



**BS ritgerð
í viðskiptafræði**

**The differences between Lithuanian and Icelandic
organizational cultures**

Darija Virbickaitė

Leiðbeinandi Þóra H Christiansen

Viðskiptafræðideild

Júni 2011



HÁSKÓLI ÍSLANDS

The differences between Icelandic and Lithuanian organizational cultures

Darija Virbickaitė

Lokaverkefni til BS-gráðu í viðskiptafræði

Leiðbeinandi: Þóra H Christiansen

Viðskiptafræðideild

Félagsvísindasvið Háskóla Íslands

Júni 2011

The differences between Lithuanian and Icelandic organizational cultures

Ritgerð þessi er 12 eininga lokaverkefni til BS prófs við Viðskiptafræðideild, Félagsvísindasvið Háskóla Íslands.

© 2011 Darija Virbickaitė

Ritgerðina má ekki afrita nema með leyfi höfundar.

Prentun: Prentsmiðja Háskólaprent

Reykjavík, 2011

Foreword

This thesis was written as a BS-degree thesis in Business Administration at University of Iceland and is considered to be 12 (ECTS) credits. My supervisor was Þóra H Christiansen, adjunct lecturer in Business Administration at University of Iceland. I want to thank my supervisor for the cooperation and advices while writing this thesis. Also I want to thank my family for the patience and support.

May 2011

Darija Virbickaitė

Executive summary

Culture is one of the factors that distinguishes nations from each another. Nowadays, not only are people moving around the world, but organizations are engaging in international business or merging together. Organizations, no matter how big they are, have developed their values and beliefs among the employees inside the company, creating some sort of the organizational culture that also differs from country to country. Being unfamiliar with a different culture and its organizational culture, companies take a big risk in experiencing cultural clashes. Thus, it is important to study the culture before engaging in a business with any particular country.

This thesis aims to research two European countries with a large geographical distance between them. It contains one research question: Is there a difference between Lithuanian organizational culture and Icelandic organizational culture?

First of all, the standard concept definitions of culture and organizational culture are presented together with Hofstede's model of cultural dimensions, which was the most useful to this report. Secondly, Lithuania and Iceland are presented separately. A short history of each country is described and the cultural development together with national identity formation is discussed. The study includes the analysis of culture and organizational culture in both countries. Moreover, to see how the organizational culture applies to practice, two telecommunication companies, TELE2 in Lithuania and Nova in Iceland, are analyzed. Results are represented in comparison by way of cultures, organizational cultures and in both companies. Furthermore, a few recommendations are proposed to each company as to what they could learn from each other.

The research shows that Lithuanian organizational culture and Iceland organizational culture are alike. The main differences were found in decision making and uncertainty avoidance and also in some of the managers' values. However, these differences cannot prevent both countries from working together and they are not likely to experience significant cultural clashes.

Table of Contents

1	Introduction	7
2	Theories	8
2.1	Culture	8
2.2	Organizational culture	11
3	Lithuania and Iceland	14
3.1	Lithuania.....	14
3.1.1	History of Lithuania.....	14
3.1.2	Lithuanian cultural development and identity formation.....	15
3.1.3	Lithuanian culture	17
3.1.4	Lithuanian organizational culture	19
3.1.5	Lithuanian company.....	20
3.2	Iceland	23
3.2.1	History of Iceland	23
3.2.2	Icelandic cultural development and identity formation	24
3.2.3	Icelandic culture.....	25
3.2.4	Icelandic organizational culture	27
3.2.5	Icelandic company	28
4	Limitations.....	31
5	Results	32
5.1	Comparison between Lithuanian and Icelandic cultures.....	32
5.2	Comparison between Lithuanian and Icelandic organizational cultures....	33
5.3	Comparison between TELE2 and Nova.....	35
6	Recommendations	38
7	Conclusion.....	39
	Bibliography	41

1 Introduction

Today's world is changing at a very fast pace. People are moving around from one country to another to live and work. The same applies to organizations. Many of them are engaging in some sort of international business together. Often, a lack of knowledge of different cultures results in cultural clashes and negative experiences. To be able to avoid cultural conflicts, organizations should become familiar with the foreign organization's culture before starting to work together.

As organizational culture is so important, this thesis is based on the study of national cultures and organizational cultures in Iceland and Lithuania, using the following research question as its basis: Is there a difference between Lithuanian organizational culture and Icelandic organizational culture? Moreover, to see if the theoretical models of each culture apply in practice, two companies were picked out and analyzed. The purpose of this study is to find out if there is a difference in organizational cultures and if companies in Iceland and Lithuania would experience any cultural conflicts or if their cultures are too similar.

The study will review the definitions of culture and organizational culture. Lithuania and Iceland will be presented separately with basic information about their history and cultural development. Overviews of their cultures and organizational cultures will be explored in regard to Hofstede's cultural dimensions, in order to be able to compare them later in the study. The study also includes research based on the discussion of two telecommunication companies, namely TELE2 in Lithuania and Nova in Iceland. The purpose of choosing these companies was to see if the theoretical description concerning organizational culture in each country actually applies in practice.

2 Theories

This chapter provides a variety of definitions from several scientists about culture and organizational culture. Furthermore, the elements of the culture will be presented and the factors that have an influence on the national culture will be discussed. Later on, the cultural layers according to Geert Hofstede will be analyzed together with the cultural dimensions. Finally, the organizational culture will be explained and the levels of culture according to Edgar Schein will be explored.

2.1 Culture

The definition of culture varies amongst the researches and the time frame but the main idea stays the same. Kroeber and Kluckhohn (1985) analyzed more than 160 definitions of culture and came to the conclusion that all the definitions share common elements. According to them, culture is “learned, shared, and transmitted from one generation to the next” (Czinkota, Ronkainen, & Moffett, 2008, p. 37). Kluckhohn and Strodtbeck (1961) identified the key dimensions of culture: relationship with nature, human activity, human nature, relationship with people and time. Fons Trompenaars along with Charles Hampden-Turner (1998) developed a model about the differences in national cultures. This model is based on analyzing the relationship with nature, with people and with time. The model includes seven dimensions that explain the relationships between people from different national cultures (Schneider & Barsoux, 2003).

Cultural elements always appear when identifying the national culture. It helps to separate one nation from another. Language (verbal, nonverbal), religion, values and attitudes, manners and customs, material elements, aesthetics, education, social institutions are all the elements associated with the concept of culture (Czinkota, Ronkainen, & Moffett, 2008). The importance of understanding cultural differences and the identification of one's own culture came to light when people started moving around the world.

One of the most useful definitions of culture was put forth by Hofstede. Therefore, heavier emphasis will be placed on his explanations about culture and cultural dimensions. Hofstede (2001) defines culture as “the collective programming of the mind

that distinguishes the members of one group or category of people from another” (p. 9). The “mind” in Hofstede’s text refers to “the head, heart and hands – that is, for thinking, feeling and acting, for consequences for believes, attitudes and skills” (p. 10). Hofstede believed that cultural differences manifest themselves in several ways starting with symbols and going deeper to the heroes, rituals and values. He used the “onion diagram” to explore these relations.

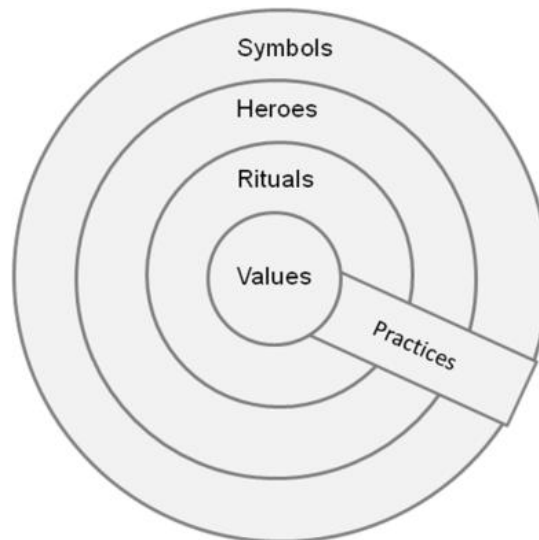


Figure 1: The Onion diagram: Manifestations of culture at different levels of depth (Barth, Muckel, Richter, Wankelmuth, & Wendland, n.d.)

The outer and most superficial layer – symbols – are words, gestures, pictures, objects that carry the special meanings for those who belong to the same culture. New symbols replace older ones frequently. They are regularly copied among the cultures (Hofstede, 2001).

Heroes are individuals, alive or dead, real or imaginary, that have an impact on peoples’ behavior. They can be real actors or a cartoon characters.

