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Leadership styles in the banking sector in Finland and in France

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Abstract

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The objective of this study was to examine the possible differences in leadership styles between two countries, Finland and France, from the subordinates' point of view. The study focused on the banking industry, and the aim was to determine how employees, aged between 25-35, view their leaders.

The data consisted of two parts; previous literature and research, and empirical study. The existing information was collected from journals, online articles and books. The method used for empirical part was qualitative method. This data was collected by questionnaires. Due to different geographical locations, both printed and online questionnaires were used.

The result of the study show that subordinates in both countries viewed their supervisor's leadership behaviour as a mixture of both transformational and transactional leadership behaviours. The level of intensity of these leadership behaviours differed between the two countries; Finnish employees viewed transformational features the most truthful for their situation, and their French counterparts agreed with the transactional features the most. Further study would be required in order to generalize these findings.

Keywords: leadership, leadership style, banking industry, Finland, France

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1 Introduction

Some researchers claim that there are as many definitions of "leadership" as there are people trying to define it (Bass 1981). There is no agreement about what the concept of "leadership" should embrace - and the lack of agreement in the field makes discussing, researching and theorizing leadership rather tricky. A complete understanding of leadership requires acknowledging that leadership concepts vary with place and time (Avery 2004).

"*Leadership is the ability to not only understand and utilize your innate talents, but to also effectively leverage the natural strengths of your team to accomplish the mission. There is no one-size fits all approach, answer key or formula to leadership.*" (Christy 2016) Bruce E. Winston, after reviewing 160 articles and books about leadership with his team, claims that a leader is someone who trains and influences the followers who have diverse gifts and abilities; someone who recognizes the diversity of the followers and without shutting their uniqueness, is able to build a unity with common values and directions (Winston 2002).

"*Leadership is a process of influence between a leader and those who are followers*" (Stoghill 1974). Another similar definition from W.A. Cohen (1990) states that "*leadership is the art of influencing others to their maximum performance to accomplish any task, objective or project*".

This thesis studies the subordinates' point of view of the leadership styles that their managers use in the banking industry. The emphasis is on the comparison of the results between two countries, Finland and France. Furthermore, the comparison between genders will also be discussed. The study also shows the results between the leadership style used, versus the leadership style the subordinates wish was used; whether these match or not. The study is based on three main leadership styles and their sub-dimensions; transactional leadership, transformational leadership, and laissez-faire leadership.

1.1 Background of the study

The banking sector is one of the leading private economic sectors in France; the French banking industry has about 400 banks (FBF 2015). In the end of 2014, the banks had altogether near 400 000 employees across the country (FBF 2014). Some of the biggest banks in France are Credit Agricole, BNP Paribas, Credit Mutual, and Caisse D'Eparge (French Property 2015).

In Finland, a country with about 12 times less population compared to France, there were 281 credit institutions operating in 2015. Finnish banking groups also employed nearly 28 000 people at the end of 2015 - over 90 % less than in France. The biggest banks in Finland are OP Group, Nordea Bank Finland, and Danske Bank Finland (Finanssialan Keskusliitto 2015).

There are about 6000 Finnish people living in France, myself being one of them (Ulkoasiainministerio 2014). Working in a foreign country and culture offers both great experiences as well as some challenges. Previous summer I worked for a Finnish credit institution, and this also triggered the interest to study this specific industry. The reason for this study is to better understand the similarities and differences between the leadership models used in two different European countries. Understanding that habits and manners of subordinates and their managers can be different from one's home country, can help a foreign employee adapt to a new environment more easily.

In general, some differences between leadership styles used in France versus Finland do exist. Studies show that France has a long tradition of centralization, hierarchical rigidity and respect for authority (Barsoux 1991). For most part, the French business world follows strong patterns of hierarchy between organizations; executives keep distance between themselves and their team. (Lubin 2014). The leadership style in France is also described as paternalistic and autocratic. Autocratic leaders retain most of the power, and group members have very little control over decisions. Employees are expected to follow the orders without further questions. Autocratic leadership is a specific type of transactional leadership style (IISTE 2015)

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According to Gert Hofstede's cultural dimensions France has high uncertainty avoidance. This results in leadership behaviour that is "more controlling, less delegating, and less approachable" (Dickson et al 2003). On the contrary, Nordic leaders are considered to have low power distance which refers to quite evenly spread power within an organization, as well as high collectivism which refers to group-oriented decision-making.

Nordic leadership is claimed to be non-authoritative and employee-centered; for instance, there is only a small degree of power separation between upper and lower level management. In comparison to hierarchical societies, Nordics tend to have better employee relations. Researches show that Nordic leaders also have a strong focus on employee development. (Chen 2014)

1.2 Research question and sub-question

The purpose of this study is to compare the leadership models used by managers in the banking industry in Finland and France, from the subordinates' point of view. Therefore, the first research question is;

How employees' views of the leadership of their supervisors differ within the banking industry in Finland compared to France?

