Essay / Assignment Title: **A Critical analysis of Cross-cultural management in multinational project groups and issues on Leaders' cultural gap-bridging behaviours amongst Finland and Japan**

Programme title: **Cross cultural management (MSC Digital Marketing)**

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INTRODUCTION

In an organizational setting, working with people from different cultural origins brings both opportunities and obstacles. Cross-cultural management is the name given to this field of study and practice. As businesses become more globally focused, it is crucial for success to understand and successfully navigate cultural diversity. It is advocated that the diversity of worldviews increases the available pool of resources that members of cross-cultural teams can bring to bear on complex problems. Thus, they are potentially more creative in problem solving than national homogenous teams

Objective culture might include social, economic, political, and linguistic systems—the kinds of things that usually are included in area studies or history courses. For instance, courses in Japanese culture or African American culture are likely to focus on the history, political structure, and arts of the groups. While this is valuable information, it is limited in its utility to the face-to-face concerns of intercultural communication.

The idea of cross-cultural management acknowledges that culture significantly influences how people think, behave, communicate, and value things. The viewpoints, traditions, and expectations that people from different cultural origins bring to the workplace can have both beneficial and harmful effects.

Cross-cultural management encompasses several key areas, including:

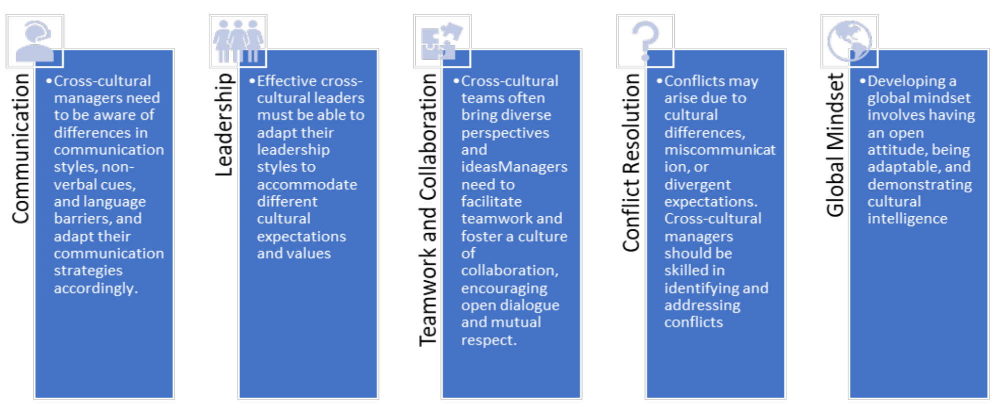

Figure 1:Cross cultural management key factors

cross-cultural management is a vital discipline that helps organizations navigate the complexities of working in a globalized world. By understanding and valuing cultural diversity, organizations can create inclusive and culturally sensitive environments that foster collaboration, creativity, and success.

Impact of multinational project teams and problems with cross-cultural leadership

International project teams have both beneficial and bad effects on organizations. The fact that these teams blend perspectives, knowledge, and experiences from other cultures is a benefit since it fosters innovation, creativity, and problem-solving abilities. International talent pools and market opportunities can be tapped into by organizations with the help of multinational project teams, which can also improve communication and coordination between various geographic areas.

With a brief history of cross-cultural management research viewed from the vantage point of a focus on global leadership. Given the brevity of this historical overview, it necessarily paints a picture that can be misleading in its presentation of an orderly path of development. The reality is significantly messier in terms of digressive exploratory tangents, detours into theoretical dead-ends and intractable disagreements over conceptual terms and organizing frameworks.

Cross-cultural management research generally approached the study of leadership-related issues across the time periods discussed above. In her review of the extant cross-cultural management research published in leading management journals from 1971 to 1980, Adler (1983) distinguished between three types or categories of cross-cultural management research: unicultural, comparative, and intercultural. Unicultural research focused on organizational management within a single.

CHAPTER ONE

Cross cultural analysis of Japan

In 2022, the gross domestic product of Japan was estimated to be around 4.23 trillion U.S. dollars. This makes Japan third in the world GDP ranking. However, Japan's GDP is much closer to those countries below it in this ranking, as the two largest economies in the world, the U.S. and China, are both several times larger than that of Japan. After decades of rapid growth in the post-WWII era, Japan's economic growth has stagnated in recent decades, with figures fluctuating between four and 6.2 trillion U.S. dollars since the 1990s.)