Rituals are group activities that are unnecessary for reaching the certain goals but nevertheless are considered socially important, keeping the individual bound within the norms of collectivity (Hofstede, 2001).

Values are the core of the “onion” diagram. They are invisible until they appear in human behavior (Hofstede, 2001). Values can be learned from the childhood, they are stable and slowly adaptable. Hofstede defines value as “a broad tendency to prefer certain states of affairs over others” (Hofstede, 1984, p. 18).

Additionally, Hofstede identified five dimensions to help better understand the different culture across the nations. These dimensions of culture are power distance, uncertainty avoidance, individualism, masculinity and long-term orientation. After his studies of more than 50 different countries, these dimensions became very well known and used by other researchers (Gannon, 2001).

Power distance (PDI) is the extent to which the less powerful members in organizations or institutions accept and desire that power is allocated unequally. Inequality is represented from below, not from above. In cultures with a high power distance inequality is considered as a norm and necessity to maintain societal structure. People are considered to be dependent from a higher power of those few who are independent. People with a higher power are enabled to privileges and consider the less powerful members as being a different kind. Powerful people try to look as powerful as possible. There is a respect for older people. In cultures with the low power distance inequality in society is minimized and people are independent. There is no social class difference and everybody is treated as equal and has same rights. People in higher positions try to look less powerful than they are. Showing the respect for more powerful or older people is not important (Hofstede, 2001).

Individualism (IDV) is the opposite to collectivism and reflects to the extent to which the people are integrated into the groups. In individualistic societies, ties between individuals are loose. People are expected to look after themselves and only after the immediate family members. Everyone has a right to private life and identity is based in individual. The communication between the people in individualistic cultures is low-context, meaning that it is direct. On the other hand, in collectivistic cultures people are bounded by strong relations and are more into the groups. Groups secure protection. Identity is based in the social system and people are collectivity orientated. Social institutions and organizations where people belong, are invaded in their private life. Behavior is regulated through the group norms. Rules breaking leads to shame (Hofstede, 2001).

Masculinity (MAS) versus femininity refers to the role of the gender in societies. It opposes the “touch” masculine versus the “tender” feminine. The masculine side is associated with assertiveness, ambitious and competition (Bik, 2010). Money and the things are important. People are ego orientated and stress about everything what they do. Conflicts are solved by fighting out over issues. The feminine side is more careful,

concerned for people and the living environment. People are relationship orientated and stress is based on who you are. Conflicts are solved by compromises and negotiations (Hofstede, 2001).

Uncertainty avoidance (UAI) focuses on the level of tolerance for uncertainty and ambiguity in the country. In the cultures with high uncertainty avoidance, uncertainty and ambiguity is tolerated. Individuals are unlikely to take the risks and changes. It creates a rule-orientated society and the authority is respected. People believe that what is different is dangerous and there is a need for clarity and structure. Planning is also important. People in this culture can look as busy, aggressive and emotional. On the other hand, the cultures with low uncertainty avoidance have less concern about uncertainty and individuals feel more comfortable with the unknown. This applies to less rule-orientated countries that take greater risks. People are flexible, open for innovation and changes. They are curious about what is different and are comfortable with ambiguity and chaos. People in the low uncertainty avoidance culture appear as easy going, quite and even lazy (Hofstede, 2001).

Long-term orientation (LTO) versus short-term orientation is the fifth dimension to be discovered by Hofstede. Cultures with long-term orientation concentrate on what the future brings. The emphasis is on persistence and perseverance. People develop and maintain lifelong personal network. Adaptation of traditions to new circumstances and personal adaptability are important. People are investing in real estate and believe that most important events will occur in the future. The emphasis is put on thrift. Cultures with short-term orientation focus on the past and the present. That means respect for tradition, preservation of face and fulfilling social obligations (Browaeys & Price, 2008). People are expecting quick results and invest in mutual funds. They believe that most important events occur in the present. The tolerance and respect to other people are important factors. People in this culture emphasize on personal steadiness and stability (Hofstede, 2001).

2.2 Organizational culture

Increased globalization of the companies in the world led to the need to uncover how business is done in one or another side of the world creating the concept of organizational culture. National culture has a direct influence how the culture in the organizations develops and where the values come from. To understand better the different culture of

other companies, first of all the company's culture of its own should be identified. The terms as organizational culture, corporate culture and business culture lead to the same conclusion how the business is done in particular organization, what kind of values are shared in the company and what communication is in the company. In this thesis the term of organizational culture will be used to explore the ideas about the culture in organizations.

Organizational culture is a key factor to success in organizations that start working together. It helps to understand better the complex organizational life. According to researchers such as Schein (2004) and Cameron and Quinn (2006) the most successful manager is the one who knows organizational culture well, can develop it and, if needed, change it.

Schein defines the culture of the group as “a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (Schein, 2004, p. 17)

Schein developed a model to explain the basic elements of culture. Model is similar to those of other cultural theorists such as Hofstede. Both models assume that culture can be explained and understood by looking deeper at the core values and assumptions. Schein's model includes three levels: artifacts, espoused values and basic underlying assumptions (Schein, 2004).

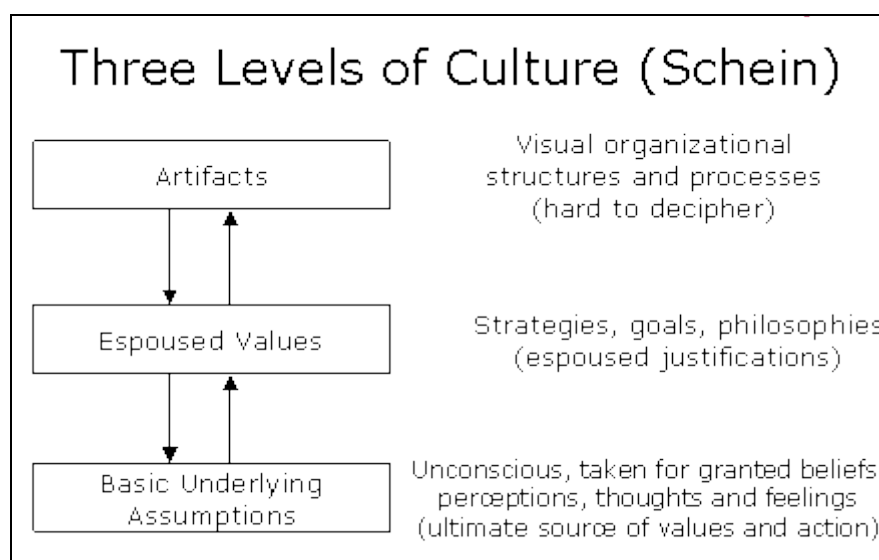


Figure 2: Levels of culture (What are Edgar Schein, n.d.)

At the first level called artifacts, there are the most visible, hearable and easiest to feel phenomena when one interfere a new group with the different culture. Artifacts include the visible aspects of the culture in question. These can be architecture and design, greeting rituals, forms of address, making contact, dress codes, emotional displays and etc. The outsider can easily see these artifacts but might not be able to fully understand why they were determinate (Schein, 2004).

Espoused values are the values usually espoused by the leaders. These values should be supported by some general and shared assumptions of the culture. They can be the strategies, companies' goals and philosophies (Schein, 2004).

The deepest level in Schein's model is basic assumptions. Assumptions reflect the shared values within the same culture. They are taken for granted and the individual finds little variation between the different cultures. Assumptions guide behavior; they tell the group member how to understand, to think about and feel about things (Schein, 2004).

One of the most common theories concerning culture is the Hofstede's five dimensions model, as already discussed in the previous chapter. Hofstede's proposition to split culture into five components – five dimensions can be applied and used as much as for analyzing culture as also for analyzing the organizational culture. This Hofstede's method helps to evaluate and compare the cultures of different nations. Huettinger (2008) suggests the dimensions identified by Hofstede are relatively independent of one another and broadly covers the national (and also the organizational) culture. This means that it allows objectively analyze, describe and then compare different cultures. Hofstede's method is unique because it allows us to compare the different organizational cultures in different countries of the world.

3 Lithuania and Iceland

History of a country plays an important role how the culture in that country has developed during the years. Analyzing the cultures of Lithuania and Iceland we should know the short history how the country was created and where the importance to the cultural elements comes from. The knowledge about both countries cultural development helps to analyze and define the cultural dimensions in those countries. Moreover, national cultures analyzed according to Hofstede's dimensions help to understand the differences between Lithuania and Iceland. Consequently in this chapter, a short historical background about Lithuania and Iceland will be presented, the culture of both countries will be analyzed and their organizational culture discussed. Furthermore, to show how the features of organizational culture of each country apply in reality, two telecommunication companies in separate countries were chosen and will be presented later in this chapter.