The sub-questions are chosen to support the main research question and offer possible wider understanding of the subject.

Which one of the three leadership models is "the leading model" in each of the countries?

How subordinates' gender affects their point of view?

How would subordinates further develop or improve their supervisors' leadership?

Do subordinates seem satisfied with how they are being led?

1.3 Delimitations of the study

Although this research introduces multiple leadership theories and models, the empirical part is only based on three different models of leadership; transformational, transactional, and laissez-faire. Furthermore, transformational and transactional leadership models both have multiple dimensions within the theory but in the empirical part of the study, both models will only be addressed as one integrated unity.

Due to only basing the empirical study on three models mentioned above, the subordinates' may not be able to choose the alternative that fits exactly their situation - only the one that fits their situation the best. Therefore, the results will show a direction but may not present the full, detailed situation.

There are some limitations to the subordinates' answering the questionnaires - they must work in a middle level job within a Finnish or French bank, be citizens of the country in question, and aged between 25 to 35. However, the subordinates may have different job descriptions and tasks between each other and they may have different educational background and job experience.

This study focuses on the subjective views of the subordinates; the results are not based on facts. Instead, the results are based on the subordinates' feelings and thoughts, and therefore are influenced by personal opinions. The point of views of managers are left out. This could be interesting subject for further studies; is the way subordinates' view their leaders the same way those leaders try/wish to be viewed.

The educational background, gender, job experience or race of the managers is not restricted. It is also not limited whether the subordinates have same or different managers within the same company - only the relationship between one subordinate and the manager they are most accountable to, is studied.

Digitalization is one of the biggest challenges and influences transforming leadership in the modern world. It effects businesses worldwide: digitalization brings the leader/supervisor onto employees' screens instead of being an incognito figure behind everything. Digitalization allows us to interact easier without having to

travel more. Digitalization's impact on leadership behaviour is fascinating, yet at present moment very slightly studied subject. Due to lack of previous investigations, the link between digitalization and leadership behaviour is not observed in this thesis either. It is, however, unquestionably crucial subject for further studies as digitalization is increasingly present in our lives. (Management Events 2016; Westerman et al 2014.)

The results are not by any means generalizable, due to small sample size and not limited enough scope (for instance, more restrictions on subordinates and managers suitable for the study). They can, however, give ideas for further studies as well as offer some level of realization to those wishing to work abroad.

1.4 Theoretical framework

Countries around the world differ historically, religiously, linguistically, politically and according to some studies, also in the ways in which leaders' and team members' work-related values are viewed. Leadership is a cultural phenomenon linked to the values of people, and therefore also linked to the dimensions of natural culture. Many researchers base their leadership studies on Hofstede's five dimensions; individualism/ collectivism, power distance, uncertainty avoidance, masculinity/ femininity, long-term orientation. (Leslie & van Velsor 1998.)

Depending on the country, some managers value efficiency and impartial management, whereas other focus more on teamwork and collaboration. In some countries, hierarchical models are well present in working relationships - this is usually a sign of higher power distance. Team leader dominances may vary, as well as the values of friendliness. (Leslie & van Velsor 1998.)

Leadership theories are commonly categorized by which aspect is believed to define the leader the most. Great Man Theory evolved already in 1840's, followed by Trait Theory, Behavioural Theories and Contingency Theories. (Leadership Central 2016.)

In the 1970's, both transactional and transformational leadership were in their major era. Transformational leadership was first introduced by James McGregor

Burns, and later widely discussed and developed by Bernard M. Bass. Transactional leadership theory was first described by Max Weber, and again further description was done by Bernard M. Bass. (Leadership Central 2016.)

"*Transformational leadership has traditionally been defined as the display of the following components: charisma, intellectual stimulation, individualized consideration. Transformational leadership promotes intelligence, rationality, and careful problem solving. It encourages subordinates to pursue innovative solutions.*" (Avolio 1999.)

"*Transformational leaders enhance followers' self-efficacy and self-worth. Once self-efficacy is established, followers will begin to trust the leader, which then leads to commitment towards the leader and organization.*" (Yukl 1998.)

"*Transactional leadership is about negotiated rewards, agreements, and expectations. It is important for transactional leader to have the power to reward followers.*" (Avery 2004.)

"*Transactional leadership focuses on the role of supervision, organization, and group performance; transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments.*" (Odumeru 2013).

