Does Authentic Leadership Depend on National Culture?

Abstract

The author presents the theoretical assumptions and concepts concerning the cultural determinants of leadership in Japanese and German international enterprises. The author not only describes the theoretical assumptions behind authentic leadership and the links between an organisation and culture, but also presents results of empirical research conducted among 57 top managers of international automotive enterprises operating in Poland. The results show that for German enterprises the strongest correlations were between dimensions of authentic leadership and power distance. In the Japanese enterprises, both power distance and individualism were key in determining the dimensions of authentic leadership.

Keywords: culture, leadership, international enterprises, Poland, Japan, Germany.

1. Introduction

For many years, it is through leadership that enterprises achieve maximum effectiveness. Despite the different data on the relationship between economy and leadership, a highly popular view was once that a charismatic, visionary leader who possessed rare skills and abilities could be perceived as “the cure” for organisations. However, the recent situation on the global economy has caused the importance of long-term relationships between leaders and their subordinates, which are based on shared values, to be emphasised.
The aim of this article is to present theoretical assumptions and results of empirical research on the cultural determinants of leadership in international organisations. The author presents the results of empirical research while also describing the concepts behind authentic leadership, its theoretical assumptions, roots and determinants. The empirical research was conducted among top managers in Japanese and German international enterprises which do business in Poland. Data obtained from the research show that there is a slight difference in the authentic leadership levels in German and Japanese enterprises. The levels of the features of authentic leadership as a leadership style proved to be nearly the same. However, there are differences in organisational practices, behaviour and the understanding of those specific features.

2. Leadership in the Organisation – the Authentic Leadership Theory

The phenomenon of leadership has been the subject of scientific interest for over 100 years. The subject literature contains numerous descriptions and definitions of that notion. Maxwell (1994) says that leadership is the ability to influence others. With a similar point of view, Yukl (2006) describes leadership as a process in which a leader influences other members of a group in a way that allows the group’s or organisation’s goals to be achieved. Locke i Kirkpatrick (1991) say that the main difference between a dictator and a leader is that the former uses physical, psychological and economic constraint while the latter does not. Strong leaders have the ability to build positive relations with their subordinates, who accept them because they like, respect and admire, rather than fear them or because of their formal power and position in the organisation’s hierarchy.

The concept of authentic leadership is one of the most current leadership theories. The conceptual and theoretical origins of the concept draw on humanistic psychology and integrate knowledge from several fields (Avolio & Gardner 2005), including: transformational leadership, positive psychology, and ethics and morality. The assumptions of transformational leadership theory are particularly important. The main research question behind the concept of authentic leadership is whether a leader can be transformational and immoral. That is why Bass and Steidlmeier (1999) suggested the notion of the “authentic transformational leader” – in order to distinguish “authentic” leaders from those whose behaviour does not allow them to be described as such. According to the two researchers, ethical conduct is the core aspect of authentic leadership. The notion of “authentic” has been understood by researchers in different ways: as involving a leader’s...
courage (Terry 1993), as the skills used to build a strong organisation (George 2003), as using employees’ motivation and their growth (Villani 1999). More recently, Luthans and Avolio (2003, p. 243) have defined authentic leadership as “a process that draws from both positive psychological capacities and a highly developed organisational context, which results in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development”. Thus, authentic leaders are persons who act consistently with respect to the values they hold and which are visible for their followers. They focus on the ethical, moral and correct aspects of an organisation. They communicate clearly, are open for feedback and a priority to them is the growth of others and building positive emotions (Avolio, Gardner & Walumbwa 2005). Authentic leaders could therefore be called those “who know who they are and (…) in what they believe” (2005, p. 13). The theory of authentic leadership theory has four features (or dimensions) which describe leaders’ behaviour and allow them to be recognised as authentic (Luthans & Avolio 2003):

- transparency,
- self-awareness,
- balanced-processing,
- ethical/moral.

A leader’s transparency is closely related to his or her high level of openness and trust in close relations with followers. Moreover, a leader acts consistently with his or her values and develops positive qualities including optimism, hope, self-confidence, all of which help in building relationships and influence the growth of both the leader and those he or she leads. An essential condition of transparency is one’s coherent functioning in all aspects of life.

