible not as ordinary people. The Danish perception of democracy includes the right to be proactive, to ask.
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questions, and to be heard. They expect fair treatment even to the minorities in the community. Danes define themselves as individuals and are reserved to adapt themselves to a community. With regards to foreigners, the Danes prefer to keep their distance. They are hospitable but not sociable. Often they identify themselves with their work and have a feeling that is essential to contribute to the common good. They show solidarity to people in need of help, they see it as prestige to be busy and they like to have cosy time together (hygge). Being informal and modest is very Danish and a reason for them not to care about manners and politeness. Another value for the Danes is being employed and having a secure income. According to the model of Hofstede the Danish culture is classified as individualist. It is not a rule, however, that they cannot have collectivist understandings. An example of this is the Law of Jante, formulated by Aksel Sandemose in 1933, and currently applicable. The first commandment “Do not think that you are something” is used by the community to keep the individual close to the average conduct.6

Table 5. Danish values7

6 http://www.vagnskovsaerkjaer.dk/

Table 5. Danish values

The Danish language

6 http://www.vagnskovsaerkjaer.dk/
Japanese Cultural Values

As an extension of the Hofstede’s model is the fifth dimension added later to his work. It is also referred to as Confucian dynamism and can explain the long-term orientation of the Japanese culture. The elements of the Confucian dynamism are eight individual values. They are divided into four of higher importance and four that are less important. Those with higher importance are persistence and perseverance, ordering relationships by status and observing that order, thrift, and having a sense of shame or a self-effacing attitude. The relatively important values are personal steadiness or stability, protecting one’s face, respect for tradition and reciprocation of greetings, favours, or gifts. These have been summarized in Table 6. These values explain that group cohesiveness is enhanced by self-efficacy. Reciprocity is a social expectation; however it does not apply to business. Formal business relationships are the prevailing business connections in Japan (Holt, D.H. 1998).


<table>
<thead>
<tr>
<th>Elements of Confucian Dynamism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relatively Important</strong></td>
</tr>
<tr>
<td>Persistence or perseverance</td>
</tr>
<tr>
<td>Ordering relationships by status and observing that order</td>
</tr>
<tr>
<td>Thrift</td>
</tr>
<tr>
<td>Having a sense of shame or a self-effacing attitude</td>
</tr>
<tr>
<td><strong>Relatively Important</strong></td>
</tr>
<tr>
<td>Personal steadiness or stability</td>
</tr>
<tr>
<td>Protecting one’s “face”</td>
</tr>
<tr>
<td>Respect for tradition</td>
</tr>
<tr>
<td>Reciprocation of greetings, favours, or gifts</td>
</tr>
</tbody>
</table>

With regards to the deeper understanding of the topic of the relationship between leadership, communication and culture, and examining the theories in practice, the choice of an appropriate research design becomes important.

There have been many research articles comparing Eastern countries with Western societies based on their cultural differences. In most of the cases the comparison is between Asian culture and the United States. However, the relationship between Denmark and Japan has also become a point of interest especially for the Danish managers who expand their business in Japan. A considerable issue to be
taken into account for achieving success and avoiding conflicts is the different communication approaches coming from the national cultures. There is sound research about this topic, however, there has been little emphasis placing Denmark and Japan together in a particular context. There are more links behind communication that need to be explored. Communication also affects and is affected by the leadership style of the manager. This link will be further examined in the case of two Danish managers operating in Japan.

2. Method and Data Collection

2.1. Research approach

The choice of approach is influenced by the purpose of the present study and the central question of the research (Yin, 2003). First of all, the research question and the goal of this study have to be defined. The goal of the study is to understand how the Japanese and Danish managers interact and what situations they have experienced and in this way to answer the research question “How does management style influence the communication between Danish companies and their Japanese business partners?” The study aims to explore the perception of the Danish manager about his Japanese employees, and how different the Japanese management style is from the Danish one in practice. This also entails how this difference might influence the communication between both cultures. Arguments about the relevance, advantages and disadvantages of the existing research and the choice of the most appropriate approach in this case are described below.

There are two kinds of research – qualitative and quantitative research. To give reasons for the choice of research, as a starting point quantitative research and its limitations are discussed.

Quantitative method is relevant when a profile of a certain group has to be determined. This profile includes how often certain behaviour or attitudes occur inside the target group and how many of the audience expose it. It is number-based survey. Developing a quantitative method also allows testing of hypotheses which address cause and effect. The usefulness of such a quantitative research is demonstrated when it is carried out and thereafter analyzed and interpreted into small segments of information. This however, does not always present the ultimate truth because the contextual details can be missed and therefore it can only come across as a partially concrete research since the

\[\text{http://www.orau.gov/cdcynery/demo/Content/activeinformation/tools/toolscontent/quantitativemethod.htm}\]
influences, social and cultural backgrounds cannot be ignored when conducting the research. These factors impact on the formulation of questions and interpreting of the data (Flick, Uwe 2009 pp.13-14). In summary, the purpose of quantitative research is to provide a wide view across a large number of subjects.

Qualitative research allows for depth into the investigation within the specific researched context. This method gives an answer to a question by finding information about the behaviour, values, opinions and specific context of particular target group. Qualitative research seeks to explore the phenomena and in difference to quantitative research it gives more subjective results. Each interviewee will have their own opinion that might differ from the others. The aim of the qualitative research will be to give the participants the freedom to describe their answers and in this way the field will be explored more in depth (Flick, Uwe 2009). In contrast to quantitative methods, qualitative methods are flexible. With open-ended questions participants have the freedom to answer in their own words rather than with a simple “yes” or “no” answer. Such questions evoke more meaningful responses which are rich and give further explanations. People’s words and actions give data in the qualitative inquiry and this requires a method which will capture the language and behaviour of the interviewee.

The research will be based on qualitative method and the case design will be used to gain deeper understanding about the relationship between leadership style and communication approach that come from different cultural backgrounds. The purpose is not to generalize but to specify in the particular context the effects from and the causes for such relationships. It is also important to explore subjective perception of the Danish manager about their Japanese colleagues. These are the reasons provided for choosing qualitative research over the quantitative research.

2.2. Research strategy and Data Collection

The most appropriate way to answer the central question of the present study is by employing in the case design. The research questions are formulated in such a way as to answer the ‘how’ and ‘why’ of the cultural differences that exists between Denmark and Japan. Therefore, it is necessary to explore the reasons behind the behaviours for the Danish and Japanese managers and to also consider the situational factors in the design of the questions. The research takes place within Danish companies operating in Japan and consequently the results are biased from the Danish perception about the Japanese culture.
The semi-standardized interview

The other qualitative methods employed are semi-structured and unstructured questions for in-depth interview and open-ended questions in a questionnaire. Both methods will employ identical questions. The in-depth interview is chosen because it can reveal new insights through additional questions arising in the conversation (Flick, Uwe 2009). A telephone interview was conducted instead of face-to-face conversation due to a limit of travel resources. An online questionnaire was sent by mail to another manager with identical questions to those from the telephone interview. This method was chosen because the participant had an interest to take part in the study but the access to communicate with them in person was limited. The advantage to this was that an online questionnaire is seen as the latest trend when used in qualitative research and this was very useful in reaching the important people who took part in this study, since face-to-face or telephone interviews were not possible.

Since qualitative research gives subjective results it also insinuates that the interviewee has already complex knowledge about the topic (Flick 2009). Different kinds of questions are used to establish the interviewee’s theory about the researched topic. Open questions (For example: How can you describe you present Japanese colleagues?) can be answered immediately on the basis of the knowledge of the respondent. Theory driven questions (For example: How can you describe your leadership style?) are asked in regards to the used theoretical literature. During the interview additional questions may arise and the interviewer should be aware not to ask confrontational questions but carefully introduce alternative viewpoints (ibid).

Documentations as data

Since the study has a narrow sample documents as secondary data will be used. Documents may occur in various formats as notes, case reports, contracts, draft, remarks, reports, judgements, letters or expert opinions (Wolff 2004b, p.284). Documents are also reviewed as a means of communication. The employed documents in the present study are five corporate cases in Japan from the book “Intercultural Organizational Communication”. It is a study made by Lisbeth Clausen, an associate professor in Copenhagen Business School, who specializes in Asian studies. In her book she investigates the intercultural challenges in business communication between headquarters in Denmark and subsidiaries in Japan. She addresses the issues about doing business in Japan and explores organizations concerning the management of intercultural communication. She interviews managers from 5 companies (Bo Bendixen, Rosendahl, Scandinavian Tourist Board, Bang and Olufsen and
ECCOES). In connection with the study she also interviewed both managers from Danish and Japanese origin so the credibility of the results is higher. Other opinions about the business relations between the both countries she also gathers from the Chairman of the Danish Council for Trade and Industry and the Japanese Ambassador in Denmark. The cases will be used to compare the current findings with previous research and evaluate if significant differences exist.

2.3. Reliability and validity of data

As a criterion for evaluating qualitative research reliability needs to be specified further. Kirk and Miller (1986) describe reliability as the test of a method to repeat the same results on a constant basis and as the consistency of measurements evaluated at the same moment but using different instruments. Golafshani (2003) also argues that reliability is a more useful concept in quantitative research for validating the results. The testing of the idea in qualitative study relies more on the quality. Then, reliability in quantitative research has “purpose of explaining” while in qualitative study reliability is “generating understanding”. The different purposes of reliability lead Stenbacka (2001) to argue that “the concept of reliability is even misleading in qualitative research. If a quantitative study is discussed with reliability as a criterion than consequence is rather that the study is no good” (p.552). On the other side, Patton (2001), states that important factors for designing a study and collecting data are validity and reliability. Reliability is measured by the repeatability of the same result. The reliability sample includes three interviewed managers with telephone and e-mail interviews with identical questions and in this way the degree of reliability is increased. A way to increase reliability of the measurements in the present case is to check the categories developed in the open coding against other paragraphs in the same text or against other texts.

