Article

Societal Culture in Iceland and Lithuania: Managerial Implications

Inga Minelgaite Snaebjornsson[1],
Ingi Runar Edvardsson[1], and Romie F. Littrell[2]

Abstract

This article contributes to cross-cultural management literature, by providing empirical data from two underresearched countries, to serve in the future as benchmark cultural shift research. Furthermore, it illustrates not only the insufficiency of mare statement of cultural dimension difference/similarities but also a need to contextualize them. Results indicate that Icelandic and Lithuanian societal cultures are different on three out of seven of Hofstede's dimensions; however, these differences have considerable effect on management practices. Results also present how a similar score of the same dimension fails to explain big differences within societies regarding a particular aspect (e.g. gender gap) and suggest that societal cultural differences have implications on management practices regarding work–life balance, motivational system, organizational structure, and level of formalization. Icelanders will put more importance on leisure and will feel happier in general, whereas Lithuanians will have higher work ethics. Lithuanians will be inclined to higher need for achievement (particularly for expatriate management). More structure, formalization, hierarchy, and direct following of the regulations can be expected in Lithuania. This contribution fills the gap in the literature by comparing societal cultures of two countries that have been neglected in cross-cultural research. Both countries are undergoing societal changes and the results of this research can serve in the future as a benchmark for indication of cultural swift. Furthermore, this article outlines the practical implications of societal cultural differences for management.

Keywords

societal culture, Iceland, Lithuania, management, Hofstede's dimensions, VSM08

Introduction

One aspect of the importance of the study of national culture is its influence upon business culture (Vaiman, Sigurjonsson, & Davidsson, 2011). Societal cultural influences on organizational practices and processes have long been a very important research topic in the field of management and organization. National (also called societal) culture has been one of the most influential contingent (situational) factors that determine organizational phenomena. After the collapse of Soviet socialism, the role of national culture in organizational processes in countries in transition is an important topic (Ardichvili & Kuchinke, 2002). However, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project's studies (the most recent large-scale research relating to societal culture and managerial practices) of cultural influences on organizational cultures and leadership styles did not include Lithuania and Iceland. Moreover, Lithuania and Iceland were not included in the original paradigm shifting research of Hofstede. The literature review indicated there are few relevant attempts to examine these phenomena in these countries, although such research is needed based on historic relations among the countries and increasing cooperation today.

The Baltic and Nordic regions have been interacting for centuries, with mutual trade being the decisive factor facilitating this interaction. A significant political bond was created during the 1990s. In 1991, the Nordic Council attended the inaugural meeting of the Baltic Assembly in Tallinn, and a formal cooperation agreement between the Nordic Council and the Baltic Assembly was signed in 1992. This resulted in establishing the Nordic-Baltic Eight or NB8, a regional cooperation group that includes Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden. The NB8 has regular meetings of the Baltic and Nordic countries' prime ministers, speakers of Parliaments, foreign ministers, branch ministers, secretaries of state, and political directors

[1]University of Iceland, Saemundargata, Reykjavik, Iceland
[2]Auckland University of Technology, New Zealand

Corresponding Author:
Inga Minelgaite Snaebjornsson, University of Iceland, School of Business, Saemundargata, 101 Reykjavik, Iceland.
Email: Inga.Minelgaite@gmail.com

of foreign ministries, as well as expert consultations, where regional issues and current international topics are reviewed (Nordic Co-operation, n.d.).

In the past decade, research focused on clustering cultures (Hofstede, 2001; House, Hanges, Javidan, Dorfman, & Gupta, 2004). Previous research has shown that (a) national cultures have an impact on business, for example, the perception of leadership (House et al., 2004) and leader behavior (Dorfman et al., 2012); (b) national cultures are different or similar, determined by average scores on cultural value dimensions (Hofstede, 2001); (c) national cultures are influenced by globalization (Ritzer, 2011).

Cultural studies were triggered and continue because of globalization, especially due to an increased number of expatriate managerial leaders being sent to unfamiliar countries by multinational corporations. Contrary to first understandings, globalization seems not to make countries similar; rather it produces a "glocalized" effect (Ritzer, 2011)—global trends affect cultures in unique ways. As many questions remain unanswered in the cross-cultural research field, researchers have been calling for more of thoughtful, thorough, and unbiased exploration of cross-cultural business settings (Littrell, 2011).

There are few published studies on Icelandic and Lithuanian societal culture in cross-cultural literature. A few studies have been conducted earlier (e.g., Aðalsteinsson, Guðmundsdóttir, & Guðlaugsson, 2011; Huettinger, 2008); however, they used student samples or were single-country studies. The two largest original cross-cultural studies of Hofstede's (1984) and GLOBE's study (House et al., 2004) did not include Iceland or Lithuania. However, focus on both Iceland and Lithuania is particularly relevant today as increasing cooperation and workforce migration between these countries requires managers and business leaders to face new challenges and react to new realities. Moreover, both countries are undergoing societal changes, with Iceland experiencing high inflow of people, which is forecasted to increase exponentially (Immigration Necessary For Economic Growth Business Iceland Argues, 2016), and Lithuania experiencing high emigration, which has substantial effects on society (Damulienė, 2013). Literature indicates (Hofstede, 1980, 2001) that societal culture of a nation can change due to significant events, for example, war or revolution. It can be argued that high level of emigration/migration is that sort of development with changes in societal structures (e.g., family, work, governance), which influences rapid change in societal culture. Therefore, there is a particular relevance to study societal cultures undergoing such changes, such as Lithuania, to benchmark the societal culture and have a reference point for the future research.

This study sets out to make a contribution in filling these gaps by analyzing societal culture in Iceland and Lithuania. Moreover, this article presents contextualization of the results from a historic and socioeconomic perspective and implications for management. The study presents evidence

on how two countries can be similar in a particular cultural dimension (e.g., Masculinity [MAS] vs. Femininity); however, the societal processes related with that dimension in the countries will be very different (e.g., gender gap index in Iceland and Lithuania). Based on the above-mentioned facts, this article is relevant to broader audiences as it serves as an illustration for the need of contextualization of cultural dimensions within a particular culture.