The second dimension, self-awareness, can be defined as “a process where one continually comes to understand his or her unique talents, strengths, sense of purpose, core values, beliefs and desires” (Gardner et al. 2005, p. 349). In being aware of oneself and one’s value system, it is possible to motivate oneself to act in a way that leads to satisfaction. Thanks to an optimal self-evaluation and great optimism, authentic leaders can help those they lead to feel the same.

The next feature, balanced processing, involves authentic leaders being open and asking for feedback, listening to and accepting other viewpoints, and acting on suggestions even if they are critical of them.

The fourth feature that most thoroughly distinguishes authentic from would-be leaders involves the ethical/moral dimension. It involves acting in accordance with one’s values and needs rather than to please others, receive rewards, or avoid punishments. To be truly authentic, leaders must bring their core values and actions into alignment.
Authentic leaders know that the most important thing is not their own individual success but that of those they lead and the realisation of the organisation's goals. This is why they try to help other people to perform better and they delegate more power, authority and responsibility to others. The main result of the authentic leadership style is the growing trust between a leader and his or her subordinates. Moreover, researchers (Avolio et al. 2004) suggest that authentic leaders are able to enhance follower attitudes towards engagement, commitment, and motivation to improve their work and, ultimately, performance outcomes through the processes of personal identification with followers and social identification with the organisation. The internal cohesion of leaders which coexists with personal development, with a sense of security and current job satisfaction could also lead followers to become more engaged.

3. Cultural Approach in the Organisation

The relationship between culture and the organisational success have been the subject of many researchers’ interest. Because economies and society are in constant flux, competitive advantage is achieved not only thanks to economic factors, but also social and cultural ones. The role these factors play cannot be underestimated, as they are related to human capital, which often is considered to be the most important organisational resource.

One of the most frequently cited cross-cultural studies is Hofstede’s (2000) survey of IBM and his definition of culture as “the software of the mind”. His original study (1990) was based on research among IBM managers and employees in over 40 countries, and later (2000) other countries and samples were added. While it is used widely, Hofstede’s research has received substantial criticism. Nonetheless, it has influenced almost all subsequent cross-cultural surveys.

The approach is most widely used while analysing culture through the identification and measurement of its dimensions, which are presented as a continuum with the extreme notions on its ends. Several different typologies of societal cultural value orientations or cultural dimensions have been developed (Hofstede 2000, Hall & Hall 1990). Those dimensions allow for a comparative analysis to be done on the values of dimensions specific to particular culture. Although researchers have discussed a large number of cultural dimensions, those which could be considered the most important in discussing the relationship between culture and leadership, especially the dimensions of authentic leadership, should be singled out. These include power distance, individualism versus collectivism and the avoidance of uncertainty. Those dimensions can be found in most of the concepts of culture. Moreover, they are considered to be primary
features, which significantly differentiate organisational cultures (Sułkowski 2002, p. 65). Providing specific cultural dimensions certain values allows the organisational culture of a particular enterprise to be analysed.

**Power distance (PDI).** Hofstede (1990, 2000) defines PDI as the extent to which a society accepts the fact that power in institutions and organisations is distributed unequally. In cultures with large differences in power between individuals, organisations will typically have more layers and the chain of command is felt to be more important. PDI has an impact on the management style in different organisations and is related to leadership. It also varies between cultures. GLOBE project (Overview of GLOBE… 2004) results on PDI show the endorsement of participative leadership in different parts of the world (in different cultures) and the impact of PDI on leadership effectiveness.

**Uncertainty avoidance (UAI)** is another dimension identified by Hofstede. It is a measure of how uncomfortable members of a society feel in ambiguous and uncertain situations, and take steps to avoid them. It describes a society’s reliance on social norms and procedures to alleviate the unpredictability of the future. Hofstede (1990) defined uncertainty avoidance as the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by believing in absolute truths and the attainment of expertise, providing greater stability, establishing more formal rules, and rejecting ideas and behaviours that deviate from them. This has several broad implications for organisations. For example, UAI has an impact on the characteristics associated with outstanding leadership and leaders’ typical career patterns. UAI also influences the expectations leaders have of subordinates and customers have of businesses. In high UAI cultures, planning and detailed agreements are the norm, whereas in low UAI cultures flexibility and innovation are more prominent.