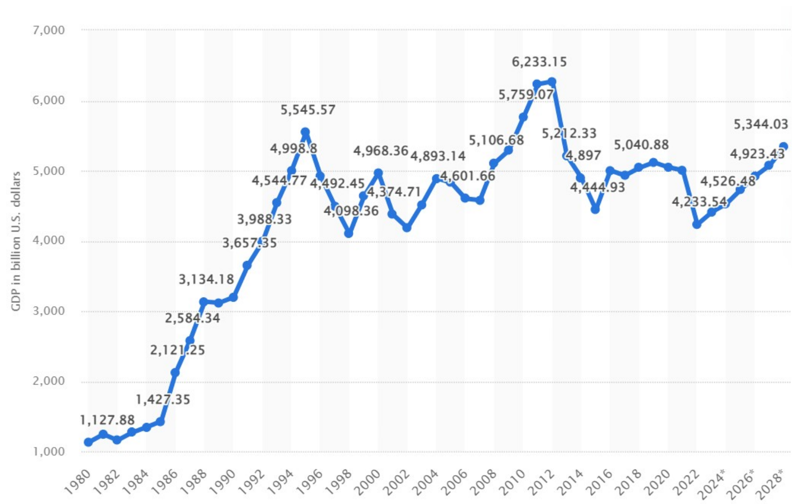

Figure 2:GDP calculation and forecast
source from statista.com

Therefor in the forecast its clearly shown that COVID-19 epidemic has had a huge influence on every economy, including Japan's overseas market. Some of the key effects of COVID-19 on the international market for Japan include the following: International tourism is declining: Due to travel restrictions and concerns about safety, Japan has suffered a considerable decline in foreign visitors despite having a robust tourism industry. This decline had a substantial effect on a number of industries, including hospitality, retail, transportation, and entertainment. Disruptions in the global supply chain: Japan is heavily dependent on global supply networks, particularly in the industrial, electronics, and automotive industries. The outbreak hindered global supply chains, causing production delays, component shortages, and a decrease in export quantities. The outbreak and associated lockdowns caused a decline in imports and exports, which had an effect on Japan's export-dependent economy. Exports fell in industries like transportation, manufacturing, and electronics. Imports were impacted as well as the reduction in demand for specific products.

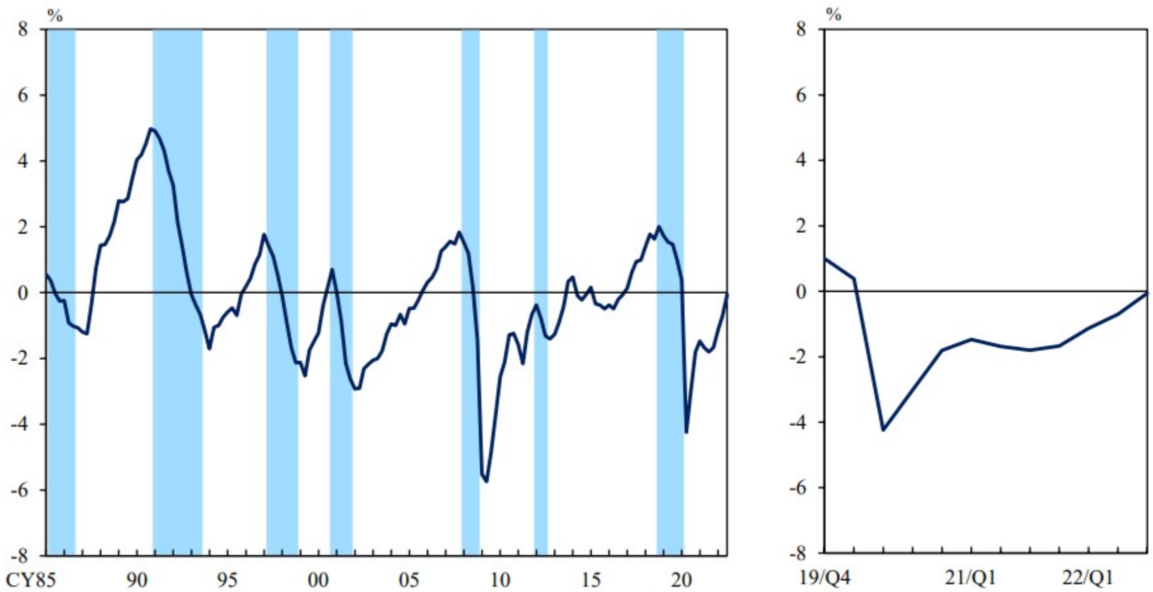

Figure 3:Development Since outbreak of covid 19 with International market
Source from Economic Activity, Prices, and Monetary Policy in Japan

Consumer behaviors changes: The epidemic had an impact on consumer decisions, which had an impact on buying patterns. There has been a change in favor of basics, medical supplies, and online shopping. This move had an impact on companies whose main sources of revenue were the export of non-essential goods and access to international markets.