Literature Review

National Cultures

Shared beliefs, rules, values, and traditions are very common in the definition of a culture (Gudykunst, Ting-Toomey, & Chua, 1988) as sharedness is an important part of culture and is a "collective programming" distinguishing the people within groups (Hofstede, 1984, p. 82).

During the past few decades, researchers have been looking for ways to measure cultures to compare them. The idea of cultural dimensions has been under consideration for a long time (see Haire, Ghiselli, & Porter, 1966; Hall, 1976; Kluckhohn & Strodtbeck, 1961; Kuhn & McPartland, 1954; Rokeach, 1973). However, a real "explosion of studies of cultural effects and their consequences for opinions, attitudes, beliefs, and behaviours" (Littrell, 2013, p. 571) was triggered by the groundbreaking research of Geert Hofstede (1984) with his *Culture's Consequences*, which provided empirical support for already existing theories about culture (e.g., Inkeles & Levinson, 1969). This publication was followed by a few other large-scale research projects employing measurements of cultures through dimensions: Hampden-Turner and Trompenaars (1993), Schwartz (1994), Maznevski et al. (1995), Inglehart (1997), and the GLOBE team (House et al., 2004).

Taras, Rowney, and Steel (2009) summarized 121 instruments for quantifying culture over a duration of 50 years and concluded that "97.5 percent of all reviewed measures contain at least some dimensions that are conceptually similar to those introduced by Hofstede. Very few models, normally those from non-management literature, were found to contain no links to Hofstede's work" (p. 61). Moreover, it was concluded that Hofstede's research has become a foundation for future cross-cultural research (Taras et al., 2013). Beugelsdijk, Maseland, Onrust, van Hoorn, and Slangen (2015) examined the development of country scores on Hofstede's dimensions over time. These indicated some global trends, for example, higher scores in contemporary society on Individualism (IDV) and Indulgence versus Restraint, and lower scores on Power Distance. However, the results of their research indicated that cultural differences among cultures are generally stable.

An overview of all existing literature on comparison of cultures is beyond the scope of this research. Therefore, Hofstede's model is presented below, chosen (based on the

above outlines) to be used in the empirical part of this research project.

Hofstede's (1980) original model described cultures in four dimensions. The model was based on survey research conducted from 1968 to 1972 on IBM subsidiaries in 40 countries (Hofstede, 1984). Four factors, or dimensions, on which the countries were more or less different were Power Distance—"the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" (Hofstede, 1991, p. 28), Uncertainty Avoidance—"the extent to which the members of a culture feel threatened by uncertain or unknown situations" (Hofstede, 1991, p. 113), IDV—identifying the relationships between an individual and society, strength of ties being loose (high IDV) or tight-knit groups (low IDV), and MAS—distinguishing societies in which gender roles are distinct and "masculine" values dominate (high MAS) and those in which gender roles overlap (low MAS). Later, Long-Term versus Short-Term Orientation and Indulgence versus Restraint were added as a result of Bond and Minkov's research (Chinese Culture Connection, 1987). Indulgence versus Restraint is a particularly interesting dimension as it is associated with happiness and subjective well-being (SWB; Minkov, 2009; Suh & Oishi, 2002). Longitudinal research indicates (Inglehart & Klingemann, 2000) that even if countries fluctuate somewhat in happiness, no convergence is noticed. Moreover, research indicates that SWB is resistant to new contexts. Minkov (2009) discusses Rice and Steele's (2004) research, which

> demonstrated a high similarity between the SWB rank order of 20 nations and the SWB rank order of groups of Americans with ancestors from those nations. This means that even when people of different ethnic origins share the same environment, some group-level SWB differences remain. (Minkov, 2009, p. 153)

Revision of the Long- versus Short-Term Orientation was implemented in 2010 (Hofstede, Hofstede, & Minkov, 2010). It was reconsidered as no longer solely based on Bond's Chinese Value Survey, but on a new analysis by Minkov of World Values Survey items (Minkov, 2011; Minkov & Hofstede, 2011, 2012).

One of the proposed new Minkov (2007) dimensions was Monumentalism versus Flexhumility (later named Monumentalism vs. Self-Effacement). This dimension "significantly correlated with Short-Term Orientation ($r = .68$ across 16 overlapping countries) and less strongly with Power Distance ($r = .46$ across 35 countries)" (Hofstede & Minkov, 2013, p. 12).

Personal communication with R. F. Littrell and M. Minkov (2015, July 28) revealed that Monumentalism is a complex dimension, because of its high correlation with IDV versus Collectivism and Power Distance. However, these "are philosophical debates, not scientific" and they can be avoided by staying close to data (Littrell & Minkov, 2015).

Therefore, as there is no definite judgment from the model builders as yet, it was decided to include both Monumentalism (MON) and Long-Term Orientation (LTO)/Short-Term Orientation in this research with hopes that additional data can clarify the issues. It is particularly interesting to include these dimensions in the research as data on LTO are very limited in Iceland and Lithuania (see Aðalsteinsson et al., 2011; Mockaitis, 2002) and no data on Indulgence versus Restraint and Monumentalism exist in these countries.

Hofstede's work faced criticism for its use of one corporation in drawing generalized conclusions about societies (Triandis, 1982), implying that corporate culture may have affected the results (Shackleton & Ali, 1990). Hofstede's answer (2001) to this criticism consists of 400 external validations of dimensions. Moreover, it has been demonstrated that the patterns of relationships found by Hofstede in various countries have been shown to endure over time in replication (Hoppe, 1998). To date, this is the largest and most cited study on national cultural values, presenting data from 70 countries (and regions; Mockaitis, 2005). The original study by Hofstede (1984) included neither Iceland nor Lithuania.

Despite the criticism, Hofstede's model, being widely acknowledged, is the most commonly used method for comparing cultures (Smith, Bond, & Kagitcibasi, 2006) and provides useful insights into cross-cultural leadership research (Hofstede, 1980, 1984).