**Individualism versus collectivism (IDV).** Cultures characterised by individualism can be defined as loosely knit social frameworks in which people are supposed to take care of themselves and look after their own interests and those of their close family only. A tight social framework with strong and cohesive in-groups as opposed to out-groups, is a key characteristic of high collectivism. People expect their in-group to look after them and are loyal to it in return (Hofstede 1990, p. 20).

One of the reasons a particular leadership style exists in an organisation is culture in its national and organisational aspects, which are perceived as the specific basis of that leadership style. However, it should also be emphasised that though culture is common for a whole organisation, leaders do play an important role in creating it (Hofstede & Hofstede 2007). Because leaders serve as an example, an inspiration, they show followers behaviours which are acceptable or should be eliminated. On the other hand, culture influences leaders, how they
function, perform and build relations with subordinates. Sometimes different types of organisational cultures require different leadership styles to be used. In fact, some researchers (Avery 2009) have found that when a leader moves to another organisation, a change of the leadership style is also needed. Culture influences the behaviours of organisations’ members, both creating and limiting them at the same time. Thus, culture is an essential component in the relationships built between a leader and his or her followers. Authentic leadership theory pays particular attention to that fact.

4. Organisation of the Research

Since the 1990s there has been rapid growth in foreign direct investments in Poland. Such investment of foreign capital plays an important role in the country’s economic development. Moreover, it also creates and moderates the structure of employment. Through the transfer of knowledge, technology, experience and information, it accelerates regional development. International enterprises in various branches of regional economies are also patrons of the arts and culture, sponsors of sport events and innovators in, for example, ecology.

Driven by exports, modern industry and investment, Germany’s economy is the fourth largest in the world, following only the US, Japan and China. Since 1989 it has been Poland’s most important trade partner, and, behind only the Netherlands, it is the second-largest investor in Poland. While Japan is not a strategic investor in Poland, it should be treated as a country whose investments are crucial to the development of entire regions. According to JETRO (the Japanese External Trade Organisation), there were 73 Japanese-headquartered productive enterprises in Poland at the end of 2012. That these investments engage large material and human capital is of great significance. As much cross-cultural research has shown, German and Japanese cultures differ significantly. On the other hand, they originate from different cultural areas than Poland’s. Thus, comparative research on the leadership in enterprises from those different cultures is not only legitimate but also interesting.

57 top managers from international automotive enterprises with German and Japanese capital and which do business in Poland took part in the empirical research. The Collins English Dictionary (2012) defines a “top manager” as “the most senior staff of an organisation or business, including the heads of various divisions or departments led by the chief executive”. The respondents were differentiated in terms of the following criteria:

– nationality – 91% of respondents were Polish and 9% were Japanese. No German managers took part in the research, which is one of the limitations
of the survey. 52% of the Polish managers work in Japanese enterprises while the other 48% are employed by German automotive companies;

- gender – 68% of respondents were men and 32% women.
- age – 37% of the respondents were 35–39 years old, 31% were 40–49, 16% were 50–59, 12% were 30–34 and 4% were 25–29 years old.

In terms of education, the managers did not differ significantly. 77% of respondents have a minimum 18 years of education, confirming a postulate from the subject literature (Koźmiński & Jemielniak 2008): a leader should have deep knowledge of direct management functions and also knowledge of the economic situation. Special attention is paid to the competence of combining descriptive, qualitative knowledge (a humanities-based perspective) with quantitative data (a mathematical perspective). Moreover, one of the characteristic features of a leader seems to be a constant need to learn and develop different skills and competencies.