The third leadership theory that this research is based on, is laissez-faire. Kurt Lewin, along with his co-workers, recognized the laissez-faire leadership theory. (Lewin et al, 1939). According to Bass (1985), however, laissez-faire was one of the elements of transactional leadership. Due to its different nature compared to transactional leadership, laissez-faire will be handled as its own leadership approach throughout this thesis.

"*The laissez-faire leadership style is also known as the "hands-off¨style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible*" (Chowhan & Shekhwat 2015).

1.5 Literature review

In the theoretical part of this thesis, multiple sources of previous literature are investigated and studied. The timeline of the literature is quite broad, as lot of the leadership theories, such as the Great Man Theory, were founded over 100 years ago. Still, the literature used in this thesis is in harmony with each other, as most of the newer literature sources still refer to older researchers, such as Bernard M. Bass and James McGregor Burns. Lot of the recent approaches to the subject of leadership use for example Mr. Bass' theories as a base for their own studies.

In some cases, multiple publications from the same authors were used; authors such as Gary Yuki, Bruce Avolio and Bernard Bass have published great books and articles regarding different aspects of leadership. Robert J. Allio also has interesting articles published in different journals.

Overall, the theoretical information is gathered from multiple sources; paper as well as e-books, scholarly and academic journals, research papers. Several articles have been used from several different journals, such as Strategy & Leadership and International Journal of Management. A few websites, such as Forbes and Harvard Business Review, are also used, as well as information from organizations like IISTE, The International Institute for Science, Technology and Education.

Different kinds of MLQ -papers were also studied. MLQ, Multifactor leadership questionnaire, is the standard instrument for evaluating transformational and transactional leadership. Furthermore, MLQ includes laissez-faire as one of the approaches. Laissez-faire brings the contrast to more active components of transactional and transformational leadership models. (Avolio & Bass 1999.) In other words, the three leadership models that are used a base for this thesis, are all also used in MLQ -questionnaires to get feedback of participants and their leadership styles.

There exists extensive amount of information on leadership theories and especially the two "competing" ones, transformational and transactional leadership. Multiple approaches and opinions are investigated, and they're are explained and addressed neutrally throughout this thesis. It became obvious that an absolute

truthful definition of any leadership theories does not exist; approaches and defi-nitions vary, depending on the authors. Laissez-faire was less studied theory compared to the two other ones, possibly due to its simpler fundamentals and less diverse and polymorphic nature.

1.6 Research method

Qualitative method is used in this thesis, and there are several reasons to why.

Qualitative method is more subjective of a method than quantitative approach; it describes the event from the view point of those experiencing it. Qualitative method answers questions like why, how, and what and the answers are usually creative and descriptive. The data gathered through qualitative method is usually in shape of words, and it uses people as a tool of acquiring data.

According to Garcia & Gluesing (2013), qualitative research methods are a favor-able choice when the research examines unique characteristics of particular groups. Qualitative research affiliates with gaining a deeper understanding of the outcomes and findings. This thesis uses qualitative method as it is investigating the subjective options and views of the subordinates and responding to the ques-tion "how".

Case-study is one form of qualitative approach, and it is used to study a specific situation or group. Case-study examines the phenomena within its real-life con-text, and is built up by using several different concepts and theories.

This thesis is a case-study, because a certain phenomenon is being investigated. Moreover, this study represents "multiple case-study" approach, as the empirical data is gathered from several banks located in two different countries. There ex-ists very little to none previous information about leadership in Finland or France within the banking sector, and therefore the theoretical part consists of under-standing leadership and the country differences in general. For the theoretical part, multiple theories and concepts are introduced.

The empirical data of this thesis is gathered via questionnaires. Although questionnaires are often viewed as a good way to gain numerical data (and therefore serves the quantitative method approach), there are several reasons this research is considered more qualitative than quantitative. Quantitative methods can be ideal for testing hypotheses in large samples, but they lack in creating an understanding of the meanings and reasons to why the sample participants view events as they do (Klenke et al 2016).

Like stated, data is gathered with questionnaires. Questionnaire can also serve as a good tool for quantitative method, when the emphasis is on numerical data of larger sample sizes. In this research, on the contrary, only a small sample size was used and the questionnaire also includes open-ended questions, making it a semi-structured questionnaire. Data is gathered from two different geographical locations, and the questionnaire serves as a useful tool for reaching everyone; either with traditional paper-style or online.

2 Country facts and cultural comparison

In this chapter, the two countries in question, Finland and France, will be introduced. The countries are being discussed and compared with different aspects, such as their population and economic situation. All information provided in chapters 2.1 and 2.2 is from Central Intelligence Agency, CIA (2017).