Culture, Cultural Dimensions, and Management

The need to understand how culture affects management and performance has grown along with increased globalization (Northouse, 2013). It was associated with the development of multinational organizations and the importance of selecting managers able to lead culturally diverse teams (House & Javidan, 2004) and develop competence in cross-cultural awareness (Adler & Bartholomew, 1992). Hofstede's research enhanced the understanding of culture's effects on business, as he provided evidence on how culture affects management and leadership processes (Hofstede, 1980, 1984).

The focus on culture's impact on business was revitalized by House and his team (2004) with the GLOBE research project. The main goal of GLOBE is to investigate the impact of culture on leadership effectiveness and to contribute to better understanding of cross-cultural interactions. Recent discoveries of GLOBE Phase 3 (Dorfman, Javidan, Hanges, Dastmalchian, & House, 2012) concluded that attempts to generalize and transfer leadership styles across cultures can be problematic due to the significant influence of culturally endorsed implicit leadership theories (CLTs).

Haire et al. (1966) and Hofstede (1984) were among the first to conduct comparative management studies. Since then, research has addressed different aspects of management in cultural settings in a number of studies (Bochner & Hesketh, 1994; Brodbeck et al., 2000; Offermann & Hellmann, 1997; Smith, Peterson, & Wang, 1996; Suutari,

Table 1. Examples of Relationships Between Hofstede's Cultural Dimensions and Management.

Source	Dimension	Leader/manager behavior
Smith et al. (1994)	High Power Distance	Use more rules and procedures
Hofstede (1984)	High Power Distance	Formal relationship between superior and subordinate
Den Hartog et al. (1997)	High Power Distance	More positive view on autocratic behavior, status consciousness, and risk avoidance
Hofstede (1984), Pavett and Morris (1995), Suutari (1996)	High Power Distance	Correlation with preferred leadership. More authoritarian attitudes are associated with higher Power Distance
Kets de Vries (2001)	Low Power Distance	Flat hierarchy in organizations and "short" distance among organizational levels
Hofstede (1984), Pavett and Morris (1995), Suutari (1996)	Low Power Distance	Preference for more consultative leadership styles, initiative, and participative decision making
Offermann and Hellmann (1997)	High Uncertainty avoidance + High Power Distance	Negative correlation with leader delegation and approachability
Kanungo and Mendonca (1996)	High Uncertainty avoidance	Subordinates' reluctance to exercise autonomy and accept responsibility, leading to the manager's exercise of greater control and providing more detailed instructions than are actually required
Offermann and Hellmann (1997)	High Uncertainty avoidance	Positivity correlation with leader control
Hofstede (1984)	High Uncertainty avoidance	Managers are more task oriented, as a consequence of a lower tolerance for ambiguity
Hofstede (1984), Pavett and Morris (1995), Suutari (1996)	Low Masculinity	Preference for cooperation and decisions by consensus
Hofstede (1984)	High Masculinity	Preference for task-oriented management
Sadler and Hofstede (1976)	High Masculinity	Higher levels of initiative, performance, and challenge
Sadler and Hofstede (1976)	High Individualism	Higher levels of initiative are characteristic of individualist societies
Hofstede (2001)	High Collectivism	Leadership groups. Loyalty of followers in exchange for security and protection

Source. Mockaitis (2005), Smith et al. (1994), Kanungo and Mendonca (1996), Den Hartog et al. (1997), Hofstede (2001), Hofstede (1984), Pavett and Morris (1995), Suutari (1996), Sadler and Hofstede (1976), Kets de Vries (2001).

1996). The majority of studies confirm that national culture is an influencing factor with respect to attitudes and behaviors (Mockaitis, 2005). Littrell (2013) suggests that there are still more questions than definite answers regarding cultural impact on managerial leadership and calls for more research in the cross-cultural field. This article attempts to contribute to filling this gap in regard to Iceland and Lithuania.

The relevance of Hofstede's dimensions to explaining management implications have already been discussed in the literature (Offermann & Hellmann, 1997). Table 1 provides an overview of some evidence in the literature regarding the relationship between Hofstede's cultural values and management.

The above examples provide a basis for viewing management in association with cultural dimensions in a given country. Cultural values, being a reflection of national culture, are building blocks guiding our action and behavior (Kets de Vries, 2001); they also have implications on management perception and practices (Mockaitis, 2005; Mockaitis & Šalčiuvienė, 2004).

Culture and Management in Iceland

Hofstede (2001) argues that cultural differences cannot be understood without looking at the historical background of a country. For this reason, a brief overview of Iceland is presented in this section.

The main characteristic of Iceland is that it is an island. Literature suggests (Conkling, 2007) that islanders share some particular cultural features or mentalities. Icelandic economic development was significantly strengthened in the 20th century. One of the poorest countries in Europe, it boosted its economy by modernizing its fishing fleet. Moreover, the British and Americans played a considerable part in Icelandic modernization, with their investments in the infrastructure (Rostrup, 2010). The Americans had an impact on Icelandic culture (from the Second World War [WW II] onward) in combination with the influence of Norwegian and Danish culture.

There are not many published studies on Icelandic culture in cross-cultural literature. The two largest original cross-cultural studies Hofstede's (1984) and GLOBE's study (2004) did not include Iceland and those are considered to represent the most comprehensive recent research in this field.

The few studies available using Hofstede's dimensions (Aðalsteinsson et al., 2011) present Iceland as egalitarian, or low on the masculinity dimension, characterized by low Power Distance, high IDV, high uncertainty avoidance and average LTO.