The empirical research was proceeded by quantitative and qualitative methods and techniques. A quantitative survey was carried out using a questionnaire technique with two questionnaires:

- the Authentic Leadership Questionnaire (ALQ),
- the Values Survey Module 2008 (VSM08).

On the qualitative side of the research, in-depth interviews were conducted with 23 managers (5 Japanese and 18 Polish). The aim was to collect information on the influence exerted by the culture of the country an enterprise originates from together with the influence a host country’s culture has on how an enterprise functions (cultural dimensions) and on managers (values and features of leadership).

Three dimensions of culture were taken into consideration: power distance, individualism versus collectivism and the avoidance of uncertainty. For the sake of comparison, previous research on the cultural dimensions in 74 countries (also Japan, Germany and Poland) by Hofstede (Hofstede & Hofstede 2007) were examined. The dimensions of culture were investigated using the Values Survey Module 2008 by Hofstede (2000) in its English and Polish versions. All 28 content questions are scored on a five-point scale. Index scores are derived from the mean scores on the questions for national samples of respondents and calculated by using formulas created by Hofstede. VSM08 is a research tool which has been evaluated many times and is also used in many scientific projects that draw on cross-cultural research.

The authentic leadership style was measured by using the Authentic Leadership Questionnaire (ALQ, version 0.1) whose authors are Avolio, Gardner and Walumbwa from The Gallup Leadership Institute. That questionnaire consists of 16 items. All of them describe different kinds of leader behaviour which together constitute the authentic leadership style. In a particular version of that
questionnaire the leader him- or herself (version 0.2) or his or her subordinates (version 0.1) would answer questions. In the version for subordinates, respondents tested people on a five-point Likert scale (0 = “not at all”, 1 = “once in a while”, 2 = “sometimes”, 3 = “fairly often”, 4 = “frequently, if not always”) concerning how often a statement aptly described the leadership style of their superiors and leaders. The ALQ has gone through extensive validation work, and is currently being used in a number of projects around the globe. The version which was used in the research was translated from the English language version by “back translation” method.

5. Research Results

The main research aim of this paper is to answer the following questions:
– What are the levels of the cultural dimensions in Japanese and German international enterprises?
– What level of authentic leadership may be found in German and Japanese companies?
– What correlations exist between the cultural dimensions and authentic leadership?

Data obtained during the research show that enterprises with Japanese and German capital differ in a statistically significant way in all three cultural dimensions (power distance, individualism versus collectivism, and uncertainty avoidance). The levels of those three dimensions are closer to their levels in the culture of the countries the enterprises originate in (Japan, Germany) than they are in the organisations they run in Poland. Moreover, management practice and techniques used in international automotive companies running their business in Poland come from countries of origin and they are implemented in almost all branches all over the world. This confirms the opinions of researchers (Sikorski 2006) who earlier claimed that Japanese and German culture are cultures of dominance, in which the management methods are based on the norms and values of the national culture of origin.

The power distance level is relatively high in Poland but is lower in international automotive enterprises, whose cultures originate in countries (Japan and Germany) characterised by lower PDI levels, which influences the behaviour of managers investigated for this study. Almost 50% of managers use group work with task teams, though doing so is an alternative to specialisation and is more characteristic of Japanese companies. Japanese firms also rely on horizontal labour turnover as a method of staff training more often than their German counterparts. Most of the managers (70% of the German enterprises and 80% of Japanese ones) declared
that they often delegate power because they assume it motivates employees in their professional development and helps build loyalty. The democratisation of open space and the direct relations that exist between a leader and his or her subordinates were also examined. In German culture, the foundation of the leader’s authority is his or her knowledge and professional experience, not his or her place in the organisational hierarchy. Moreover, career-long learning is assumed to be a condition of development. On the other hand, in Japanese firms professional skills determine whether a manager is accepted and respected by a group of subordinates to a small extent. That is the result of common social beliefs. In Japanese culture, it is required that status and respect be bestowed as a matter of course upon leaders (Trompenaars & Hampden-Turner 2006, p. 180–181).

