MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY

School of Management and Business

Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

Cultural comparisons in leadership preferences and effectiveness of leadership models

(based on SoftServe (Business Profit Consult LLC) case)

Bachelor's student of the 4th year study   **Arsenii Litus**

Field of Study 29 – International Relations

Specialty 292 – International Economic Relations

Educational program –

International Business

Research supervisor

_____Lesya Leschii_____

(First Name, Last Name)

Ph.D. in Economics

Kyiv – 2023

Abstract

The work is devoted to examining the effects of cultural differences on the effectiveness of various leadership models and styles. The work summarizes theoretical approaches to culture categorization and organization while considering leadership styles in different cultural dimensions. The author examined different approaches to understanding and managing employees from different cultures in the organization. The interdependence between certain leadership approaches and employees' productivity was established. Autor identified the most effective approaches to intercultural leadership and management in matrix organizations. A new model of distributing and hiring leaders in the organization was found and described in the thesis. General actionable suggestions on executing effective management techniques were developed.

Keywords: leadership, matrix organizations, management, Hofstede theory, democratic leadership, cultural dimensions

Анотація

Робота присвячена дослідженню впливу культурних відмінностей на ефективність різних моделей і стилів лідерства. В роботі описано теоретичні підходи до категоризації та організації культурних відмінностей, а також розглянуто стилі лідерства в різних культурних вимірах. Автор дослідив різні підходи до розуміння та управління працівниками з різних культур в контексті компанії. Встановлено взаємозалежність між певними лідерськими підходами та продуктивністю працівників. Визначено найбільш ефективні підходи до міжкультурного лідерства та управління в матричних організаціях. Знайдено та описано нову модель розподілу та найму лідерів в організації. Розроблено загальні практичні пропозиції щодо впровадження ефективних методів управління.

Ключові слова: лідерство, матричні організації, менеджмент, теорія Хофстеде, демократичне лідерство, культурні виміри

APPROVED
Head of Department Prof. Liubov Zharova

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TASK
FOR BACHELOR'S QUALIFICATION WORK

Arsenii Litus

1. Topic of the work: **Cultural comparisons in leadership preferences and effectiveness of leadership models (based on SoftServe (Business Profit Consult LLC) case)**

Supervisor of the work *Lesya Leshchii, Ph.D. in Economics*.

Which approved by Order of University from "22" September 2022 № 22-09/2022-2c

2. Deadline for bachelor's qualification work submission "*23" April 2023*
3. Data-out to the bachelor's qualification work_
    Materials from internship received during consultation with representatives of the company. Information from open resources in the Internet, official reporting of financial and economic activities of the enterprise.

4. Contents of the explanatory note (list of issues to be developed).

There are main topics a student should develop in this work:
1.   Conduct a comprehensive literature review on cultural differences and leadership preferences in different countries and regions for understanding how leadership style and cultural considerations affect performance of a company.

2.   Analyze the impact of international cultural differences on leadership styles and evaluate the effectiveness of various leadership models in diverse cultural settings.

3.   Gather information about SoftServe Inc. and its international activity to understand the leadership situation in the company.

4.   Develop recommendations for organizations and SoftServe Inc. on how to adapt leadership models to fit cultural differences and enhance leadership effectiveness.

5. List of graphic material (with exact indication of any mandatory drawings)
    Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.
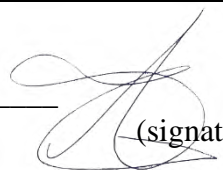
6. Consultants for parts of the work

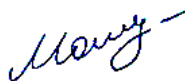| Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	*Lesya Leshchii, Ph.D. in Economics*	+	+
2	*Lesya Leshchii, Ph.D. in Economics*	+	+
3	*Lesya Leshchii, Ph.D. in Economics*	+	+

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	*31.12.2022*	*In time*
2.	II chapter	*20.02.2023*	*In time*
3.	III chapter	*11.04.2023*	*In time*
4.	Introduction, conclusions, summary	*23.04.2023*	*In time*
5.	Pre-defense	*26.04.2023*	*In time*

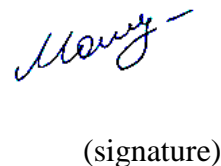Student_____Arsenii Litus_____

(signature)

Supervisor

(signature)

Conclusions:

    The work has a good structure, an analysis of the influence of international cultural differences on leadership practices and advantages is given, a large amount of modern literature is researched and a practical case study of the company's activities at the international level is presented - SoftServe Inc. case studies. The "2+1" model proposed in the work can be considered as a practical and effective approach to adapting leadership models according to cultural differences. The work meets the established academic standards, contains three sections, an introduction and conclusions, sufficient statistical data, analysis of the company's activities, and is of practical importance. In general, the work can be recommended for defense with a preliminary rating of "Excellent".

Supervisor

(signature)

TABLE OF CONTENTS

INTRODUCTION

What characterizes a successful leader? Although excellent judgment, ethics, and people skills are the fundamental components of leadership everywhere, the whole recipe for effective leadership also calls for culture-specific seasonings. The primary cause of this is that cultures have different unspoken theories of leadership or common assumptions about the characteristics that people must possess to be true leaders. A normal style and behavioral inclinations may be a strength or a weakness depending on the cultural situation. To put it another way, effective leadership is primarily determined by the proper personality fitting the proper place. Effective leaders understand that increasing the chances of success generally involves selecting the appropriate leadership style for the given circumstance. However, the majority of executives often employ a dominant management style. Cross-cultural disparities in leadership are to be expected because we all are born different, raised different and have different environments. This includes many other peculiarities that form a leadership style. For example, leadership characteristics are influenced by both cultural norms and the demands of the leadership position. The way power is used by leaders also heavily varies among cultures. Individualists are those who operate only in their best interests, while collectives are supposed to take action to benefit the neighborhood. Leaders become more effective when they are able comply with norms and fit into global corporate environment.

Leadership is a critical aspect of any organization's success, and it is essential to understand how cultural differences influence leadership preferences and the effectiveness of leadership models. The purpose of this bachelor thesis is to explore international cultural differences in leadership preferences and effectiveness.

Leadership styles can vary significantly between cultures due to differences in values, beliefs, and norms. Understanding these differences is crucial to developing effective leadership strategies in a multicultural environment. The thesis aims to provide an in-depth understanding of the impact of culture on leadership preferences and practices.

Certainly, cultural differences are a crucial aspect of leadership practices and preferences, and the impact of these differences should not be underestimated. The ways in which individuals perceive and respond to leadership can vary significantly depending on their cultural background, which can ultimately impact the effectiveness of leadership models. Moreover, as the world becomes increasingly globalized, cultural diversity is becoming the norm in many organizations. Leaders must understand how cultural differences impact leadership practices to effectively manage teams and achieve organizational goals. Therefore, studying cultural comparisons in leadership preferences and effectiveness of leadership models is essential for organizations operating in a multicultural environment.

According to many pieces of research, this environment where leaders operate in, affects their decision-making, communication style, and other aspects of day-to-day management. Therefore, it's tremendously important nowadays to be aware of how cultures are formed, and how they create their unique leadership patterns. Any person who is starting to learn about cultural leadership peculiarities, has to go through a very meticulous process of studying fundamentals and acquiring a good knowledge on management. That's why in this paper, we firstly cover every single step of leadership style formation, and which forces may influence that. Secondly, we quickly go through the theories that can organize all that knowledge and make it applicable to our modern environment. Then, we go through our case study - SoftServe IT company and also consider how their organizational structure amends how people lead in the company. Finally, in the third chapter, we draw our own recommendations on which styles are the most efficient ones and based on that, develop a new model of leadership for the company in detail. Overall, we hope that this paper will serve as a manual to anyone who is trying to increase efficiency, productivity, and overall employee satisfaction in their company by amending leadership styles.

In today's rapidly changing and complex business environment, the demand for effective leadership has never been higher. Leaders are expected to navigate challenges such as globalization, digitalization, and increasing competition while maintaining a high level of

productivity and engagement among their teams. At the same time, they must also demonstrate a deep understanding of cultural differences and develop leadership practices that are adaptable to diverse contexts. Leaders are expected to be versatile and agile, able to adapt to new situations and lead through ambiguity and uncertainty. The COVID-19 pandemic has highlighted the need for leaders who can respond quickly to changing circumstances, make difficult decisions under pressure, and communicate effectively with their teams. As such, leaders must be skilled in areas such as crisis management, strategic planning, and digital transformation, in addition to possessing strong interpersonal skills and the ability to inspire and motivate others. The demand for effective leadership has never been higher, and leaders must possess a range of skills to succeed in today's business environment.uderstanding the cultural dimensions that shape leadership preferences and evaluating the effectiveness of various leadership models is crucial for organizations to attract and retain top talent and achieve success. The purpose of this paper is to examine the relationship between cultural differences and leadership preferences, and to evaluate the effectiveness of various leadership models in diverse cultural settings. All these efforts are targeted on making and breeding the leaders in current organizations more efficient and inclusive. The following six tasks will be carried out to achieve the purpose of this thesis:

1. Examine how leadership style and cultural considerations affect performance of a company.
2. Conduct a comprehensive literature review on cultural differences and leadership preferences in different countries and regions..
3. Analyze the impact of international cultural differences on leadership preferences and styles.
4. Evaluate the effectiveness of various leadership models in diverse cultural settings.
5. Gather information about SoftServe Inc and its international activity to understand the leadership situation in the company.

6. Develop recommendations for organizations and SoftServe Inc. on how to adapt leadership models to fit cultural differences and enhance leadership effectiveness.

The object of this research is to compare cultural differences in leadership preferences and the effectiveness of leadership models. The subject of this research is the impact of cultural differences on leadership and the evaluation of leadership models in diverse cultural settings.

CHAPTER 1: THEORETICAL FOUNDATIONS OF CULTURE AND LEADERSHIP

1.1 Factors and processes behind culture formation

First, to understand how leadership styles differ from one culture to another it's important to understand the culture as a concept itself. Culture is essentially a set of beliefs and predispositions that define our habits starting from foundations, like preferences for some food, and finishing with more abstract concepts, like emotional traits. [1] The term "culture" is a general one that refers to social behavior, institutions, and norms present in human societies as well as the people that make up these groups as well as their knowledge, beliefs, and talents. Culture is frequently said to have originated in or been influenced by a particular area or place. The diversity of cultures found in different communities is evidence that humans acquire culture via the learning processes of enculturation and socialization. All human communities have certain cultural universals, these include technological advancements like tool use, cooking, housing, and clothing, as well as expressive forms like art, music, dance, ritual, and religion. For instance, the idea of "material culture" refers to the outward manifestations of culture, such as technology, architecture, and art, whereas "intangible culture" refers to the intangible aspects of culture, such as mythology, philosophy, literature (both written and oral), and science, as well as the guiding principles of social organization (including political organization and social institutions). [2] In the humanities, the degree to which a person has developed a specific level of sophistication in the arts, sciences, education, or manners has been viewed as a cultural characteristic of that person. Additionally, civilizations and less advanced societies have occasionally been distinguished by their degree of cultural sophistication. These class-based divisions between a high culture of the social elite and a low culture, popular culture, or folk culture of the lower classes—distinguished by the stratified access to cultural capital—also reflect such hierarchical attitudes on culture. In everyday speech, the term "culture" is frequently used to

refer explicitly to the symbolic signifiers that ethnic groups utilize to clearly identify themselves from one another, such as bodily alteration, attire, or jewelry. Although society is very used to considering culture from a personal perspective, there are a lot of cultures around us, that refer to groups, social events, and other factors. For example, the 20th-century consumer culture forms that were mass-manufactured and mass mediated are referred to as "mass culture". The proletariat is frequently manipulated politically by the elites using culture as a tool, according to several philosophical traditions, including Marxism and critical theory. These viewpoints are typical in the field of cultural studies. The cultural materialism school of thought in the broader social sciences maintains that human symbolic culture develops from the material circumstances of human life because people create the environments necessary for physical survival and that the biological predispositions that underlie culture are evolved.

According to anthropology, "culture" refers to the accumulated traditions, skills, knowledge, and wisdom of a specific social group that are learned rather than innate or genetic, and repeatedly transmitted from the older to the younger members of that group to maintain the continuity of that body of knowledge and belief over many generations of participants. When referring to an entire country or ethnic group, their "culture" is a result of the actions and lessons that their forebears undertook. These actions and lessons were then transmitted to their children, who in turn passed them on to their grandchildren, and so on indefinitely. The "culture" of a smaller subset of society is whatever the older population within that subculture has learned, conserved, and passed on to the new generations who are just entering. This would apply to any company, institution, club, or any other organization where senior members welcome newcomers into their ranks. Culture is transmitted in part through writing down or preserving it in some other symbolic, permanent form, but it is primarily through constant repetition and example, from parent to child, mentor to protégé, and seasoned professional to greenhorn; through direct imitation, explanation, and repetition until the newcomers are doing it the same way (and just as well as) the veterans or elders.

Cultures may change, of course. Every time a brand-new component is added into a cultural system, that occurs, or, whenever the young, emerging generation decides to act little otherwise than their parents did. That is how cultures come into being in the first place—by having each successive generation add a small amount to the body of knowledge amassed by their elders and infuse it with their own distinctiveness through the rituals and beliefs that go along with it.