Government stimulus plans: To alleviate the economic impact of COVID-19, the Japanese government devised a number of stimulus plans, including financial aid for businesses, tax exemptions, and subsidies. These measures aimed to maintain businesses and aid in the economic recovery. These considerations negatively impacted political undertakings that involved cross-cultural management and also put pressure on leadership to stabilise the situation. Additionally, the charts below demonstrate how the global market has affected Japan's GDP.

Japan is significantly reliant on international supply chains, particularly in the manufacturing, electronics, and car sectors. In addition to production delays, component shortages, and a decline in export volumes, the outbreak hampered worldwide supply networks. Imports and exports fell as a result of the outbreak and related lockdowns, which had an impact on Japan's export-dependent economy. Exports decreased in sectors like manufacturing, electronics, and transportation. Both the decrease in demand for particular goods and imports were affected.

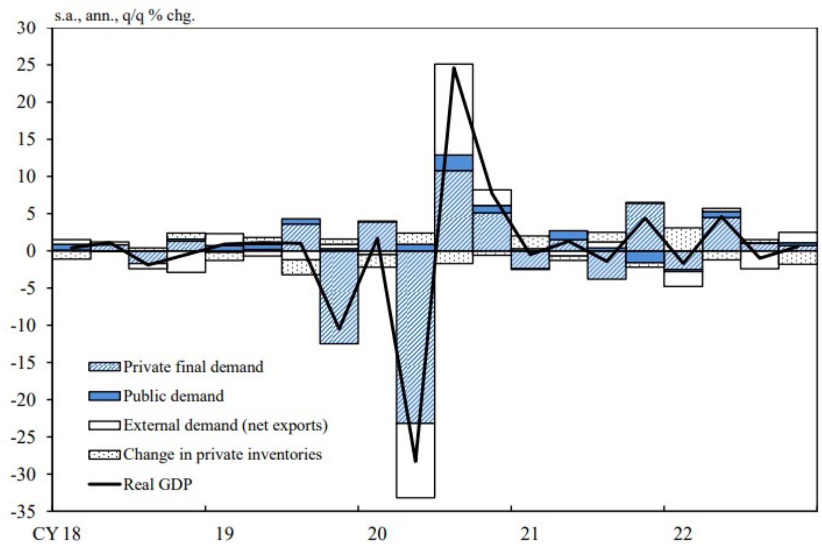

Figure 4: Actual GDP of Japan

Source from Economic Activity, Prices, and Monetary Policy in Japan

Changes in consumer behavior: The epidemic affected consumer choices, which affected purchasing habits. A shift has taken place in favor of necessities, healthcare products, and online shopping. This action affected businesses whose primary sources of income came from the export of non-essential commodities and access to international market. Government stimulus measures: The Japanese government created a range of stimulus initiatives, including financial assistance for enterprises, tax exemptions, and subsidies, to lessen the economic impact of COVID-19. These steps sought to keep businesses operating and support the recovery of the economy.

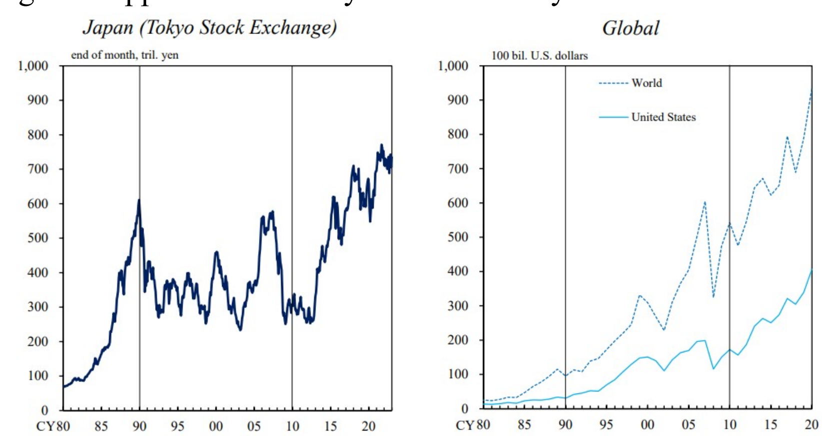

Figure 5:Stock market capitalization in Japanese market and Globally,

Source from Economic Activity, Prices, and Monetary Policy in Japan

Japan is home to the Tokyo Stock Exchange (TSE), one of the largest stock exchanges in the world, which has a significant influence on the global stock market. The following are some significant facts regarding Japan's involvement in the global stock market:

Therefore the above graph claims Japanese stock market is the wave maker because

Size & Market Capitalization: The Tokyo Stock Exchange is one of the largest stock exchanges in the world in terms of market capitalization. It encompasses a diverse range of companies, including significant domestic and global organisations as well as small and medium-sized enterprises. The Japanese stock market attracts institutional investors, mutual funds, and individual investors from all over the world. Many investors from around the world have exposure to Japanese stocks through exchange-traded funds (ETFs) and other investment vehicles.

Global Investors: Institutional investors, mutual funds, and individual investors from all over the world are drawn to the Japanese stock market. Through exchange-traded funds (ETFs) and other investment vehicles, a large number of investors from throughout the world have exposure to Japanese stocks.

Companies from around the world are headquartered in Japan, including Toyota, Sony, Honda, and Panasonic. The performance of these businesses has a big impact on the Japanese stock market and can have an effect on foreign investor sentiment.

Investments made internationally: Activity on the Japanese stock market is also present. Japanese institutional investors, including pension funds and insurance firms, invest a significant portion of their assets in foreign equity markets.

CHAPTER TWO

Lets look toward Finlands cross cultural management ,As per latest report studies from the source of Finland must focus on investments as the economy goes from crisis to crisis ,The purchasing power of households will decline if interest rates rise, we can be certain of that. However, time is running out to make the green transition to a carbon-neutral economy. Decision-makers must overcome numerous challenges; these problems cannot be outsourced. We must keep growing even when the outlook for growth is diminishing. Both Finland and Europe are in dire need of capital and new company ideas. Despite the fact that we cannot force private operators to invest, we can create an environment that encourages and supports such activity. Both the level of investment in Finland and the perception of Finland as a safe and desirable place to invest must be maintained by decision-makers. Finland needs to encourage a risk-taking and private ownership culture. A appealing location for international investment must also be Finland. The impact of taxes on the global market should not be underestimated. Business confidence is boosted by Finland's tax policy's consistency. We must stop unforeseen changes and onerous company and investment taxation, so. The generation of jobs and economic growth are both significantly influenced by the financial sector. Effective company finance is essential to the recovery of the economy. Banks can and will finance every profitable and sane investment that businesses present to them. The problem right now, though, is that there aren't enough "good" options on the market. How banks operate has dramatically changed as a result of the new European banking regulation. Credit criteria have been stricter, and greater emphasis is being placed on precise risk pricing and risk assessment.

from the Finland Market Capitalization accounted for 105.7 % of its Nominal GDP in Dec 2022, compared with a percentage of 135.9 % in the previous year Finland Market Capitalization: % Nominal GDP is updated yearly, available from Dec 1992 to Dec 2022 The data reached an all-time high of 275.3 % in Dec 1999 and a record low of 15.0 % in Dec 1992

By the end of 2022, the Finnish economy's growth had already started to considerably decrease. GDP volume fell by 0.4% from the third quarter of the year during the fourth quarter. Revisions to the statistics show that the third quarter of 2022's GDP shrank by 0.2% from the second quarter.

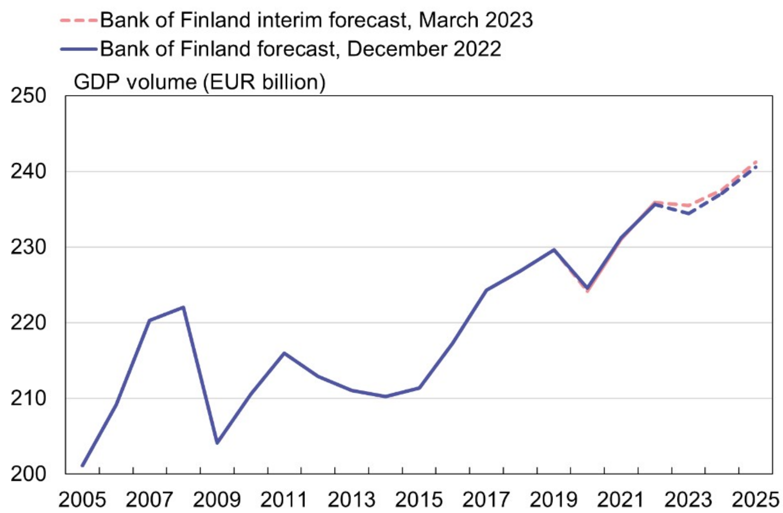

Figure 6: Finnish economy chart
Source from statistics Finland and bank of Finland