Fig. 1. Power Distance, Individualism and Uncertainty Avoidance Levels for Poland, Japan, Germany and Companies with Japanese and German Capital with Business Operations in Poland

In reference to the next dimension of culture – the opposition of individualism and collectivism – it may be claimed, based on the data obtained, that in international automotive enterprises with German and Japanese capital levels are different than in Hofstede’s research (2000, p. 90). In German companies, mutual adjustment is relatively easy because of small differences in the IDV levels for German and Polish cultures. The situation is more complicated at Japanese companies, because of the higher level of collectivism that characterises Japanese culture. Confucianism, which accounts for that collectivism, may be perceived as “exotic” for the European tradition. In organisations which come
from individualistic cultures (Poland and Germany), relations between a leader and his or her subordinates are based on rules of mutually profitable transactions. There are clear regulations concerning achievement- and competency-based promotion. On the other hand, in organisations from collectivistic cultures like Japan, the relations between a leader and his or her subordinates are based on social ties, affiliation and status in a particular social group. And they are often the basis of professional promotion. In reference to an employee’s achievements and skills, a leader could decide on the nature of one’s professional tasks, but not on a dismissal or promotion. There is a clear division: “we” and “they”.

That way of thinking, which is characteristic of collectivistic cultures, causes particular kinds of behaviour: members of “our” group (or groups) are treated better. This implies many practical effects. According to results of previous research (Trompenaars & Hampden-Turner 2006, p. 218), when asked about a dilemma between a friendship and obeying the rule of law, Germans come down decidedly on the side of the law. German leaders obey the law and they do not adjust their thinking to a particular situation or needs. For the Japanese, because of their need to build harmony, cooperation and “save face”\(^1\), relations and bonds of friendship are more important than obeying the law, especially as far as members of one’s own group are concerned. Moreover, in German companies managers stated that building a sense of competition has positive effects on the organisation and employees. The Japanese managers said that building a sense of cooperation and team-work are higher priorities.

Also in reference to the next cultural dimension, uncertainty avoidance, the influence of the culture of enterprises’ countries of origin has been observed. The lower level of UAI in German companies was reflected in the act of treating conflict as a chance to develop and master the organisation and its members. Claiming that any conflict in the organisation causes its destruction, Japanese managers felt just the opposite. Senior management staff of both types of enterprises also had different opinions about their health conditions\(^2\). Managers of German (lower UAI) companies stated that they feel “healthier” than Japanese (higher UAI) managers did. Many authors (Hofstede & Hofstede 2007, Hall & Hall 1990) have discussed the relationship between uncertainty avoidance and the perception of time (monochromic versus polychromic cultures). In both Japanese and German cultures features including punctuality, respecting one’s own and others’ time, and treating time as a highly valuable resource are extremely important. The managers who took part in the empirical research frequently

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1 The notion of „face” in Japanese culture is comparable to „honour” in Western cultures.

2 According to Hofstede & Hofstede (2007) perceiving one’s own state of health is correlated with a level of UAI.
emphasised that punctuality and optimal time management are, for them, crucial to achieving success. It is more difficult to point out reasons for lower levels of UAI in the surveyed companies than in Polish, German and Japanese cultures. However, Błaszczyk (1999) wrote that often top managers’ UAI level is lower than that which is characteristic for managers of different types.

The empirical research turned up data showing that for the three cultural dimensions, there is an influence of cultures of companies’ countries of origin. Features which are characteristic of Polish managers (as members of Polish culture) have changed, which may in part be attributable to the dominant features of German and Japanese cultures. However, there remain questions as to whether those changes are of a permanent or temporary nature.

Using authentic leadership theory to diagnose and analyse the existence of particular leadership features showed that there are very similar levels of transparency, self-awareness, ethical and balanced processing among top-managers from international automotive enterprises with Japanese and German capital running their business in Poland. Those features can therefore be assumed to be universal for leaders regardless of the culture they are from and the culture they work in. However, the empirical research turned up significantly different correlations between each authentic leadership feature. In enterprises with German capital, the most important qualities are transparency\(^3\) and balanced processing\(^4\) while in Japanese enterprises, self-awareness\(^5\) has the strongest influence on the existence of the other authentic leadership features. Moreover, in companies backed by Japanese capital a very interesting correlation was diagnosed between ethics and transparency\(^6\) – when ethics increase, transparency decreases. This is likely due to features of Japanese culture such as collectivism\(^7\) and particularism.