2.1 Finland

Finland is located in northern Europe, and it borders with Sweden, Russia, Norway, the Baltic Sea, and Gulfs of Bothnia and Finland. The current population is 5,5 million, and the main religion is Lutheran (74%). The capital of Finland is Helsinki, and the country is a member of the European Union. Finland joined Euro in January 1999.

Finland is a parliamentary republic, and the current president is Sauli Niinistö.

Finland is considered a modern industrial economy, and per capita income is one of the highest in Western Europe. Finland has largely free-market economy and

it is highly competitive in manufacturing (wood, metals, telecommunications, electronics). Before the global financial crisis Finland was one the best performing economies within the EU, and its banks avoided the worst of the crisis. The country is also known for its high-quality education, promotion of equality, and welfare system.

Public services (28.5 %), industry (15.5%) and finance and business services (13.3%) are the most occupied labor. Finland's unemployment rare in 2016 was 9.1 %.

GDP, the gross domestic product, in Finland was worth 231.95 billion US dollars in 2015. GDP per capita in 2015 was recorded at 45 000 US dollars. In recent years, over one third of Finland's GDP was exports.

2.2 France

France, located in western Europe, is one of the most modern countries in the world. It is a member of NATO and the European Union, and is also one of the five permanent members of the United Nations Security Council. Identical to Finland, France also joined Euro in January 1999.

The capital of France is Paris, and the country currently has a population of 64,9 million. France also has five overseas entities as part of French proper; French Guiana, Guadeloupe, Martinique, Mayotte, and Reunion. France borders with eight countries. The main religion is Christianity (65 %), and the next biggest is Islam (8 %).

France is a semi-residential republic, and their current president is François Hollande.

French economy is diversified across all sectors. Some big French companies (such as Air France and Renault) are partially privatized by the government. France is the most visited country in the world. Services (75.7 %) occupy three quarters of the country's labor. The unemployment rate in 2016 was 9.7%.

France's GDP in 2015 was 2,4 trillion US dollars. GDP per capita in 2015 was 42000 US dollars.

2.3 Culture effecting leadership

Culture refers to patterned ways of thinking, feeling and reacting (Kluckhohn 1954). Culture is the solution to the problem of how to survive in a specific environment, with specific physical and social needs, and with specific tools available. (Matsumoto 1996). To quote Christoph Brumann (1999), "*culture means the whole complex of traditional behavior which has been developed by the human race and is successively learned by each generation.*"

Cultures around the world are getting more interconnected, and the world of business is becoming coherent. Economic borders crashing down will create exiting opportunities - simultaneously, cultural barriers are bringing new challenges. Even though today's world is united, it does not automatically mean that cultural differences are disappearing (House et al 2004).

After introducing the two countries compared in this case study, and before going into the concepts of leadership theories, culture and its impacts on leadership are discussed in this chapter 2.3. According to Rakesh Mittal and Steven M. Elias (2016), due to the increasing globalization of organizations and the growing interdependencies among nations, the need for a better understanding of cultural influences on leadership is utmost. Culture addresses the basic values and beliefs of an individual, and therefore naturally impacts managerial and leadership processes as well.

Numerous studies show that leadership is conceptualized differently in different cultures (Dickson et al 2012). The effectiveness of influence tactics varies in different cultural settings; views and values of leadership vary across cultures (House et al 2004). House et al (2004) agree with Mittal and Elias, as they emphasize the need for a better understanding of cultural influences on leadership.

Influences of culture are often studied through a dimension-based approach, such as Hofstede's dimensions, Schwartz's dimensions, and Trompenaar's dimensions. GLOBE, Global Leadership and Organizational Behavior Effectiveness Research, is a cross-cultural research project that uses Hofstede's original dimensions and has additionally reshaped the scope, depth and duration of the study (House et al 2004). To later compare Finland and France, Hofstede's dimensions as core framework will be used.

2.3.1 Hofstede's cultural dimensions

Geert Hofstede's cultural dimensions theory is a framework for cross-cultural communication. It examines and interprets the effects of a society's culture on the views and beliefs of its members. Six dimensions of natural culture are established to study how cultural values influences the values at workplace.

Table 1 summarizes the six dimensions of Hofstede's framework.