Magnusson (2001) suggests that IDV is dominant in Iceland and is seen as a positive thing, related to thinking outside the box and taking risks. Entrepreneurship and innovation are strongly embedded in the culture and there are many shared characteristics in American and Icelandic cultural values. There is materialistic pressure in Iceland, which promotes the social compulsion to compete with others on material things and Icelanders have a tendency to live to the material maximum that their income affords, which is a value orientation similar to American culture (Tomasson, 1980). Thus, some indicators resemble the United States; however, on the contrary, certain aspects of cultural values are fundamentally different from, or opposite to, the American situation, such as a much more dominant middle class and significantly lower crime rates and strong collectivism. This might have to do with the environment of Iceland, as earthquakes, bad weather, volcanic eruptions, and economic fluctuations make it difficult to plan long term. This makes it natural for the Icelanders to take risks, live in uncertainty, and make quick changes, but there is also the need to have a collective system in place to provide help and support. Furthermore, Icelanders' attitude to life is generally positive and happy, and if they are faced with a problem they believe "it will sort itself out" (*það/þetta reddast*—phenomenon in Icelandic society, influencing everyday life and problem solving, even when in crisis; see Sigurdardottir, 2013). This view on life can explain their limited reliance on formal rules and structures (Eyjolfsdottir & Smith, 1996).

Hierarchy is low in Icelandic organizations. As for communication, Icelandic managers are used to direct communication because of the low Power Distance that is typical of the Icelandic culture as all businesses are small compared with other countries and therefore distances between managers and subordinates are much shorter.

What is embedded in the societal culture of the country also mirrors the business culture in many respects. Managers are not afraid to take chances and are thought to be unpredictable where following formal rules becomes a problem for them. They rely on informal rules, coworkers, and mostly their own experience and how that can be reflected on the situation as it is then and now (Davidsdottir, 2006). With the above social and business culture behavior in mind, with regard to Icelandic managers, this is typical of those who would be measured as low uncertainty avoidance managers (Hofstede, 1980).

When looking at Icelandic business managers and their low uncertainty avoidance, this indicates that managers are not afraid of taking risks, are thought to improvise, and are unpredictable. This style of a business culture is not coherent with Scandinavian business culture, but more in step with the American situation, although not identical. Icelanders have a reputation for using different methods of doing business than other countries (Davidsdottir, 2006).

Icelandic companies are relatively small compared with their foreign counterparts and, as stated before, thus communication distance is short. Icelandic managers often rely on informal and direct information regardless of hierarchy (Davidsdottir, 2006). There is a tendency in Western countries like Iceland for managers to make their decisions in a way that is viewed as correct by the broader community, thus looking to receive broader confirmation. Icelandic managers, however, pose a contrast by letting a managerial decision to be understood to their team immediately (Smith, Andersen, Ekelund, Gravesen, & Ropo, 2003).

To conclude, it is difficult to determine whether Icelandic societal and business culture is influenced more by America (or Americanization) or merely follows the pattern of normal modernization of the Western world (Hannesson, 1964). However, it can be argued that Icelandic business culture differs from Scandinavian business cultures and even though it is leaning more toward an American way of managing (Davidsdottir, 2006) it does not fully resemble U.S. business culture either. Thus, it appears to have its own unique business culture.

A literature search on management in Iceland usually brings very few results. The few studies available (Eðvarðsson & Óskarsson, 2009; Grendstad, 2001; Óladóttir & Jóhannesdóttir, 2008; Rostrup, 2010) portray management in Iceland in the following manner:

- Icelandic managers are optimistic, demonstrate high initiative, are risk takers, and are inclined to improvise.
- They employ democratic leadership as well as other "informal" styles of leadership: delegating leadership and servant leadership, acknowledging, however, the need for both types of orientation: task oriented and relationship oriented.
- Business culture reflects national cultural values.
- There are some differences in the management styles of men and women.

The paucity of studies available on management in Iceland clearly represents a gap in our understanding of the topic in the national context.

Culture and Management in Lithuania

The strongest cultural influences in Lithuania have been from Polish, Russian, and German cultures. However, Lithuania, once a cultural center of Eastern Europe, as well as a crossroads between East and West, was multicultural, characterized by influence from Jews, Swedes, Mongols, Italians, and so forth. Lithuania's economic development in recent decades is marked by a few distinct events, the first of which being WW II and the Soviet occupation of Lithuania, which eventually led the country into a planned economy. In 1990, Lithuania successfully restored its independence (with significant help from Iceland) and the country began to rebuild. Reorientation into market economy was successful and in 2004 Lithuania joined the European Union (EU).

Research suggests that cultures are quite stable and change very little unless some extraordinary events happen, for example, wars, revolutions, or crises (Hofstede, 1983). Around 25 years ago, Lithuania went through a dramatic event—restoration of independence followed by a conversion from planned economy to a market economy, which is based on different attitudes and values (Diskiene, Marčinskas, & Stankevičienė, 2010). This transformation involves a complex set of principles, embodied in historical structures, systems, and practices, being replaced by another unknown set, making this period highly ambiguous and uncertain for those involved (Diskiene et al., 2010; Tuulik & Alas, 2003).

Baltrimienė (2005) suggests that societal culture in Lithuania today is more individualistic than collectivistic, thus opposing the long-held view of Lithuania as a collectivist country. Studies show that Lithuania scores highly in uncertainty avoidance. According to the results, they are not risk takers and therefore have little interest in taking chances and involving themselves in entrepreneurship, tending instead to value stability and calmness. The culture of Lithuania appears to be reinventing itself as an independent country in the EU and its difference and uniqueness is developing. Furthermore, this process is influenced by very high emigration levels that result in changing societal structures in the country (Damulienė, 2013). Lithuanians are socially open and they still hold on to traditions, which are, however, affected by influences of Western cultures.

After the restoration of independence 25 years ago, deeply embedded values, such as a sense of security, conformity, obedience, self-effacement, and deference to the decisions of higher level authorities—which overall can be described as bureaucratic model—had to be replaced by innovativeness, entrepreneurship, and strategic thinking about the future of the organization (Diskiene et al., 2010).

When looking at Lithuanian business managers, this means that managers do not take risks or are unlikely to do so. To avoid uncertainty, rules to control social behavior were created within the business culture of Lithuania and extreme red tape followed to have protocols in place and keep uncertainty away (Baltrimienė, 2005). With the above social and business culture behavior in mind, it is typical for Lithuanian managers to be measured as high uncertainty avoidance managers (Hofstede, 1980).