In their research, Pekerti and Thomas (2003) stated that in collectivist cultures (i.e. Japan) being authentic and true in relationships with other people is usually treated as less important than building harmony, politeness (“saving face”), obeying group rules, adjusting to them and to one’s position in the group. Some also believe that for collectivist leaders “the authentic me”, which seems to be the basis for building deep relationships with followers, means obeying group norms, rules and values. Leaders from individualist cultures, on the other hand, believe in universal values and norms. Moreover, despite the fact that the general levels of authentic leadership

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3 Pearson’s $r$ from 0.61 to 0.46.
4 Pearson’s $r$ from 0.64 to 0.46.
5 Pearson’s $r$ from 0.66 to 0.40.
6 Pearson’s $r = −0.20$.
7 Previous research results showed that more individualistic Australians more often obey the law and ethical rules than collectivistic Chinese.
in Japanese and German enterprises are similar, managers of those companies differ in terms of expressing their emotions—leaders from Japanese enterprises are more reserved than their German counterparts. This can be attributed to the phenomenon of “saving face” which is one of the most significant for Japanese culture and according to which showing emotions, especially in professional relations, is highly inappropriate.

Statistical analysis of the data showed that differences in leadership in international automotive enterprises with Japanese and German capital doing business in Poland are caused by the influence of culture dimensions. In German companies the strongest correlation was between authentic leadership and power distance, while in Japanese firms authentic leadership style is contingent upon power distance and individualism. The results of empirical research show that there were no statistically significant correlations between uncertainty avoidance and existence, the general level of authentic leadership style or correlations between the features of authentic leadership. However, it should be emphasised that the survey does have some limitations. Probably the most important one is that there was only a small number of respondents, which makes it difficult to draw general conclusions. That is why survey results should be taken with caution until further research on the relationship between culture and leadership can be carried out.

6. Conclusions

Because the rapid changes in the world today have caused international enterprises to also develop quickly, managers who “only” realise the functions of management are not doing enough. Organisations need authentic leaders to create real and positive relationships with subordinates, and encourage them to constantly learn and develop their talents. On the other hand, because authentic leaders obey the values they themselves believe in, subordinates trust and respect them. Those are universal characteristics of the authentic leadership style, though their realisation is deeply rooted in national culture and depends on cultural dimensions.

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8 $\alpha = 0.05$ and $C_{kor} = 0.54$.

9 Correlations with particular dimensions of authentic leadership from 0.47 to 0.32.

10 Correlations with particular dimensions of authentic leadership from $-0.32$ to 0.09 for power distance and from 0.51 to $-0.01$ for individualism.
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Czy autentyczne przywództwo zależy od kultury?

W artykule autorka przedstawia koncepcje i założenia teoretyczne odnoszące się do kulturowych uwarunkowań przywództwa oraz wskazuje ich znaczenie w zarządzaniu międzynarodowymi przedsiębiorstwami z kapitałem niemieckim i japońskim. Opisując wymiary autentycznego przywództwa oraz kultury, autorka prezentuje wyniki badań empirycznych, które zostały przeprowadzone wśród 57 przedstawicieli kadry kierowniczej najwyższego szczebla zarządzania w międzynarodowych przedsiębiorstwach branży motoryzacyjnej, które prowadzą działalność w Polsce. Wyniki badań pozwalają na stwierdzenie, że w przedsiębiorstwach z kapitałem niemieckim najsilniejszy związek zdiagnozowano pomiędzy wymiarami autentycznego przywództwa a dystansem władzy. Natomiast w przedsiębiorstwach z kapitałem japońskim na wymiary autentycznego przywództwa wpływają dystans władzy oraz indywidualizm.

Słowa kluczowe: kultura, przywództwo, przedsiębiorstwa międzynarodowe, Polska, Japonia, Niemcy.