Hofstede's Cultural Dimensions	
Power Distance Index, PDI PDI is the degree to which less powerful society members accept that power is divided unevenly. High PDI refers to strong hierarchical order and inequality, low PDI refers to distributed power and demand for justification.	**Individualism/Collectivism, IDV** In high IDV countries, the individuals are expected to only be concerned about themselves and their closed ones. Low IDV refers to collectivism; members of the society look after each other. Individualism is about "I", collectivism is about "we".
Masculinity/Femininity, MAS	**Uncertainty Avoidance Index, UAS**

Masculinity is a sign of success being measured with achievements, heroism and material rewards. High MAS represents high competitiveness. The opposite, femininity, represents cooperation and modesty.	In high UAS countries, members of society are uncomfortable with uncertainty and polysemy. Such societies try hard to control the future. Low UAS refers to the attitude of "just letting future happen".
Long-term orientation, LTO High LTO in a society represents the will to focus on long-term objectives and future. High LTO countries appreciate persistency. Low LTO is also called short-term orientation, of which immediate compensation and the need for quick satisfaction is an example.	**Indulgence/Restraint, IND** This sixth dimension was only established in 2010. Indulgence refers to society that allows free pleasure of basic and natural human drives related to enjoying life. Low indulgence, called restraint, stands for society that prohibits the pleasure of needs, and regulates it with strict social norms.

Table 1. Hofstede's cultural dimensions

In the next subchapter 2.3.2, Finland and France are analyzed and compared, based on the Hofstede's dimensions. This provides interesting information about the similarities and differences between the cultures of these two countries - by understanding the backbones of one's culture, one can better understand why, and how leadership in that country is carried out the way it is.

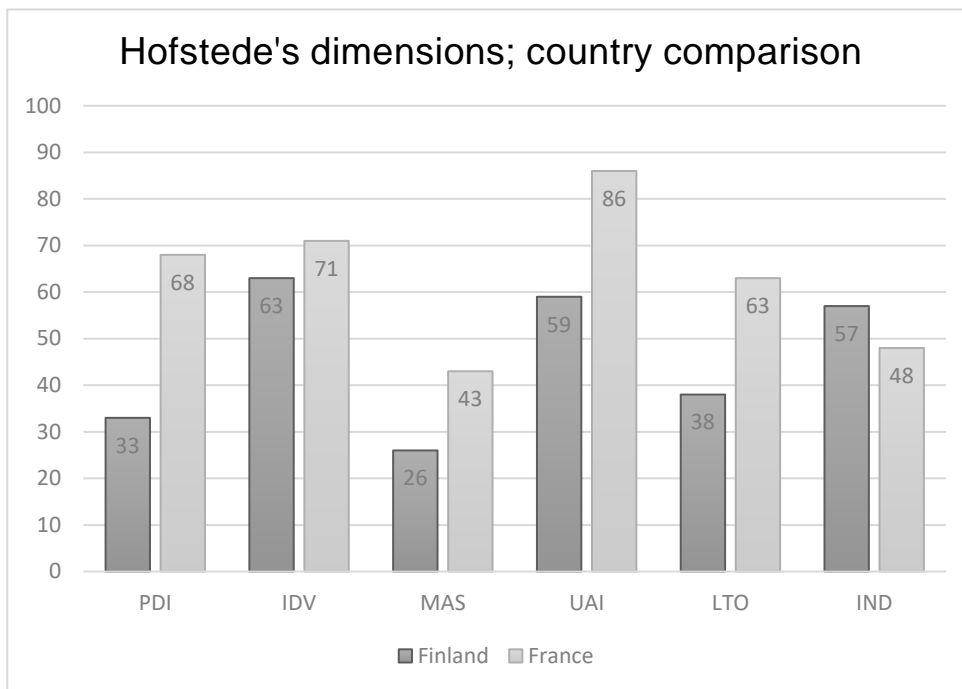## 2.3.2 Hofstede's theory; Finland and France

Figure 1. Cultural dimensions

Figure 1 above compares the six dimensions and how both countries scored in each one of them. Information both in the chart as well as in the following text part, comparing Finland and France, is by G. Hofstede (2010).

1.PDI

Finland scores low, which refers to independency and equal rights. Finns tend to use hierarchy only for convenience, and leaders that "coach" and empower their subordinates are respected and valued. Power is decentralized, and unnecessary control is disliked. Low PDI also refers to participative and direct communication among a team or a society.

France, on the contrary, scores rather high in PD Index, which means the society accepts inequality, Unlike Finns, French seem to be more dependent on an authority (parent, teacher, superior) above them. High PDI also refers to centralized power; companies have multiple hierarchical levels and superiors have more privileges.

2. IDV

Finland score high on IDV, which means it is an Individualist society. This means the members of society take care of themselves and their immediate family. In an organizational environment, individualism is present when work contracts are written for mutual benefits, and hiring and promotion are expected to be based on performance.

Similar to Finland, France also scores high on IDV. According to Hofstede (2010), the combination of high PDI and high IDV is rather unique. Examples of how this combination might play out in an organizational environment: subordinates are respectful to their boss in public, but behind closed doors, do the opposite of what they're told. Additionally, subordinates don't "bond" with each other, and feel a strong need to separate their work lives from their private lives.