From the psychological perspective, there are also a couple of peculiarities that any leader must take into account while considering management style in a new environment. Psychological studies on the effects of culture on psychology have grown and challenged the assumption of universality in general psychology since the 1990s [4] The question of whether the human mind is independent of culture has been addressed by culture psychologists as they have begun to investigate the connection between emotions and culture. For instance, individuals from collective cultures—like the Japanese—suppress their happy feelings more than Americans do. The manner in that people perceive and express their emotions may vary by culture. On the other hand, other academics attempt to seek variations in personality across cultural boundaries. [5] Culture shock is investigated to comprehend how people respond when they are exposed to diverse cultures because each culture sets forth its own set of rules. Cognitive tools could not be available, or they might operate differently depending on the culture. People reared in cultures that use an abacus, for instance, are taught to think in a particular way. People may interpret the same outcome of events differently because of their cultural perspectives. While East Asians are better driven by the avoidance of failure, Westerners are more motivated by their triumphs than

their mistakes. [6] Psychologists must take into account culture in order to comprehend how the human mind works.
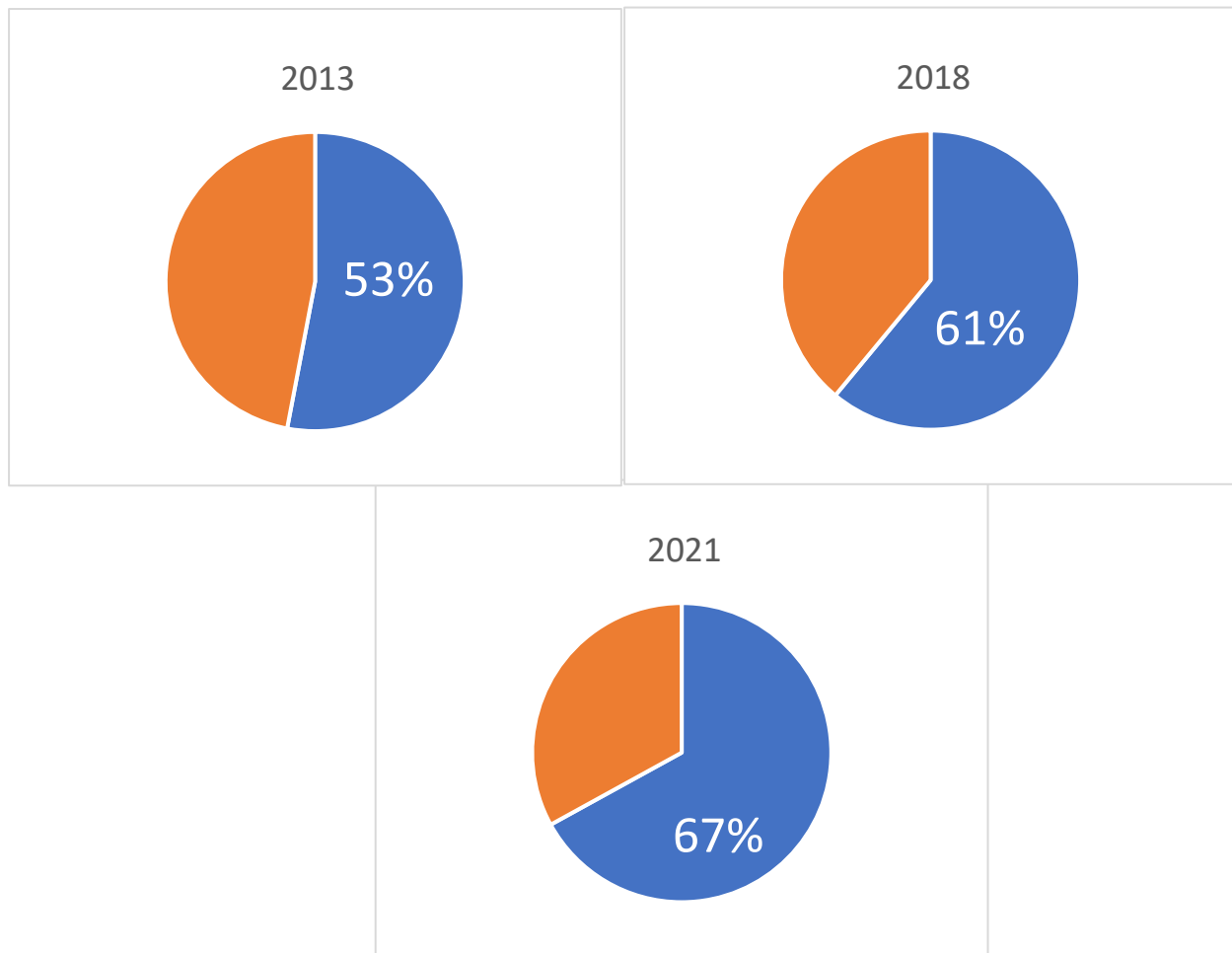
Figure 1.1. Percentage of people who answered "Agree" or "Strongly Agree" on the question: "Our organization's culture is an important topic on the agenda of our company's senior leadership". [7]

A significant portion of national and international resources are being devoted to the safeguarding of culture and cultural assets across all over the world. The UN and UNESCO attempt to establish and implement regulations for this in accordance with international law. The goal is to defend humanity's cultural legacy rather than an individual's property, particularly in times of war and armed conflict. Another aspect of psychological warfare is the destruction of cultural assets. Symbolic cultural assets become the major target of the

attack since the attacker's primary objective is to steal the opponent's identity. Additionally, it aims to influence a state, area, or municipality's economic foundation (such as tourism), developing cultural variety, and particularly sensitive cultural memories.

Overall, culture can be described as a form of beliefs that shape how an individual perceives the world. They're mainly shaped by family, upbringing, traditions, and geographical peculiarities. Moving away from the oversimplified description, there are many views and theories on how to describe the culture in detail as well. For example, on the one hand, anthropology describes individualistic culture to be closely interwoven with the social group around, while on the other hand, the psychological way of explaining culture is more focused on emotions and personal boundaries. Anyways, regardless of the approach, almost any research agrees on the importance of considering culture both in terms of interpersonal and business relations. To support the cultural identities of different regions, people even created sophisticated funds and commissions, which primary purpose is to protect and popularize cultural differences across the international business environment.

1.2 Cultural realms in the world: the first attempt to group and analyze cultures and interpersonal relationships

As the concept of culture becomes clearer, it's important to understand the main differences between different regions across the world and how people lead there. Of course, the accuracy of putting all the countries in Latin America in the same basket by describing Latin culture and leadership peculiarities as a whole would be quite low. The main reason is that such an approach doesn't consider subtle contrasts between countries in the same geographical region, but that have slightly different historical backgrounds. Although it's true and for a deep analysis this would indeed be an inappropriate method, but still the peculiarities of big regions are the foundational knowledge for understanding the leadership approaches in smaller areas.

The first cultural dimension to consider in this paper, is the most populated region in

the world, - Asia. Collectivism predominates in most Asian civilizations. Individuals are viewed as part of their collective identity in collectivistic societies, and the idea of a distinct, independent self is downplayed. Even a person's physical appearance is frequently considered to be a symbol of the family, extended family, and sometimes even the Asian community, in addition to the individual's interior self. It is typical for people to receive remarks or even requests about their physical appearance due to the fluid nature of personal boundaries, especially from family members. People who adhere to collectivistic beliefs also frequently use social comparisons to make sure they are adhering to accepted standards. Intense feelings of shame usually result from standing out in a way that detracts from the group's reputation or causes the group to "lose face." [8] These factors make it more likely that people with body types, physical characteristics, or physical impairments that stray too far from the norm may not only be disappointed by themselves but also by their family or community.

Arabian culture is the next region, which poses a lot of major features that are important to consider when leading a business all over the world. First, the Islamic religion and Arab culture are closely related. Most Arabs think that God controls and orchestrates the majority of life's occurrences. Man cannot influence many aspects of life; he is dependent on God's predetermined fate. As a result, everyone in Arab culture considers their religious allegiance to be important. Most Arabs think that religion should be taught in schools and that there should be no distinction between church and state. Islam has many different sects, yet Islamic law, or Sharia, is just as significant as any other kind of legislation. Piety is the most admirable quality a person may possess, according to Islam. Mosques are revered as holy places, and entering one is subject to severe regulations. Among these are the rules on photographing or filming people within mosques, the prohibition against males wearing shorts, and the ban against women wearing sleeveless or short-sleeved gowns. Family is the second most significant thing to Arabs after their faith. Loyalty and commitment to family come before friends, one's career, and one's wants. The traditions and practices of the

United States are included in American culture. The United States has a population of more than 332 million, making it the third biggest nation in the world. Every nine seconds a kid is born, and every eleven seconds someone passes away. The population of the United States was created by immigration from other nations in addition to the Native Americans who already resided on the land. Every 666 seconds, a new immigrant enters the country, according to the Census Bureau. [9] The United States is one of the nations with the most varied cultures in the world as a result. Nearly every part of the world, especially the English who invaded America beginning in the early 1600s, has had an impact on American culture. The civilizations of Native Americans, Latin Americans, Africans, and Asians have also influenced American culture. The United States is frequently referred to as a "melting pot," where many civilizations have each added their own unique "flavors" to the national identity. American culture now has an impact on other cultures, just as other cultures have had an impact on American culture in the past. The civilizations of the United States and Europe are sometimes collectively referred to as "Western culture." In the United States, which was founded on the principle of religious freedom, almost every known religion is practiced. According to a neutral research organization, almost 70% of Americans consider themselves Christians as of 2017. The study also discovered that 6% of people who practice non-Christian religions, or roughly 23% of people, have no religious identification at all. [10]

Moving from the North American continent to the South, we encounter another huge cultural dimension Latin America. One school of thought questions whether there is even a single, distinct Latin American culture. This point of view contends that the idea of "Latin America" is just a geographical expression chosen at random rather than a distinctive cultural construct with common values and viewpoints. They argue that Latin America is such a large continent that trying to condense all of it into a single concept seems unfeasible, if not ludicrous. It is debatable to presume that all of the nations of Latin America have the same cultural identity because they differ so greatly from one another. Even though this argument highlights the variety of cultural norms found in Latin America, this "diversified continent

of twenty countries" does exist. Indigenous peoples have lived on the continent that we now refer to as "Latin America" since roughly 1,200 BCE, and they have had a greater impact on the formation of this culture than anything else. [11] Through mestizaje, the belief systems and customs of various cultures—from the Aztecs in Central Mexico to the Mayans in Central America and the Incas in Peru—evolved and persisted (the mixing of different ethnic and cultural groups). Despite the appalling reality that the Conquistadors devastated and wiped off most of these cultures, they also interacted with them and developed a new and distinct culture as a result. Latin America's population is extremely diversified, consisting of several ethnic groupings and ancestries. Most descendants of Amerindians have mixed racial origins. There was a large influx of Spanish and Portuguese immigrants heading to Latin America in the 16th, 17th, and 18th centuries. Although there was never a significant migration, it had a significant influence on Latin American communities over a long period: the Portuguese migrated to Brazil, while the Spaniards went to Central and South America. Men predominated among the European immigrants, and many of them married Native Americans. Due to the resulting mingling of Amerindians and Europeans, their descendants are now referred to as mestizos.

As for the languages, both Puerto Rico and eighteen independent countries speak Spanish. Brazil is where Portuguese is most often spoken. In Haiti and other French-ruled territories in the Caribbean, French is also widely spoken. Many countries, particularly those in the Caribbean, have their unique Creole languages that were influenced by many African languages and European languages. 90% of people in Latin America identify as Christian, primarily Roman Catholic. [12] The Roman Catholic movement known as Liberation Theology, which is a kind of quasi-socialism, was actively developed in Latin America, particularly in Brazil. Also, after Latin America gained its freedom in the 1820s, Britain had a significant long-term impact on the region's arts and leisure cultural activities. In both economic and cultural matters, Britain consciously wanted to displace the Spanish and

Portuguese. Diplomacy, commerce, finance, and investments in mining and railroads were used to exercise influence. [13]

Summing up, the world is divided into collective cultural realms. It is proved by the cultural similarities among neighboring regions that constitute a certain realm. Although there are still some considerable and important differences between countries or smaller socio-political divisions even when they belong to the same realm, the overall description of the regions is still worth noting, because it gives a crucial insight in terms of leadership and people management. For instance, such regions include Latin and North American dimensions, Middle East, and Asian realm.

1.3 Hofstede's cultural dimensions theory

What characterizes a successful leader? Although excellent judgment, ethics, and people skills are the fundamental components of leadership, the whole recipe for effective leadership also calls for culture-specific seasonings. The primary cause of this is that cultures have different implicit theories of leadership or common assumptions about the characteristics that people must possess to be leaders. A normal style and behavioral inclinations may be a strength or a weakness in one country, while being inappropriate in another, depending on the cultural situation. There are many theories about the main aspects that differ all over the world, but universally Hofstede's cultural dimensions theory is the most scientifically proven and respected in the global business environment.

Geert Hofstede was a Dutch social psychologist who worked for IBM and is most recognized for his groundbreaking studies on cross-cultural teams and organizations. He is also a former professor of organizational anthropology and international management at Maastricht University in the Netherlands. He was a well-known pioneer in his research of cross-cultural groups and organizations and played a significant role in the development of a systematic framework for evaluating and differentiating national cultures and organizational cultures. [15] He was a researcher in the fields of organizational studies and,