3.1 Lithuania

In this section some historical facts about Lithuania will be presented, cultural development together with national identity will be discussed, the culture according to Hofstede's five cultural dimensions will be analyzed and the overview of the organizational culture will be presented. Moreover, the Lithuanian telecommunication company will be presented and the organizational culture in that company will be discussed.

3.1.1 History of Lithuania

Lithuanian country geographically lies between East and West Europe and it belongs to Central Europe from the point of view of its civilization. According to recent calculations made by the French National Geography Institute, Lithuania is literally the centre of Europe (Bumblauskas, 2000).

Lithuania's name was first mentioned in 1009 in Quedlinburg Annals (McLachlan, 2008). From the 13th and up to the 18th century Lithuania had become its own state and was known as Grand Duchy of Lithuania. In the middle of the 13th century, the Grand duke Mindaugas united all the Lithuanian territories and had the highest power in the country. One of the important events in times of Mindaugas was the acceptance of Christianity in 1251. Later on, Mindaugas was crowned the first king and was the only

one in Lithuanian history (Daugirdaitė-Sruogienė, 1990). For almost two centuries, Lithuania had survived attacks from Germany and fought bravely for its state and religion. The castles were built for protection and some parts of them are extant until today. The most important and successful battle against the Teutonic Knights was the Battle of Žalgiris in 1410. Since then this name has had a symbolic meaning in Lithuanian people life. In the times of Grand Duchy of Lithuania country had the biggest territory in the history. In the Southern side Lithuanian borders reached as far as the Black Sea. In 1569, Lithuania and Poland were united by the Lublin Union and became one state called Commonwealth (a.k.a. Rzeczpospolita). Lithuania's territories were united with Poland lands. Both countries retained their laws, administration, treasury and army, but were not able to make any international decisions by themselves. After many wars and occupations, the Commonwealth collapsed in 1795 when Russia, Prussia and Austria divided Poland and Lithuania among themselves. The lands of Commonwealth were split. Lithuania fell under Russian rule and for more than a century had fought against tsarist pressure. Only on February 1918 did Lithuania declared its independence. Lithuania obtained the smallest territory in the history of Lithuania and the same territory remains until present. Shortly afterwards, Lithuania was recognized by the largest countries of the world and created the diplomatic relations with many of them. On August 1940 the nation was occupied by the Soviet Union and was forced to adapt the Russian way of living. All the cultural organizations were dissolved and industrial and commercial business were nationalized. The massive deportation to Siberia rarefied the population. More than half of the century Lithuania was under the Russian control and communists ruled Lithuanian cultural life. In March 1991, the second declaration of independency was announced and Lithuania became the first republic that managed to separate itself from the Soviet Union (McLachlan, 2008). Iceland was the first foreign country to recognize Lithuania's independence. Soon after that, Lithuania was admitted to United Nations and joined the Council of Europe. On April 2004 Lithuania was accepted to European Union and NATO (McLachlan, 2008).

3.1.2 Lithuanian cultural development and identity formation

The roots of the Lithuanian culture can be found in Latin civilization in 14th century. Although Germany played a big role in the Europeanization of Lithuania's neighboring countries, the strongest cultural influence on Lithuania came from Poland. In the same century, the Polish language was accepted as a daily communication language in

Lithuania but there was no determined written language. Most likely because of this language uncertainty, the urban and university culture became noticed just in 14th century. Due to the fact that Grand Duchy of Lithuania was ruled not only by Lithuanians but also by the other foreign dukes, the Lithuanian language was not accepted as an official written language until the 16th century, as the foreign leaders could not speak it (Gudavičius, 2000). It was first used for official purposes in 1918 (McLachlan, 2008). In the 19th century during the national reawakening, the new doors opened for the lower class people, for those who were in serfdom in Russian empire times. The new rights of freedom and opportunities gave them a chance to be socially mobile, reach the professional ranks and enter the educated elite. The increased educational level of the population created a need to discover the culture. The books were printed in Latin alphabet though it was banned by Russians and brought to the Lithuanian people behind Russians back. Lithuanians never wanted to give up their language and rejected both Polish and Russian languages during the occupations and Commonwealth times (Clark, 2005). During the Soviet Union times the Lithuanian free market system was nationalized, collective farms organized and the national culture was Sovietized. While seeking the independence in 1988 - 1991, Lithuanian language played an important role to define national identity - "Nothing else served as well to those identifying themselves as Lithuanians as did the language" (Clark, 2005, p. 176).

In all the times, Lithuanians were so proud of their language that they did not accept any foreign loan words; instead they created new Lithuanian words to replace the foreign terms. This has been one of the reasons that Lithuanians are thought to be stubborn people. This stubbornness also showed itself when Lithuania was the first country to get a full independence from the Soviets.

Suffering for the long time from the occupations created the distrustful image of outsiders. On the other hand, Lithuanians are quite tolerant to the foreigners. When the Western culture (mostly USA) came into the picture, it was tolerated by the natives, but for foreigners Lithuanian people seemed to be cold, arrogant and insensitive (Clark, 2005). The country is quite attractive to the foreign investors because of its well-trained and low-cost workforce. "The proportion of university graduates in the labor pool is one of the highest in central Europe." (Clark, 2005, p. 197)

The urbanization and industrialization in Lithuania were imputed by the Soviet power. It was a determined fact to destroy traditional rural way of life. Though, the traditional

forms during the occupation under Soviet Union were retained not only by rural communities but a lot was done due to the activities of intellectual communities. Folk dances and songs were a premeditated form of cultural resistance initiated by the intelligentsia. Though in time this had faded away, the experience shows that in the occupational times, traditions, customs and cultural elements were more important and created a sense of national pride and identity (Samalavičius, 2007). Critics state that the traditional Lithuanian identity has been lost without a hope of being restored, but EU membership might be the key to find out how Lithuanians differ from other nations. The main reason for Lithuanians voting in favor of EU was fear of returning to the imperial rhetoric Soviet Union's political discourse (Samalavičius, 2007).

3.1.3 Lithuanian culture

Hofstede's studies of cultural dimensions do not include Lithuania, but there are some professors who have analyzed it. The cultural identification according to Hofstede's studies can be found in reports: "The National Cultural Dimensions for Lithuania" written by Mockaitis (2002) and "Cultural dimensions in business life: Hofstede's indices for Latvia and Lithuania" written by Huettinger (2008). The study of Mockaitis was based on questionnaire. The answers were collected from 136 Lithuanian and 60 Danish students from Universities as can be said the potential managers. Danish respondents were students majored in international relations/studies, economics and business administration and Lithuanian respondents were majored in the field of management, personnel management, accounting and audit, production management and marketing. Both countries respondents were with similar level of education and age. The main focus on Mockaitis's research was to identify cultural dimensions in Lithuania and compare Denmark's results with already studied results from Hofstede about Denmark to be able to adjust the scores to Lithuania. However, Mockaitis's research did not include the 5th dimension identified by Hofstede. Therefore, the study of Huettinger was used to compare previous results and look at the time orientation. Huettinger used a survey in three universities in capital cities and collected answers from 301 students from Latvia, 289 students from Lithuania and 223 students from Sweden. The research was aimed to find out cultural dimensions in Lithuania and Latvia and to use Sweden students' results to compare with Hofstede's results to make the adjustments to Lithuania's and to Latvia's results. Huettinger's findings about Lithuania were similar as previous ones identified by Mockaitis.

Values of Lithuanian culture are characterized by three periods of time: before the Second World War, the culture after war and during of Soviet Union times and after independence in 1990 (Baltrimienė, 2005).

According to Mockaitis and Huettinger, Lithuania scores low in a power distance. Out of 100, Lithuania scored 42 in Huettinger's results and 45 in Mockaitis's findings. Flat hierarchy exists both in society and at work. For example, the head of the family is the father and the head of the company is the manager. However, the relationship between parents and children is not so formal anymore. The situation also differs between men and women in society, with Lithuanian women standing lower in society (Baltrimienė, 2005).

When talking about individualism vs. collectivism Lithuania scored 50 in Mockaitis's research (Mockaitis, 2002) and 60 in Huettinger's findings (Huettinger, 2007). This means that Lithuanian people are more individual than collective. Lithuanians also see themselves as being more individual and this goes against the literature sources where they are said to be a collectivistic society because of Lithuania's long history of Eastern occupation. On the other hand, the countryside people are more collective than these who live in cities. It also depends if the people are acting in a group or it touches a personal life (Baltrimienė, 2005).