Establishing good quality studies define trustworthiness. Patton (2001) claims that reliability is a consequence of the validity of the results. Hammersley (1992), on the other side, argues that the validity of knowledge cannot be estimated with certainty and that phenomena exist independently from our assumptions about them. Then the aim of the researcher is not to reproduce reality but to represent it. A strategy to increase validity in the current research will be a mechanically recorded interview of one of the managers and the original detailed responses of the managers followed by examples of their professional experience (see Appendix with the interviews). The validity of the data, furthermore, is based on the theories employed in the present study and research design aiming to answer the problem statement.


2.4. The structure of the interview

The interview consisted of four parts with open-ended questions and semi-structured questions. The questions were formulated based on previous theoretical literature and questionnaires about leadership style, communication and culture. The first part of the interview included questions for familiarizing with the background of the respondent and their position. The second part included questions about the Danish company in Japan – their activity in Japan, kind of establishment and nationality of the employees. These questions were asked in regards to investigating the interest of the Danish business people for starting a business in Japan. The questions in the third section aimed to gain knowledge about the leadership style of the Danish manager, in this case the respondent. The questions were based on theoretical background and purposely asked about specific context as a focus on employees’ needs and structuring of tasks. The questions also considered decision-making and involvement of group members in this process. To clarify more about what type of leadership style the Danish manager has the relationship between managers and employees had to be explored. Questions about how the manager rewards and punishes their employees were also asked. The last part of the interview consisted of questions about the relations of the Danish business people with their Japanese colleagues. The Danish respondents had to describe their perception of the relationship with the Japanese. They had to give examples of situations they have experienced, what thoughts and feelings they provoked in them and why, and what they think is good to do in regards to reducing negative situations.

The process of conducting the interview and the choice of the sample has to be explained before analyzing the findings. The companies from the member list of the Danish Chamber of Commerce in Japan were contacted. Other companies were not contacted due to limited contact information. From the contacted companies most rejected participation in any projects, interviews or questionnaires due to limits of time or others simply did not reply. Three managers from different companies and different industries agreed to take part in the study and showed interest in the topic. Their interest made the topic worthwhile to be investigated. One of the managers was interviewed by phone and the questions were sent to him 12 hours prior to the interview so he could be familiar with them. The other two managers were interviewed by mail due to limitation of time. The answers are combined together in a table and summary of the findings is presented. The answers were coded and showed interesting results in the responses.
2.5. The interpretation of data

The analysis of qualitative data consists of identifying, coding, and categorizing patterns found in the data (Bryne 2001). The collected data from the interviews need to be interpreted and understood. An appropriate method for breaking down the data, conceptualizing it and putting it back together for revealing better understanding of the results is coding (Flick, 2009). Coding also is referred to as the ability to see at analytical level new concept, relations and categories. First the transcribed data is divided into parts. When the segments are established they are defined with symbols, descriptive words, or category names. There are three types of coding open, axial and selective. In the case of interpretation of the data in the presents study all three kinds of coding will be used. Through open coding names and codes to data are attached. After categorizing it further development in the analysis is axial coding. Relationships between the categories and their subcategories are developed and core categories are chosen through a paradigm model (Strauss and Corbin 1990). Selective coding continues axial coding at a higher level of abstraction. Grouping the data according to the paradigm model attaches to theory and conclusions about the relationship of the context conditions and the occurring event can be drawn more accurate (ibid). A potential problem can appear using this methodology of analyzing data. This is the endless options of coding and comparisons where many codes and comparisons may result. The researcher should be selective about the criteria on which coding is based, and more precisely the theoretical background. A summary of the interpretation of the transcribed interview and the e-mail interviews will be presented in the findings section after analysis based on open, axial and selective coding.

2.6. Delimitations

The following paper is quite narrow and focused within the context of Danish challenges while doing business with their Japanese colleagues. The sample is also quite narrow based around 3 managerial interviews conducted with managers from different Danish companies and industries currently operating in Japan. This means that it will be necessary for documents to be used as secondary data. These documents are 5 corporate cases written about Denmark and Japan by Lisbeth Clausen, who is an associate professor in the Copenhagen School of Business and specializes in Asian studies.
3. Summary of Findings

<table>
<thead>
<tr>
<th></th>
<th><strong>Mikkel Troen</strong></th>
<th><strong>Trine Egsgaard</strong></th>
<th><strong>Ib Hansen</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lundbeck Japan K.K.</td>
<td>Lantmännen Unibake Danmark</td>
<td>J. Lauritzen (Japan) K.K.</td>
</tr>
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</table>

**BACKGROUND OF THE RESPONDENT**

<table>
<thead>
<tr>
<th>Age</th>
<th>38</th>
<th>39</th>
<th>61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position in the company</td>
<td>Financial and administrative manager</td>
<td>CEO</td>
<td>President</td>
</tr>
<tr>
<td>Experience in Japan</td>
<td>7 years</td>
<td>Never</td>
<td>Approximately 10 years</td>
</tr>
</tbody>
</table>

**THE DANISH COMPANY IN JAPAN**

<table>
<thead>
<tr>
<th>Business activity</th>
<th>Manufacturer</th>
<th>Sale and distribution of frozen bread and pastry</th>
<th>Representative office</th>
</tr>
</thead>
<tbody>
<tr>
<td>A reason for expansion in Japan</td>
<td>Attractive market in the area of Central Neural Systems</td>
<td>Japan – the shipping center of the Far East; Building vessels at the Japanese shipyards; Looking after the vessels</td>
<td></td>
</tr>
<tr>
<td>Organizational setup</td>
<td>Subsidiary to Danish headquarter</td>
<td>Limited company (K.K.-Kabuski Kaisha)</td>
<td></td>
</tr>
<tr>
<td>A reason to establish specific kind of organizational setup in Japan</td>
<td>Not available</td>
<td>Charter vessels from Japanese owners and build high quality ships from Japanese shipyards;</td>
<td></td>
</tr>
<tr>
<td>Nationality of the employees</td>
<td>Majority of Japanese and 2 Danes (the company in Japan)</td>
<td>Majority of Danes and 20 other nationalities mainly from Asia (the company in Denmark)</td>
<td>Around 80% Japanese and the rest are Danish (The company in Japan)</td>
</tr>
</tbody>
</table>

**THE DANISH LEADERSHIP STYLE**

* (Danish perception)

<table>
<thead>
<tr>
<th>Description of leadership style in their own words</th>
<th>Flexible</th>
<th>Concerned about employees</th>
<th>Modern</th>
<th>Open</th>
<th>Devolution of responsibilities</th>
<th>Trustful</th>
<th>Co-ordinating</th>
<th>Encouraging</th>
<th>Coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on satisfying employee’s needs</td>
<td>Ensure satisfaction through a survey</td>
<td>High focus if it adds value to the company</td>
<td>High focus: Fully motivated staff =&gt; Team work =&gt; success in Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidance with regards to task completion</td>
<td>Depends on the individual</td>
<td>Only when necessary</td>
<td>Delegation of the task and allowance of independent work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Structuring the employee’s tasks</strong></td>
<td>Strict about deadlines but gives flexibility within it</td>
<td>Depend on the task and the employee; Trust employees about task completion;</td>
<td>The progression of the task is followed by meetings and coaching</td>
<td></td>
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<td>-------------------------------------</td>
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<td>-----------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>The process of decision making</strong></td>
<td>In Japan - hierarchy decision; but they ensure that they have the feedback of their staff.</td>
<td>Big decisions: Managing group (economy, supply chain, HR and sales/marketing directors)</td>
<td>The President’s decision is based on the feedback. The process of decision making includes trust in employees and some goals are reached in “non-western” style.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Final decision</strong></td>
<td>Depending on the decision:</td>
<td>The CEO: Trine Ib Hansen (The president)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A smaller decision – the head of the department</td>
<td>A strategic decision – the general manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Suggestions from group members</strong></td>
<td>Required prior to decision</td>
<td>Accepted</td>
<td>Highly appreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Advice from group members</strong></td>
<td>Expected</td>
<td>Accepted</td>
<td>Highly appreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group members involved in the decision-making process</strong></td>
<td>Expected</td>
<td>The managing group</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Solutions to problem</strong></td>
<td>Procedure for general problems</td>
<td>Solution oriented discussion + dialogue</td>
<td>• Japanese way</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual problems resolved between stakeholders and HR</td>
<td></td>
<td></td>
<td>• Work well together</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Don’t get upset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Don’t show anger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relationship with employees</strong></td>
<td>In Denmark – irony in communication and conversations on private matter; In Japan – more professional environment at work; private matter is not appropriate;</td>
<td>• Dialogue</td>
<td>Private matter is an unusual topic in conversation. However, Ib Hansen established closed relationships with his employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Up-front</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Open</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Punishment mistakes</strong></td>
<td>Never</td>
<td>No punishment</td>
<td>Never. Reasons for mistakes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorrect procedure – adjust it</td>
<td></td>
<td></td>
<td>• Lack of coaching</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual mistake due to experience or training – give more training</td>
<td></td>
<td></td>
<td>• Lack of direction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rewarding achievements</strong></td>
<td>Monetary bonus</td>
<td>Bonus and credit</td>
<td>• Symbolic bonus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Leadership, Culture and Management Practices – A Comparative Study between Denmark and Japan

<table>
<thead>
<tr>
<th>Carefully watching performance</th>
<th>Quarterly basis evaluation of performance</th>
<th>No</th>
<th>No, employees have responsibility for their performance. President’s door – always open.</th>
</tr>
</thead>
</table>