3. MAS

Finland score low on MAS, which means Finland is a Feminine society. In feminine countries, people work so they can live, not the other way around. People value equality and solidarity at their work, decision-making involves everyone, and disagreements are solved with negotiation and compromise. Focus is not on the status, but well-being.

France scores higher on MAS than Finland, but can still be considered a Feminine society. What is different about French society, though, is that it is mainly the upper class that is feminine - working class scores masculine. The feminist side of the society is best seen with short working weeks and a great welfare system.

4. UAS

With a high UAS score, Finland has a strong preference to avoid uncertainty. Some trademark of high UAS are, for instance; emotional need for rules, preciseness, and security.

France also scores high on UAS; French people are not fond of surprises, before business meeting they want to know necessary information beforehand, French people have a strong need for rules and regulations.

5. LTO

Finland scores low on LTO, which refers to their society being and thinking normative; they are greatly interested in seeking the absolute truth. Finns focus on accomplishing speedy results. Furthermore, short-term orientation usually represents hesitation towards change and respect towards traditions.

France, on the contrary, scores high LTO. This represents strong motivation towards achieving goals, ability to adapt to changing circumstances and tendency to invest.

6. IND

Finland scores somewhat high on IND, indicating it is an Indulgent society. This would mean Finns allow themselves to enjoy life and have fun. High IND refers to optimist societies that emphasize the need for leisure time.

France scores in the middle of IND index. This result combined with their high UAS score suggest that French people are more stressed and struggle with turning their working mode "off".

3 Leadership

James McGregor Burns, an American presidential biographer and authority on leadership studies, stated (1978) that leadership is one of the most observed and least understood phenomena on earth. For over 50 years and counting, leadership has been massively studied research topic.

Why is leadership needed? According to Stashevsky and Koslowsky (2006), greater competition requires greater leadership skills; continuous competition brings pressure and stress for an organization. Modern business world has a complex nature, and leaders are needed more than ever to deal with challenging and re-emerging problems. Both traditional and new industries need leadership; globalization and internationalization have increased the demand for leaders working across cultures and country borders. Some researchers view leadership

as one of the biggest factors influencing the overall wellbeing of an organization (Odumeru 2013).

Baldoni (2000) defines leader as follows: "L" for listening and learning from others; "E" for energizing others: "A" for acting for common benefit; "D" for development of everyone; "E" for empowerment and "R" for recognition of others' achievements. Clark & Clark (1996) define leadership as an activity that takes place in a group, organization or institution and involves a leader and followers voluntarily contribute to common purposes and work together to achieve them.

There is no leadership style that would be ideal for every situation; there are many ways to lead from autocratic to laissez-faire; from active to passive. Some authors claim that there are specific characteristics of leadership that would be effective anywhere in the world, despite regional or cultural differences - however it would be inconsiderate to blindly adopt tools and actions that were successful in one setting to another one (IISTE 2015; Clark & Clark 1996). When analysing leaders and their performance, it is vital to include the context in which they operate; educational leadership applied in schools and universities may not bring the same results in business organizations. Clark & Clark (1996) expressed it superbly, "*a truly useful description of leadership must extend well beyond theories and move to the observation of how leaders behave when they're leading*".

Gary A. Yukl, an author behind multiple leadership -books, recognized key responsibilities of leaders to be monitoring and responding appropriately to the performance of subordinates. Effective leadership depends on acknowledging, motivating and rewarding value enhancing behaviour of the subordinates and therefore stimulate superior performance. (Yukl 2006). Allio (2016) states that the main leadership responsibility should be to establish a culture that allows individuals to unite around the shared purpose of the organization. Leadership is also like any other work of profession - to be effective, one needs education, training and practising (Holberton 2004).

Leadership is also about establishing a purpose and vision, clarifying organizational values, explaining the strategy, handling the changes, monitoring strategy implementation and training future leaders (Allio 2016). Leadership has been a

key element in every significant history change, and it emerges at each level of each group/organization (Clark & Clark 1996).

Some studies of leadership are criticized for focusing on what it looks like the leaders are doing, rather than what they actually are doing; if we focus only on general principles and different theories of how things should go, we miss out on the specific observations of behaviour that leaders conduct to get their team functioning. Leadership should not be studied only for its effect on the outcomes (such as profitability), but also the effect on relationships within an organization (Clark & Clark 1996).

Some researchers have also offered another alternative viewpoint, saying strategy and luck matter more than leadership. According to Allio (2015), the influence of leadership is often exaggerated in stories of failure and success, as doing well is automatically linked to successful leadership. "*Successful leadership eventually comes down to the right strategy, combined with the right amount of good fortune*". Leaders who endure must be good strategists and stay customer-focused. Furthermore, some critics say that individual journals are too attached to particular aspects of leadership, and only a few are trying to build consistent theories (Avery 2004).