more specifically, organizational culture, as well as cultural economics and management. His research proved that local and national cultural groups have an impact on how society and organizations behave. The Cultural Dimensions theory was started in the IBM Europe Personnel Research Department which was established by Hofstede in 1965. (Which he managed until 1971). Between 1967 and 1973, he conducted significant survey research on the variations in national values among the global subsidiaries of this multinational firm, comparing the responses of 117,000 IBM-matched employee samples in various nations to the same attitude question. At the time, he had "perhaps the biggest matched-sample cross-national database accessible anywhere," and he originally concentrated his research on the 40 major nations before expanding it to 50 countries and 3 regions. In its preliminary research, four key dimensions—power distance (PDI), individualism (IDV), uncertainty avoidance (UAI), and masculinity (MAS)—were shown to have systematic variances among national cultures. Then, Michael Harris Bond and associates used a survey instrument created in collaboration with Chinese employees and managers to analyze students from 23 different nations in 1991. Long-term orientation, also known as Confucian dynamism, was included as the fifth component of Hofstede's model because of the findings of this research. Geert Hofstede discovered a sixth final dimension, indulgence vs restraint, because of Minkov's study of data from the World Values Survey, which included 93 representative samples of country populations. Finally, our modern ambiguous world added two more peculiarities to Hofstede's theory.
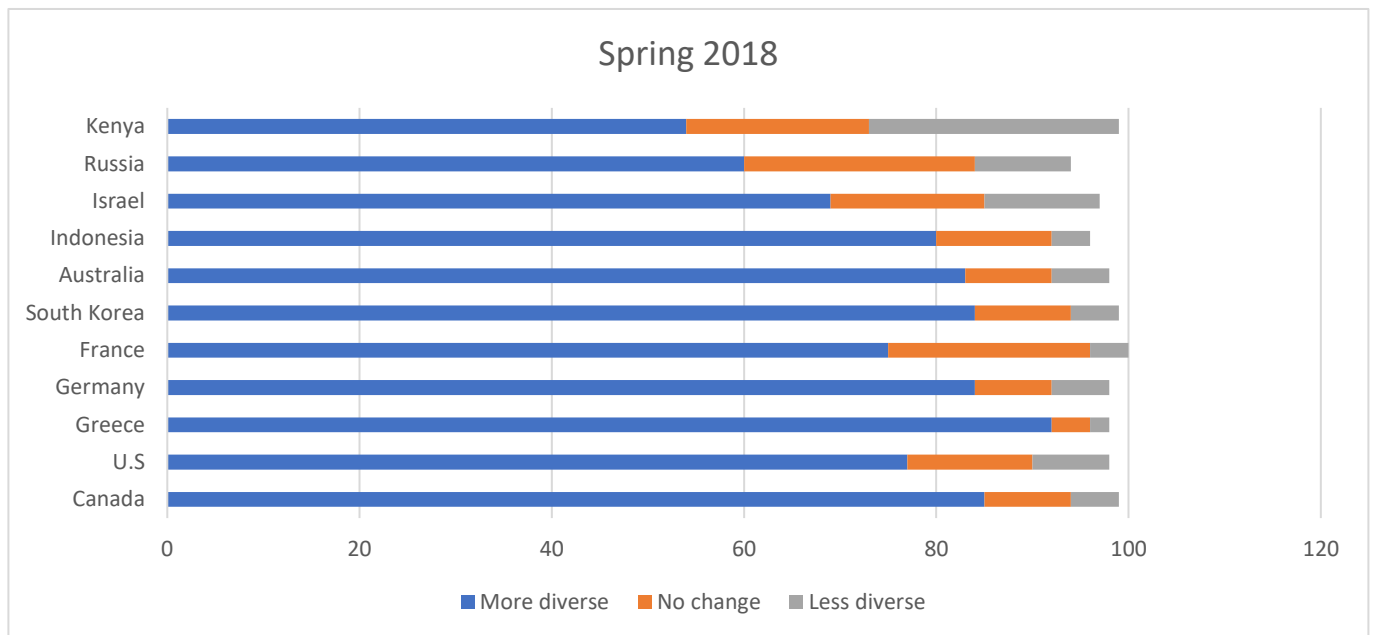
Figure 1.2. Answer distribution between people who were asked if their culture became more diverse in the past 20 years. [14]

The first dimension, Power Distance Index (PDI), measures how much less powerful members of society expect and accept unequal distribution of power. The second dimension, Individualism vs. Collectivism (IDV), measures how people are integrated into their communities. The third dimension, Masculinity, measures a society's preference for achievement and competition versus collaboration and quality of life. The fourth dimension, Short-term vs. Long-term Orientation (LTO), describes a society's focus on tradition and constancy versus adaptability and pragmatic problem-solving. The fifth dimension, Uncertainty Avoidance Index (UAI), measures a society's tolerance for ambiguity. Finally, the sixth dimension, Indulgence vs. Constraint (IND), describes how much freedom society allows its members to exercise their human impulses [16].

In conclusion, Geert Hofstede proposed a very sophisticated approach, based on his professional experience at IBM and academic background. After two more indicators were added to the existing six indexes the theory truly became up-to-date and still helps

international business leaders across the globe. Further in this paper, Hofstede's indexes are considered, while considering cultural leadership similarities and differences.

1.4 Experimental proof of Hofstede's theory – common examples

The theory described in the previous chapter tells a lot about the main pillars that differ from one culture to another. Now, when considering each separate country, it's way more understandable why the leadership style was formed in that particular way. In this chapter, let's consider countries from different cultural dimensions that are more familiar to us. This can help us to prove that there their peculiarities can be boiled down to Hofstede's theory and can be tracked through all eight characteristics. Here we will cover Ukraine, the US, two more countries from the post-soviet region and the EU overall.

Doing business in Ukraine differs from doing business in other countries, particularly the United States, the United Kingdom, Germany, and other northern and central European countries. Time is not money for officials, and everything takes longer. The Soviet system did not encourage quick decisions, and some today refer to "a delay mentality," because it is safer to say no and avoid responsibility. It is difficult to obtain detailed information, and instructions are not always accurate. Ukrainians do not readily accept personal responsibility as do Westerners, whose society prepares them for leadership roles beginning in kindergarten. Many Ukrainians become authoritarian after assuming leadership positions and change their attitude toward their coworkers, who have an ingrained subservient attitude toward authority - a well-known trait of Ukrainians. Doing business in Ukraine presents several challenges, including widespread corruption, a complex regulatory environment, inconsistent rule of law, political instability, and an underdeveloped infrastructure. Additionally, businesses may face issues with tax administration, limited access to financing, and a shortage of skilled labour. Despite these challenges, Ukraine has potential growth opportunities in various sectors, and ongoing reforms aim to improve the overall business environment. Decisions are made at the top, and the people on the ground have little

influence. The authoritarian system is a relic of Soviet times, and while no one seems to like it, there is little movement for change. Leaders in Ukraine tend to concentrate decision-making power in their own hands and to demand loyalty and subservience from their employees in addition to job-related skills. Many employers in the new capitalistic Ukraine use aggressive interviewing techniques to weed out "weak" potential employees who can't handle the heat or dislike pressure. Although, it is worth mentioning that most of the companies of the new economy become more western-oriented and take less strict approach to work and leadership, especially in the IT industry.
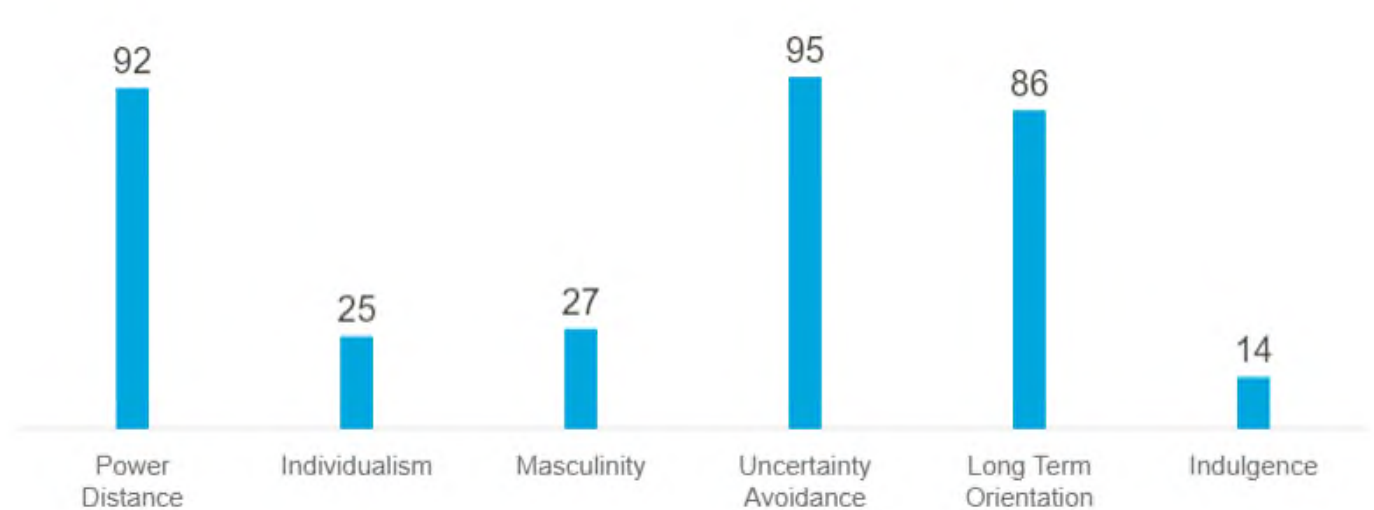
Figure 1.3. Ukrainian leadership through the lens of Hofstede's model. [17]

Coming back to the post-Soviet Union region, the next interesting country to analyze is Poland. Poland's business culture remains somewhat hierarchical, with managers best described as authoritative. (However, this must be written with a caveat about the company's national origins - a US company will work hard to 'teach' US management theories to its local managers.) Managers will therefore be less democratic and participative than in other European countries such as the Netherlands or Sweden. It is expected that the manager knows the solution to difficult problems and gives clear instructions to employees. Because

Poles have direct speech patterns, these instructions may appear to be given abruptly at times. If instructions are not given in a precise and comprehensive manner, subordinates may become frustrated, resulting in work remaining unfinished. More junior colleagues are expected to show great respect to their superiors, which often results in meetings being dominated by the most senior person present.
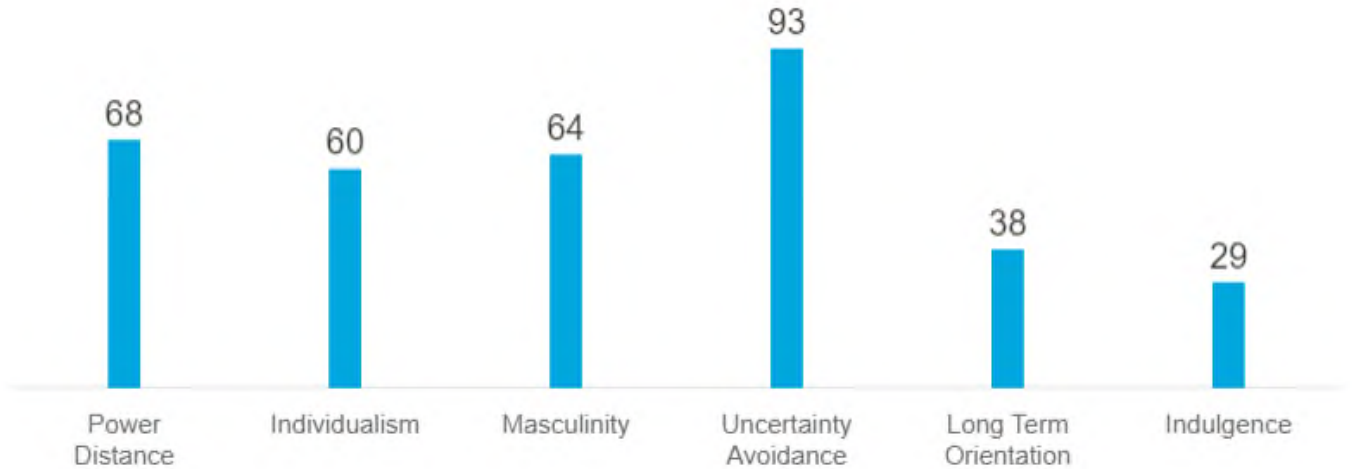
Figure 1.4. Polish leadership culture through the lens of Hotstede's model.[18]

CHAPTER 2: ANALYSIS OF SOFTSERVE COMPANY, IT'S INTERNATIONAL ACTIVITIES AND LEADERSHIP PECULARITIES

2.1 SoftServe history and current market condition

Ukrainian Information Technologies LLC, also known as SoftServe, is one of the biggest IT companies in Ukraine that proudly holds the award for being one of the most innovative companies in the Ukrainian IT market and scores a place in the top 10 best companies to work for in Ukraine. The business model of SoftServe is rather simple: they hire Ukrainian programmers and contract with foreign companies, which want to outsource their IT solutions. The company works closely with such giants as General Electric, Microsoft, Cisco, and other big industry-leading entities, that order services from our company. SoftServe was founded in 1993 in Lviv. The company was established by postgraduate students of Lviv Polytechnic National University Ihor Mendzybrovskyi, Yurii Vasylyk, Taras Kitsmey, and Yaroslav Liubinets, later joined by Taras Vervega, they also determined the primary direction of the company's activity - software development with the head office in Lviv. [19] The first to support the company on the way to development was Rensselaer Polytechnic Institute (a private university from Troy, New York, USA), and the first known client was General Electric.

As was said above, SoftServe is an outsourced IT company, so the main model is the B2B strategy. In such cooperation, clients of the company benefit from fully outsourced processes and clear results, while SoftServe mostly makes a profit out of the difference between the payment from clients and the labor price in Ukraine. The company has more than 13000 employees, 9000 of which are the main body - the IT employees involved in different technologies. The cheap labor price in Ukraine gives an opportunity to both provide competitive salaries here and keep the price for the services lower than other SoftServe competitors have. The whole business cycle for the company starts with the sales team,

which finds clients and builds partnerships. Then newly acquired customers are transported to the Delivery Directors of each unit and explain the task they want to cover. After that step, Delivery Directors divide the task and distribute it among their subordinate Project Managers. Each of the PMs has about 10 people on their team, which execute the task.

Let's cover this system with one of the examples from the early stages of corporate development, a software company called SalesForce. [20] This is a world-known company, but still, there were some processes that were profitable to outsource. SoftServe sales team found SalesForce representatives on the Web, and after contacting them directly they've established a mutually profitable and valuable connection. SalesForce's first objective was to upgrade their internal software and, not to overwhelm their local IT department, they've decided to buy SoftServe services to cover that task. After dividing the work into smaller bites, and successfully finishing the project, SoftServe received their monetary compensation and even became a certified SalesForce partner, which can be considered as a memorandum for future cooperation in the business world. SoftServe is focused on some of the most complicated platforms as a Salesforce partner, including SF CPQ, Field Service Lightning, MuleSoft, and Einstein Analytics.

As for the industries, the company operates in almost every sphere possible both in terms of consulting services and IT infrastructure creation. To assist their clients in understanding where they are in their journey, where they need to go, and what they should be concentrating on to improve their digital maturity holistically, SoftServe offers oil and gas consulting services. They provide PoC and quick prototyping services to give our clients assurance about TCO, the viability of energy solutions, potential dangers, and final advantages. By enhancing the client experience for financial services as well, SoftServe increases customer retention, cross-sell revenues, and customer happiness. Through advisory services and user experience platforms, made possible by the cloud, data, and AI/ML, they offer a smooth, simple, and customized omnichannel experience. The retail professionals at SoftServe enable their customers to change operational effectiveness and unearth the insights

required to fuel innovation. Their innovative technology and empathic approach handle a retailer's business challenges, from solitary systems to intelligent automation. Software firms confront specific difficulties in keeping up with the competition, including issues with data governance, talent recruiting, and cloud networking. Companies like Cisco, Atlassian, and CSC turned to SoftServe when they needed to provide their customers with cutting-edge solutions. Using technological leadership, scalability, speed, transparency, and predictability provided them a competitive edge when launching their products. It is impossible to overstate the urgent importance of agriculture development that SoftServe provides too. Agritech analytics, weather station data, efficient water use, and satellite and drone imaging are just a few of the many advantages that come with using software for agriculture. Finally, both how pupils' study and how teachers impart information are impacted by technology developed by the company. It has the authority to evaluate student development and academic performance.