## RELATIONS BETWEEN DANISH AND JAPANESE BUSINESS PEOPLE (Danish perception)

<table>
<thead>
<tr>
<th>Japanese leadership style</th>
<th></th>
<th>Team work</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Hierarchical and top-down leadership;</td>
<td>● No competition at individual level</td>
</tr>
<tr>
<td></td>
<td>● independently taken decisions</td>
<td>● Strive to achieve common goal</td>
</tr>
</tbody>
</table>

### Difference between Danish and Japanese leadership style

<table>
<thead>
<tr>
<th>In the Danish leadership style the decisions are discussed with staff</th>
<th>The president is accepted as a leader. President’s task: goal is reached due to employees’ efforts.</th>
</tr>
</thead>
</table>

### How these differences impact on communication

<table>
<thead>
<tr>
<th>Danish communication approach - direct; Japanese communication approach - indirect (e-mail each other)</th>
<th>Language: English</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Simple word</td>
</tr>
<tr>
<td></td>
<td>● Speak slowly and clearly</td>
</tr>
<tr>
<td></td>
<td>● Written communication is suspiciously reviewed</td>
</tr>
</tbody>
</table>

### Challenges in communication between Danish and Japanese business people

<table>
<thead>
<tr>
<th>The language; The Japanese “yes”;</th>
<th>Language: English</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Simple word</td>
</tr>
<tr>
<td></td>
<td>● Speak slowly and clearly</td>
</tr>
<tr>
<td></td>
<td>● Written communication is suspiciously reviewed</td>
</tr>
</tbody>
</table>

### Reactions of the Danes to the Japanese communication approach

<table>
<thead>
<tr>
<th>Ask “how” questions to ensure what the Japanese mean</th>
<th>● Patience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Never get upset</td>
</tr>
<tr>
<td></td>
<td>● Receive criticism</td>
</tr>
<tr>
<td></td>
<td>● Honesty and confidence</td>
</tr>
<tr>
<td></td>
<td>“once you show dishonesty – you are finished”</td>
</tr>
</tbody>
</table>

### Improvement of the situation when they communicate

<table>
<thead>
<tr>
<th>● training</th>
<th>● open-mind</th>
<th>Feedback</th>
</tr>
</thead>
</table>

### Reduction of the negative situations when they communicate

<table>
<thead>
<tr>
<th>Ask more questions</th>
<th>If feedback is received situation is improved</th>
</tr>
</thead>
</table>

### Description of the

<table>
<thead>
<tr>
<th>Present colleagues are</th>
<th>Trust your</th>
</tr>
</thead>
</table>
Leadership, Culture and Management Practices – A Comparative Study between Denmark and Japan

<table>
<thead>
<tr>
<th>Japanese colleague</th>
<th>more open-minded, direct and supportive</th>
<th>colleague</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Never ask for details not related to your business</td>
</tr>
</tbody>
</table>

Expectations of the Danish manager when they communicate with their Japanese colleagues

<table>
<thead>
<tr>
<th>Trust</th>
<th>• Patience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Speak slowly and clearly</td>
</tr>
<tr>
<td></td>
<td>• Balance</td>
</tr>
<tr>
<td></td>
<td>• Show honest face</td>
</tr>
</tbody>
</table>

The Danish approach to communication

<table>
<thead>
<tr>
<th>Indirect and polite with communication with Japanese; Polite phrases before you start a conversation with Japanese</th>
<th>The Danish direct communication approach is perceived as arrogance by the Japanese</th>
</tr>
</thead>
</table>

The Japanese approach to communication

<table>
<thead>
<tr>
<th>Japanese have long term-orientation</th>
</tr>
</thead>
</table>

4. Analysis

Three managers have been interviewed. They represent different Danish companies from different industries. The analysis is divided in sections corresponding to the findings in the table from the previous section.

4.1. Respondents

Mikkel Troen, *Lundbeck*

Mikkel Troen is a financial and administrative manager of the subsidiary of *Lundbeck* in Japan, a manufacturer in Tokyo. The company is a researched-based company specializing in finding new drugs to treat central neural system disorders. The interest to start a business in Japan, Mikkel Toren claims, is the attractiveness of the market in the area the company operates. The subsidiary in Japan has a majority of employees with Japanese nationality.
Trine Egsgaard, *Lantmännern Unibake Danmark*

Trine was interviewed only in regards to her leadership style since she does not have personal contact with Japanese workers even though the company has representative office in Japan. She is the CEO of *Lantmännern Unibake Danmark*, a company involved in the sale and distribution of frozen bread and pastry. The majority of workers in her company in Denmark are Danes and other nationalities mainly from Asia.

Ib Hansen, *J. Lauritzens*

Ib Hansen is the President of the representative office of *J. Lauritzens K.K.*, a limited company in Japan. The company is a leading supplier of ocean transport solutions for the past 125 years and provides a broad range of shipping services. Hansen has around 10 years of experience as a President of the company in Japan. The attractiveness for the expansion to Japan is that Japan is the shipping center of the Far East. The Lauritzens’ activity there is related to building vessels at the Japanese shipyards and looking after the vessels when they approach the Japanese port. The major nationality in the company in Japan is Japanese and little Danish.

### 4.2. Leadership Style and Decision-making Process

“Flexible” and “taking care of the employees” are the terms with which Mikkel Troen defines his own leadership style. In regards to satisfying employees’ needs the company conducted a survey to determine the areas for future improvement. The guidance provided in regards to task completion depends on the individual – some need more guidance and other less. The financial manager says that he is strict about structuring the tasks because they have deadlines for task completion but he gives and even encourages flexibility of performing tasks within the limited time. The usual decision-making in Japan is hierarchical; however, the Danish manager wants to ensure that all employees receive input prior to confirming a decision and that he receives feedback. Smaller decisions are taken by the head of the department and strategic decisions are made by the general managers. Suggestions from relevant stakeholders are required prior to a decision and advice from group members is also expected. Suggestions are even important before taking a decision because the company wants their stakeholders to be in consensus with the decision and not changing it later. Troen also says that they want their
employees to be proactive in the decision-making process and aggressively to defend their opinions in a timely matter.

The solutions to problems depend on the nature of the problem. There is a general procedure for solving problems or in case of an individual problem it is resolved between the stakeholders and HR. Small mistakes made by employees are not punished. The company has the decision over free time at the work place. They cannot have a break whenever they want. A person cannot be fired because of the strict Japanese law about employment. Troen, moreover, implies they never punished their workers by deducting of their salaries or firing them. The reasons for mistakes, he claims, are incorrect procedure that needs to be adjusted and lack of experience or training. If the latter, they ensure that the mistake will not be repeated through providing the necessary training. Achievements are rewarded by monetary bonus depending on the performance of the employee. The performance of the workers is evaluated on quarterly basis.

The Danish manager’s view of the Japanese leadership style is a hierarchical and top-down management. Decisions are taken independently in contrast with the Danish leadership style where the decisions are discussed with the staff. The financial manager describes his present Japanese colleagues as more open-minded, direct and supportive than those colleagues in his past experience since he worked for three different traditional Japanese companies. He also expects trust when they work together and clear answers and truth if there is a problem.

Egsgaard defines her leadership style as modern, open, delegating responsibilities and trustful. She puts high focus on the employees needs especially if this also adds value to the company. She gives guidance to task completion only when this is necessary and also trusts the employees with their responsibilities. The final decisions are taken by her; however, suggestions and advice are also accepted by her managing group. In the relationship with her employees she describes herself as upfront and open and if there is a problem she resolved it with a dialogue. Her leadership approach does not include punishing mistakes, neither watching carefully the performance of her employees. She rewards the achievements in her company with bonuses and credits.

His leadership style, Hansen describes as co-ordinating, encouraging and coaching. He, also as a president, sees himself responsible about the employees’ needs. What he claims as important for success in Japan is the team work and to make it possible motivated employees are necessary something which he perceives himself as responsible for. After he delegates a task he expects
independent work in regards to task completion. The progression of the task is followed by meetings and coaching. The president’s decisions are based on the feedback he receives from his staff. He trust employees in the decision-making process especially when some goals might be reached in “non-western” style. The president has the final decision and he also appreciates suggestions and advice from group members involved in the decision-making process. Problems are solved in the “Japanese way” and harmony needs to prevail. He gives examples as working well together, not getting upset or showing anger. Although, private matter is an unusual topic in conversations at the working place in Japan, Hansen established close relationship with his employees. He never punishes mistakes and finds the main reasons for failing to be the lack of experience or the lack of direction. The president also rewards achievements with symbolic bonus, dinner or company trips. He does not carefully watch the performance of his employees but his door is always open and even the walls of the offices are from “see-through” glass. Ib Hansen describes the Japanese management from his point of view as team work, no competition at individual level and to strive to achieve a common goal. He does not compare the Danish and the Japanese leadership style but he is the acknowledged president in the Danish company in Japan and his task is to show that the goal is reached due to employees’ efforts.

4.3. Communication Approach

In regards to the relationship to his employees, Troen finds limitation in the communication with his Japanese colleagues. He usually uses irony in the conversation with his Danish workers and can also talk freely about topics on personal level. It is the opposite in Japan. There, he claims, the work has more importance in the life of the employee, the work environment is more professional and the private material is not appropriate. He claims that he needs to use polite phrases before he starts a conversation with a Japanese colleague, otherwise his approach is perceived as arrogant. This is because the communication approaches differ – the Danish are direct and the Japanese are indirect. Troen, moreover, claims that the Japanese workers in his company usually e-mail each other even if they sit near and he expresses his negative attitude to such indirect kind of approach even though this is the normal Japanese communication style. The challenge in the communication with the Japanese culture, the Dane defines as non-clarity. It comes from the language barrier because the Japanese do not have “yes” in their language. Troen knows Japanese language; however the communication in the company is in English and the Japanese employees have additional training to improve their English. The communication is in English, however, the Danish manager needs to ask more questions if he receives a “yes” answer to ensure that the issue is understood and to reduce negative situations. He
defines as important the understanding of the cultural differences through training and being open-minded especially when they work in international company. The understanding of the Danish culture by the Japanese employees, especially those who communicate daily or weekly with the Danish headquarters, is significant. The Japanese managers are encouraged to visit Denmark at least once per year.