Femininity characteristics are dominant in Lithuanian culture. Lithuanian people care for each other. According to Hofstede, the scored index in masculinity is 9 out of 100. Such a culture is more concerned about nurturance, comfort, quality of life and good relationships (Huettinger, 2008). The fact that the President of Lithuania and the Parliament Speaker are both women also shows the feminine side of the country's culture. On the other hand, a study conducted a few years earlier by Mockaitis (2002) claims that the masculinity index in Lithuania is 65. Huettinger in his cultural studies identifies this fact and according to him, other researches show the higher femininity over masculinity in Lithuania (Huettinger, 2008).

Studies show that Lithuania scores highly in uncertainty avoidance. Research by both Mockaitis and Huettinger yielded similar results, scoring 67 on the index. Higher scores on the index apply to those countries that have a long history such as Lithuania. According to the results Lithuanians are not a risk takers; they have a little interest in innovation and changes. The conflicts are more or less avoided because people take the uncertainty (Baltrimienė, 2005).

The earlier study of long-short term orientation conclude that Lithuanian culture is short-term orientated. Research revealed an index score of 30 (Huettinger, 2008). Lithuanians value personal stability and happiness. People put less effort into achievements, but the high respect for traditions remains.

Lithuanian people are a social type. They respect the living human being and this can be seen in everyday life and cultural trends. They enjoy fellowship and treat others well. Lithuanians “retain [the] balance between mind and sense, intellect and emotions”, although the emotional side usually exceeds the intellectual (Saulytis, 2008). Here the passivity and nostalgia can be mentioned. Passivity in society leads to meekness and nostalgia, which in turn leads to depression (Saulytis, 2008). Most of Lithuanians can stand for themselves but there are many weak personalities that lose their way.

3.1.4 Lithuanian organizational culture

Organizational culture in Lithuania will be analyzed using two researches by Mockaitis and Huettinger where Hofstede’s cultural dimensions were analyzed. Furthermore, visual artifacts and behavior of businessmen in Lithuanian organizations will be discussed later in this section.

Low power distance in Lithuanian organizational culture comes from the national culture, where the power distance is less than medium. According to the research made by Huettinger in 2007, in Lithuanian employees have weak relationship with their employers. The manager in the company is high-powered, employees usually avoid showing dissatisfaction around him/her and there is also little supervision provided by the superior (Huettinger, 2007). The most important values to Lithuanian managers are professional capability and responsibility. Corporate social responsibility and helpfulness are less important. Managers tend to involve employees into decision making (Pačėsa, Zakarevičius, & Žukauskas, 2011). However, Lithuanian managers are less likely to influence others or take a control of others. Furthermore, they are far behind in motivating by force of personality (Cook, et al., 1998).

Individualistic Lithuanian culture influences the managers to seek the professional success by knowledge and experience doing it personally (Pačėsa, Zakarevičius, & Žukauskas, 2011). The strong individual level results in difficulties in working in teams and in making corporate decisions. However, benefits appear when individual is seeking professional use (Cook, et al., 1998).

Males are dominant in Lithuanian organization culture where the majority of the superiors are men (Mole, 2003). However, it is important to note that times are changing. There are just as many educated women ready to take on high positions at work as there are men (Huettinger, 2007). Lithuanian managers value the comfortable life and responsibility. They are less likely to take a lead and are not very ambitious in competition. Moreover, managers use their time efficiently to be able to spend enough time with their families (Pačėsa, Zakarevičius, & Žukauskas, 2011).

When it comes to uncertainty avoidance, Lithuanian managers are unlikely to take risks or make immediate decisions. To avoid the uncertainty the rules to control social behavior were created in Lithuanian organizations (Baltrimienė, 2005). In most of situations managers rely on their subordinates and listen to the opinions of others.

Lithuanian organizational culture is short-term orientated. Organizations try to make as much money as possible, not really thinking about the future perspectives. The Lithuanian government sold many factories and even the “Butinges Oil terminal” to foreign investors to make money at that moment.

In the Lithuanian business culture, courtesy and politeness are highly respected. People always greet each other with a handshake and maintain eye contact. When getting to know other business people, they always use formal terms, such as Ponas (Mr.) and Ponia (Mrs.). Afterwards, however, the more informal first names are used. Lithuanian people like to have greater personal space; because of this they do not touch others while talking. They also wait patiently for their turn if somebody else is speaking and never interrupt the conversation. The meetings should always be planned in advance and punctuality is a prerequisite. Lithuanian business men always take care of schedules. However, they think things through thoroughly before arriving at any decision. Business people tend to turn business relationships into friendships, and, as such, are able to discuss business deals better. People in the business world usually know each other. Same as in socialism period, the business relations are based on family, school etc. Lithuanian managers are used to show individual work and compete rather than collaborate (Mole, 2003).

3.1.5 Lithuanian company

In this section the method how the information was gathered to introduce the Lithuanian company will be discussed. The company itself will be described and the findings will be analyzed in the frame of Hofstede’s cultural dimensions.

3.1.5.1 Methodology

There is no written research pertaining to Hofstede's cultural dimensions in Lithuanian telecommunication companies. Therefore, this study was made to see if the theoretical element of Lithuania's organizational culture applies to real organizations. In the section about the Lithuanian company, research was based on qualitative information. E-mail was used to contact the right person in the company. The public relations manager was willing to give the information which was necessary to identify cultural dimensions. Four E-mails were sent until the desired information was received. The questions were designed to obtain information about the company and the work place and the direct questions were used to find out about the cultural dimensions of the company. Moreover, the company's webpage was also consulted to obtain information about the company's development.

3.1.5.2 About TELE2

TELE2 Ltd. (previously known as Levi&Kuto) was founded in 1993. It was acquired by the Swedish telecommunications company NetCom in January 1999 and entered the telecommunication market in Lithuania in December 1999. The company's headquarters is in Sporto St. 7A, Vilnius, in Lithuania. TELE2 operates customer service divisions and sales outlets in the 8 largest cities in Lithuania. The company has more than 100 shops throughout Lithuania (TELE2, 2011).

TELE2 offers simple and affordable telecommunication services, such as a network providing for both mobile and landline numbers, internet connection, computer networks, cable television and other services. The GSM signal works perfectly both throughout the whole of Lithuania and abroad, although 3G signal is quite weak and only works in bigger Lithuanian cities. TELE2 is a leader in price in Lithuania. According to RAIT Ltd. (Market Research Solutions), the low prices offered by TELE2 attracted 47.9% of all Lithuanian customers in 2010 (Elektronika, 2011). In 2009, research conducted by TNS Gallup showed the company to be the most reliable and trustworthy telecommunications company.

TELE2's main mission is to provide a cheap and simple telecommunication service. The company follows three principles: flexibility - to meet clients' needs, honesty and friendly relations with the clients and cost management - to use the available resources efficiently (A. Baranauskas, personal communication, March 21, 2011).

3.1.5.3 Working place

TELE2 is quite a small company with less than 100 employees. There is no gender domination in the company; there are both males and females working in the company. The majority of the company's employees have a university degree. Due to many small outlets, employees do not build a strong friendship with other employees. Everybody seeks their own success in the carrier, although the atmosphere is polite and everybody respects each other. The company believes that the customer is king and that employees are supposed to assist them in the best way possible in order to uphold the company's good image and standards of service (A. Baranauskas, personal communication, March 21, 2011). The company is built on its values package, known as TELE2 Kelias (which roughly translates as the TELE2 Way).

3.1.5.4 Hofstede's dimensions in TELE2

Power distance is high within TELE2. The organizational structure is simple, but superiors do not have close relations with staff. Communication between staff and managers is direct, but quite formal in nature and it is not all that easy to get in contact with the superiors of the company.

Just as in Lithuanian culture, individualism is a dominating characteristic within the company. Employees like to work independently rather than in a team, as the company's goal is to get a job done, be it individually or in a team (A. Baranauskas, personal communication, March 21, 2011).

TELE2 has more femininity values. Managers always look after their employees and the company puts a lot of effort into employees' motivation and self-realization. TELE2 believes that a happy staff leads to the company's success. Managers share their experience, competence and knowledge with the rest of the team. The company offers plenty of training and development opportunities.

Uncertainty avoidance is high within the company. Managers are not risk takers and the company only invests in profitable ideas. Managers take simple solutions and are not afraid to copy them from others. They are not likely to make any changes unless they are necessary (A. Baranauskas, personal communication, March 21, 2011). Employees of the company follow the rules set by the owners of the company, regulations by the law and good practice requirements.