In the following subchapters, I discuss what researchers consider successful leadership and on the contrary, bad leadership; the timeline of leadership theories established; the comparison between leadership and management; the three leadership theories this thesis is based on and the reasons to why these three theories were chosen.

3.1 What makes a leader good

Cleverness, conceptual skills, creativity, diplomacy, fluency in speaking, knowledge about group tasks, organizing skills, persuasiveness, social skills - these are the nine characteristics of successful leaders from G.A. Yukl's (2002) point of view. If you asked Paul Larson, a successful leader needs a clear vision; something that followers can identify themselves with, something that motivates

and encourages them. Leaders must be able to communicate the vision and remain consistent with it. Finally, successful leaders must be realistic - unrealistic confidence about their capabilities can harm the organization. (Larson 1999.)

Allio (2016) emphasizes three elements of becoming a successful leader; creating a leadership identity, obtaining leadership skills and knowledge, practising leadership. Kouzes and Posner (2007) declare five essential characteristics of successful leadership; the ability to challenge the process, inspire a shared vision, enable others to act, model the way and encourage the heart. More suggestions to top leaders are, for instance, making sure subordinates understand what is expected of them, helping subordinates with self-worth and self-confidence, and emphasizing and encouraging independence and self-reliance. (Javidan, 2013)

One of my personal favourite leadership -books, "*Choosing to Lead*" by Kenneth E. Clark and Miriam B. Clark (1996), also discusses the subject of good leaders plenty. According to the authors, most important quality of leaders is their commitment to common good and ability to see things long term; everything else can be taught and learned. Furthermore, great leaders are willing to take responsibility and be accountable to a larger degree than those working for self-worth and self-affluence. Great leaders adapt effectively and smoothly to changing circumstances.

Castanias & Helfat (1991) created a hierarchy of four types of managerial skills of successful leaders; generic skills, sector-related skills, organization-specific skills and industry-related skills. For further studies, it would be interesting to investigate whether some of these skills are more important than others; and if so, does the importance depend on variable factors such as industry or nation.

"What kind of behaviour of a leader is successful, is very much a function of the situation in which it is found" (Clark & Clark 1996). There does not exist one specific path to follow to become a great leader - but there are several techniques that can help in the process; building on strengths, focusing on outcomes, and focus on team-building. Such leaders pay attention to other people and groups' interest, when creating a vision and strategy (Larson 1999).

One final, inevitably important characteristic of a good leader in the modern world is the knowledge of multiculturalism. Our world is 'growing smaller' by becoming more united and globalized, and information from one society to another one travels in just minutes due to digitalization. What is needed is a leader that understand diversified groups, pays attention to ethical issues, and distributes benefits to all; from young to old, from poor to wealthy. A good leader in the modern world is committed to fairness and acts against discrimination; is aware of diversity and issues arising from multiculturalism; and finally, is open for changes. (Clark & Clark 1996.)

For further studies, the subject of leadership development can bring alternatives and answers to successful leadership. Many of us know the phrase "leaders are made, not born" - therefore, having more good leaders and successful leadership is linked to successful development of leaders and leadership. Accenture study conducted on leaders showed explicitly how leaders agree that they've learned more about leadership through working and experiencing, than Master's programs or leadership courses. An excellent article by Robert J. Thomas and Peter Cheese (2005), "*Leadership: experience is the best teacher*" explains experience-based approach that puts together on-the-job experience, life experience and specific skill development. Experience-based approach emphasizes the importance of practising - because how are leaders supposed to learn new skills and become more successful, if they must perform all the time? With the help of online coaching, chat rooms and knowledge-sharing, experience-based approach offers an opportunity for leaders to get familiar with, and practise different decision-making and leadership styles.

3.2 Failing at leadership

The previous subchapter discussed how researchers describe great leaders and successful leadership. Good leadership seems to be the kind that fits the situation in question the best - but what about bad leadership? Researchers have for centuries also studied the opposite; weak, unsuccessful and negative leadership.

Understanding what bad leadership is and why it sometimes occurs, could be vital for our future - according to Stashevsky and Koslowsky (2006), there will be shortage of successful leaders in the next 20 years. This debacle would be due to several reasons; organizations incapability to develop leaders in-house, lack of leader's loyalty to commit, increased accountability and performance expectations. Even though organizations are estimated to spend up to 50 billion dollars a year on the development of leaders, most organizations seem unsatisfied with the amount of effective leaders. (Fulmer & Cogner 2004). According to Kellerman (2014), one of the reasons for such disaffection and discontent could be the positive delusion of what leadership should be like; most of the early research is coming from the USA, the land of optimism.