The challenges Ib Hansen finds in communication are the language and the cultural differences. He knows Japanese but the used language to communicate in the company is English. He explains that speaking simple words, slowly and clearly will ease the communication. Difficulty due to cultural differences he mention is the written communication. The problem comes when Japanese read a message and they do not interpret it literally but try to find “what he is really saying”. The Dane also explains his reaction in the interaction with Japanese. Patience is important for conducting business in Japan as it takes more time than a business deal with U.S. Other important reactions are not getting upset and being open to criticism, no matter if it is true or not. Honesty and confidence are also important because a single situation of showing dishonesty can end relationships. Feedback is a solution for improving communication. The Danish president trusts his Japanese employees and recommends that they are never asked about any details not related to one’s business. He expects from his Japanese workers in the communication to show patience, to speak slowly and clearly, and show honest face.

5. Discussion

Within the larger context of global trends and competition, the rules of the game for the international manager are set by each country with regards to: the country’s political and economic agenda, its technological status and level of development, its regulatory environment, its comparative and competitive advantages, and its cultural norms (Deresky 2006). The manager needs to analyze the new environment and anticipate how it may affect the future of the home company, and to develop appropriate strategies. Then, the manager can plan and manage operations and people in a way which are appropriate to specific situations, such as: local regulations and expectations regarding employment and staffing, the availability of skills and technology, norms regarding work output and expectations, and ethical behaviour (ibid p.17)
5.1. Interest for Japan

The managers were asked to explain their motives for expansion in Japan in regards to explore the reasons why the companies wanted to start up a business in Japan the managers were asked to explain the motives for expansion there. The main reasons that were given by the respondents are the attractiveness of the market in the industries they operate.

Lundbeck has established a subsidiary in Japan in 2001. The general manager of the subsidiary in Japan states that the Japanese system of drug approval is the strictest in the world and it requires long investment. Despite the difficulties, Lundbeck succeeded to establish their business there. In the last issue of their annual magazine they give Japan as an example of a country where access to treatment of health disorders is improving. From the data given by the health organization the health budget in Japan in 2006 was only 3%. The result a few years later, in 2010, shows that it increased significantly to 7.5% of the GDP in Japan.

J. Lauritzen has been operating in Japan for more than 27 years. One of the Group Presidents & CEO and an interviewee in the present study, Ib Hansen, gives reasons for starting the business in Japan. He emphasizes the strategic importance of Japan as the shipping center of the Far East and establishment due to some of the world’s most important charterers, trading houses, ship owners and shipyards. Another member of the Group of the Presidents, Mr. Torben Jahnholdt, says in a press release that the company appreciates the exceptional strong relationship with Japan in regards to shipping. He states “we admire Japan and Japanese way of doing business and it is an ideal partnership that we highly appreciate”.

It is also interesting to consider the response of the Japanese Ambassador in Denmark, Gotaro Ogawa, in an interview conducted by Lisbeth Clausen (2006, p. 11) about the Danish business in Japan. He claims that the Danish business people are doing better compared to other nationalities. As a reason for his statement he shares his impression that the Danish business people highly appraise the human relations when conducting business. He continues explaining that the Danish managers successfully establish mutual confidence in their business relationships with the Japanese partners.

10 http://www.visualeconomics.com/healthcare-costs-around-the-world_2010-03-01/
Both companies – Lundbeck and Lauritzen have majority of Japanese employees in their subsidiary and representative offices, respectively - in Japan. To dig deeper in the causes for the successful partnership between both countries, the organizational relationship between the Danish business people and their Japanese colleagues will be discussed in the following sections.

5.2. Danish Leadership Style vs. Japanese leadership style

The Danish managers were asked to describe their leadership style in their own words. What links up the responses of the three Danish managers are their views on open, trustful, encouraging leadership style, and concern about employees. To expand further on their primary responses they were asked questions about the satisfaction of their employees’ needs and the structure of the task.

Focus on satisfying employees’ needs

Mikkel Troen claims that they place a lot of focus on satisfying their employees in their company. In order to identify in which areas they have to improve the company conducts a satisfaction survey on a yearly basis. Similarly to Mikkel Troen, Trine Egsgaard shares the same view about employee satisfaction if this also adds value to the company. Ib Hanses emphasizes that if one wants their company to be successful in Japan this could be accomplished by team work. He points also to a reason for accomplishing team work to be the case when “your staff is fully motivated” (Appendix 3). He sees his task as President to be unconditionally trusted and anticipating the situations “to learn and feel what is going on” (ibid). If a brief conclusion can be drawn from the above statement this could be the high focus on satisfying employees’ needs since human factor is seen as main reason for doing successful business, especially in Japan. This kind of leadership style could be considered in the model of the Ohio State as high consideration about employees.

Structuring the task

The next important aspect to be discussed is the guidance with regards to task completion. Troen clearly states that it depends on the individual because some of them require more guidance and others less. Egsgaard gives guidance only when this is necessary and Ib Hansen delegates the task and allows autonomy of work on the completion of the task. Hansen adds that this is sometimes followed by
meetings which aim to check if the process is progressing in the right way and currently coaching is given. Comparing the responses it can be concluded that independent work by the employees is expected and guidance is given only when it is needed.

In regards to structuring the tasks, Troen says he is strict because they have tight deadlines every month. For the tight deadlines they set a procedure and employees also have possibilities to complete the task. For the rest of the deadlines the employees can have more flexibility. Employees are encouraged to be flexible. Egsgaard, on the other hand, says that structuring the employees’ tasks depends on the task and the employee, although she prefers to trust her subordinates with a given task. Hansen’s way is to allow independent work after he delegates the tasks. All of the managers clearly prefer to give their subordinates flexibility and autonomy, to decide how to do their work when they are given tasks.

Similar opinion about the Danish leadership style, Tanja Ibsen Noerskov, a trainee of Scandinavian Tourist Board shares in her view during her stay in Tokyo:

*Scandinavian culture is a part of the Scandinavian management style, which is characterized by flexibility, the way you expect employees to work independently, and also the way you reward them with freedom, responsibility and decision making.* (Clausen, L. 2006 p.151)

Such answers would score the structuring of the tasks by the Danish managers as low. Creating a personal and friendly environment, low structuring of the tasks and high consideration about employees would place the Danish manager with supportive leadership style in the Ohio State model (see exhibit 2).

On the other side, the view of the Danish manager about the Japanese leadership was described as top-down and hierarchical. Mikkel Troen says “The manager has an idea on how you should do this and he says you have to do this” (Appendix 1). Such descriptions lead the Japanese leadership style to score high on structuring tasks in the Ohio State Model. Troen also claims that the Japanese manager has little feedback and discussion with the employees. Little consideration about the employees’ opinions and high structure about task completion would place the Japanese leadership style as directive in both House’s path-goal theory model and the Ohio State model. This, however, is controversial with the arguments of Holt (1998, pp.746-749), who argues that Japan developed the opposite – bottom up decision-making approach and the Japanese leadership approach is more participative and employees are involved in decision-making and team building. In practice, the
findings of this case show that this is not always true and a reason for such a difference can be explained by the personal leadership approach from an individual and the context they operate in.

Ib Hansen states that the Japanese work in a team and that “there is no competition between them but they strive to carry out their task together across the organization” (Appendix 3). Hansen is responsible for the external stakeholders. He is the acknowledged and accepted leader in the Danish subsidiary with majority of Japanese and his word is final. To keep balance in the company he states that it is important to show his subordinates that “the goal is reached due to their efforts” (ibid). He gives as an example the case of making the administration budgets at his company when they take too long to be prepared they involve their employees in discussion to propose how the company can do things differently in order to reduce time and cost. Such situations allow the workers to feel as part of the decision making process and to contribute with ideas. Consultative decision making would place the leadership style of Hansen as supportive in the House Path theory and the Ohio State model.

**The Danish Approach to Decision-making**

Asked to describe their leadership style the Danish managers gave different answers regarding the country they operate in. The financial manager of Lundbeck shares that in Japan the decision-making follows a hierarchy approach and also calls it “the top-down” decision. He emphasizes, however, that in their company it is important to ensure that the groups and the employees within the teams are properly informed and give their detailed feedback before making a decision. The smaller decisions are made by the head of the department and the strategic decisions are made by the general manager. Mikkel Troen shares his own perception of leadership style as “…more open. Before taking a decision I would discuss with my staff to give them input and they make a decision” (Appendix 1).

The CEO of Lantmännen Unibake Danmark, also says that the big decisions are made in their managing group where economy, supply chain, HR and sales/marketing directors are represented. The final decisions are discussed in the managing group and are taken by the CEO (Trine). The president of J. Lauritzen, Ib Hansen, also emphasizes that his decisions are based 100% on the input he receives. However, there are situations in which decisions are taken in the “non-western style” and that is why they trust in their employees. The final decision is taken by the president. With regards to the Danish leadership style, it can be concluded that they want to discuss a decision with their staff before they finally take it and in fact, the CEO has the final word. Involvement of the group members are highly
appreciated in decision making. In the Danish subsidiary and representative office in Japan it is even required or expected and employees are encouraged to be proactive in the discussion and “aggressively” to defend their opinions on timely matter, which can be described as traditional Japanese style (Holt, D.H. 1998). And in Lantmännen Unibake in Danmark, suggestions and advice are acceptable but the decisions are made by the CEO, Trine Egsgaard.