TELE2's history shows that the company is short-term oriented. Managers do not believe in 5 year plans and everything is done now to generate higher revenue. The

company pays attention to solutions and not to problems (A. Baranauskas, personal communication, March 21, 2011).

3.2 Iceland

The country of Iceland will be described in this paragraph. First of all, a short history of Iceland will be presented. Furthermore, the formation of Icelandic culture and identity will be explored. After this, Icelandic culture and business culture will be discussed. Finally, the Icelandic telecommunication company Nova will be described and its organizational culture analyzed in regard of Hofstede's dimensions.

3.2.1 History of Iceland

Iceland is an island located in the North Atlantic, between Europe, North America and the polar ice cap. It is the westernmost country in Europe and also the easternmost country in the Americas (Evans, 2008).

Iceland was settled during the late 9th century by people of Norse origin, together with their servants from Ireland and Scotland. The country's population was a mix of Norse and Celtic people (Evans, 2008). During the 10th century, the ruling chiefs established a legal assembly called Althingi. Today, it is the oldest existing parliament in the world. This period of governance is known as the Commonwealth (Icel. Þjóðveldið) (Evans, 2008). The country also turned to Christianity allowing pagans to function secretly. Iceland remained independent until the 13th century and lay under the control of six wealthy families. After decades of conflicts, Iceland entered into a treaty which established a union with the Norwegian monarchy. In the 14th century, Iceland was passed to Denmark when Norway, Sweden and Denmark were united under the Danish crown. Icelanders had to give up Christianity and follow Danish Lutheranism (Evans, 2008). In 1602, the Danish crown imposed a trade monopoly allowing only trade with Denmark. Natural disasters such as epidemics and volcanic eruptions destroyed farms and their production. This led to the collapse of the undeveloped economy and a fall in the standard of living. In the late 18th century, when trade was opened up, Iceland was granted permission to build cities. In the early 20th century, after Danish home rule was granted, Iceland improved its economy by founding its own shipping company, modernizing its fishing fleet and building a harbor. Iceland became a free and sovereign state united with Denmark under the common King in 1918, although Denmark still

controlled Icelandic foreign affairs (Evans, 2008). During the Second World War, British military forces entered Icelandic territory. Icelanders treated them as customers and unemployment disappeared in the country. In 1941, Americans replaced British forces and new opportunities opened up for Iceland as Americans invested in the infrastructure of Iceland. Iceland gained full independence in 1944. A few years later, the American forces left and Iceland joined NATO. A defense agreement was made and America took responsibility for defending Iceland in exchange for a NATO base in Keflavik. This helped Iceland to develop and modernize. In the 20th century, the Icelandic economy was built on and money came from fishing (Evans, 2008). When Icelandic woman became a first female president in Europe, Iceland became known as an individualistic country, where there is no gender discrimination and everyone has equal rights. The NATO base was closed in 2006 and Iceland finally became free from any foreign power (Evans, 2008).

3.2.2 Icelandic cultural development and identity formation

Icelandic culture has its roots in 9th century, just as the country was being settled. The Norse and Celtic people brought Nordic culture with them which later changed to become Icelandic culture. The language and cultural roots are found in Scandinavian culture though Celts influenced some ancient poetry, Icelandic names and even the appearance of Icelanders. The establishment of the Icelandic parliament made the country a democracy. A major event in forming Icelandic culture was the Parliament's decision to make Christianity the national religion in 11th century. Icelandic literature is the most valued as a national identity. The literary age opened in second half of 12th century. One of important heritages from that time is *Íslendingabók* where the 300 years of Icelandic history were covered (Evans, 2008). Furthermore, Icelandic sagas written until 14th century became famous worldwide (Rademacher, Batz, & Hartmann, 2008). It created the image of Icelandic people as educated and entertaining nation. The sagas also formed a strong Icelandic identity and distinguished the Icelandic nation from the rest of the Nordic countries (Evans, 2008)

In later centuries, the Icelandic language as much as the Icelandic culture had been influenced the most by Danish. In the 16th century Icelandic people were forced to adopt Lutheranism. The monopoly set by the Danish crown had a bigger impact than expected. It led Icelandic people to poverty. The ecological disasters and deadly diseases sharply cut the number of the Icelandic population. In the early 19th century the nationalism

movement began. The national library, museum and free presses were established (Evans, 2008). During the national awakening the written language became the most important sign of identity (Bundle, 2005).

During the 20th century, Icelandic culture was highly influenced by European and American cultures. First, the British military stepped into the country bringing some cultural characteristics. Soon after that, American troops took over from the British and stayed for more than a half of a century. Americans modernized the poor Icelandic country with the new techniques. In 1944, Iceland gained independence and became a republic. Iceland made world history when the first woman President ever was elected in Iceland in 1980. Since then, Iceland has become known as an individualistic country with equal rights between genders (Evans, 2008). This encouraged the beginning of female political parties' movement (Karlsson, 2000).

3.2.3 Icelandic culture

Hofstede excluded Iceland in his research on cultural dimensions. However, there have been some studies made to identify cultural dimensions in Iceland. Three studies were used in exploring the cultural dimensions in Iceland: "Icelandic business and management culture" written by Eyjólfsdóttir and Smith (1997); "Weak business culture as an antecedent of economic crisis: the case of Iceland" written by Vaiman, Sigurjonsson and Davíðsson (2011); and "Iceland – an Overview: history, economy, culture, educational system" written by Rademacher, Batz and Hartmann (2008). Eyjólfsdóttir's and Smith's findings were based on the questionnaire answers by 52 senior Icelandic managers. The second reviewed study by Vaiman, Sigurjonsson and Davíðsson was based on the personal interview with Hofstede. The study showed similar results as the previous one written by Eyjólfsdóttir and Smith (Vaiman, Sigurjonsson, & Davíðsson, 2011). Nevertheless, both previous researches excluded the 5th dimension – time orientation. Therefore, the discussion about Icelandic cultural dimensions by Rademacher, Batz and Hartmann was used.

Icelandic culture is influenced by its geographical position as well as history. In only one century Iceland was transformed from a very poor farming society to an advanced economy. This had an impact on cultural values and behavior of Icelandic people.

The studies of Rademacher, Batz and Hartmann show low power distance in Iceland, the index is around 30 out 100. Icelandic people share equal rights (Rademacher, Batz, &

Hartmann, 2008). There have not been any class differences in the country and the so-called middle class does not feel any inferiority. People seek a higher education not because of power, but rather for knowledge and individual intelligence. The social order in the society is relaxed and there is no fight for power (Eyjólfsdóttir & Smith, 1997).

Icelandic culture is more individualistic than collectivistic. The research yielded an index of 60. This means that there is a difference between the personal and working environment. Icelanders are used to looking after themselves and their family members only (Rademacher, Batz, & Hartmann, 2008). People also have strong characteristics that define individualism “Eccentric, stubborn and proudly individualistic thinking”. Icelandic children are taught to be independent. People are hard-working due to the high cost of living and willingness to high living (Eyjólfsdóttir & Smith, 1997).

Like other Scandinavian countries, Icelandic values belong to femininity. Research reveals a masculinity index of 10 (Rademacher, Batz, & Hartmann, 2008). Icelandic people care about quality of life. To keep the life standard high, the materialistic tendency and the egalitarian social pressure “to be as good as others”, influenced Icelanders to work more and borrow money (Eyjólfsdóttir & Smith, 1997). Moreover, Icelanders have a very generous social welfare system (Vaiman, Sigurjonsson, & Davíðsson, 2011).

Uncertainty avoidance is quite low in Icelandic culture. People consider the rules but are not afraid of changes (Rademacher, Batz, & Hartmann, 2008). Moreover, Icelanders are quite open and tolerant towards foreign cultures (Vaiman, Sigurjonsson, & Davíðsson, 2011). The natural environment, such as volcanic eruptions, changing weather and earthquakes, has well equipped Icelandic people to deal with uncertainty (Eyjólfsdóttir & Smith, 1997).

Icelandic culture tends to be in a middle range in time orientation. People respect tradition and history (settled by Vikings) and simultaneously, just like most other European nations, invest in the future (Rademacher, Batz, & Hartmann, 2008, p. 23).