In the second half of 2022, Finland's economy was consequently technically in recession. However, economic development was still robust in the first half of the year, and as a result, GDP increased 2.1% above 2021 overall in 2022. The economy as a whole experienced worsening growth in the fourth quarter, and annual GDP growth slowed noticeably (Chart 2). Private consumption and investment were the main drivers of annual GDP growth in the first half of 2022, but by the end of the year, both of these activities had significantly decreased in performance. The uncertainty brought on by the oil crisis, rising inflation, and the sharp increase in interest rates that began in spring 2022 are what account for the general slowdown in economic development, as seen in the accompanying table.

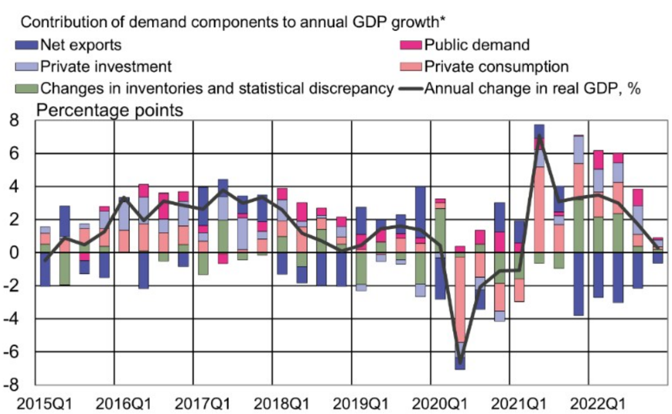

Figure 7:Decline of economic growth
source from: interim forecast march 2023

CHAPTER THREE

Some of the most significant cultural distinctions between Finland and Japan can be highlighted using Hofstede's cultural dimensions. Following is a comparison using these parameters:

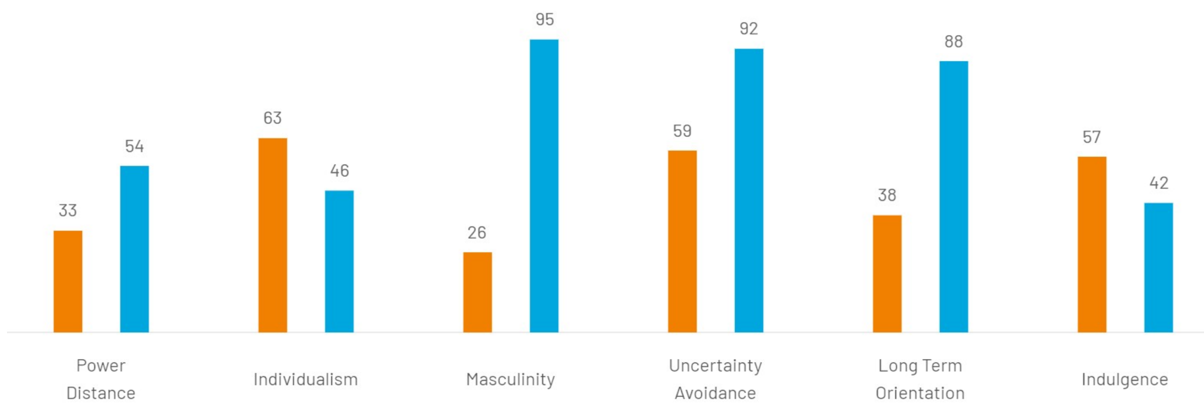

Figure 8: Hofstede's cultural dimensions
source of https://www.hofstede-insights.com

POWER DISTANCE

Finland's power distance, which was calculated at 33, is relatively low, indicating a more egalitarian society. A greater emphasis is placed on equality and participatory decision-making, and power is distributed more fairly.

Japan: Japan has a high power distance reaching figure of 54, which denotes a hierarchical society where power and decision-making are concentrated at the top. It is typical to adhere to social roles and respect authority.