The hierarchy structure has also made impression on the first meeting of Bo Bendixen, the president of a company specializing in the graphics product and services, with his Japanese partners when establishing business in Japan. He says “Everyone showed a great deal of respect for the president and the executives who surrounded him. There was an evident hierarchical order...” (Clausen, L 2006 p.82) This contrast can be explained by the difference in the power distance. Denmark was earlier discussed as a country with social integration and little concern for hierarchical status. Japan, on the other hand, is with high power distance which means that they are social differentiated society and there are concerned significantly for hierarchical status. Tanja Ibsen Noerskov, a trainee in Scandinavian Tourist Board, also shares her impressions from the staying in Japan:

*The Japanese employees are dedicated and hard working. They focus and seem more disciplined in their physical posture, for instance the way the sit up straight at their desks. There is a form of authority which is simply a part of the ambiance among the Japanese. They laugh and joke in a while, but they seem to have another level of respect for those who are their leaders or top managers... (Clausen, L. 2006 p.151)*

This would mean that the Danish manager in Japan has to be ready to work in hierarchical structured company and accept the hierarchical order decisions.

In summary, from the findings in the discussion above, it can be concluded that consultative decision making process places the Danish leadership style as supportive in the Ohio State Model. On the other hand, from the opinions given by the managers that Japan has hierarchy decision-making process and top-down structure, high structuring of the tasks and little consideration about employees’ opinions in decision-making can place Japanese as directive leadership style (see exhibit 2, p.11).
5.3. The Danish managers and their subordinates

The problem-solving process

Danish managers were asked how they solve problems in their companies. While in Denmark, Trine Egsgaard shares her way to find solution to a problematic situation is through solution orientated discussion and dialogue, in Japan the Danish managers have slightly different points of view.

Mikkel Troen says that the solution to the problem depends on the nature it comes from. If it is a general problem they have procedure. If it is an individual problem, for example between a manager and another individual, they have to resolve it between themselves otherwise it is resolved between the stakeholders and HR.

Ib Hansen claims that in the company with the employees the problems are solved in the Japanese way. He says:

*In Japanese offices the word 'harmony' prevail. Harmony means, work well together, don't get upset and don't show anger.*

*Of course, there are situations that needs to be attended to and dealt with, but NOT in the office. The closer you are to your employees the better you can feel if there is tension or a problem. If you sense an upcoming problem you discretely ask the person to meet you at a coffee shop, away from the office and you have a talk there. On regular basis you also take few or all of your employees out for dinner and drinks (even if no problems exists).*

*Karaoke bar is well liked, simply to listen and understand what is going on. Whatever is said that evening, maybe as a result of some drinks, is forgotten the next day and never talked about again!* (Appendix 3)

Discussion toward solution is the main point in the respondent’s answers. What differs is if the discussion will be only solution oriented or the way problems are solved will have to respect some social norm, hence, the harmony in Japan.

Interesting enough different patterns in practice with regards to the relationship with employees was revealed in the answers of the respondents. They share the view that in Denmark the relationship with their subordinates is dialogue, up-front and open. Mikkel Troen even compares both relationships with his employees in Denmark and in Japan. He contrasts them on conversation’s topic. In Denmark, he gives as example, irony which is frequently used in communication and having conversation with colleagues about private matters. Conversations on private matter, however, are not appropriate in the
subsidiary in Japan. On the other side, in Japan he claims, that the job has a more important role in employee’s life and the work environment is more professional. The Professional work environment in Japan can be described by the high uncertainty avoidance and since the Dane come from a culture with very low uncertainty avoidance this can create situations of inconvenience and misunderstanding. The Danish manager should be ready for the challenges of hierarchy.

An interesting example is the relationship of Ib Hansen from Luaritzen with his employees. He feels his employees are very close and they often go to him to talk on private matter which is unusual practice from the Japanese. Usually, the Japanese would keep the private matter for themselves. It could be argued that building strong personal relationships with the Japanese subordinates based on trust can break the cultural stereotypes and bring another dimension of communication, not only intercultural but interpersonal interaction. This was also discussed by the Japanese ambassador earlier, who emphasized the significant similarity between Danish and Japanese business people – both concerned about human relationships.

**Attitude toward performance of employees**

Danish managers share the view that they never punish mistakes. The Financial manager of Lundbeck says that they do not use the traditional way to punish mistakes: deduct the salary or warning. He also mentioned that the Japanese labour law is very strict and makes it difficult to fire people. What they do in their organization to ensure that mistakes will not repeat, they find the reason for it. If it is general mistake then the procedure is not correct and it needs to be adjusted. If it is individual mistake – the reasons are lack of experience and training. To prevent it of happening again, the staff members are given the necessary training. Ib Hancen, the CEO of J. Lauritzen in Japan, also shares that mistakes in his company happen because of his lack of coaching or directions he gave.

Rewarding achievements is different from company to company. In Lundeck they reward achievements through a monetary bonus depending on individual performance. In Läntmannen Unibake in Denmark they motivate workers through bonus or credit and in J.Lauritzen in Japan they recognize achievements with symbolic bonuses, dinner, and company trips.

The interviewed managers, moreover, denied the notion of carefully watching the performance of their subordinates. In Lundbeck they evaluate their performance by evaluation the system every quarter and
in J. Lauritzen in Japan employees are given the responsibility for their performance. The wall and the
door of the President’s office are from “see-through” glass and his door is always open for the
employees if they need guidance

5.4. Challenges to communication

Direct vs. Indirect communication

Hall’s model already defines Denmark as low context culture and consecutively with direct way of
communication (Exhibit 5, p.19). Japan, furthermore is determined as the highest context culture in
Hall’s model and they employ indirect approach when they interact with people. To check and
illustrate this in practice, the interviewed managers were asked to describe how they feel this
difference and what their thoughts are when they communicate with their Japanese colleagues.

Mikkel Troen shared his opinion about traditional way of communicating in his company. He says that
they are small company and even when the Japanese sit next to each other they e-mail the other person
instead of directly talking to them. No face-to-face interaction is how he describes the traditional
Japanese communication. The financial manager also expresses his negative attitude “I don’t like that”
(Appendix 1) to such kind of interaction between people and gives a reason for his personal preference
“Instead, I go and talk to the person directly” (ibid).

In regards to the indirectness of the Japanese, Ib Hansen also shares his experience.

I learned from other companies and admittedly also experienced it myself in my early days that when
you try to involve colleagues and write mail to them then they would read the message and in the back
of their mind be suspicious. They would not read it as what the content says but read it thinking “what
is he really saying”, not in a positive manner but very negatively. (Appendix 3)

Such situations can be described by the fact that the Japanese are high-context culture and usually they
look for a meaning within the context. Another explanation is also that Denmark is a specific culture
and they say what exactly and concretely is meant, however, the Japanese are diffuse culture and tend
to be more ambiguous in their communication. A way to understand that the context states what is
literally written the Japanese needs to consider the sender of the message. If the Japanese business
person knows that the other side of the communication comes from a low-context culture and tends to
express directly then negative situations and additional tension will be reduced. This can be overcome
by practice and experience.
The verbal language

The first barrier that the managers share in common is the language. Although, they know Japanese the communication process in the companies is in English. This makes it confusing since both – the Danes and the Japanese are not native English speakers and some of them need additional training. This, Troen considers as a way to improve verbal communication. Ib Hansen, moreover, recommends carefully employing of words in communication – “never use complicated words, speak slowly and clear” (Appendix 1).

Another issue from the verbal communication Troen points is the potential situation of misunderstanding. Sometimes, he feel that when he speaks with his Japanese colleagues they “don’t really say anything” (ibid) and he cannot always recognize what they mean through their body language that is why in Lunbeck they train their employees to say what is on their mind. The aim is that the Japanese workers do not simply answer with “yes” but to challenge in a discussion. What Troen means by the Japanese “yes” is not the same meaning as he is used to. He explains that “the Japanese language does not have yes” (ibid) and a way to ensure that the Japanese understand what their Danish manager wants from them is not to ask questions with “yes” and “no” answers but asking the question differently as “how do you understand this...” or “how can you...” (ibid). In this way asking “how” questions will clarify the meaning in the conversation and will avoid potential situations of misunderstanding.

In comparison to the Table 3, p.16, the findings of the present research confirmed most the findings from previous studies with the with little differences. First, the Japanese leadership approach from the current findings scored as directive and previous study (Holt, D.H. 1998) explain it as bottom-up. Another interesting difference in practice is that usually the Japanese employees does not talk on private matter at their work place, however, the Danish manager build strong personal relationships with them and make them convenient to speak about private life.