Also, just as civil society is stronger than everyone separately, business is stronger when companies in the same industry join forces to create an attractive environment for all. Building and strengthening local communities is critical for SoftServe and the development of the IT industry. SoftServe cooperates with IT clusters, tech companies, industry communities, local authorities, and educational institutions to make positive changes in the development of local IT communities, as well as to create an effective system of cooperation between business, government, and civil society through a number of our own and partner programs. Also, the IT industry is a knowledge industry. The success of companies operating in the IT sector is based on the skills and knowledge of their employees. The rapid development of technology is a challenge for educational systems and companies. As one of the largest technology companies in the regions where it operates, SoftServe is actively involved in positive changes in school and university IT education to ensure that it meets modern technological trends and is competitive in the global market. SoftServe systematically works to address this issue at the national, local, and corporate levels.

Finally, the company is very concerned with sustainability and CSR, which makes SoftServe a real modern company and satisfies the demand of society for it. In 2017, SoftServe developed a Corporate Social Responsibility Policies sheet - a document that defines the management of CSR processes and projects in SoftServe. In the same year, the SoftServe Corporate Social Responsibility Committee was established. It is responsible for ensuring that CSR approaches are integrated into the company's business processes, and initiatives are aimed at solving social problems that are relevant to the company. Each CSR program has clear goals, timelines, and measurable indicators where possible. In 2022, SoftServe adopted an environmental policy for the next ten years. According to this plan, the company is committed to becoming a carbon-neutral business and achieving zero waste by 2032. [21] The company also plans to design sustainable offices and develop IT solutions to help combat environmental challenges. Achieving these goals is primarily about continuing to reduce energy consumption and switching to renewable energy sources where possible. Further developing the format of remote work, adhering to the UN sustainable development principles in the development of products and services, and reducing the use of non-recyclable materials takes place as well.

This once again confirms that caring for the environment has always been a priority for SoftServe, and in 2021 the company moved to a new level in this matter and introduced a new approach to environmental management. Last year, the company created a special environmental council and launched a detailed accounting of all waste to assess its environmental footprint, which in turn will help us achieve its environmental goals in the future. In 2021, SoftServe has already managed to reduce the number of direct emissions by 55.4% compared to the previous year, as stated in the company's Sustainability Report 2021. One of the company's primary CSR initiatives continues to be IT education and training for certified personnel. SoftServe interacts with 64 colleges worldwide, and in 2021 alone, the company launched four undergraduate programs that combine theory lectures with real-world industry experience. Along with the ongoing support of IT education, cooperation

with local IT communities in all cities where SoftServe operates, and numerous volunteer initiatives, in 2014 the company established the "Open Eyes" Charitable Foundation. [22] Its mission is to develop a culture of charity and encourage our colleagues to implement their initiatives approved by the Foundation. By combining the contributions of the employees, company, and partners with SoftServe's experience in project management, business analysis, and communications, it creates a value-added product that is much more significant than simple financial assistance. Currently, the company operates in different markets and has more than 140 clients from all over the world. Customers come from such industries as healthcare, software development, construction, telecommunications, and retail. Worth noting that SoftServe doesn't have outsourced software development as its only source of revenue. As their sideline activity at first, they started IT consulting, and now it has become one of the most prominent sources of revenue as well. Also, continuing the topic of economic activity, the company isn't planning to stop anytime soon. Throughout the last years, the company grew more than its growth during 1992-2010. [23] To prove this statement with an example, according to the press service of the company, since the beginning of 2021 SoftServe has hired 2,820 new employees, 2,200 of whom are technical experts.

Hirings in Ukraine in 2021

362
708
370
456

■ Lviv ■ Kyiv ■ Dnipro ■ Kharkiv

Figure 2.1. Number of people hired in Ukrainian SoftServe offices in 2021. Source: Compiled by the author based on internal company reports.

2.2 SoftServe culture and HR management in different countries

To understand the company's leadership styles across international offices, it's important to gain insight into the overall management structure and approach, considering values and mission statements as well. SoftServe's mission is to enable talented people to change the world. This statement implies many strategic aspects and can act as a real augury for the future success of the company. Breaking this statement down into three categories that are easy to spot makes the overall strategic approach of the company obvious and not that distinctive from other companies operating in the same industry. First, it's about expansion (enabling people), second, making an impact (changing the world) and finally, third is about always remaining people-centered (talented people, not the company). Let's cover these points separately.

As for the expansion, it's understandable that the company is headed for steep growth and rapid development. New offices have been opening incredibly fast, considering fundamental timelines for similar industries, since 2016 and there are seemingly no factors that can prevent the company from reaching its KPIs. This approach for example helped the company to grow by 30% even despite the war in Ukraine. The same situation is for other quantitative pillars such as new employee hiring rates and overall management development and growth levels. Interestingly, SoftServe sometimes can sacrifice the structure and procedures to maintain its high development rates. For instance, they often create teams and hire candidates for them for specific tasks, and after these tasks are executed, they restructure teams to serve other purposes. As another example, sometimes SoftServe opens "co-workings" instead of full-fledged offices, which relieves red tape a little and allows the company to prepare the place before they enter it fully. The second part, the impact, closely correlates with the way the business operates. SoftServe usually prefers vendors and clients, who are socially responsible and can cause a positive sideline impact. There are a lot of activities in which the company strategically alters its business (for example carbon neutrality and technical waste management), but the biggest focus worth making is how this

approach impacts the companies that they work with. Clients who ran non-profits or operate in such industries as health care\public safety are always in favor, even if it sometimes means less revenue. There are o lot of services provided to those companies who are currently developing innovative approaches for heart surgeries for example. Besides reaching their strategic objectives, such an approach also has a sideline effect, as it helps SoftServe employees to feel that their work is truly meaningful, which positively impacts on productivity levels.

The third aspect of SoftServe's strategic aspiration is to be people-centered in its approach. They've been successfully following this guideline throughout recent years, which can be seen by his actions. Although the company is relatively big, the managers are always instructed to align with the mission and always be as employee-advocate as possible. This ensures that employees are treated well in the short perspective during their daily routine, while the long-term satisfaction is mostly covered by global decisions which the company makes, especially during difficult times. Such decisions as let people work from home without the impact on their salary during the Covid-19 pandemic, and relocation of employees from dangerous areas after the Russo-Ukrainian war escalated in 2022 helps the company to keep its focus on that value. It's also important to note that such a key driver embedded in SoftServe's mission positively impacts the overall operational efficiency and increases the trust\integrity levels, therefore decreasing fraud cases.

Finally, another important component apart from the mission is of course values. SoftServe mainly sticks to four main principles: Synergy, Opportunity, Fearless, and Trust. First stands for the power of collaboration while working on mutually beneficial goals. Second, states that every employee is capable of doing their best and everyone in the company should strive to create a personal and professional growth environment for others. Fearless, the third value is about taking on any challenge and not being afraid of showing leadership, or as the company states: "We are eager for disruptive changes that bring innovations. We see changes as opportunities, not threats." [24] And the fourth value is

mainly about the integrity and code of conduct, which is aimed to create a long-lasting partnership and relationship between an employee\vendor\client and SoftServe.

As for the organizational structure of the company, it has a significant impact on its overall growth, particularly in terms of staff productivity and operational effectiveness. Because of this, organizations take their organizational structure very seriously. Matrix management is one of the many strategies that SoftServe uses in this context.Employees that work in a matrix management system in the company report to several superiors instead of just one. It replaces the typical vertical, one-boss structure with one where employees report to several superiors along both functional and project lines. Employees from various functional divisions are assigned to product/project teams under a matrix management framework, where they can collaborate with coworkers from other functional divisions. SoftServe is an international company with many offices overseas. After expanding their business in Ukraine, the country of origin, they've opened a cluster in Poland, then in Bulgaria, and Romania. Also, they were incorporated in the US and opened a couple of offices in the UK and Germany to facilitate their European cooperation. Finally, throughout the last years, SoftServe was a big PR highlight because of its Latin American expansion - the company opened an office in Mexico and Colombia. Now, all the offices mentioned above grew with their HR and business ecosystems and can function as separate business entities. The company isn't planning to stop and has already launched its first IT cluster in Chile and is mapping to conquer Asian markets by opening an office in Thailand.

Figure 2.3. Inside SoftServe's office in Mexico in Guadalajara city. [25]

The tremendous size of SoftServe made the company create a well-efficient IT matrix organizational structure that is still here to stay to this date and operates well in every country SoftServe is present. The main idea of this structure is that there are the core employees in the company - the IT employees, and the programmers. They're divided by technologies and specifications (for example there are separate teams for Java and Python technologies). These groups are typically functional under a certain "unit" ruled and managed by a Delivery Director. Typically, Delivery Directors are those who are communicating with clients and then distributing the tasks to different groups, where everyone is responsible for a certain part and then all the work results are combined. Also, except for technical specialists, there are a lot of corporate and business functions as well. They include such areas as Sales, Marketing, Finance, Legal, and HR, all of them have a clearer hierarchy because they don't need to divide complex tasks into smaller bites, as the technical vertical does. All of these functions are managed by Chief Officers, who are responsible for all the processes executed

by their subordinates. For example, several people report to Chief Financial Officer, Andriy Stytsyuk. Vice Presidents for accounting, payroll, compensation, M&A, and other functions are responsible for collecting and presenting information to Mr. Stytsyuk. On the other hand, all the Chief Officers report to the CEO, Chris Baker, who manages the day-to-day operations of SoftServe and communicates with the board. Occasionally, the Board members can also interfere with some daily tasks when there is a need for it.

Interestingly, SoftServe has an unusual peculiarity, that is most common to IT industry companies but not that conventional for other industries like retail and manufacturing. This is the concept of Development Center Directors, which comes from the very competitive environment that the IT industry experiences in terms of hiring new employees. As people, especially in Ukraine, has a lot of supply of workplaces, often compensation isn't only the defining reason for choosing a particular company. IT specialists usually define their employer by the number of components like overall brand image, benefits, perks, and the company's overall culture. Therefore, SoftServe invests a lot of resources into Human Resource Marketing activities, which form these opinions about the company. Each office (Development Center) has a lot of people from HRM, such as HR business partners who help employees to navigate through the company, Employer Brand Managers, who are responsible for creating team building and brand awareness initiatives, and Talent Success Managers who manage employees across different project and ensure that they are satisfied with their current positions. These functions must be managed also, so each office has a Development Center Director, who is responsible for everything that's going on in the office but doesn't communicate with clients and has nothing to do with programming.

2.3 SoftServe leadership characteristics in terms of innovation-centered approach and current market condition

As the company's organizational structure, management approach, and business activities were already discussed, let's touch upon the forces that form SoftServe as a successful

enterprise and how they shape the leadership approach there. Mission and values were mentioned above as well, but they're more about the philosophy of the management. Their innovation-centered course is what truly dictates the approach to operational activities on a more grounded and generic level. Therefore, it also plays a crucial role in the leadership style formation across all the company's locations.

Before explaining this point it's crucial to say that innovation is a real necessity in the company. This statement comes from the type of business SoftServe is involved in, because as part of consultancy and new software development, people here are required to innovate. To understand let's cover it using a simple client and typical work process roadmap. Let's assume the next SoftServe client is a healthcare company that wants to upgrade the software they run to document and archive patients' files because the first version was created back in 2003. After this task is divided between different clusters and delivery units, each project manager has to figure out which frameworks to use and how his or her team will perform this task. After each unit decided which approach to use, PMs must report to their Delivery Directors, so they can check whether the holistic picture is working properly and whether the work bits would be coherent at the end. Considering this structure, every person working on the project at every level has to innovate and imagine new approaches to the task, which makes the above statement true.

How SoftServe is managing its innovations? First, before structuring and managing innovation processes, it must nurture them, because they will quickly wither without support. SoftServe provides its employees with everything that is needed for freeing employees' minds and enhancing creativity. Such things as cozy progressive offices, more than a dozen different perks coming with the compensation package, and a free-rein leadership approach helps programmers to free their brains from thinking about anything but work. Secondly, after the company creates a productive environment, it can set strict KPIs to efficiently leverage these conditions. Employees are always assigned tasks that are quite complex, but still achievable, to generate the Flow state and spur innovative thinking. Senior managers

are taught how to achieve the balance between free-rein leadership and the required amount of positive deadline pressure to ensure that everything is done on time.　　　The efforts of the company in the sphere of innovation don't remain unrecognized. SoftServe has received a silver award at the Globee 6th Annual 2021 Business Excellence Awards for its technology innovations developed during the Covid-19 pandemic. These include measuring health indicators using webcams, calculating the number of people in a room using special sensors, and a way to improve social interaction in the virtual world. According to the press service of SoftServe, the company received a silver award for solutions that help businesses operate during a pandemic. In particular, these are the following projects - People counting (sensors that are installed at the entrance of the room to track the number of people), Biosense (a unique technology that helps to measure a person's pulse, and heartbeat using a smartphone or computer camera; the technology is based on the analysis of pixels of a person's image from the camera), TouchlessAI (technology that aims to recreate tactile sensations at a distance - built based on neurocognitive models using a special model of artificial intelligence). [26] The innovations that received the award are developed by the company's R&D department, which is engaged in high-tech development and research.

Also, the innovative approach refers not only to the core IT employees who are required to develop new technologies and solutions for the clients but also to the operational and corporate teams. For example, throughout my internship as a part of the HR Marketing team, there were many situations when our team simply had a problem to solve, and available toolsets (E.g. budget or possibility to involve other colleagues) to figure it out ourselves. That required the Employer Branding team to brainstorm a lot, and even arrange consultations with technical leaders at the office, so the solution could be found. All the other teams, like PR and Finance reportedly have the same approaches to dealing with problems. In this way, innovation is spurred, and subordinates can develop and validate the idea, without involving higher management.