Icelandic people are optimistic and positive. This makes them look friendly, flexible and easy to cooperate with. Due to excessive optimism, Icelanders appear to be careless. They make extensive use of their famous phrase “Þetta reddast” meaning “It will sort itself out”. Icelanders also tend to lack self-discipline and are unpunctual and do not pay attention to detail. Furthermore, the Icelandic nation is artistic and initiative. These

characteristics allow them to influence environment. People are curious for the new changes and takes challenges and risks (Eyjólfsdóttir & Smith, 1997).

3.2.4 Icelandic organizational culture

In this section the Icelandic organization culture will be discussed with regards to Hofstede's cultural dimensions. Furthermore, some of the visual artifacts will be presented to get a better view of Icelandic organizational culture.

Icelandic organizational culture has a low power distance. With such a small population, people know each other and the superiors are not autocratic. The organizational hierarchy in most companies is flat. The closer relations between manager and employees make for a more relaxed and friendlier atmosphere in the company. Communication between higher officials and staff is direct (Eyjólfsdóttir & Smith, 1997). Overall, Icelandic companies are small compared to foreign companies and informal as in the rest of society (Davídsdóttir, 2006).

Individualism can be seen in Icelandic companies' culture. Organizations seek to become private enterprises rather than public ownerships and have a positive attitude in competition. Employees prefer jobs where they can use their personal initiative rather than teamwork (Eyjólfsdóttir & Smith, 1997).

Low power distance and individualism lead to organizational culture having more femininity values. Strong egalitarianism and informality create a good relationship between staff and superiors (Eyjólfsdóttir & Smith, 1997). Icelandic companies operate to make more money in order to be able to improve the standard of living.

Low uncertainty avoidance can be seen in Icelandic organizational culture. Managers do not rely on formal rules in decision making. They also feel secure in ambiguous situations. Icelandic managers are always full of new ideas and do not hesitate to make changes (Eyjólfsdóttir & Smith, 1997). Managers are always looking for the right solutions to problems. Icelandic companies are known as quick decisions-makers and they do not seek compromises (Davídsdóttir, 2006).

Organizations in Iceland usually lack the long-term goals (Eyjólfsdóttir & Smith, 1997). Companies focus on fast results. Therefore, organizational culture is short-term orientated.

Icelandic business culture has a short history and a lack of tradition. Because of this, companies are tending to grow faster. Companies and managers are young and more

flexible (Davídsdóttir, 2006). Personal network between business people is tight and nepotism can be seen between them and politics. The political elite are deciding how the business branches are divided among the businessmen (Vaiman, Sigurjonsson, & Davíðsson, 2011). In Iceland, as in the other Scandinavian countries the traditional handshake and eye contact is a requirement to open good business relations. To show the respect the formal Herra (Mr.) and Frú (Mrs.) are used when addressing the higher business officials, although Icelanders use their first names instead of their patronymic surnames. Business meetings are planned in advance. Punctuality is expected and respected though Icelanders find many reasons to be late. English is freely used in all business situations. Icelandic managers expect clearness and get directly to the point when making business deals (Evans, 2008,).

3.2.5 Icelandic company

In this section the method how the information was gathered to analyze the Icelandic company will be discussed. The company itself will be described and the findings will be analyzed using the frame of Hofstede's cultural dimensions.

3.2.5.1 Methodology

There has been no research conducted about the cultural dimensions in the Icelandic telecommunication company Nova. This study was made to determine if the theoretical principles of organizational culture in Iceland apply in practice in the organization. The analysis is based on qualitative research. In Iceland, an interview method was used, whereby the sales and customer manager was interviewed. The interview was held inside the company and lasted for one hour. The interview included direct questions about the company itself and the atmosphere inside the company. Other questions were designed to get the information necessary to describe the organizational culture in Hofstede's cultural dimensions frame.

3.2.5.2 What is Nova?

Nova is an Icelandic telecommunication company, which was founded in May, 2006 and started offering service in December 2007. The company's headquarters is in Lágmúla 9, 108 Reykjavik, in Iceland. Besides that, Nova runs four stores: two in the biggest shopping malls (Kringlan in Reykjavik and Smáralind in Kópavogur) one in Glerártorg in Akureyri and one in Selfoss.

Nova owns and operates its own 3G phone- and internet systems that now cover 86% of the Icelandic population. Nova's customers are always secured with the GSM phone connection in Iceland as well as abroad (Nova, 2011). In a pretty short time, Nova attracted customers with low prices and a 3G service, which was new at the time. In December 2008, Nova had around 30,000 customers in Iceland, equivalent to a 9% market share in the Icelandic telecommunications market. The following year saw the number of customers double to around 63,000, or a 20% market share in the Icelandic telecommunications market. Today, Nova has more than 70,000 customers. Nova received the highest score of all telecommunication companies in Iceland in terms of customer satisfaction for the year 2009 and it was placed second amongst all Icelandic companies that were measured at that time. The company received the same reward in 2010 (Nova, 2011).

Nova's main role is to make communication easier for people. It focuses on acquisition and dissemination of the information and amusement. Nova operates in a way that the customer is the most important in the company. It gives the possibility for the consumers to utilize their time better in a more effective and entertaining way.

3.2.5.3 Working place

Nova belongs to the small enterprises, where the number of employee is less than 100. In June 2010, there were 93 employees working for Nova. The workforce consists of both men and women of all ages with different educational backgrounds and work experience. All employees are treated equally and the atmosphere in the company is positive and very friendly (M. Tryggvadóttir, personal communication, March 28, 2011). Nova encourages employees to be initiative and to actively participate in everything the company does. The main values are to create a fun, trustful and respectful work place, where everybody would feel good and be friends. Nova's strategy is to build a good atmosphere inside the company and to create strong and powerful team collaboration because teamwork is the key to success. The work in Nova is demanding. Therefore it is important that employees feel supported by the management and that there is two-way flexibility (M. Tryggvadóttir, personal communication, March 28, 2011). To shake up the atmosphere between the staff and internal relations, Nova has its own entertainment group called Studio 77. The goal of Studio 77 is to create small and large events in the company's daily life – both in the working hours and after working hours, also to make a strong team even stronger and bring more fun in the working place.

3.2.5.4 Hofstede's dimensions in Nova

Power distance is low in the company. This is most likely because the whole national organizational culture has a low power distance. Organizational hierarchy is flat in the company, with just a few stages, indicative of a low power distance. Nova's employees become friends during their work and treat each other in the way which they would want to be treated (M. Tryggvadóttir, personal communication, March 28, 2011). Communication between staff and management executives is informal. As the management strategy says: we are all in the same team. If the staff needs any answers, they are welcome to contact the executive director directly.

Even though the company is working as a team and has the strong bounds between employees, individualism exceeds collectivism. Every member in the company seeks the best results from work he or she is doing. Nova encourages employees to use their initiative and actively participate (M. Tryggvadóttir, personal communication, March 28, 2011).

Nova was created to be a fun, enjoyable work place, where employees would feel good, be friends, care and stand for each other. These ideas are more common to femininity than masculinity. Even though the company is in a competing market, its aim is to be the best work place in the market by its comfortability and concern for employees as much as for consumers and not for the aggressiveness to get the market.

Uncertainty avoidance is low in the company. Employees are welcome to make spontaneous decisions if it helps to improve the company's service and products or just to satisfy the customer. Nova does not have strict rules and regulations and employees are comfortable with uncertainty and they are most likely to take risks and accept changes.

Time orientations in Nova are around the middle. Nova operates by keeping methods from the past that have lead to success. They want to keep the company's flow steady and constant. The company is not focusing on what the future brings. The belief is that if it was successful before, it will be successful in the future. Nova still develops and maintains lifelong personal networks (M. Tryggvadóttir, personal communication, March 28, 2011).

4 Limitations

There are several limitations in this study. First of all, there are not many published studies that identify cultural dimensions according to Hofstede about Lithuania and Iceland. All resources used were all in English. No resources in the respective native languages of the countries analyzed were found. This may have been an oversight as there was no possibility of going to Lithuania to look for resources in Lithuanian libraries. Furthermore, it was difficult to use resources in Icelandic due to a lack of expertise in that language.

Moreover, only two companies were used to analyze about the organizational culture from both countries. More precise results would have been obtained about organizational culture values if more companies had been included in the study. Also, information was gathered from only two people in total working in these companies. If more people had been questioned, more qualified information would have been obtained and the research would be more accurate.

5 Results

In this chapter, the information gathered above about Lithuania and Iceland will be discussed in regard of Hofstede's cultural dimensions. The national culture and organizational culture of both countries will be compared and differences analyzed. Furthermore, the situation regarding organizational culture in two telecommunications companies will be compared and differences identified. Each paragraph contains similarities and differences that were found during analysis.