Differences are the ones that are summarized in the table below. The similarities confirmed the same – both cultures avoid confrontation and are negotiation oriented.
**Table 7.** Differences and Similarities between Danish and Japanese Leadership styles (based on findings in the present paper)

<table>
<thead>
<tr>
<th>Differences</th>
<th>Denmark</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consideration about employees</strong></td>
<td>High focus</td>
<td>Little focus</td>
</tr>
<tr>
<td><strong>Structuring of tasks</strong></td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td>individual achievement is recognized</td>
<td>No competition between teams</td>
</tr>
<tr>
<td><strong>Attitude towards work</strong></td>
<td>flexibility</td>
<td>discipline</td>
</tr>
<tr>
<td><strong>Attitude towards authority</strong></td>
<td>Little concern</td>
<td>Respect authority</td>
</tr>
<tr>
<td><strong>Decision-making process</strong></td>
<td>Discussed with the employees</td>
<td>Independent decisions are taken by the leader</td>
</tr>
<tr>
<td><strong>Topic in conversation</strong></td>
<td>private matter is common topic</td>
<td>Private matter is not a usual topic at the work place</td>
</tr>
<tr>
<td><strong>Punishment</strong></td>
<td>Mistakes are not punished</td>
<td>Lie and try to cheat means the end of the business relationship</td>
</tr>
<tr>
<td><strong>Communication approach</strong></td>
<td>direct</td>
<td>indirect</td>
</tr>
<tr>
<td><strong>The meaning of the word “yes”</strong></td>
<td>Literal meaning</td>
<td>Context meaning</td>
</tr>
</tbody>
</table>
5.5. **Recommendations**

To do business successfully in Japan, Ib Hanses recommends three key factors: “*patience, never get upset, receive criticism*”. Not loosing face in the Japanese culture is important since they are neutral culture scored at the model of Trompenaars. He based his statement on the fact that doing business with Western culture, more specifically with an American culture, compared to Japan business progress immediately and quick deals are expected. This is the opposite when conducting business in Japan, that is why Hansen says being patient and not getting upset are important for success in business deals with Japanese. He further illustrates better the picture of negotiating with Japanese and clearly states what is accepted and what is forbidden.

*If you want to do business your customer needs to have clear picture of what you stand for. The client needs to approve you as sincere, honest and genuine person. This cannot be accomplished through one meeting, but often it can take years through several meetings, during office hour or better in the evening. Once you have obtained your clients confidence the road is open for doing business. If you just one time show dishonesty or are caught in trying to cheat, YOU ARE FINISHED.* (Appendix 3)

Honesty and protecting one’s face are part of Confician dynamism and have importance in the Japanese culture. This is a reason for the foreigners to be judged by these criteria which gives the Japanese an idea of first impression and a base for building an opinion about the person in front of them. What is unacceptable in the Japanese culture is to lie and cheat. Hansen, explains an example further about the consequences of such situation. A friend of his became an innocent victim in serious problem between an overseas company and Japanese counterpart. Living for 25 years in Japan, married to a Japanese woman, he shares with Hansen: “*I know in the near future I cannot do business in Japan, and by near future I mean 15-20 years*” (Appendix 3). Dishonesty is not acceptable even in the Danish society, however, in Japan is not only unacceptable behaviour but also harshly punished.

Discussing the topic for potential situations of conflict due to different communications approaches employed by the two cultures, Troen gives more examples. To illustrate better the present situation of clashing of different communication he retells the perception of the Japanese about his way of approaching them. He sees himself as very direct in his communication and from the Japanese point of view this is seen as arrogant. Troen shares his recent experience:
...last week I have experienced a Japanese employee said to me that I am arrogant, very directive in my speech. And the reason that she thought that I am arrogant was because I was direct... because I don’t say “please” or “do you have a minute” (Appendix 1).

What he gives as recommendation to avoid such situations is to differentiate the person who one communicates with. In communication with Danes he can directly start a conversation, however, in communication with Japanese he needs to employ polite phrases as “Please, do you have a minute” before he starts a conversation otherwise he can be perceived as rude, affect the Japanese employee and on the other hand not receive the information he needs from his subordinate.

In the business relations with Japanese employees, the Dane sees them as long-term oriented, they scored on Hofstede’s fifth dimension about term orientation. On the other hand, the financial manager of Lundbeck claims that his view about the business relations with the Japanese is also long-term oriented. One of the Japanese workers at Bo Bendixen, Ai Kawanami, in an interview with Clauses says:

*Japanese people are sometimes shy and afraid to talk to foreigners...It seems like we rural people in Japan fit well with Bo Bendixen’s atmosphere and his personal character and that is why we can maintain such a long-term relationship.* (Clause, L. 2006 p.98)

This means that the leader is the person on who has to nurture relationships and in this way ensure longer-term business relations.

Other ways to improve communication in Lunbeck, the financial manager says, is being open since they work in Danish multinational company. What the company does is to provide necessary training and keep on training continuously the employees on their meeting to understand the cultural differences. It is significant to understand those differences, and especially the Danish culture, because the Japanese workers communicate daily or weekly by e-mail or telephone with the Danish headquarters. More specifically, to understand the Danish culture, the Japanese managers are encouraged to visit Denmark at least once per year and the rest of the employees are still advised but not required to do it so often.

Having worked for three different companies in Japan, Troen claims that an important factor for understanding cultural differences is also the company’s culture. Lundbeck, furthermore, is based on trusting employees and expectation that the subordinates say the truth. The Lundbeck’s managers
expect also that their workers give clear answers and warn if there is a problematic situation. Comparing his present Japanese colleagues with his past in his experience, Mikkel Troen describes his current business colleagues as “more open-minded”, “direct”, and “supportive” (Appendix 1). He gives example with his current Japanese colleagues as “more international-minded and everybody in the office can speak English” (ibid) compared to the more traditional Japanese companies he worked before. He sees the leadership style of his present Japanese colleagues as more supportive than directive. Although, by the previous description that Mikkel Toren gave of his Japanese managers can be argued that they employ more directive techniques in their leadership style, his last statements about internationalizing in their company can lead to see Japanese management from another point of view – as more supportive due to multiculturalism and open-mind.

On the question “how would you describe you present Japanese colleague”, Ib Hansen answers “Fantastic. I could trust them without hesitation” (Appendix 3). He claims that the spoken word is as important as the written and if someone makes a promise they will keep it. What he advises is not to ask about details “not related to your business. That would be to go two steps backward”.

Successful leadership has to fulfil three needs according to Brooks (2009 p.170): (1) successfully conduct tasks, (2) satisfy individual’s need, (3) maintain teamwork. In regards to successfully conducting tasks the Danish managers delegate the task and leave the responsibility of the employee to work independently. On the other side, the Japanese have another approach of strictly structuring their employees’ tasks. Satisfying employee’s needs, the Danish managers improve the areas of dissatisfaction of their employees, build personal relationships with them, give guidance and training when necessary and reward achievements with monetary bonuses or symbolic rewards and company trips.

6. Conclusion

6.1. Future Research

The topic of comparing the leadership style between the both cultures is very broad since more fields within the management can be explored. The present paper has limitations due to the bachelor thesis requirements and its main aim is to provide a snapshot of the leadership style of Danish managers and
especially to emphasize the managerial approach of the Danish leader working with Japanese people. A further possible extension of the current work can be the topic of motivation. The different approaches to motivation by the Danish manager while working with their Japanese employees can be investigated. It is an interesting field to be explored since differences in the cultural background exist and the reasons for such behaviour can be explained. This topic would deepen the present work and add more perspectives on the leadership style of the Danish manager in a company with majority of Japanese workers.

6.2. How leaderships style influences the communication between Danish managers and their Japanese colleagues in Danish subsidiaries in Japan

The purpose of the thesis is to investigate the leadership style of the Danish managers working in Japan. To explore the topic, in the beginning of the paper, the relevant theories and models were described and both countries were compared in some of the dimensions. This aimed to draw a picture of the possible reasons behind the behaviour of the representatives from the two cultures. The employed theories are the behaviour (the Ohio State Model) and situational (The House’s path-theory) theories from organizational behaviour. They are important to show how Danes and Japanese behave in a certain context. The communication approach had to be explored as important managerial skill to exchange information and build relationships between both cultures. The culture, on the other hand, turned out to be a challenge to communication and the models of Hall and Hofstede had to be used to explore the relationship between culture and communication. To examine the models in practice a qualitative researched was carried out. Three Danish managers were interviewed about their leadership style and only two of them in regards to their relationships with the Japanese.

Applying the findings to the employed theories, the Ohio State model and the House’s path-goal theory were used to explore the leadership style. The Danish scored as supportive style while the Japanese as more directive which contrasts the definition by Holt (1998) of Japanese leadership style as participative. The reasons behind the results are several. First, the Danish managers have high focus on satisfying employees’ needs and see the motivation of the staff as success in Japan. They have successful approach at that building good human relationships and nurturing them as path to long-term business relationships. Second, whereas the Danish leader scored low on structuring the task, the
Japanese manager scored high. Therefore, the Danish should expect directions if they have a Japanese boss. If the Danish manager gives independent work to the Japanese employees, who usually would expect directions, he or she needs to provide enough guidance or to be open to give necessary training in regards to task completion.

The Japanese are hierarchical society and Danes should also expect authorities when operating in Japan. Sometimes decision-making in the Danish subsidiary in Japan can be a hierarchically structured process. The Japanese would make a decision independently while the Danish would discuss it with their staff. Then, when Japanese has the final word the Dane should trust them. In Japan, given word is a strong commitment and dishonesty is severely punished, bringing the business relationship to an end.

For establishing good human relationships, showing honest face in communication with Japanese and maintain harmony in discussions will be a successful approach. The following situations are important to be avoided if the Danish manager wants to keep favourable partnership: losing face, getting upset or showing anger, and confronting directly in conversation. Due to the differences in communication approach, the Danish leader has to use politeness in the conversation with their Japanese colleagues if he or she does not want to be perceived as arrogant and create tension in communication. The Dane should also be careful if they receive “yes” answer to their question. They should ensure that the Japanese understood them and ask them more questions.

The present paper aims to provide contrasting profiles of Denmark and Japan in regards to leadership and management practices. It can be used for preparing managers for foreign assignments or comparing and exploring both cultures. Furthermore, it can be a helpful guideline for Danish managers who want to do business in Japan.

**Bibliography:**


Appendices:

Appendix 1 – Transcript of the interview with Mikkel Troen (a disk from the recorded interview is applied together with the thesis)

I – the interviewer
M – the respondent, Mikkel Troen.