Considering how SoftServe does business, its organizational structure, and the

information about its innovation-centered approach, it's finally possible to outline the overall leadership styles of the company. Three major leadership types prevail in different locations and departments in the company. Of course, there are some regional differences for example due to the cultural differences of some locations, but they will be covered later. The first and most important leadership style is transformational leadership. As a company is deeply focused on expansion and rapid development, the mindset of the founders and key people has to fit into the overall innovational course of the company, therefore this style can mostly be found at the C-level and can be publicly represented by such media-popular personalities as Anastasia Frolova, Vice President and Country Manager of Ukrainian location. The objective of SoftServians with transformational traits is to generate ties, foster togetherness, generate energy, and inspire enthusiasm. The focus of transformational leadership is on change and transformation. By utilizing their unique potential, those that use this strategy in the firm want to motivate their followers to do more than they ever imagined. This style of leadership is ideal for SoftServe since it may be very effective in firms needing to undergo significant adjustments or transformations. In the organization, transformational leaders are people-oriented, always considering what needs to be done to accomplish the organization's objectives. They motivate others who follow them to follow suit. Transformational leaders are also change-oriented in SoftServe - they are used to change and are aware of its value to a company. They make an effort to make sure that their adherents can accept change and adjust to it. Finally, people like Volodymyr Semenyshyn and Anastasiya Frolova, put people first: each one of their followers has potential, according to transformational leaders. To help their followers attain their greatest potential, they work to hone each person's unique skills and qualities. There is some initiative on a corporate level as well, SoftServe University for the second time in a row received a prestigious award from the American consulting agency Brandon Hall Group - this year for the training program for Deliverable Directors. Together with SoftServe, E&Y, Deloitte, and Accenture were awarded in the category Best Advance in Senior Manager Development. [27] The program aims to prepare managers for the

peculiarities of the work of a Deliverable Director and help to master this role by solving practical cases and gaining specific knowledge and studying the best practices of the company. Participants of the program can be people who are planning to move to the position of a delivery director or are beginners in this role - for this you need to write a motivation letter. The program contains 6 modules designed for six months. Among the topics that leaders study are team development, financial management, entering new markets, communication with customers, and so on. The main feature of the program is that it is fully applied. The lecturers and experts of the program are the current Deliverable Directors and leaders of the company, who share the best practices of the company, their experience, and real cases from work.
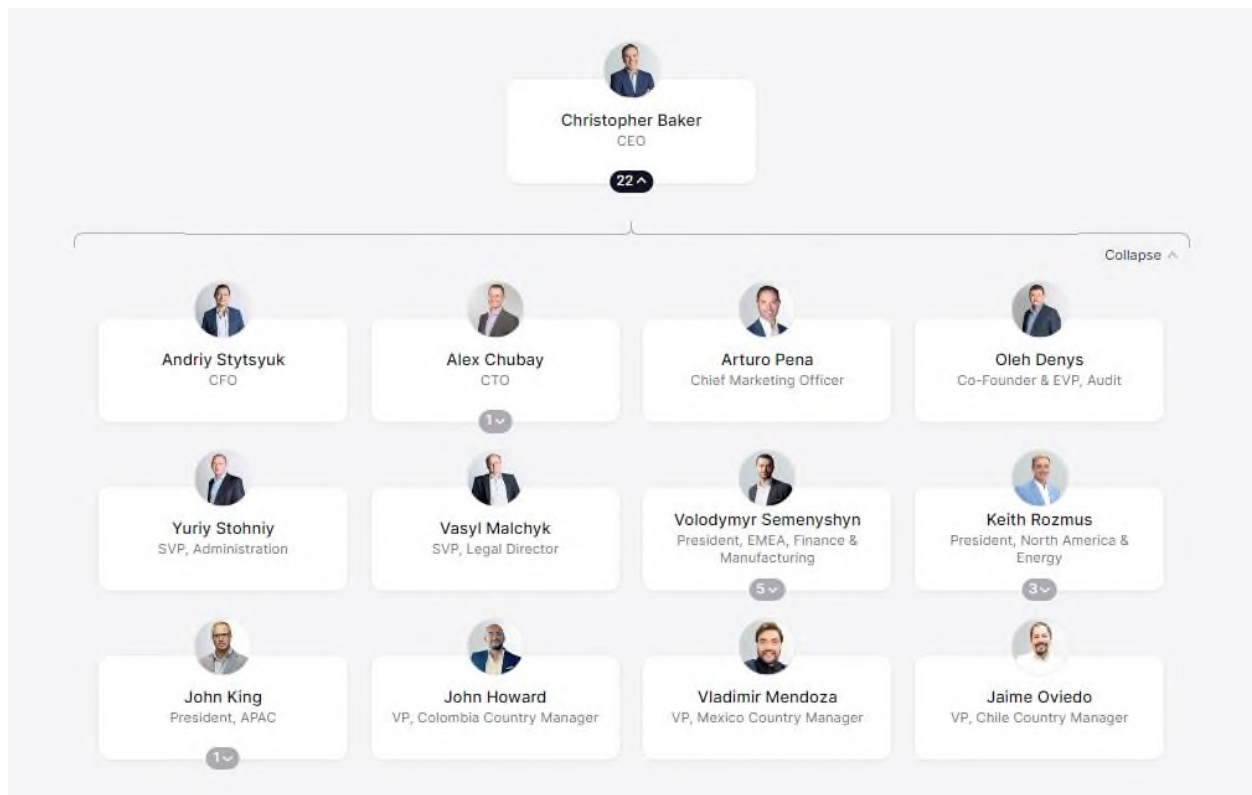
Figure 2.4. Organizational structure of SoftServe [28]

The second and biggest part of SoftServe's leadership style is delegative leadership. The core employees of the company are of course the IT professionals who directly generate revenue

by fulfilling clients' tasks. As was described above, the task distribution system is highly divisional and is often curated by project managers and delivery directors. Therefore, it's quite unproductive and difficult to maintain an authoritative, previous-century, leadership style, so project managers mainly operate within the style mentioned. The delegative leadership style, sometimes known as "laissez-faire," emphasizes giving team members the freedom to take initiative. This roughly translates to "let them do" and is one of the least controlling styles of leadership. Therefore, this is regarded as having a relatively hands-off leadership style. This type of leadership places faith in the ability of the subordinates to carry out their duties. In SoftServe people who execute this leadership format don't micromanage or overly engage themselves in giving advice or critiques. Instead, delegative leaders empower their team members to use their initiative, resources, and expertise to achieve their objectives. If team members are capable and take ownership of their tasks, this may be an effective leadership tactic. Delegative leadership, however, can also result in conflicts among team members that might break up or divide a group. It can be particularly challenging for newbies in SoftServe to adjust to this style of leadership or for staff members to comprehend who ultimately has the power and is accountable for the results. Therefore, it's crucial to maintain control over this leadership style, as people in the company are always trained to do.

Indicator	2019 (UAH, thousands)	2020 (UAH, thousands)	Relative increase (percentage)
Retained earnings	17356	130384	651,23
Equity	17382	130410	650,26
Long-term liabilities	0	0	-
Goods, works, services	25172	35233	39,97
Budget settlements	2356	12674	437,95
Income taxes	1253	11462	814,77

Other current liabilities	37892	20	-99,95
Short-term liabilities	70843	48367	-31,73

Table 2.1. Horizontal analysis of liabilities (sources of financing of assets) in 2019-2020 [29]

Finally, the third main leadership style is most common to backbone employees of the company - corporate functions, like Sales, Internal Audit and Operations. As these teams are often required to execute direct orders and maintain clear KPIs there is no space for creative innovation and inventing new ways to do bookkeeping for example. The technique that is practiced in SoftServe is often referred to as "Transactional leadership" and sometimes can be mistaken for a common democratic style, but there are some major differences. This leadership stance that focuses on incentives and penalties is known and often referred to as managerial leadership too. The transactional leadership approach in SoftServe places a strong focus on organization, presuming that people may lack the will to finish their work. The leader establishes for their team specific objectives or tasks using this reward-based method. Additionally, leaders are explicit about how their teams will be praised (or criticized) for their efforts. Although rewards can take many different forms, they usually entail some type of financial compensation, like money or a bonus. This "give and take" leadership approach is more focused on efficiently adhering to customary practices than it is on bringing about organizational transformation, that's why transactional leadership is very popular in the departments mentioned above. Each employee's tasks and responsibilities are defined by transactional leaders in the organization. However, if workers are always aware of the value of their work, it may result in decreasing returns. To be effective, incentives must be in line with business objectives and be accompanied by other expressions of gratitude. Although it may seem like a big disadvantage, my personal experience shows that SoftServe is good at keeping this balance between rewards and a democratic approach.

2.4 SoftServe leadership styles across different locations

First, of course, let's consider the country of origin of the company, where most of the offices are represented - Ukraine. In Ukraine, a formal corporate environment is the norm. To put it another way, cross-cultural management leaders should keep in mind that Ukrainians place a high value on hierarchy and rank and that it is advisable to have a formal approach in business. Knowing your coworkers' positions and levels of authority will help you treat them with the proper reverence in the workplace. Having a Ukrainian partner is often a good idea while conducting business. These individual initiates the first introductions and guides you through the convoluted bureaucracy. The communal characteristics of the previous period, where groups and work units frequently gathered to share ideas and make plans, left behind a culture of collaboration in post-communist nations. The workforce became disinterested and cynical because of the plans' seldom implementation or outcomes. So, in SoftServe, the international economic relations with Ukrainian HQ are mostly governed by these principles, but it's still important to understand, that the company is a "new economy", which was highly influenced by the Western leadership style. The corporate culture has undergone noteworthy, although not profound, changes because of the shift to a free-market economy. The elder generation is typically characterized by deference to authority, loyalty, and a detached attitude toward achieving business aims and goals. However, younger employees are more likely to be keen to investigate the fresh options that the market has to offer. Therefore, it's better to say that SoftServe's Ukrainian location is currently during the transitional period from post-soviet leading and management style, to a more western democratic-oriented one.

The next country where SoftServe has many offices is the US, the place where the company was incorporated. Of course, that's quite hard to group many nations and people living in America, but as most of SoftServe American offices mostly consist of white people, here it's a good option to consider them as the representative group. Insofar as managers are responsible for the choices made within their purviews, the American management style

might be characterized as individualistic. Even while significant choices may be debated in public, the boss is ultimately responsible for the results of the choice; any support or appearance of the agreement will disappear when things go wrong. The positive side of this responsibility is, of course, the American ideal that exceptional achievement will always result in exceptional rewards. As a result, American leaders in the company are more inclined than managers in other, more consensus- or compromise-oriented cultures to dismiss the viewpoints of subordinates. Of course, this can result in frustrations, which occasionally seem to explode in meetings.

The next country where SoftServe has a big presence is Poland, the neighboring country to the Ukrainian HQ. Although the geographical closeness may create some confusion in conclusion and the willingness to claim that the Polish culture and leadership styles are identical to Ukrainian (especially since the founders and the HQ are in Lviv, the Western part of Ukraine), it would be wrong to say it this way. Because of the European orientation that Poland had after the Soviet Union collapsed, the country went way further in terms of that transitional path described above. Poland's corporate culture is still relatively hierarchical, and managers there are most likely best characterized as authoritarian. (Although it is necessary to include a disclaimer on the firm's national roots; for example, a US company will make a concerted effort to 'teach' its local managers US management ideas and because SoftServe is a Ukrainian company there is no space for such experience sharing practices.) As a result, managers won't be as democratic or participatory as they may be in certain other European nations where SoftServe is represented like Germany or Sweden. It would be anticipated that the leader has the solution to complex difficulties and gives clear directions to staff members. These instructions might occasionally seem to be provided in a very abrupt manner because Poles tend to be straightforward in their communication styles. If instructions are not presented clearly and thoroughly, subordinates may become irritated and leave tasks undone. It is customary for more junior coworkers to treat their superiors with the utmost respect, which frequently leads to the meeting being presided over by the

person with the most authority.

Bulgaria is like Ukraine and Poland culture, where the company has a couple of offices and where the employees and leaders are closely involved in cross-locational cooperation. Since the idea of free capitalism is still relatively new, you could discover that not all Bulgarians are as open to adopting all aspects of global business practices. People under the age of 35 may generally be more receptive to fresh ideas than older businesspeople who worked under the Communist government, although this is changing, therefore: cross-cultural awareness is crucial, and it's a good idea to utilize a third-party introduction in business rather than making a "cold call" since creating relationships requires trust. The likelihood of achieving successful cross-cultural management increases with knowledge and comprehension of Bulgarian history. The management situation in former Soviet Union nations is complicated and continually changing, with each nation transitioning to a market economy at a different rate.

Finally, although SoftServe isn't represented in Mexico as much as in Poland or the US for example, it's still important to consider how managers lead there, as it gives an insight into other Latin American countries like Chile and Argentina, where SoftServe has only co-workings or a single office. Mexican firms are more likely to adopt hierarchical structures with power concentrated at the top of the pyramid and introduce and follow formalistic relationships between managers and employees because Mexico is thought to be a high-power distance society [30]; however, the apparent rigidity of hierarchy and formalism is somewhat moderated by a relatively casual approach to rules and regulations. A "country director" who has risen through the ranks to hold that position typically deals only with a small number of senior managers who report to the executive and are expected to respect the executive and follow the executive's instructions without question. The hierarchical structure seen in Mexican SoftServe locations is modeled after that which has historically existed in the church and government. There is a high possibility of positive labor and community relations if employees feel that the CEO, senior managers, and supervisors can be trusted.

SoftServe's commitment to its staff is highly respected and serves as an example of Mexico's "paternalistic" management style, in which businesses look out for their workers' families. [31] However, there is evidence that the collaborative management approach is gaining favor in Mexico, as the overall SoftServe culture influences the local leaders.

CHAPTER 3: RECOMMENDATIONS AND PROPOSALS FOR SOFTSERVE ON LEADING IN DIFFERENT CULTURES

## 3.1 The efficiency of democratic approach and leaders from the same cultures

One of the primary aspects to consider when developing a leadership approach in a certain culture is the worldly-popular tendencies that are common in almost all cultures. The biggest trend which will be the foundation of the recommendations below is the huge shift towards a democratic leadership style in international economic relations. It would be the first foundation of the organizational experiment represented in the next chapter.