In Lithuania, managerial leaders do not have a strong relationship with their employers. Managers are autocratic and employees usually avoid showing dissatisfaction around them. Little guidance is provided by the superior who instead uses authoritarian methods of supervision. The most important values to Lithuanian managers are professionalism and responsibility. Corporate social responsibility and helpfulness are less important (Huettinger, 2008). As in Iceland, males are dominant in Lithuanian organizational culture where the majority of the managers are men (Mole, 2003).

Diskiene et al. (2010) describe Lithuanian business culture as highly restrained, monochronic, oriented to the past and the present, as well as marked by narrow context communication where change in the name of progress is unpopular in an organizational environment. Moreover, in Lithuanian business culture, the focus is on the present, consequently emphasizing short-term planning, where resource management is based on present needs.

Even though keeping good relations is important, in Lithuanian business culture, interpersonal relations do not play as important a role as business-like objectivity.

A direct, formal, and rather reserved communication style is dominant in Lithuanian business culture, where a strong hierarchical presence is felt, emphasizing authority, social status, and duties. Status symbols are well defined and visible in organizations. Recent years show a shift toward democratic leadership styles; however, autocratic and paternalistic leadership styles are still common (Diskiene et al., 2010).

The literature on management in Lithuania is more extensive than in Iceland. The main findings of the research on management in Lithuania (Matonienė, 2011; Mockaitis & Šalčiuvienė, 2004; Stelmokienė, 2012) are the following:

Successful management is related to "soft leadership" attributes, such as communication, attentiveness, and flexibility;
Various organizational outcomes are related to management;
Industry sector affects management;
National culture in Lithuania is characterized by high power distance, high masculinity, and low IDV;
Transformational leadership has been identified in research, and such leadership has been associated with positive organizational outcomes.

Review of the literature indicated the lack of comparative research on Lithuanian culture and management implications.

Research Method

Survey Instrument

A survey method was used to investigate cultural values in Iceland and Lithuania (The data that this article is based on were collected for the study project, A Study on Leadership and Values[1]).

Value Survey Model 08 (VSM08)

This survey instrument is chosen for reasons outlined in the theoretical section. Cultural values theory by Hofstede (1984), operationalized by Hofstede's seven-dimensional Values Survey Module 08 (VSM08, see http://geerthofstede.

eu/) has been used in this research. As to motives of choice of VSM08, a few conclusive remarks can be made:

> Already established body of research, showing adequacy in using VSM08 in relation to cultural values and management (Littrell & Cruz-Barba, 2013; Mockaitis, 2005); High development level of VSM08 and continues work of Hofstede et al. to develop further/improve the instrument; Access to methodology and opportunity to obtain advice from Littrell and Hofstede and Hofstede, Minkov, and their teams.

Preparation of the Survey Instrument

The surveys were administered in the major language of each country, namely, Icelandic and Lithuanian, after the standard double-blind translation process recommended by Brislin (1980). Preparation and adaptation of the original questionnaire followed general guidelines, formulated by Littrell for the international consortium of A Study on Leadership and Values project. Four focus groups (two for each language) were organized as part of translation-validation process with 23 participants in total. Four reports were produced as a result and adjustments were made in the questionnaire where needed.

Sampling Strategy and Recruitment of Participants

To select our populations to compare, the study employed *Purposeful Sampling* for the most effective use of limited resources (Patton, 2002). This involves identifying and selecting populations that are especially useful in providing information relevant to answering a research question concerning the phenomenon of interest (Cresswell & Plano Clark, 2011). Bernard (2002) and Spradley (1979) note the importance of availability and accessibility as two determining factors for sampling. *Systematic Random Sampling* within countries was employed to enhance the generalizability of findings by minimizing the potential for bias in selection and to control for the potential influence of known and unknown confounders. The sampling is systematic, invited members of business organizations, and random as participation was voluntary and anonymous.

The populations of this study consist of employed business people in Iceland and Lithuania. Failure to methodologically isolate culture in research can result in a national, not cross-cultural study (Kelley & Worthley, 1981). In cross-cultural research, this problem most often relates to (in)ability to control variance in data truly attributed to differences among cultures. Mockaitis (2005) suggests that the problem can be reduced by matching the samples; thus minimizing demographic differences among the samples. For this purpose, this research (a) had a defined population, that is, employed businesspeople in particular countries and (b) used

the same sampling strategy in both countries. These processes are seen as increasing the likelihood of observed variations resulting from cultural differences (Van de Vijver & Leung, 1997). In this research, subjects are systematic random samples (Teddlie & Tashakkori, 2003) of businesspeople, drawn from Lithuania and Iceland.

Calculations of the VSM08 dimensions were done following the Values Survey Module 2008 Manual (Hofstede, Hofstede, Minkov, & Vinken, 2008):

$$PDI = 35(m07 - m02) + 25(m23 - m26) + C(pd)$$

$$IDV = 35(m04 - m01) + 35(m09 - m06) + C(ic)$$

$$MAS = 35(m05 - m03) + 35(m08 - m10) + C(mf)$$

$$MAS = 35(m05 - m03) + 35(m08 - m10) + C(mf)$$

$$LTO = 40(m18 - m15) + 25(m28 - m25) + C(ls)$$

$$IVR = 35(m12 - m11) + 40(m19 - m17) + C(ir)$$

$$MON = 35(m14 - m13) + 25(m22 - m21) + C(mo)$$

Here, for example, m02 is the mean score for Question 02, and so forth.

Hofstede and Minkov (2013) note that "essential to the use of the VSM is that comparisons should be based on matched samples of respondents; people similar on all criteria other than nationality that could systematically affect the answers" (p. 5).

Ethical Considerations

Ethical considerations were made following the recommendations of Bryman and Bell (2007).

Data Analysis Method

The literature suggests that the choice of analytical methods (parametric or nonparametric) should first of all depend on three factors: normality of distribution of the sample, type of data (scale), and sample size (Kuzon et al., 1996). Below, all three criteria are described with respect to this particular research.

Normality tests. Skewness and kurtosis, Shapiro–Wilk's, and visual (histogram, normal Q-Q plots, box plots) analyses were performed to identify the normality of distribution of the samples.