I: Is your name Mikkel Troen?
M: Yes
I: How old are you?
M: 38
I: What is your position in this company?
M: I am the financial and administrative manager
I: For how long have you been working in Japan?
M: 7 years
I: What is the business activity of your company in Japan?
M: It is a manufacturer.
I: Why did you decide to expand particularly in Japan?
M: the company?
I: yes
M: because of the market potential in Japan
I: Can you give me an example what was attractive?
M: Our company operates within CNS (Central Neural System) and it is very attractive market in Japan.
I: What is the organizational setup of your business in Japan?
M: Basically it is subsidiary to the Danish headquarter.
I: Why did you choose this kind of establishment of business in Japan? Is there any specific reason?
M: Others decided the company was set up 10 years ago I don’t know.
I: What is the major nationality of employees in your company?
M: Japanese, yes.
I: Can you describe in your own words what do you think your leadership style is?
M: One more time?
I: Can you describe in your own words what do you think your leadership style is?
M: Flexible, taking care of the employee.
I: How much focus do you put on satisfying employee’s needs and wants?
M: We are putting a lot of focus on that employees are satisfied. That’s why on yearly basis we took an employee satisfactory survey to ensure that management is improving all possible areas.
I: Do you have any activities to satisfy your employees? Any specific examples?
M: It depends on what satisfying areas the employees have. So, basically we look at the survey, we analyze it and if possible we improve some of the areas.
I: If you are highly considerate about your employees’ needs and wants, how much guidance do you provide with regards to complete a task?
M: Basically it depends on the individual, I would say. Some employees need a lot of guidance and others don’t need so much guidance. So, it more depends on the individual’s set ups.
I: And you talk about your Japanese employees, right?
M: Yes.
I: How much emphasis do you put on structuring the employee’s tasks? I mean do you tell them how to do and when to do a certain task or you simply trust them?
M: We have tightly deadline every month. So I have to be very strict and structured to the employees. Basically for all tasks there is a deadline and if it’s a tight deadline we need to set up a procedure. If it’s not so tight deadline then the employee has more flexibility. But even though the deadline is tight the employee still has possibilities within the deadline.
I: They can do it even after the deadline?
M: No, no, no. before the deadline the employee can have some flexibility and we also encourage them. In our office we have such kind of system so the employees can be flexible if they need to.
I: How would you describe the decision-making process in your company?
M: Well, I would say in Japan we… of course it is a hierarchy decision but we have to ensure that the groups and the employees within the teams were informed and gave their feedback before taking a decision.
I: Who has the final decision in fact?
M: It depends on the decision. If it is a smaller decision then the head of the department takes the final decision. But if it is a strategic decision then the general takes the decision.
I: Do you accept suggestions from your group members?
M: Of course, of course! We actually ask them for suggestions before we take the final decision. We don’t want to take a decision and then afterwards someone coming to us to say “this was not that smart” and we have to change a decision. So, before we take the decision we have to take all relevant information from the relevant stakeholders.
I: Yes…Do you want your group-members to be involved in the decision making? I thought you clarify it with “yes” already, is that true?
M: Yes, we ask them to be very proactive and very aggressive and state their opinions on a timely matter.
I: If there is a problem in your company how do you resolve it?
M: Well, of course it depends on what kind of problem it is. But normally…. we will see if it is a general problem or a problem between a major and employee. If it is a problem between a major and employee we will have to work it individually. If it is a general problem then we have to look at the procedure and see if we have to change it or we can solve this problem.
I: So if it is a general problem you have a procedure and if it is a problem between the individuals they resolve it themselves? Is that what you meant?
M: If it is a general problem then we have to look at the procedure for solving it. But if it is individual problem then they discuss it early with the stakeholders and maybe with the HR.
I: Yes, thank you. How would you describe the relationship with your employees? You can give examples.
M: I have also worked in Denmark and I would say it is a different relationship than this in Japan. Because the employee are more… well, in Japan the work is more important than the work in Denmark. The work places a bigger part in the employee’s life. The relationship… the relationship is more professional I would say in Japan than in Denmark because you don’t … in Denmark you can use more irony and speak about private stuff and family and so on. But we don’t speak about this in Japan.
I: So do you say that the Japanese company is not a social place?
M: No… It is a social place but it is more about that the company takes a decision to say “no we go out and now we talk” then everyone goes out. But not on a private matter, we can’t go out. This is not normally in Japan.
I: In your relationship with your employees do you punish them for their mistakes?
M: How do you mean punish? (laughing) We don’t. Of course in the rural of employment there is some possibilities to punish employee with warning or deduction of the salary but we don’t do that. We haven’t done it. If one makes a mistake we have to ensure that mistake won’t happen again. And with mistakes we have to look if it is a general mistake then our procedure is not correct and we have to adjust this. If it is individual mistake then probably it is training and experience
I: So you don’t deduct their salaries do you warn them?
M: No, we don’t warn them because the Japanese labour is very strict. I: yeah
M: So basically it is very difficult to fire people. So that’s why we don’t punish them, we are not that evil to them. Instead we give them training to ensure that they will avoid mistakes in future.
I: And do you reward them for their achievements?
M: Yes, we have a bonus system. We are actually in the middle of evaluating the bonus system. Of course, we want to reward achievements.
I: Can you explain me more about this system? Is it bonus of money or recognition in your company?
M: Well it’s a bonus if each employee has objectives. For example, I have 5 objectives like individual goal and then in the end of the day or the year we evaluate these objectives and we see if they have high performance they get a higher bonus and if they have a lower performance they will get a lower bonus.
I: I meant is the bonus monetary, is it prestige or recognition in the company?
M: No, it is monetary.
I: Do you carefully watch your employees if they perform their tasks?
M: No, we don’t do it carefully. I mean… in details. Of course, we follow each individual performance. But not on a day-to-day basis. More on quarterly basis.
I: How do you evaluate it? Do you make a survey? How do you watch the process?
M: One more time?
I: How do you watch the process of your employee’s performance? Do you have a survey or evaluation?
M: We have evaluation system and we evaluate them 2 times per year.
I: Now some questions about your relations with your Japanese colleagues. How would you describe the leadership style of your Japanese colleagues?
M: I would say the Japanese are very hierarchical, more top-down style leadership. It is very Japanese style.
I: Can you give me examples.
M: Yes, it’s more the manager has an idea on how you should do this and then he says you have to do this. I don’t think that they have so much feedback and discussion with the employee before taking a decision.
I: And how the leadership style of your Japanese colleague is different from yours?
M: Well, I would say my style is more open. Before taking a decision I would discuss with my staff to give them input and they make a decision.
I: And what impact do these differences have on you when you communicate? For example, when you communicate with your Japanese colleague and he has a different leadership style from yours, does this make any difference in your communication? For example, when you have to make a deal?
M: No, I think this is on individual basis. But what I notice is that the Japanese like to e-mail each other even though they sit very close to each other. We are a small office and people have to e-mail each other. I don’t like that. Instead, I go and talk to the person directly.
I: You mean, they e-mail each other, they don’t want to talk face-to-face?
M: Well, this is a normal Japanese style, yes.
I: What kind of situations do you experience when you communicate with your Japanese colleagues? You can give examples.
M: of course, there is the language barrier. I speak Japanese but normally our communication is in English. None of our employees in the office is a native English speaker so they can be communication problems with the language
I: Do they discriminate you about your language or nationality?
M: I don’t think that there is any discrimination. I just think that we also gave training support for Japanese employees so they can learn English here in our office. So, of course we all try to improve the English skills in the office.

I: But by communication, I don’t mean only the verbal communication but also the body language. When you communicate with Japanese do you see any difference in the body language? Do you see any misunderstandings in their body language, something that confuse you?

M: Well, sometimes when we communicate with Japanese colleagues they don’t really say anything. This is the difficult part because I don’t think you can see on the body language but what we train our colleagues to do is to tell us what is on their mind. We don’t want our Japanese colleagues only to say “yes”. We want them to challenge us in any discussions.

I: So when the Japanese say “yes” they don’t really mean it?

M: Sometimes, yes. Because in the Japanese language does not have yes. (laughing) So how to ensure that we really understand we ask them many questions. Instead of giving them “yes” or “no” questions we ask them “how do you understand this…”, “how can you…”. So yes, we ask them the same question in a different way.

I: (laughing) I see. And when you communicate with them what are your thoughts and reactions? You already said that you ask more questions to clarify.

M: Yes…

I: What can you do as a manager in order to improve the situation when you communicate with your Japanese colleagues?

M: Well, this is a learning curve for the whole organization to understand that we are working in a Danish multinational company and everybody needs to be open. So what we do is to train and keep training people on our meetings to understand the cultural differences.

I: You have mentioned that it is a Danish multinational company. Can you tell me what other nationalities you have in your company in Japan?

M: Yes, we have 2 Danish people and the rest is Japanese.

I: So it is Danish-Japanese company, yes?

M: Yes, yes, but many of the Japanese have daily or weekly communication with the Danish headquarter by e-mail or telephone. So, it is important that they can understand the Danish culture.

I: And how you as a manager can you ensure that they understand the Danish culture?

M: Well, we train them many times and also we encourage all the employees to go to Denmark at least the managers once per year and non-managers less frequently.

I: You mean the Japanese managers?

M: Yes

I: What can you do as a manager to reduce the number of negative situations when you communicate with your Japanese colleagues?