So, the "style with two names," also known as democratic/participative leadership, has gained popularity in recent years. Kurt Lewin, a renowned behavioral researcher, oversaw studies at that time that revealed the importance of democratic/participative leadership in businesses. [32] The three main leadership philosophies are democratic, laissez-faire, and autocratic, according to Lewin and his associates Ronald Lippitt and Ralph K. White in their book "Leadership and Group Life." Lewin, Lippitt, and White concluded that the democratic leadership style was the most well-liked by subordinates after speaking with corporate executives and staff members. Then, John Gastil offered one of the most concise explanations of democratic leadership. His "A Definition and Illustration of Democratic Leadership" paper from the Human Relations magazine 1994 is still pertinent to business and the free market today. Professor Gastil of Penn State University has published a lot of articles on jury selection and democratic deliberation. He defines democratic leadership simply and distinguishes it philosophically from positions of power. According to Gastil, it is: "Assigning responsibilities to the organization's members, fostering member empowerment, and supporting collective decision-making." [33]

Why is it becoming a trend now? There are a lot of scientific foundations that assign a lot of benefits to democratic approaches. Employees that are content work harder and generate more. This remark has previously been repeatedly shown to be accurate, thus it is

far from being cliche. A report titled Happiness and Productivity, based on many studies conducted by researchers from the University of Warwick concluded that happiness increased productivity by about 12% [34] Democratic leadership is founded on a set of values that enable businesses to develop strong cultures. Engaging your staff means allowing everyone to participate in the decision-making process. In the end, this results in a high degree of work satisfaction and pleasure with contentment as well. A team will be more productive if the manager couples that with excellent levels of direction and encouragement (another characteristic of the democratic leadership style). One of the researchers who wrote the Happiness and Productivity report, Professor Andrew J. Oswald, remarked that "businesses like Google have invested more in employee assistance, and employee happiness has increased as a result. It increased by 37% for Google, proving that they are experts in the field. Making employees happier pays off under carefully controlled situations. A democratic leader is more suited to lead with this kind of empathy and support. Understanding the requirements and problems of remote workers is the first step that managers can take to increase their engagement and productivity, claim Barbara Z. Larson, Susan R. Vroman, and Erin E. Makarius in their study. [35]

As a result, having an innately compassionate leader may greatly increase productivity at SoftServe. In addition to all of this, the participatory leadership style is a perfect fit for modern hybrid and remote working environments. Given that managing, a remote workforce may be difficult due to issues like communication, loneliness, and weariness, having a leader that is egalitarian by nature and ready to put in the extra effort for the team helps employees feel supported and empathized with more immediately. The CEO of the Internet startup Owl Labs, Frank Weishaupt, contends that this new setting, where in-person meetings are no longer the norm, has increased prospects for collaboration and decision-making. In that vein, some of the greatest hybrid and remote work techniques that businesses are utilizing today to increase engagement and productivity have a solid foundation in democratic leadership, and that's the first pillar of our suggestion to SoftServe.
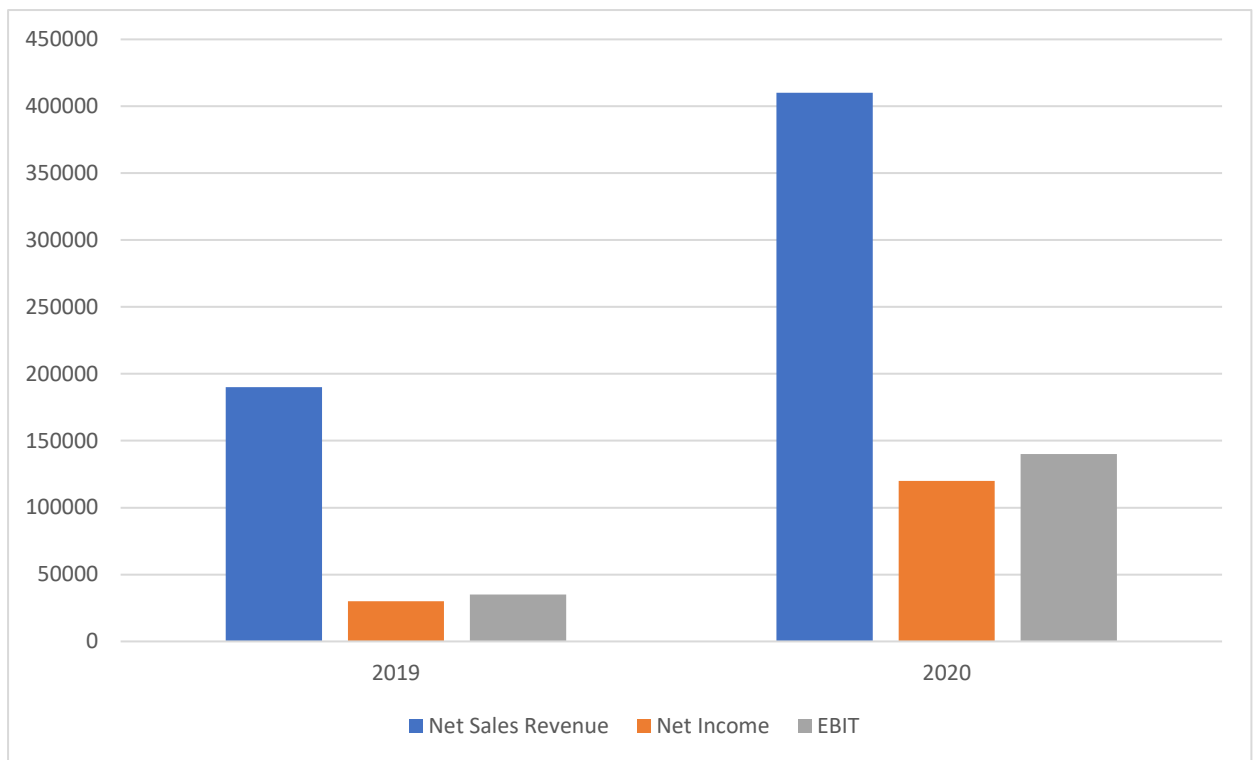
Figure 3.1. Financial results of SoftServe in thousands of UAH in 2019-2020 [36]

Of course, democratic leadership isn't always the best option. When getting everyone's feedback is time- or money-inefficient, or when the business is in a tight spot and can't afford mistakes, this approach should be shelved. Furthermore, when employee safety is at stake, participatory leadership is never appropriate. They find focusing conversation in group settings and strike a balance between being receptive to new ideas and ensuring that things stay on task and productive. This kind of leader should value everyone's opinions and suggestions while also being prepared to commit firmly and unwaveringly to a course of action. A participatory leader may explain a decision or option, but they should never offer an apology. [37] Anyway, although there are some drawbacks, we can finally conclude that the best method to deal with the present hybrid/remote work environment across different cultures is probably to adopt a democratic leadership style. The second important aspect which is common to fairly any cultural environment is, except for democratic leadership, the fact that people prefer leaders to be from the same culture as they are. It is going to be the

second thesis which will lay the foundation of the recommendation for SoftServe we represent below. To prove this thesis thoroughly, first, we need to understand the concept of Ethnocentrism. In social science and anthropology, the word "ethnocentrism" refers to the practice of using one's own culture or ethnicity as a frame of reference to assess other cultures, customs, behaviors, beliefs, and individuals rather than the norms of the specific culture in question. Some people also use the term to refer to the idea that one's culture is superior to, or more correct or normal than, all others—especially when it comes to the distinctions that define each ethnicity's cultural identity, such as language, behavior, customs, and religion—since this judgment is frequently negative. It may also be used to refer to any judgment that is biased toward a certain culture. Ethnocentrism frequently results from a community's perception of how things ought to be, whether regarding fundamental issues of right and wrong or commonplace habits and behaviors. It can lead to stereotyping, prejudice, and discrimination. Because of these factors, effective cross-cultural communication can be difficult. The communicators must remember that they are each operating inside a certain frame of reference and keep their ethnocentrism in check for intercultural communication to be successful.

Because of the many cultural distinctions, miscommunication frequently results in misunderstandings of other cultural situations. Those from particular cultures may handle conflict without difficulty, whereas people from other cultures frequently struggle to resolve it amicably. This encourages the practice of brushing it under the rug. Cultural differences between individuals within an organization or regular interpersonal interaction might lead to conflict. The conflict between people from different cultures frequently results from this when people are unwilling to understand one another's cultural variety. [38] To prove this, Ayşe Gözde Koyuncu from Canadian Institute For Knowledge Development made a survey that emerge on cross-cultural foundations. The Near East University staff, who come from a variety of cultures, were the subject of the study. The participants, who represented both genders employed by the organization, ranged in age from twenty to sixty-five. Given that

qualitative research focuses on a small sample size, the study's sample was restricted to fifty individuals.
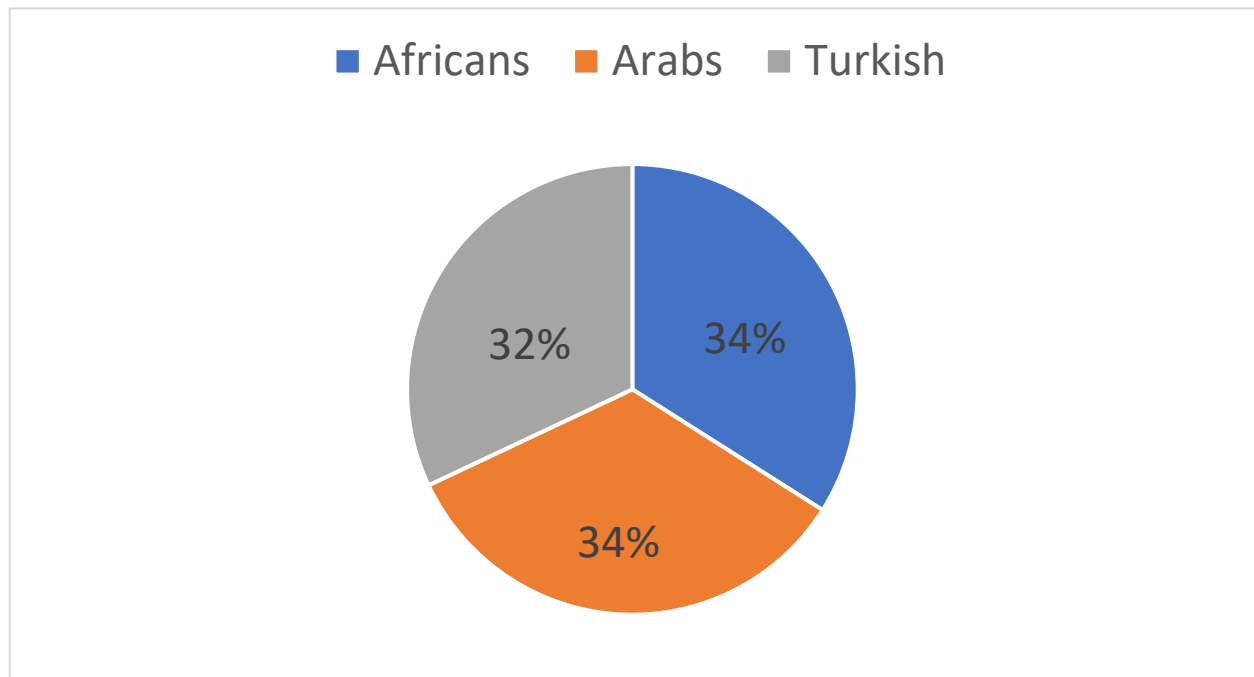
Figure 3.2. Ethnicity groups distribution during the experiment. [39]

He asked questions like "Have you encountered conflict before in the institution?" and followed it with "Do you think that conflict was influenced by the cultural differences that exist?" In the end, sixteen of the seventeen respondents who indicated their ethnicity as African agreed with the statement. Eleven out of seventeen respondents who identified as Arabic underlined the fact that they were raised in conservative families and as a result hold values from other ethnicities in high regard. Twelve of the sixteen Turkish participants emphasized the influence of people's varied cultural origins on disputes that arise between individuals or groups in society.

3.2 The 2+1 Model – an innovative approach to leadership

Finally, combining all these factors, we created a special model for SoftServe and other similar companies, which want to enhance their cross-cultural leadership models. How's it possible to combine both democratic leaders and managers from the same cultural

dimensions as subordinates if some cultures directly interfere with free rein leadership style? It's impossible to combine these two features in one person, so that's why we propose the "2+1" Model. The main feature of this model is that you have different people for different employees' needs. The name speaks for itself: on each separate cultural dimension, the company should hire two native-like managers from the same cultural area and one manager who will have a free-rein approach as his prevailing leadership style. These three managers don't have to be hired for every single unit or team, the theory applies more to bigger-sized entities like departments, offices, or country locations. Also, the 2+1 Model doesn't suggest that the company have to put three managers and let them divide all work, that previously was done by a single manager. This is about distributing three leaders across a matrix organizational structure. For example, let's consider the Employer Branding team at SoftServe and how it can be applied here. EB teams are both parts of the all-company Human Resource Marketing department and are distributed across each SoftServe location. Therefore, the Kyiv EB team, for instance, has at least two acting managers - the head of the HRM department and the Kyiv Development Center Director (Head of the Kyiv office). Also, there is an HQ EB team in Lviv, which distributes tasks to other locations and Talent Success Leads in each location, who aren't directly responsible for managing EB teams, but define their direction and suggest employees' needs be covered, so there is enough space to distribute leadership according to 2+1 Model.

Also, it's important to note that the company doesn't need to reassign any responsibilities to new managers. Everything that must be done is just controlling that matrix model leadership positions are filled according to the ratio of two native managers to one democratic manager. Otherwise, the 2+1 model can be confusing from an average first-line employee perspective. If for instance a subordinate used to report both to his functional and divisional director, he knows what to expect and which information is relevant to them. In the case the company changes responsibilities for these positions when hiring new prospective leaders according to the model, it would be disruptive for previous employees.

It's not only about reporting, but people are also just merely getting used to being managed by one or two people they know, and if two more random people suddenly pop up, it can directly impact the management and communication efficiency. That's why the best industry to implement the 2+1 Model is software development, because it possesses a clear matrix structure and has a managerial position with a defined set of responsibilities, which can be quickly reassigned to newcomer leaders. For instance, let's consider the typical role of a divisional manager at SoftServe - Delivery Director. Each DD has its unit, and he is responsible for task distribution and assignation, therefore this position can be quickly filled by another leader from the local environment as it doesn't have diverse tasks to do.