Skewness and kurtosis analysis with z values outside ±1.96 interval range (Cramer, 1998; Doane & Seward, 2011), Shapiro–Wilk's test with $p < .05$ (Razali & Wah, 2011; Shapiro & Wilk, 1965), and visual inspection of histograms,

normal Q-Q plots, and box plots allows to conclude the samples are not normally distributed.

The literature suggests the use of nonparametric analysis methods in case of not normally distributed samples (Jamieson, 2004; Kuzon et al., 1996). Considering different outcomes of parametric and nonparametric tests, analyses of Independent *t* test comparisons were made (parametric) along with its nonparametric analogous Mann–Whitney *U* test. The testing hypothesis was as follows: There are no differences among Lithuanian and Icelandic sample averages. Both results display similarity. Based on the above outlined arguments, *parametric analysis methods* will be used for data analysis.

Homogeneity of variances. Levene's test for homogeneity of variances for VSM08 showed mixed results with $p > .05$ for three out of seven dimensions. However, as suggested by Littrell (2010), this indicates that homogeneity is not necessarily possible as "the items attempt to measure intensity of agreement with statements about individual values" (p. 208).

Sample size. The Lithuanian version of the questionnaire was accessed and answered to different degrees by 184 respondents and the Icelandic version by 373 respondents. After elimination of unreliable responses and after data cleaning procedures, the Lithuanian sample was left with 129 responses to be used for further analysis and Icelandic with 155 responses. This size is satisfactory, based on

1. Tradition in the research: According to Hofstede et al. (2008), "[a]n ideal size for a homogeneous sample is 50 respondents" (p. 2). Supporting this sample size, Hair, Erson, Tatham, and Black (1995) note that it could be problematic to identify effects, if they actually exist, in sample sizes less than 50.
2. Homogeneity of the sample: partially satisfied condition of homogeneity of the samples (see above).

Results and Discussion

One of the questions of the research to be answered is, "What are societal cultural values in Iceland and Lithuania, and are they different?" Statistical differences are investigated among societal dimensions, to determine in which dimensions countries differ significantly (see Figure 1).

Iceland and Lithuania are similar. However, in direct comparison, few statistically meaningful differences are found:

1. Both countries have low averages in Uncertainty Avoidance, with Iceland lower than Lithuania.
2. Lithuania has a lower mean for Indulgence, indicating we would find a stronger work ethic than in Iceland.
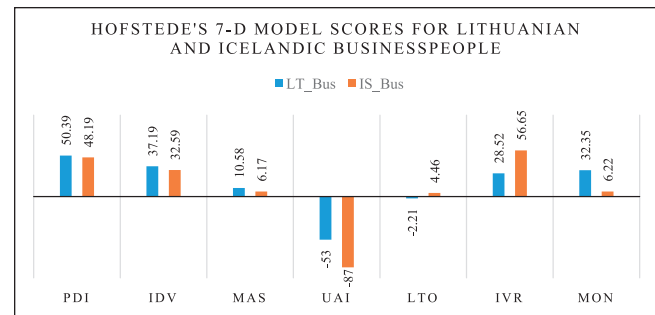3. Lithuania has a higher mean for Monumentalism.

Figure 1. Societal cultural value dimension means for Iceland and Lithuania.
Source. Data from study project, 2014 to 2015.

Monumentalism versus Flexhumility/Self-Effacement differentiates cultures where the human self is characterized by pride and stability (the self tends not to change much in reaction to changing situations) like a monolithic monument. The other pole of the dimension indicates cultures where the focus is on humility and flexibility, as well as adaptability and imitation.

Societal Cultures Compared

One of the aims of the research was to determine differences/similarities in societal culture between Iceland and Lithuania. Results indicate that the societal cultures of Iceland and Lithuania are similar, taken in a global context, with some differences in cultural emphases for Uncertainty Avoidance, Indulgence, and Monumentalism. Table 2 presents the means for cultural value dimensions for the two countries.

Hofstede emphasizes the importance of qualitative interpretation of the differences in dimensions and looking for the answers about the meaning of differences for a particular society (Hofstede, 2011). The following are interpretation and examples from real-life settings with regard to the respective countries, Iceland and Lithuania. This manner of presenting results is inspired by the work and tradition of Hofstede (1997, 2001), Minkov (2011), Littrell (2010, 2013), and so forth.

Power Distance

Both countries scored similarly on this dimension—*relatively high*. This finding is somewhat contrary to previous findings in the literature review, where Iceland is presented as a low Power Distance country. Possible explanations of this are that the Power Distance dimension indicates the extent to which both the more and the less powerful members of institutions and organizations within a society expect and accept that power is distributed unequally; the means are similar in Iceland and Lithuania. This is reflected in the business world in the following way; hierarchy is perceived as something unavoidable (existential), subordinates expect to be told what to do, as the leader has a legitimate power.

Table 2. Hofstede's Cultural Value Dimension Means for Samples of Participants in Lithuania and Iceland.

Cultural value dimension	Rank (L)	Lithuania	Rank (I)	Iceland
Power Distance (PDI)	7 = *high*	50.39	6.00	48.19
Individualism vs. Collectivism (IDV)	6	37.19	5.00	32.59
Monumentalism vs. Self-effacement (MON)	5	32.34	4.00	6.22
Indulgence vs. Restraint (IVR)	4	28.20	7 = *high*	56.65
Masculinity vs. Femininity (MAS)	3	11.21	3.00	6.17
Long-Term Orientation (LTO)	2	−4.49	2.00	4.46
Uncertainty Avoidance (UAI)	1 = *low*	−52.07	1 = *low*	−87.00

Source. Data from this research project, 2014 to 2015; dimensions in red represent different dimension averages in between the two countries.

The data show Iceland with a relatively high Power Distance mean, whereas it has generally been described as a low Power Distance country (Guðmundsdóttir, Guðlaugsson, & Aðalsteinsson, 2015). This may be due to the fact that the sample in this research consists of businesspeople, whereas Guðmundsdóttir and associates surveyed university students. Business is in general hierarchical, structured, with divided roles. This can reflect people's attitude toward the inevitability of structure, hierarchy, authority, and order.