M: I don’t think the question should be only for the Japanese. It should be for both – Danish and Japanese. Well, we have to understand their cultural differences. Just I said before – ask them the same question many times then we ensure that we understand each other and the negative situations will be reduced.
I: How would you describe your present or past Japanese partner, colleague?
M: I’ve been working for 3 different companies. I have of course past colleagues and I would say that it also depends on the company’s culture. This company where I am working now is more open, more aware of it’s cultural differences. And the other companies have been more traditional Japanese companies. That’s why the present Japanese colleagues are more international minded and everybody in the office can speak English.
I: How would you describe them are they more directive or more supportive? What is your attitude to your Japanese colleague? Maybe you can describe your Japanese colleague that you have at the moment.
M: Well, they are more open-minded and direct than previous colleagues.
I: Are they more supportive or directive in their leadership style? How would you categorize them?
M: I didn’t understand the question.
I: Are they more supportive or directive in their leadership style? Do they….
M: Yes, they are more supportive.
I: What do you expect in communication with your Japanese business partners? (pause) I mean, do you require them to provide a lot of details about a specific deal or do you trust them?
M: Well, we trust them. Our company is based on trusting employees and of course we trust them that they will tell us the truth. We expect them to give us clear answers and tell us if there are any problems within the areas.
I: When you communicate outside the company is it different? Do you see different problems?
M: Yeah, I would say the communication with my Danish colleagues is different from this with my Japanese colleagues.
I: How is different?
M: I think with the Japanese colleagues you have to be more … not so direct, you have to more polite when you approach them and want to discuss something with them.
I: You said not so direct. Can you give me example?
M: Yeah, if I go to Japanese colleague I would say something like "Please, do you have a minute..." or something like this. While when I go to a Danish colleague I just start talking, asking "please..." or something. (laughing)
I: How can you explain your communication style? Do you express yourself directly? Do you clarify more or when you say something you know that you’ve been understood?
M: I am very direct and actually last week I have experienced a Japanese employee said to me that I was very arrogant, very directive in my speech. And the reason that she thought that I am arrogant was because I was direct because I don’t say “please” or “do you have a minute”.
I: How would you describe the time orientation in the relations with your partners in Japan?
M: Japanese are more long term.
I: And you as a Dane?
M: It depends on the task.
I: Thank you!
M: Thank you too! Bye bye.
Appendix 2 – Responses from the questionnaire with Trine Egsgaard

The goal of this research is to find out how leadership style influences communication between Danish business people and their Japanese partners/colleagues. The interview consists of four parts with open-ended questions. Please, answer them on the same document. Place your answer after each question and use as much space as you need.

Part I: Entering questions:

1. What is your name?
   Trine Egsgaard

2. How old are you?
   39

3. What is your position in the company?
   CEO

4. How long have you been working in Japan?
   Never

Part II: Questions about the Danish company in Japan:

5. What is the business activity of your company in Japan?
   Sale and distribution of frozen bread and pastry

6. Why did you decide to expand particularly in Japan?

7. What is the organizational setup of your business in Japan? (Is it overseas office, license, subsidiary company and etc.?)

8. Why did you choose this kind of establishment of business in Japan (see the previous question)?

9. What is the major nationality of the employees in your company? What other nationalities do you have?
   Danish and approx 20 other nationalities primarily from Asian countries

Part III: Questions about the leadership style of the Danish manager:

10. Can you describe in your own words what do you think your leadership style is?
    Modern, open, devolution of responsibilities, trustful
    a. How much focus do you put on satisfying employee’s needs and wants?
       Very much if it is value adding for the company as well
    b. If you are highly considerate about your employees’ needs and wants, how much guidance do you provide with regards to task completion?
       Only when necessary
c. How much emphasis do you put on structuring the employee’s tasks? Do you tell them how to do and when to do a certain task? Or do you trust them for a given task? Depend on the task and the employee. I prefer the latter

11. How would you describe the decision-making process in your company?
Big decisions are taken in our managing group where economy, supply chain, HR and sales/marketing directors are represented

a. Who has the final decision?
   Managing group - me
b. Do you accept suggestions from your group members?
   Yes
c. Do you ask your group members for advice?
   Yes
d. Do you want your group-members to be involved in the decision making?
   Yes (if you mean our managing group)
e. If there is a problem in your company how do you resolve it?
   Solution oriented + dialogue

12. How would you describe the relationship with your employees (give examples)?
dialogue, up front, open

a. Do you punish them for their mistakes? If yes, how?
   No
b. Or do you reward them for their achievements? How?
   Bonuses and credits
c. Do you carefully watch them if they perform their tasks? If yes, how?
   No

Part III: Questions about the relations of the Danish businessmen with their Japanese colleagues.

13. How would you describe the leadership style of your Japanese colleagues?
   a. How is it different from yours?
   b. Which impact do these differences have on you when you communicate?
   c. Can you give examples?

14. What kind of situations do you experience when you communicate with your Japanese colleagues (you can give examples)? What problems can you define in both verbal and nonverbal communication?

15. What are your thoughts and reactions when you communicate with your Japanese business partners?

16. What can you do as a manager in order to improve the situation when you communicate with your Japanese colleagues?

17. What can you do as a manager to reduce the number of negative situations when you communicate with your Japanese colleagues?

18. How would you describe your present/past Japanese partner/colleague?
19. What do you expect in communication with your Japanese partners? Do you require them to provide a lot of details about a specific deal or do you trust them?

20. How can you explain your communication style (the way you communicate, how do you express yourself) and the communication style of your Japanese partners?

21. How would you describe the time orientation in the relations with your partners in Japan? (short or long term oriented?)

Thank you for your time and participation!

Appendix 3 – Responses from the questionnaire with Ib Hansesn

1. Ib Hansen
2. 61 :
3. I was President J. Lauritzen (Japan) K.K.
4. In total approximately 10 years
5. Representative office in Japan for the danish J. Lauritzen A/S. We are a shipping company (shipowning/trading), who charter vessels from Japanese Owners, build vessels at Japanese shipyards and look after our vessels as and when they call to Japanese ports.
6. Traditionally Japan has been the shipping centre in the Far East where we could charter vessels from Japanese owners and build high quality ships from Japanese shipyards.
7. We are a 'limited' company (K.K.-Kabuski Kaisha) and all shares are fully owned by our group office in Denmark.
8. See question no 6.
9. Abt. 80 percent Japanese, the remainder Danish
10. Co-ordinating, encouraging, coaching

a) Quite a lot. If you want yourself and your company to be succesful in Japan this can only beaccomplished by team work. Team work can only be accomplished if your staff is fully motivated, has full trust and your task as President is to learn and feel exactly what is going on.
b) Delegate the task and allow the individual to work it out independently, however, with follow-up meetings inorder see that task is progressing the right way - coaching

c) see 10.b

11. My decissions are based 100 percent on the input I receive. Due to culture differences, often the goal is reached in a 'non-western' style and therefore trust in employees is everything.

a) I have

b) Absolutely

c) Absolutely

d) Absolutely

e) If you mean 'in the company with employees' then it is solved in the Japanese way. To understand better, in Japanese offices the word 'harmony' prevail. Harmony means, work well together, don't get upset

and don't show anger.

Ofcourse there are situations that needs to be attended to and dealt with, but NOT in the office. The closer you are to your employees the better you can feel if there is tension or a problem. If you sense an upcoming problem

you discreetly ask the person to meet you at a coffee shop, -away from the office and you have a talk there. On regular basis you also take few or all of your employees out for dinner and drinks(even if no problems exists).

Karaoke bar is well liked, simply to listen and understand what is going on. Whatever is said that evening, maybe as a result of some drinks, is forgotten the next day and never talked about again !

12. I felt very close and the employees often came to me to talk private matters (which however is very unusual, normally they would keep it to themselves).

a) Never. If they make a mistake it is due to my lack of coaching or direction giving.

b) Yes definitely, reward can be in the form of symbolic bonus, dinner, company trip etc.

c) No I didn't. They take responsibility and do their job. My door was always open (and all walls were 'see through' glass).

13. They work in a team. There is no competition between them but strive to carry out their task together across the organisation.

a) Obviously because I had to take the decissions and to shareholders and people outside was the responsible person
b) There is no comparison. You are acknowledged and accepted as their leader and your word is final. The balance is to make them see that the goal is reached due to their efforts!

c) Example could be when making administration budgets which often seems to take off astronomically then involve the employees to try to propose how we can do things differently inorder to reduce time or cost.

That allows them to feel they are part of the decission making and all contribute with ideas!

14. There are many. Many caused by language and cultural differences. I learned from other companies and admittedly also experienced it myself in my early days that when you try to involve colleagues and write mail to them,

then they would read the message and in the back of their mind be suspicious. They would not read is as what the content says but read it thinking 'what is he really saying' ie not in a positive manner but very negatively.

I never became near fluent in Japanese and though my employees were above average in english capabilities the written and spoken language were english. You accordingly need to carefully watch your words, never use complicated words, speak slowly and clear. My english did not improve during my stay in Japan.

15. For one. PATIENCE, never get UPSET, receive critism be it true or not,

These are simple rules if you want to do business in Japan. In western, especially american business culture, immediate progress and quick deals are expected. NEVER happen in Japan.

If you want to do business your customer needs to have a clear picture of what you stand for. The client needs to approve you as a sincere, honest and genuine person. This cannot be accomplished through one meeting

but often it can take years through several meetings, -during office hour -or better in the evening. Once you have obtained your clients confidence, the road is open for doing business. If you just one time show dishonesty

or are caught in trying to cheat, YOU ARE FINISHED. One very good friend of mine became innocent victim in a serious problem between his overseas company and japanese counterpart. Being an old timer in japan (about

25 years, married to a japanese) he said to me 'I know in the near future I cannot do business in Japan, and by near future I mean 15-20 years’ - once burned you are finished.

16 See under 11.

17. Didn't have negative situations except when taken care of as mentioned in 11.
18. Fantastic. I could trust without hesitation. If someone made you a promise it would be taken care of. The spoken word is as important as the written.

19. Replied under 18. You trust your counterpart and you never try to ask details from something that is not related to your own business. That would be to go two steps backward.

20. Partly covered above. Speak slowly and clearly. Patience, always be in balance, show an honest face.

21. I am not sure I understand your question.