Figure 3.3. Typical lower-level distribution of responsibility at a software development company. [40]

The primary reason for using the 2+1 Model is the increase in productivity and management efficiency. Concluding from the studies presented at the beginning of this chapter, leaders from the same culture as their team tend to be more effective and agile, rather than when a company hires a leader from outside. As well as native-like leaders being efficient, one of the most productive leadership practices is the democratic leadership style. But what if for

example, we take the Bulgarian leadership style with a big distance index and respect for authority? Of course, a company could nurture its leaders breed that will have democratic values working in synergy with local peculiarities, but it can take years and can be quite costly. The biggest challenge in such an approach isn't even the price, but the lack of supply. as if your newly nurtured leader resigns, you have to go on the market and find a new one that won't be such a good fit for your combination approach. Therefore, the 2+1 Model suggests that there is no need for the formation of new special job descriptions, employers can fill the positions as they used to fill before. Except for hiring efficiency, this approach also positively affects how communication is transferred and employees are managed. If the company has one democratic leader as the head of the unit division, employees of that department understand that they can approach their unit's tasks in a free manner and "work for the result". But if for example the head of the function is one of the two native-like managers, and he operates in a high-distance culture like Ukraine or Poland, colleagues of this function subconsciously understand that they need to prepare reports and be more vocal about their day-to-day activities. So, it's a good idea to distribute these three managers across the matrix according to the features you would like to leverage: if the company in one area the company needs just result, it's a good idea to hire a democratic leader there, while if at another it's beneficial to have higher control, this position might be filled with one of the two native-like managers.

There are many other auxiliary benefits to the 2+1 Model. First and foremost, the approach helps employees to feel a sense of belonging in the company. One of the main downsides of the democratic leadership style is that when its values interfere with local peculiarities, conflict of interest arises when employees from that culture must go through the process of getting used to a new leader. In the case of the 2+1 Model, with the efficiency of the free-rein approach, you also combine cultural-aware managers that satisfy our subconscious need for seeing people from the same cultural dimension.

It's important to note though, that not every company can exercise the 2+1 Model. First and foremost, the model was developed for matrix organizational structure. As it was explained above, it's useless to merely put three leaders into one place and let them divide the responsibilities that were previously done by a single person. For each one, the company has to define a position, which will have a clear separate set of responsibilities and the potential to bring value. Otherwise, it may result in a total disruption of the chain of command. Also, expect only for the perfect fit for matrix organization, there is also the reason why SoftServe was the company we chose to suggest this theory to. First, it is essential to emphasize that IT companies mostly have a free approach to organizational structure formation. This can be represented by the creation of roles on demand, which are then somehow injected into the overall structure, or that the functional managers often control not only their subordinates but the unit managers as well. Therefore, such an approach leverages the benefits of matrix organization and happens to be even more fertile soil of 2+1 Model implementation than companies with matrix management from other industries. Secondly, SoftServe itself is a good fit for the model, as leadership diversity is embedded into their management style, as it was explained in the second chapter. In the case of that benefit, after analyzing the Ukrainian IT market, we can conclude that SoftServe is the best company in terms of the cultural fit to implement the 2+1 model. Overall, the key point here is that these three people have to be distributed across the unit the company wants to manage in such a way that every leader has his function and doesn't interfere with the other two.

Although this key point about interference may sound simple, it's not that easy to ensure this kind of stability, even in matrix IT companies that are most suitable for the 2+1 Model. That's incredibly important to let the leaders understand the model at first and make them get acquainted with each other. After they've met each other, then it's the responsibility of another higher manager to control them and implement mitigating policies if some conflicts arise during the probationary period. Such policies may include behavioral therapy

when that higher supervisor gathers all of them and they discuss what feels wrong about the current state of things. Sometimes it's even useful to let one of the three managers out for a couple of days to check whether the problem is escalated by him and how the other two leaders continue working together. Also, we want to note here once again that by "working together", we don't mean a constant day-to-day collaboration. The 2+1 Model implies every leader has his area of expertise and just sometimes teams up with the other two when the specification of the current task suggests that. When examining possible conflicts, first and foremost it's a good idea to pay attention to the relationships between the two native-like managers and the democratic manager. As often, they sometimes may come from different cultures, their background may be a potential cause of trouble. If indeed the company finds some proof that cultural differences are the main causes of miscommunication and problems, then it's a good idea to consider substituting the democratic leader with another free-rein one, but from a closer cultural dimension. On the other hand, if the company suspects that distress is between two native-like managers, the problem lies way deeper than it may seem. First, it may arise due to some conflicts of interest that need to be investigated apart from their daily job tasks. Another option is that two managers come from different cultural subzones. For example, in Ukraine, the western and the eastern leadership styles may differ a little, and a typical leader from Donetsk may seem too straightforward for another manager from Ivano-Frankivsk. Summing up that point, all of the information mentioned above is about resolving issues already occurred, but the biggest and the easiest solution to the problem of conflicting managers in the 2+1 model is preventing catalyzers from these conflicts at the very beginning. One of the main areas to pay attention to here is communication between these three managers.

First, to establish a good communicational pipeline a company must avoid underestimating the importance of good rapport between these three managers. Even if at first it may seem like they're doing well and tasks are neatly divided, don't forget that there are external forces that can influence that good condition when the time comes. For example,

leaders assigned via the 2+1 Model may become less vocal about their tasks if there is pressure on their field or any other problem that distorts their attention. Or maybe if the company faces a "busy season", obviously communication with coworkers becomes a sideline activity, due to the seeming urgency of the current tasks. To prevent those external causes from influencing the well-being of the 2+1 Model, the company has to inject more internal supporting instruments, that help to control and motivate leaders to keep in touch with their colleagues during difficult times. In other words, it's a good idea to think of establishing some communication tools that can make communication easier. There is already a myriad of this kind of software available for businesses. For example, one of the most popular instruments for satisfying that need is Asana, a "work management" tool for teams that is available on the web and mobile devices.
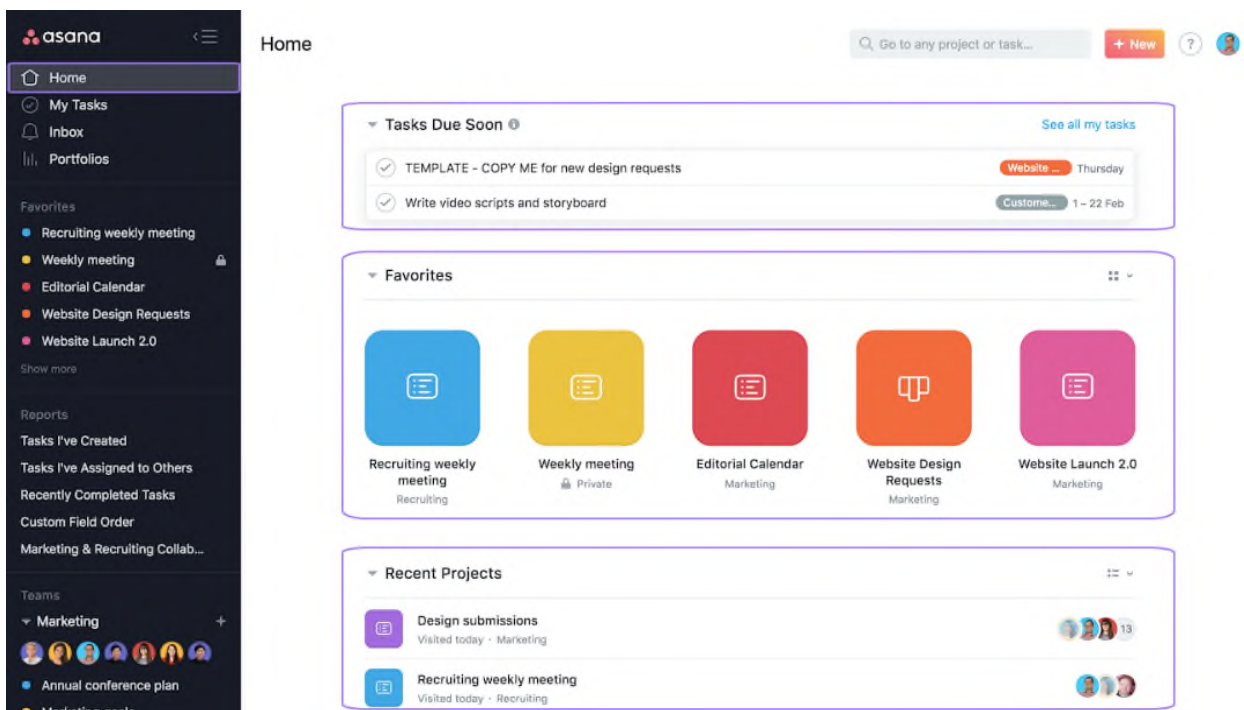
Figure 3.4. Example of Asana workspace homepage interface with smart task distribution [41]

The same-named corporation, situated in San Francisco, produces it. Justin Rosenstein and Dustin Moskovitz launched the business in 2008. [42] In April 2012, the product saw its

market debut. Asana may be used by individuals and organizations to divide complicated work into manageable tasks. It is a thorough work management application that enables you to exchange files, comments, and notes, as well as keep track of deadlines. Except Asana is a perfect fit for the 2+1 Model for day-to-day communication, any company implementing this approach has to find a place where the common long-term knowledge will be stored. For this purpose, the best-fitting tool is an online corporate wiki called Confluence, which was created by the Australian software firm Atlassian. Confluence was created by them using the Java programming language, and it was originally released in 2004. Confluence Standalone supports other databases and has a built-in Tomcat web server and SQL database. With the aid of the Team Calendars add-on for Confluence, leaders in the 2+1 model can record project requirements, assign tasks to certain users, and manage many calendars at once. But also except for Confluence and Asana don't forget about the basics like fast Email managers, corporate messengers, and organizational charts. These are the foundational systems that no company can skip if it's heading for improvement of communicational effectiveness.

Now as we discussed what to do and how to make the 2+1 maximally efficient, SoftServe may have questions about how to find such managers. That's indeed a complex issue because the hiring process for these kinds of leaders isn't similar to a common recruitment process. First of all, it's all about awareness as usual. Every party that is involved in this process should be explained to the model and the future organizational structure the three prospective leaders will be working in. The Human Resource Recruiting specialist is the first person to consider speaking to because he will be directly responsible for creating the candidate profile. Also, make sure that the HR specialist communicates everything about that to his subordinates who will be doing operational tasks connected with sourcing and hiring. Secondly, of course, the candidates themselves must be aware of the position they're applying to. At every step of the recruitment process, SoftServe must remind the prospective employee that it's not an average position, and he or she will be evaluated not only by the

professional characteristics and competency but also by the fit to the model. This implies both the ability to function in this model and the prominence of the native-like or democratic leadership style depending on the position. There is no need by way of using special candidate sourcing software for the 2+1 Model - recruiters may use common tools like job listing websites and manager's databases. There is also some type of specific questions you should ask a candidate when hiring him or her for the leader's position. It's not only about the fit and the ability to collaborate, but also what the managers think about the model and how he thinks he can improve their daily routine to adjust their products to the 2+1 approach. This helps the prospective employee to wrap his mind around the peculiarities of the workplace he's going to be working in and gives him an idea of whether he is ready to cope with them.

Summing up, we developed the 2+1 Model following how SoftServe does their business and after vigorously studying their organizational structure not only in the core IT units but also in supporting functions like Human Resources and Finance. After the analysis, we can conclude that the model with leadership styles distribution applies to almost 80% of the divisions in the company. Now, as we described the overall design of the model, let's move to its functional components, and how it may operate in the real life in the example of SoftServe.

3.3 Everything about the 2+1 Model implementation and it's importance to international business

First, the implementation of the 2+1 Model can be divided into three main stages: setting the design, assessment of key metrics, and further adjustment\tuning. The primary stage covers the initial setup of the model and its first launch. During that period, SoftServe or any other organization considering the approach should estimate their current condition. It includes a fair definition of the company's organizational structure not only in terms of overall conclusion about whether it's matrix or not, but also deciding if your system has suitable

places to fit three leaders according to the 2+1 Model (when they interact with each other sometimes through common projects, but most of the time work independently). The managers should be only instructed before and controlled during their execution, but how they do it - it's totally up to them. Otherwise, if SoftServe will interfere it may cause an interesting paradox when leaders forget that their primary aim is to do tasks efficiently, but instead they will be just focusing on obeying the rules of the 2+1 Model. The only moment the company should interfere is when their approach turns out to be wrong and higher management has to correct it after the three leaders.

As for the second stage, the assessment of key metrics, there is no nothing complex except for one point. This point is the initial identification of these main stats you will be measuring. Although it may sound simple, it's very easy to indulge in so-called "vanity metrics". This term was coined by Eric Reis, an American CEO, entrepreneur, and one of the founders of the lean movement in business, in his book called "Lean Startup". Vanity metrics are data that appear impressive on the surface but don't always correspond to significant business outcomes. [43] These are metrics that give the company a nice impression in the eyes of others but do not aid in the understanding of your performance in a way that guides plans. The opposite of vanity metrics is "actionable metrics", the measurements that directly link certain business actions to discernible outcomes. They make it possible for the company to appropriately align its teams on the most crucial criteria to achieve strategic goals.