Analysis of separate items of factors in cultural dimension research is not an advised practice. However, in this particular case, the question "How often, in your experience, are subordinates afraid to contradict their boss (or students their teacher?)" had a high impact on the Power Distance dimension mean, shifting it to relatively high. In both countries, respondents indicated that contradicting the boss is not a typical practice in the culture. Schwartz (2012) talks about value activation, which appears in certain circumstances. In this particular situation, we are looking at two countries still dealing with the aftermath of the 2008 financial crisis: higher unemployment rates, lower salaries, smaller bonuses, and so forth. Moreover, the political situation in the world with continuing media escalation of upcoming new worldwide crises (perhaps to be triggered by the Chinese economy) is not helping to restore the precrisis employee-centric attitudes. Therefore, high scores for the VSM08 Item 23, might be a reflection of the realities outlined above in the two countries.

MAS Versus Femininity Average

Lithuania and Iceland score similarly; compared with other countries in the VSM08 sample, they are *moderate low*. According to Hofstede (2001), the MAS dimension is associated with a performance society, whereas Femininity relates to a welfare society. Both countries are more feminine, which means that when it comes to work, people work to live (as opposed to living to work); the emphasis is on equality, solidarity, and quality of work life; managers use intuition, strive for consensus, and resolve conflicts through negotiation and compromise. Aðalsteinsson et al. (2011) in their research also found Iceland to be characterized by low MAS.

Possibly, the roots of egalitarianism in Iceland can be attributed to the dominant Lutheran religion, a relatively long and successful history of feminism, and "Scandinavian" influence. The Lutheran religion promotes modesty, a characteristic of the Femininity dimension. Feminism has been shaping the Icelandic community successfully for more than 40 years with respect to equality, including gender equality, again positively contributing to egalitarianism in society. Moreover, Iceland is one of the Nordic countries, all of which have been moving further toward greater egalitarianism during the last decades. There is a strong sense of togetherness in the Scandinavian context, which is one more source of egalitarianism for Icelanders.

Low levels of MAS dimension in Lithuania might seem surprising, as the country was occupied for 50 years by Russia, which is often perceived as a high MAS culture because of its strong emphasis on status symbols. The ITIM. ORG consultants' website representing and summarizing Hofstede's model of culture (www.geert-hofstede.com) explains that status symbols in Russia are associated with Power Distance, not the MAS dimension.

IDV *versus Collectivism* is a dimension on which the two countries score similarly—*relatively high*. Generally, this dimension represents an "I" over "we" priority in society. With regard to management studies, this dimension is particularly important when it comes to motivating people. Aðalsteinsson et al. (2011) also found Icelandic societal culture to be highly individualistic.

Long-Term Versus Short-Term Orientation

This dimension represents persistence (perseverance); thrift; ordering relationships by status and observing this order; and having a sense of shame, on the one side, and reciprocation of greetings, favors, and gifts; respect for tradition; protecting one's "face"; and personal steadiness and stability on the other side of this dimension. Short-Term Orientation cultures are more concerned with righteousness and have universal guidelines about what is good and evil (Hofstede et al., 2010). Lithuania and Iceland scores are moderate low, with Iceland being more inclined toward short-term thinking than Lithuania.

In Short-Term Oriented cultures, people grow up with two, tension-causing norms of society: respecting social

codes and being seen as a stable individual and, conversely, there is also a strong need for immediate gratification, spending, and sensitivity to social trends in consumption. The tension between these two norms is dealt with in a different way in each society. Freedom, rights, achievement, and thinking for oneself are the main work values in short-term oriented societies. Short-term societies tend to focus most on short-term profit and are characterized by existential psychological division between managers and workers (Hofstede et al., 2010). Aðalsteinsson et al. (2011) characterized Iceland by average in LTO. Mockaitis (2002) indicated Lithuania to be average on this dimension.

Differences in Cultural Dimensions

Indulgence versus restraint. Iceland scores high on Indulgence while Lithuania is moderate on this dimension. Hofstede et al. (2010) indicate that Eastern Europe has more high Restraint cultures than Western Europe, which is consistent with the findings in this research. Overall, this new dimension is related to perceived happiness, control over life, and importance of leisure (Minkov, 2009). High Indulgence indicates a "society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun" (Hofstede, 2011, p. 15). Indulgence versus Restraint dimension has not previously been researched in both countries.

Differences in this dimension between these two countries can be partially attributed to history and religion. Even though Iceland was occupied by a foreign country (Iceland was part of the Kingdom of Norway and Denmark from 1292 to 1918 and independent under the Danish king that controlled foreign affairs and defense until 1944, when Iceland declared full independence. In World War II, it was briefly occupied by Allied forces), the country has never experienced direct war or severe aggression. Lithuania, however, was for many centuries a crossroads between East and West—every army that walked through was robbing people and leaving them with nothing. Sometimes, having more (e.g., food) could "buy" a person's life. Therefore, in Lithuania, people learned the necessity of saving and storing for a rainy day. Evidence of this characteristic is also seen in the recent 2008 financial crisis, which revealed that Lithuanian households are among those in Europe with the fewest loans (mortgage and consumption loans; International Monetary Fund, 2010). We suggest that religion affects indulgent or restraining behavior. Self-guilt is a strong characteristic of Catholics (Dein, 2013), which manifests itself in restraining behavior, whereas Lutherans do not have such a strong emphasis on self-guilt and do not see a similar "benefit" in restraints in life.

Monumentalism versus flexhumility (self-effacement). The countries indicate different tendencies on this dimension, with Iceland moderate, whereas Lithuania is moderate–high.

This dimension is related to pride in self and national pride, making one's parents proud, and believing religion to be important, similar to McClelland's (1961) concept of need for achievement. This dimension is related to Long- and Short-term Orientation, described as sister dimensions by Minkov (2011). Our research outcomes are congruent with this idea, with Iceland scoring lower on both dimensions and Lithuania higher. Monumentalism dimension has not been researched in Iceland and Lithuania.