5.1 Comparison between Lithuanian and Icelandic cultures

At first glance, it would appear that Lithuanian and Icelandic cultures are alike. However, when we look deeper into the results, we find that the cultures have both similarities and differences. Lithuania scored higher in power distance than Iceland although both have low power distance in society meaning that the relations between the young and their seniors are informal, but the politeness remains. Lithuania and Iceland are egalitarian countries meaning that there is no class difference in the society. People are treated equal and everyone has equal rights. Both cultures are individualistic rather than collectivistic. Research shows that Icelanders and Lithuanians only look after themselves and closer family members. People in both countries are independent. The situation is a little different in the Lithuanian countryside where people are more collectivistic and also look after others. Femininity values are dominating in both countries. Lithuanians and Icelanders are relationship-orientated. The quality of life and the high standard of living are important. Differences were found in how countries handle uncertainty avoidance and what their time orientation is, although the difference in time orientation is not that great. Lithuania scored high in uncertainty avoidance meaning that the society tolerates the rules and is not keen on trying new things. According to research, people try to avoid conflicts. In Iceland, on the other hand, where uncertainty avoidance is low, society is more open-minded in their attitude towards changes and trying the new things. People are used to dealing with uncertainty because of the unpredictable weather conditions and natural disasters, such as earthquakes. Icelanders negotiate and look for compromises rather than running from the situation. Lithuanian culture is short-term orientated. People have a better feeling for the past and present and still respect traditions. Lithuanians put less effort to achievements. People value personal stability and happiness. On the other hand, Icelandic culture scored medium in time orientation and differs from Lithuanian

culture in a way that Icelanders are open for investment in future perspectives. Icelandic people seek quick results.

Table 1: Comparison between Lithuanian and Icelandic cultures

Index	Lithuania	Iceland
PDI	<u>Low</u> Equal rights Informal relationship Women stand lower in society	<u>Low</u> No class differences Informal relationship No gender discrimination in society
IDV	<u>Individualistic</u> Looks for themselves and family members Independent from others	<u>Individualistic</u> Looks for themselves and immediate family Independent from others
MAS	<u>Femininity</u> Concerned for quality of life Relationship orientated	<u>Femininity</u> Desire high life standards Relationship orientated Good social welfare system
UAI	<u>High</u> Not risk takers No innovation, changes Conflicts are avoided	<u>Low</u> Takes risk Open for changes Conflicts negotiated Deals with uncertainty
LTO	<u>Short-term</u> Respect for tradition Personal stability, happiness Low effort on achievements	<u>Short-term</u> Respect for tradition Concerned for investment Seek quick results

5.2 Comparison between Lithuanian and Icelandic organizational cultures

Lithuanian and Icelandic organizational cultures are similar to their national cultures. Due to this, cultures have both similarities and differences. Both cultures have similar power distances, which, according to research, is low. In most of the companies, the organizational hierarchies are flat. In Iceland, superiors treat employees as equals, while in Lithuania employees communicate on a more formal basis with their superiors. Lithuanian managers have weaker relations with employees and provide little supervision, while Icelandic managers tend to maintain close relations with their employees. However, employees of organizations from both countries are involved in

business decisions and there is no influence on others. Individualistic values are common and both Lithuanian and Icelandic employees prefer work based on personal initiative rather than on team-work. Managers seek professional success personally. Similarities are found in femininity values; both organizational cultures are focused on quality of life. Time spent with family is important, and managers in both countries value good relations. Time orientation is similar and both organizational cultures are short-term orientated. Companies do not tend to focus on long-term goals. Lithuanian and Icelandic companies seek the highest profits in the present and aims for fast results. Just as in national culture, the main difference is in uncertainty avoidance. Organizational culture in Lithuania has high uncertainty avoidance. Lithuanian managers do not take spontaneous decisions and does not chance taking risks. The rules and norms are used in organizational life. On the other hand, Icelandic organizational culture has low uncertainty avoidance. Therefore, managers freely make decisions and are open for new things and changes. There are no specific rules, with managers relying more on unwritten rules and following the flow. Icelandic managers are always full of ideas and feel secure in ambiguous situations.

Customs in business situations are similar in Lithuania and Iceland. Both countries value respect and express it by addressing people with Mr. and Mrs. When greeting people, both countries employ the traditional hand shake. Eye contact while speaking is also important. Failure to do so could be interpreted as not paying attention to what others are saying. Meetings should be planned in advance and punctuality is expected, although Icelandic business people always find an excuse for running little late. However, research has revealed differences in making business deals; Lithuanian businessmen tend to get to know each other better before opening the deal and every detail is considered before making a decision, while Icelandic managers go straight to the point.

Table 2: Comparison between Lithuanian and Icelandic organizational cultures

Index	Lithuania	Iceland
PDI	<u>Low</u> Flat organizational hierarchies No influence on others Employees involved in decision making Weak relationship Formal communication	<u>Low</u> Flat organizational hierarchies No influence on others Employees involved in decision making Close relationship Informal communication
IDV	<u>Individualistic</u> Professional success personally Difficult to work in teams	<u>Individualistic</u> Professional success personally Personal initiative rather than team work
MAS	<u>Femininity</u> Quality of life important	<u>Femininity</u> Quality of life important
UAI	<u>High</u> No spontaneous decisions No taking risk Rules	<u>Low</u> Spontaneous decisions Taking risk No specific rules Feel secure in ambiguous situations
LTO	<u>Short-term</u> No long term goals Seek fast results	<u>Short-term</u> No long term goals Seek fast results

5.3 Comparison between TELE2 and Nova

Both companies analyzed in this thesis are in the same business field and have a similar number of employees. Organizational culture in both companies is similar in terms of power distance, which can be considered as being low. The organizational structure of TELE2 is simple and the hierarchy is flat, just as it is in Nova. Communication between managers and employees in both companies is informal, direct and friendly. However, respect is also important when communicating with higher officials in Lithuanian companies. Similarities between the companies also lie in individualism, where employees are encouraged to work on an individual basis rather than in a team. In both companies, employees are seeking their own success and the best performance results. TELE2 and Nova both motivate their employees to use their initiative in their work. Both companies share femininity values and identify the quality of life as being important. There is no gender domination in the analyzed companies. Motivation and self-realization are important. Employees in both companies look after others and share

experiences and knowledge about their work. TELE2 and Nova are both short-term orientated. TELE2 does not believe in business plans spanning several years and seeks the best results in the present, without planning for any future perspectives. The company also places as emphasis on the solution to problems, rather than the problems themselves. Just like TELE2, Nova desires fast results and runs the company based on past experiences, whilst not creating long-term goals.

Table 3: Comparison between TELE2 and Nova

Index	TELE2	Nova
PDI	<u>Low</u> Flat organizational hierarchies Simple structure Communication direct, informal, friendly Respect for higher officials	<u>Low</u> Flat organizational hierarchies Simple structure Communication direct, informal, friendly
IDV	<u>Individualistic</u> Work on individual bases Personal initiative	<u>Individualistic</u> Work on individual basis Personal initiative
MAS	<u>Femininity</u> Quality of life important No gender domination	<u>Femininity</u> Quality of life important No gender domination
UAI	<u>High</u> Copying good decisions from others No taking risk Rules and norms No unnecessary changes	<u>Low</u> Spontaneous decisions Taking risk No specific rules or regulations Feel secure in ambiguous situations
LTO	<u>Short-term</u> No long term plans Seek fast results Emphasis on solution	<u>Short-term</u> No long term plans Seek fast results

TELE2 has more experience than the somewhat younger Nova. TELE2 has a bigger market share and is a price leader in the Lithuanian market. The main difference is in uncertainty avoidance. National culture has a big influence at this point. TELE2 employees must stick to the rules and work under the norms set by the owners. The company does not make any unnecessary changes and makes just professional decisions. Managers would much rather copy solutions from other companies than make risky decisions. On the other hand, Nova employees are allowed to make decisions on their own if it benefits the company and makes the customer happy. The company does not

have any written rules or regulations to which employees must adhere. The main rule is to treat others as you would wish to be treated yourself. The managers at Nova are open to new ideas and changes are welcome. Moreover, Nova builds a strong internal network through Studio 77, where most of its employees participate in the company's informal life. TELE2 does not have such a strong network between employees.

6 Recommendations

People could always learn something from one another and organizations are no exception. In this section, recommendations as to how each company could learn from each other to improve their business will be presented.