Finally, the third stage is for deciding what to do with the data, the company recently collected about the 2+1 Model. This includes an analysis of the key pillars mentioned above and overall performance results. There are three possible decisions SoftServe can make after collecting and drawing conclusions from this information: keep it on as it is, abolishes the model, and tune some parts of it. As for the first two, that's not complex at all, the company may make such decisions only in the case performance has drastically improved, or it's significantly dropped. These rounds are what we call "tuning" in the context of the 2+1

Model because after you get the data, it's usually not clear whether the company is doing good or not. Then, the management usually tunes some parts of the model to the reality of their company. Here it's also worth mentioning which performance should indicate complete abolishment, and which may say that although the performance plunged it's worth adjusting it. There's no clear pillar or indicator, like a decrease in sales by 30% percent or an NPS score drop by 20 points, it's mostly about how the company feels. If you can project that if a particular model stays in place, it will disrupt all the functions even further, then it's better to stop the experimental implementation. After initial tuning and covering plunging pillars,
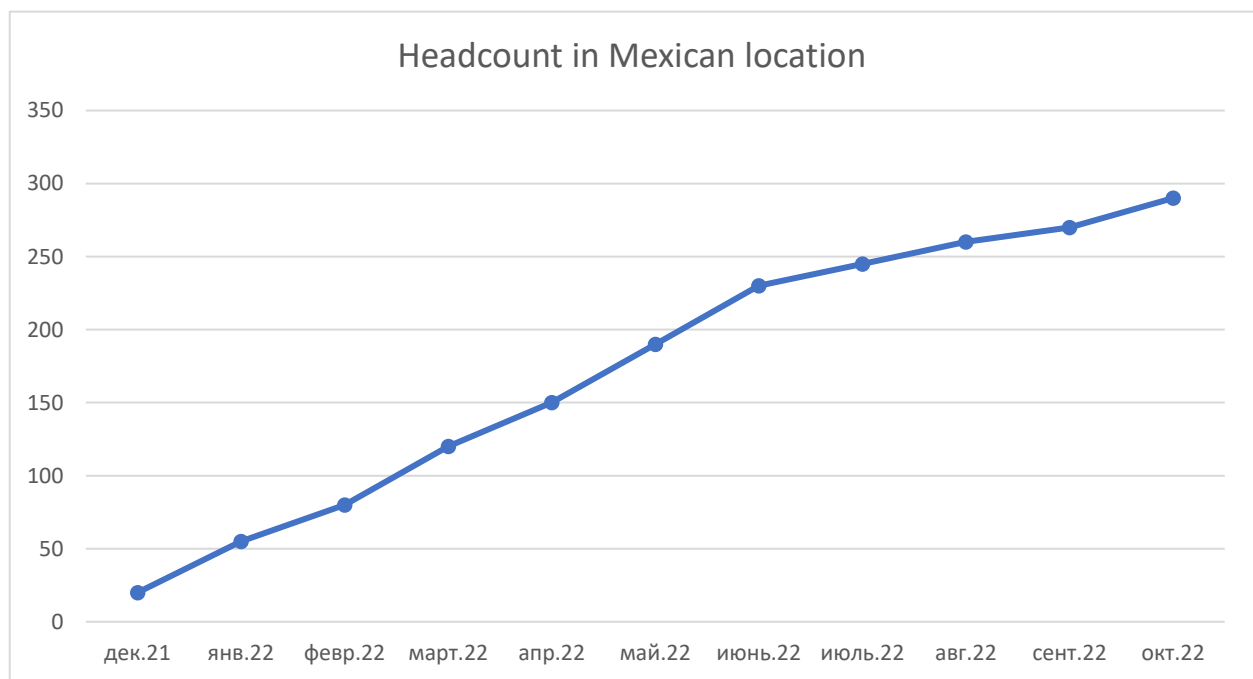
the model is usually relaunched in the adjusted form.

Figure 3.5. Headcount in SoftServe's Mexican Guadalajara office. Compiled by the author based on internal reports.

As for the exact function for which these leaders should be hired, it can be both supporting departments like HR, and the core competence of SoftServe - IT specialists. For the former, a democratic manager can be set as the head of the Talent Success team (Talent Success Lead), while the first Mexican leader will be holding the position of Head of the Employer Branding department and the next one will be HR Business Partner. For the latter, the

democratic leader can be a Deliver Director of one unit, and Mexican native managers may be distributed across supporting functions like Human Resource Business Partner and so on, who are directly involved in the daily activities of programmers at SoftServe. Or all three managers can be even distributed to the positions of Delivery Directors of different units. Why Mexican office is a great opportunity for testing the model? There are several reasons for that. First, it's a new office that was opened only in 2022, so people there only now starting to get to know each other and expand the location itself, therefore hiring new leaders there won't be considered interfering with the established company structure from the other employee's perspective. Second, the Mexican office would be a great experiment in terms of analyzing the output data afterward, because the peculiarities of the Mexican leadership style sometimes can be opposite to the democratic approach. So, it would be incredibly informative to check out how the free-rein leader and the two native Mexican leaders will work with each other. Therefore, if it works well for Mexico, chances are that the 2+1 Model will work for SoftServe everywhere. Although we already introduced the process of launching the model from the very beginning, in the context of conducting the first pilot in Mexico it is worth noting that in this case number of different parties should be aware of the launch. First, it's of course Volodymyr Mendoza, he should not only simply know about the experiment, but, as the office isn't that big, the country manager should participate in the overall process, including hiring. Second, it's Keith Rozmus, the Americas manager and vice president of SoftServe. It's needed, so he knows what's going on if the location's performance plunges for a little at first. As for the higher management like Yaroslav Lyblynets or Taras Kytsmey, there's no need to notify them about that, because it's not the level of concern of higher management.

Also, of course, when proposing anything to such a developing location as Mexico it requires very complete and structured budgets, as their costs are usually tightly bound with the directions from the SoftServe's HQ of the region. Assuming an approximate cost of the model at every stage, we conducted detailed estimates on every part of the 2+1 Model to

help the company during the planning and budgeting process. The results are approximate and shouldn't be used outside Mexican location, as we took regional data from Guadalajara office as a reference.

Name	Values in USD	Description
Salaries	$19800	Monthly salaries to three senior leaders, calculated using Glassdoor open data. This cost isn't a one-time payment.
Taxes	$3462	Contributions to the Social Security-Instituto Mexicano de Seguro Social and Retirement Fund. Payroll State Tax and Disability\Death insurance.
Benefits	$2700	Sickness, Maternity, Child Care, Layoff, and Retirement benefits
Bonuses	$1860	Vacation Bonus and Christmas Bonus (Aguinaldo). Also, other bonuses during the month.
Hiring costs	$2500	Approximate costs for the hiring process. The overall time is about 6 months, and it includes salaries for recruiters divided by the number of candidates.
Training costs	$1500	The 2+1 Model may require further instruction and coaching for the leaders. Luckily, SoftServe has its own training campus – SS

		University, so the costs are lower than hiring an outside partner.
Other expenses	$1000	Other expenses associated with hiring and the probation period for the leaders.

Table 3.1. Approximate estimation for initial implementation of the 2+1 Model at SoftServe's Mexican location. [44]

We believe that the 2+1 Model can be implemented with significant benefits to the Mexican location and SoftServe overall. By establishing diversity and providing training for leaders on cultural differences, SoftServe can create a more inclusive and adaptive leadership culture that is better suited to the Mexican context. This can enhance team productivity and morale, and ultimately lead to greater success in the Mexican market. If the model proves successful in the Mexican location, it can be extrapolated to other cultures, starting from other Latin American offices such as Colombia and Chile, and extending to Polish locations. This would allow SoftServe to develop a more consistent and adaptable leadership culture that can better navigate cultural differences and achieve organizational goals in diverse contexts.

Finally, the 2+1 Model aligns perfectly with SoftServe's core values, especially with the Synergy part. By promoting diversity and inclusiveness, the model can enhance collaboration and teamwork across different cultural contexts, ultimately leading to greater success and innovation for the company. By promoting diversity and inclusiveness, the 2+1 Model can help SoftServe tap into the unique perspectives and experiences of its employees from diverse cultural backgrounds. This can lead to greater innovation and creativity, as employees bring different ideas and approaches to problem-solving and decision-making. Additionally, by creating a more inclusive and supportive workplace, SoftServe can enhance employee engagement and morale, leading to greater productivity and job satisfaction. The 2 +1 Mmodel can enhance collaboration and teamwork across different cultural contexts in

Mexican location. By establishing diversity and inclusiveness initiatives and providing training for leaders on cultural differences, SoftServe can create a more open and collaborative work environment where employees feel comfortable sharing their ideas and working together towards common goals. This can lead to more effective decision-making processes, better communication, and ultimately greater success for the company.

CONCLUSION AND PROPOSALS

This Bachelor thesis has examined the impact of leadership style and cultural considerations on the performance of a company. Through a comprehensive literature review of authors like Gözde Koyuncu, Denise Chipindu, David G. Myers we have explored the relationship between cultural differences and leadership preferences, and analyzed the impact of cultural differences on leadership styles.

Leadership is a fundamental element in organizational success, and it is imperative that leaders understand the importance of cultural considerations when working in diverse environments. It is well-known that cultures differ in values, beliefs, and practices, which can create challenges for leaders when trying to manage and motivate employees from different cultural backgrounds. This thesis has highlighted the need for leaders to adapt their leadership styles to fit cultural differences based on Geert Hofstede findings, and has evaluated the effectiveness of various leadership models in diverse cultural settings. When conducting business internationally, it is more crucial than ever for individuals, especially leaders, to be able to adapt their own management style to the local cultural milieu. As we now know, leadership styles are greatly formed by cultures. Although sometimes it may be very hard to adjust management techniques and approaches to a particular cultural dimension, that's what modern leaders should do, and even must do, to achieve stellar results in our worldwide corporate environment. Effective leadership is impossible without the followers' willingness to be persuaded, which depends on how they see the leader. People are more open to being persuaded by a leader when they believe they have the traits, personality traits, abilities, and behaviors of a leader. Because of this, followers' perceptions of leaders are reflected in their leadership effectiveness. But effective leadership characteristics and behaviors may not always transfer to other cultural contexts.

One key takeaway from this thesis is the importance of understanding the impact of cultural factors such as individualism/collectivism, power distance, and masculinity/femininity on leadership practices and preferences. This knowledge is crucial

for leaders when working in multicultural environments, as it enables them to tailor their leadership styles and practices to suit the cultural context in which they operate. This includes understanding how cultural differences influence communication styles, decision-making processes, and conflict resolution, among other thing. There is the need for leaders to possess a range of skills and competencies. In addition to strong interpersonal skills and the ability to inspire and motivate others, leaders must also possess skills such as crisis management, strategic planning, and digital transformation. As the world becomes increasingly complex and uncertain, leaders must be able to adapt quickly to changing circumstances and lead their teams through ambiguity and uncertainty. By embracing cultural differences and promoting diversity, organizations can create a more innovative and productive workplace. This involves not only recruiting individuals from diverse cultural backgrounds but also creating an organizational culture that values and respects diversity. By doing so, organizations can leverage the unique perspectives and experiences of their employees to drive innovation and improve organizational performance.

The case study of SoftServe Inc. provides valuable insights into the challenges faced by leaders in a global organization and offers practical recommendations for enhancing leadership effectiveness in a multicultural environment. SoftServe is a global technology company that operates in diverse cultural contexts, and as such, it faces unique challenges in developing and implementing effective leadership strategies. Through the case study, we were able to identify several key challenges faced by leaders in the organization. These challenges include communication barriers due to language differences, differences in work culture and expectations, and differences in decision-making processes. Additionally, we identified a need for greater collaboration and coordination between leaders across different geographic regions and business units. Based on these findings, we developed a "2+1" Model for matrix organizations that outlines a comprehensive approach to adapting leadership models to fit cultural differences and enhance leadership effectiveness. The first component of the model involves establishing diversity and inclusion initiatives within the

organization. This includes recruiting individuals from diverse cultural backgrounds, creating an organizational culture that values and respects diversity, and promoting cross-cultural communication and collaboration. Along the way, it was found that hiring leaders with democratic leadership style may bring a lot of benefit to the organization, so this comprisesc the second component of the "2+1" Model.

Moreover, this thesis contributes to the existing body of knowledge on the intersection of culture and leadership. We have identified gaps in the literature and provided practical insights on how leaders can navigate cultural differences in diverse organizational settings. It is hoped that the findings of this thesis will be useful to organizations operating in culturally diverse environments, as well as to scholars interested in the intersection of culture and leadership.

In conclusion, culture has a significant impact on leadership styles, values, and practices all around the world. Cultural beliefs, values, and norms shape the way leaders think, behave, and make decisions. Leaders who are aware of the cultural differences and are able to adapt their leadership style accordingly are often more effective in leading people from diverse cultural backgrounds. However, it's important to remember that cultural influence on leadership is not a one-way street; leaders can also play a role in shaping the culture of their organization. As the global marketplace continues to become more interconnected, the cultural intelligence of leaders will become increasingly important in ensuring the success of organizations. Geert Hofstede's cultural dimensions model provides a valuable framework for understanding the impact of culture on leadership. By identifying six key dimensions of culture, the model helps us to understand the different values, beliefs, and norms that shape the way leaders behave and make decisions. By taking these cultural influences into account, leaders can better understand their own cultural background and the cultural backgrounds of others, and can adapt their leadership style accordingly to build stronger relationships, improve communication, and achieve their goals in a culturally diverse workplace. Finally, we want to end this paper with a brilliant quote coined by John

C. Maxwell, businessman and a No. 1 New York Times bestselling author: "The single biggest way to impact an organization is to focus on leadership development. There is almost no limit to the potential of an organization that recruits good people, raises them up as leaders, and continually develops them." [45]

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ANNEXES

Annex A

SoftServe SWOT Analysis

SWOT Matrix	Opportunities (O) 1. Expansion to other markets with unrealized potential 2. New after-war investments in 2023 in Ukraine 3. Big potential for IT sphere as the military component 4. Rising demand for AI that is highly dependent on IT specialists	Threats (T) 1. The unknown implications of the war in Ukraine 2. Big competition pressure, especially from EPAM Systems, Inc 3. Acquisition of GlobalLogic by Hitachi, LTD 4. Financial shortages because of the reinvestment activities 5. Other companies headhunting SoftServe's senior management

Strengths (S): 1. The biggest Ukrainian IT company 2. Well-developed brand 3. Great and reliable base of clients 4. Enough available resources to sustain work in the case of contingencies 5. Representatives in many countries abroad	Strengths and Opportunities: 1. Conquering nearby European markets, which are aware of SoftServe (S2 + O1) 2. Increase the supply of services by receiving more investment (S3 + O2) 3. Using already existing facilities to meet the demand for AI (S1 + O4)	Strengths and Threats: 1. Construct contingency plans with war implications on a timeline (S4 + T1) 2. Use the brand image resource for retaining existing managers (S2 + T5) 3. Develop client satisfaction program, so they don't get resigned to join someone else (S3 + T2) 4. Using some money from the contingencies fund in the case of financial shortages (S4 + T4)
Weaknesses (W): 1. High employee turnover 2. Struggles with cultural differences between locations 3. Power is a little centralized in the hands of HQ in Ukraine 4. Almost no access to the Asian market	Weaknesses and Opportunities 1. Entering underemployed markets (W1 + O1) 2. Bringing IT military experience to Asian conflicting countries like India (W4 + O3) 3. Decentralizing HQ power by investing more in new locations (W3 + O1)	Weaknesses and Threats 1. It's a good idea to develop a strategy on moving Ukrainian HQ in the case of the worst-case war scenario (W3 + T1) 2. Entering Asian countries where EPAM Systems, Inc aren't represented (W4 + T2)