Uncertainty Avoidance

Lithuania is significantly more uncertainty avoidant than Iceland. Compared with other countries from the VSM08 of the consortium, Iceland scores the lowest in this dimension and Lithuania moderate. Aðalsteinsson et al. (2011) indicated Icelandic societal culture to be highly uncertainty avoidant. Meanwhile, Hofstede's estimations (www.geert-hofstede.com) indicate Iceland to be on average on this dimension. Above-mentioned results highlight the need for more data in Iceland to clarify this dimension for Icelandic culture. Mockaitis (2002) characterized Lithuania as high—average high in this dimension, which is consistent with our data and the estimations provided by Hofstede (www.geert-hofstede.com)

Managerial Implications

There is no one particular value system orientation that directly translates to success in the management of business in a country. Hofstede (1984) indicates that it is most important for a business in a specific country to be managed according to the country's value system. The biggest threat is to assume that a successful manager in one country will automatically replicate this success in another country. To do so, managerial leaders need to gain a deep understanding of the culture of a host country and show high competence in cross-cultural management. Moreover, not only organizational structure and organizational processes but also leadership style should be reconsidered to function effectively in the host country and achieve good organizational as well as financial outcomes.

Iceland scores significantly higher on the Indulgence dimension, which could indicate employees with perceived higher level of happiness and giving higher priority to personal life, leisure, and gratification of human desires (Hofstede, 2011; Minkov, 2009). Restraining societal culture implies that Lithuanian employees will have a stronger work ethic and therefore will be more inclined to prioritize work over personal life. However, they could have less positive attitudes as levels of perceived happiness will be lower.

Lithuanian societal culture is characterized by a higher level of Monumentalism. This implies that Lithuanian employees could have a higher need for achievement. They will respond more to all motivational systems where employees' achievements are emphasized.

The manifested difference in the Uncertainty Avoidance dimension has various managerial implications, such as the following

1. *The emotional need for formal and informal rules to guide behavior*. In Iceland, one can expect to find written and unwritten rules; however, they will be "considered a matter for convenience." These findings are consistent with Eyjolfsdottir and Smith (1996). People will feel comfortable in situations where there are few rules, indulging one's freedom is desired, and pragmatism and opportunism is common.
2. *Formalization, standardization, and ritualization of organizations*. In Lithuania, more ritualization, standardization, and formalization can be expected, than in Iceland.
3. *Implicit models of organizations*. Iceland can be characterized with lower levels of stress and a more positive attitude toward unfamiliar situations.
4. *Types of planning used*. More attention will be paid to medium- to short-term planning in Lithuania.
5. *The meaning of time*. In Lithuania, people will seem less relaxed and will expect to be busy when at work; life will appear to be more hurried than in Iceland.
6. *Appeal of precision and punctuality*. Lithuania is more precise and punctual than Iceland; therefore, delays or being late might not be so well tolerated there.
7. *The showing or hiding of emotions*. Expression of emotions will be more tolerated in Lithuania than in Iceland.
8. *Tolerance for deviant ideas and behavior*. Lithuanians will be more resistant to innovation at work, whereas Icelanders will find it interesting.

Conclusion

The aim of this article was, first, to compare the societal cultures of Iceland and Lithuania, second, contextualization of the results and managerial implications for the practitioners, and, third, to contribute to cross-cultural theory and research, by providing empiric data from two underresearched countries.

The results indicate that Iceland and Lithuania share many traits of societal culture. But they differ significantly in Monumentalism, Indulgence versus Restraint, and Uncertainty Avoidance. The findings regarding Indulgence versus Restraint are congruent with the literature, indicating that Eastern Europe has more high restraint cultures than Western Europe (Hofstede et al., 2010). As this dimension is associated with perceived happiness, control over life, and importance of leisure (Minkov, 2009), it can be stated that Icelanders perceive themselves as happier than do the Lithuanians; on the contrary, Lithuanians can be expected to exhibit a stronger work ethic due to low priority of free time.

Differences in the Monumentalism dimension indicate that Lithuanians will be more inclined to satisfy the expectations of others (parents, elders, higher authority). Significant differences in uncertainty avoidance indicate that Lithuanians are more uncertainty avoidant than Icelanders. The difference in this dimension affects many organizational practices, such as following formal rules and types of planning.

This article contributes to advancement of cross-cultural body of research by providing data from two countries—Iceland and Lithuania.

One of the interesting findings is that the MAS versus Femininity dimension in both countries is similar; however, the gender equality situations in the two countries are very different. This suggests that the MAS versus Femininity dimension alone cannot be helpful in identifying gender issues in the countries.

Note

1. The survey instrument is a component of the Preferred Leader Behaviour Across Cultures project, started in China in 1997 and facilitated by the Centre for Cross Cultural Comparisons with more than 25 samples from 16 countries, with additional data collection and analysis underway. The project is discussed at length in Littrell (2013). The overarching project within which the data of this study were collected focuses on leader behavior preferences of employed business people. A Study on Leadership and Values questionnaire consists of sociodemographic questions, the Leadership Behavior Description Questionnaire XII, and the VSM08 (Hofstede et al., 2008) cultural dimension questionnaire.

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Author Biographies

Inga Minelgaite Snaebjornsson is a post-doctoral researcher at the University of Iceland, School of Business. Her research mainly focuses on leadership within cultural context, gender in management, and management in the Nordic-Baltic region.

Ingi Runar Edvardsson is a professor at the School of Business, University of Iceland. His research focus is on management, knowledge management, SMEs, learning, HRM, and printing industry.

Romie F. Littrell, PhD/Auckland University of Technology, New Zealand, is the managing director of the Centre for Cross Cultural Comparisons—Austin, Texas, a not-for-profit international voluntary association of researchers, practitioners, and students interested in research in cross-cultural issues in business. He has worked in industries and taught at universities in the United States, China, Switzerland, Germany, and New Zealand. He has published numerous articles in major academic journals.