Bearing in mind that the Lithuanian company has far more outlets than the Icelandic company, relations between employees are weaker. To strengthen relationships between employees, a social committee could be established. This committee would be responsible for organizing events in the company's daily life and for activities that would lead to more effective communication between people working in outlets and the people working in company's headquarters. It could open more connections with the higher officials of the company and create a friendlier atmosphere in the company that could help in achieving better results.

There is a difference between the companies in uncertainty avoidance. It could be argued that Nova can learn from TELE2 with regard to decision making. The Icelandic company takes spontaneous and risky decisions which are not always correct. The company should consider proposed deals in more detail to avoid unsuccessful business deals. Employees at Nova are also allowed to make decisions on their own and in this respect, it could learn from its Lithuanian counterpart, which has more formal rules. This could lead to the creation of long-term plans that do not rely just on the success of the present.

7 Conclusion

When we first think about Lithuania and Iceland, it seems that that they should be completely different countries, each with a different culture and different organizational culture values. Both countries are in Europe, although there is a huge geographical distance between them; Iceland is the most westerly European country and Lithuania is situated in the East.

The main purpose of this thesis was to find out if two countries from different parts of Europe have any differences in their organizational culture. National culture is the core upon which organizational culture develops. Nowadays, international business is commonplace and cultural clashes are only to be expected. Organizations that have knowledge about organizational cultures of other countries can easily avoid such clashes. This highlights the importance of the need to study an organizational culture before embarking upon international business ventures or merging companies.

After presenting both countries and their cultural development, deeper review was made into their national cultures and organizational cultures. Using Hofstede's model of cultural dimensions, two cultures were analyzed and compared. Furthermore, an insight of two organizations was presented and compared in order to glean a better view as to how organizational culture works in practice. The main differences that were found in comparison of Lithuanian and Icelandic national cultures and organizational cultures were how the nations tolerate uncertainty avoidance. The time orientation was also taken into consideration, whereby the Icelandic nation is middle range long-term orientated and Lithuanians are on the short-term time orientation. This directly impacts on how the companies' values and behavior are incorporated into the organizational culture. The differences in organizational culture of both nations were the same as the differences in the national culture, although it appears from the study that organizational cultures have common time orientation. There are also differences in how the internal network of each company is built. The practices observed in both telecommunication companies were similar; both companies are short-term orientated but they each have a different opinion on uncertainty avoidance and formal rules.

After having become familiar with two cultures and their organizational cultures, it can be concluded that even two countries far apart are alike. Even though the history and cultural development are different in Iceland and Lithuania, the culture and the organizational culture are similar. Therefore, Lithuanian and Icelandic companies would

be able to avoid cultural clashes and be successful in doing international business together.

Bibliography

Baltrimienė, R. (2005). *Cultural dimensions of Lithuania and its relative position in the context with other European countries*. Socialinių mokslų kolegija. Retrieved from http://www.smk.lt/uploads/archyvas/mokslas/karjera/renata_baltrimiene.pdf

Barth, M., Muckel, M., Richter, C., Wankelmuth, A., & Wendland, M. (n.d.). *The impact of culture on leadership: challenges of international leadership*. Retrieved from <http://marcelwendland.blogspot.com/p/internationalleadership.html>

Bik, O. P. (2010). *The behavior of assurance professionals*. Amsterdam: Eburon.

Browaeys, M. J., & Price, R. (2008). *Understanding Cross-cultural Management*. Harlow: Pearson Education Limited.

Bumblauskas, A. (2000). The Glimses of Lithuanian History. Í J. Baranova, *Lithuanian philosophy - persons and ideas; Lithuanian Philosophical studies, II* (p. 21-25). Washington : The Council for Research in Values and Philosophy.

Bundle, O. (2005). *The Nordic languages-an international handbook of the history of the North Germanic Languages Vol. 2*. Berlin: Walter de Gruyter GmbH & Co.

Cameron, K., & Quinn, R. (2006). *Diagnosing and changing organizational culture - based on competing values framework*. San Francisco: Jossey-Bass.

Clark, T. D. (2005). Lithuania. Í R. Frucht, *Eastern Europe - an introduction to the people, lands, and culture* (p. 165-202). California: ABC-CLIO Inc.

Cook, M., Young, A., Taylor, D., O'Shea, A., Chitashvili, M., Lepeska, V., etc. (1998). Personality profiles of managers in former SOviet countries. *Journal of Manageria Psychology, Vol. 13*, 567-579.

Czinkota, M. R., Ronkainen, I. A., & Moffett, M. H. (2008). *International Business 7th edition*. Singapore: Cengage Learning Asia Pte Ltd.

Daugirdaitė-Sruogienė, V. (1990). *Lietuvos istorija*. Vilnius: Vyturys.

Davídsdóttir, S. (2006). *Icelandic companies in Scandinavia: Methods and Reputation*. London.

Elektronika. (18. 03 2011). *Mobiliuøju telefonu 2010 m. daugiausia kalbėjo "Tele" klientai*. Retrieved from <http://www.elektronika.lt/naujienos/ryšiai/28307/mobiliuøju-telefonu-2010-m-daugiausiai-kalbejo-tele2-klientai/>

Evans, A. (2008). *Iceland*. Bucks: Bradt Travel Guides Ltd.

Eyjólfssdóttir, H. M., & Smith, P. B. (1997). Icelandic Business and Management Culture. *International Studies of management & Organizations*, Vol. 26 , 61-72.

Gannon, M. J. (2001). *Working across cultures - applications and exercises*. London: Sage Publications .

Gudavičius, E. (2000). A latecomer to latin civilization: the Lithuanian way to World history. Í J. Baranova, *Lithuanian philosophy - persons and ideas; Lithuanian philosophical studies, II* (p. 27-30). Washington: The Council for Research in Values and Philosophy.

Hofstede, G. (1984). *Culture's consequences*. London: Sage Publications.

Hofstede, G. (2001). *Culture's consequences: comparing values, behaviors, institutions, and organizations across nations*. London: Sage Publications.

Huettinger, M. (2008). Cultural dimensions in business life: Hofstede's indicators for Latvia and Lithuania . *Baltic Journal of Management Vol. 3 No. 3* , 359-376.

Huettinger, M. (07. 12 2007). *National Cultural Values of the Baltic States*. Vision for Central Europe. Retrieved from <http://www.v4ce.net/members/huettinger/documents/NationalCulturalValuesoftheBalticStates.pdf>

Karlsson, G. (2000). *Iceland's 1100 years - the history of a marginal society*. London: C. Hurst & Co. Ltd.

Nova. (2011). *Backstage at Nova*. Retrieved from <http://www.nova.is/content/baksvið/Company.aspx>

McLachlan, G. (2008). *Lithuania - the Bradt travel guide*. Buckinghamshire : Bradt Travel Guides Ltd.

Mockaitis, A. I. (2002). The National Cultural Dimensions of Lithuania. *Ekonomika*, Nr. 59 , 67-77.

Mole, J. (2003). *Mind your Manners - managing business cultures in the new global Europe*. London: Nicholas Brealey Publishing.

- Pačėsa, N., Zakarevičius, P., & Žukauskas, P. (2011). The profile of Lithuanian manager. *Problems and Perspectives in Management, Vol. 9* , 59-70.
- Rademacher, A. K., Batz, C., & Hartmann, K. (2008). *Iceland-An Overview-History, Economy, Culture, Educational System*. Norderstedt: GRIN Verlag.
- Samalavičius, A. (2007). National Identity, Culture and Globalization. Í A. Savicka, *Lithuanian identity and values; Lithuanian Philosophical studies, V* (p. 7-15). Washington: The Council for Research in Values and Philosophy.
- Saulytis, G. (2008). A Small Nation with a Big Soul: Reflections in the National Character of Lithuanian People. *European Journal of Theology, Vol. 17* , 19-27.
- Schein, E. (2004). *Organizational culture and leadership*. San Francisco: Jossey Bass.
- Schneider, S. C., & Barsoux, J.-L. (2003). *Managing Across Cultures*. Essex: Pearson Education Ltd.
- TELE2. (2011). *About TELE2*. Retrieved from http://www.tele2.lt/apie_TELE2.html
- TELE2. (2011). *Mission and values*. Retrieved from http://www.tele2.lt/misija_vertybes.html
- Vaiman, V., Sigurjonsson, T. O., & Davidsson, P. Á. (2011). Weak Business Culture as an Antecedent of Economic Crisis: The Case of Iceland. *Journal of Business ethics* , 259-272.
- What are Edgar Schein*. (n.d.). Retrieved from <http://www.kaschassociates.com/orgcom/CA%20Ch4%205%20%20Schein%20Levels%20of%20Org%20Culture.htm>