INDIVIDUALISM

With an emphasis on personal freedom, autonomy, and self-expression, Finland is regarded as being more individualistic than most other countries, ranking first in point 63. it represents 9.2% of GDP in Finland. Less emphasis is placed on group consensus or conformity, and personal success and independence are valued. Japan: Japan has a stronger collectivist bent and places a high value on interdependence, loyalty, and group harmony. As of 2019, 10.7% of Japan's GDP is allocated to healthcare. The maintenance of social harmony, long-term relationships, and consensus-based decision-making are prioritized.

MASCULINITY AND FEMININITY

Finland tends to lean more towards femininity, emphasising collaboration, equality, and high standards of living. By 2022, that age will be 82 in Finland (79 for men and 85 for women).Work-life balance, gender equality, social welfare, and masculinity points are given more attention in 26.

Japan: Japan displays a mix of masculinity and femininity but scores 95 points more in favour of the former. As of 2022, the average lifespan in Japan is 85 years (82 years for men and 88 years for women). Achievement, diligence, and devotion to the organisation are prioritised. Cooperation, a good quality of life, and harmony are also important.

UNCERTAINTY AVOIDANCE:

Finland: Finland scores lower on the uncertainty avoidance scale, indicating a higher level of adaptability, risk-taking, and tolerance for ambiguity. In Finland, however, as of 2022, 2.1 children do. There is a greater openness to trying new things and being flexible with rules and change.

Japan: Japan has a relatively high uncertainty avoidance, which is characterised by a preference for consistency, adherence to laws and procedures, and a reluctance to embrace change. By 2022, 1 in 1,000 live births in Japan will result in a child dying before they turn one. A score of 92 indicates that there is a desire for precise guidelines and thorough planning to reduce uncertainty and risk.

LONG-TERM ORIENTATION:

Finland: Finland scores 38 due to its long-term orientation, which emphasises perseverance, planning, and a future-focused mindset. Important values include a sufficient difference, a 0.5% increase in private consumption, a 2.7 increase in service and innovation, and an awareness of the environment.

Japan: With a score of 88, Japan is regarded as having a long-term orientation and placing a high value on perseverance, respect for tradition, and long-lasting relationships. Harmony preservation, patience, and minimising waste are priorities.

INDULGENCE

Finland: Finland typically ranks highly on the indulgence metric. Finland's 57th percentile culture encourages people to pursue their own happiness and to enjoy life. However, as of 2019, that percentage in Finland is 12.2%.In general, Finns are more permissive when it comes to engaging in leisure activities, expressing oneself, and giving in to their desires and pleasures.

Japan: On the other hand, Japan frequently ranks lower on the indulgence dimension, indicating a more restrained cultural outlook. Japanese society places a strong emphasis on self-control, self-discipline, and the ability to suppress short-term desires in favour of long-term objectives. As of 2013, 16.1% of Japanese citizens were living in poverty. In Japanese culture, it is common to see traditional values like modesty, restraint, and self-control.

These comparisons give a broad idea of the cultural distinctions between Finland and Japan. It's crucial to keep in mind that people within each culture may not align with these dimensions in the same way, and that cultural practises can change over time. To develop a more thorough understanding of the unique cultural behaviours and values within each country, cultural research should take into account additional factors and nuances.

CONCLUDING REMARKS

Organisations operating in a globalised world need to have a strong understanding of cross-cultural management. Here are a few ways to encourage efficient cross-cultural management on a global scale. Learning about various cultural norms, values, communication practises, and business practises should be the main focus of this training. A diverse team can foster greater creativity, innovation, and problem-solving because they bring a variety of viewpoints, experiences, and ideas to the table.

CQ includes understanding various cultures, being aware of one's own cultural prejudices, and having the flexibility to adapt to and function in multicultural settings. Provide tools and training courses to help employees improve their CQ and support their effectiveness across cultures. Offer cross-cultural leadership development programmes that emphasise understanding cultural differences, creating inclusive teams, and managing cross-cultural communication and conflicts successfully. This can include accommodating work schedules, taking cultural holidays. Encourage team members to feel a sense of mutual respect, trust, and shared goals. Create guidelines and policies to combat discrimination and advance equal opportunity for all workers. Encourage your staff to have a growth mindset so they can be receptive to and appreciative of various cultural viewpoints. Leaders should become more sensitive to and knowledgeable about various cultural norms, values, and practises. Understanding how culture affects leadership expectations, decision-making procedures, and communication styles is part of this. Creating an environment where everyone, regardless of cultural background, feels valued, respected, and included is a key component of inclusive leadership. Effective leaders support diversity, actively seek out diverse viewpoints, and guarantee that all people have the same opportunities for personal growth.

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