Kellerman enumerates seven types of bad leaders; incompetent, rigid, intemperate, uncaring, corrupted, narrow-minded and evil. The researcher has released several publications discussing unsuccessful leadership. In her book "How bad leadership happens" (2005), Kellerman states that bad leadership is not a simple concept, and there is no clear line that would just separate good and bad leadership. According to her, the complexity begins with the fact that bad leadership at first looks "painfully much like good leadership"; it is complex and multifaceted relationship manifesting itself. This statement is supported by Robert J. Allio (2007), who states that the challenge in erasing bad leadership lies in the difficulty of determining the potential leaders and bad ones in advance.

Hogan & Hogan (2001) argue that leaders fail, when they fail to understand other people's perspective. Kellerman (2005) argues there are two types of bad leadership; unethical and ineffective. Unethical fails to follow good conduct and lacks decency, whereas ineffective fails to produce the desired change. There are several other factors that also seem to be reasons for bad leadership, such as personality disorder, acting against one's better judgment, misguided values, and avoiding reality (Allio 2007).

Dotlich & Cairo (2003), consider leadership failure most of all a behavioural issue; failed leaders lack socio-political intelligence. The authors have created an extensive list of behavioural points that may lead to failure; arrogance, melodrama,

volatility, excessive caution, habitual distrust, disregard, mischievousness, affectation, passive resistance, perfectionism and eagerness to please. McCall & Lombardo (1983) have, likewise, published a list of actions that maybe cause failing at leadership; overreaching strategically, being risk-averse, being aloof, being unreasonably concerned with getting ahead, pushing oneself and their followers too hard, having self-centred ambition, micromanaging, and being unable to have a long-term perspective are all qualities that the authors view negative.

As stated, the problem with bad leadership lies in not recognizing it early enough; and later, the followers allowing it to happen. Poor leadership can, with some teams and groups, be overcome by accepting and sharing responsibilities and increasing the level of team-effort; followers capable of such behaviour are called "ideal followers" (Clark & Clark 1996). Kellerman (2005) agrees with similar methods, stating that one way to increase the changes of goo leadership and decrease the changes of bad one, is to share and centralize power. According to Kellerman, remaining the power in the same situation or letting one person have it too long creates bad habits.

3.3 Evolution of leadership theories

Leadership literature has yet failed to explain the origins of a person's desire to lead, or the source of leadership behaviour (Burgett 2012). Researchers talk about leadership schools and leadership eras, when they refer to the establishment of specific mannered leadership theories. According to van Seters and Field (1990), there are no exact dates of various eras, but rather relative order of the development of theories.

To start from the very beginning, Allio (2012) argues that the first expositions about leadership were found from the 6th century BC by Confucius, and 4th century BC by western historians like Plutarch. During the Renaissance, philosophers such as Plato and Aristotle studied power, emotion and reasoning.

The first visible theories were established during what van Seters and Field call "the personality era". During the personality era, the Great Man theory and trait

theory focused solemnly on behaviour and characteristics. Great leadership was viewed as something that people either inherit, or can master only if they copy the behaviour of previous successful leaders. Adopting characteristics of great leaders would result in improved potential and performance. Some uttermost theorists claimed that is was impossible to become a leader; one could only be born as one. (Burget 2012)

Next era, according to van Seters and Field, was the "influence era"; leadership is not about specific characteristics but the relationship between individuals. Theories in this era strongly focused on authority, control and dominancy.

In 1940s the next era of theories stood out. The "era of behavioural theories" analysed how leaders act and treat their followers. For example, leader could follow the trait of focusing on accomplishments (production-oriented) or on individuals (employee-oriented). (Day & Antonakis 2012).

"Situational era" acknowledged factors beyond leader and follower, such as the type of assignment and external environment. Theories established in this era emphasized the situation resolving what kind of leadership is necessary. Situational leadership styles are still widely used to this day. (Vecchio 1987.)

Day & Antonakis as well as van Seters & Field (1990) argue that the next major era for leadership theories was "contingency era". Theories introduced in this school of leadership offered major advances in the evolution of theories. Contingency theories claimed that successful leadership depends on multiple factors: behaviour, personality, influence and situation.

Leadership theories over time widened into more influential theories, such as theories of "transactional era". Theories from this time argued that leadership does not just occur in a person or situation, but also in social interactions. Influence between leader and follower was highlighted; similar to "transformational era", during which innovation, creativity, commitment and empowerment were viewed as factors to great leadership.

Around the same time with the more influential theories, also arose the "era of anti-leadership". The watermark of this era was cynicism: theorists viewed leadership as a phenomenon only in the mind of those trying to investigate and explain it.

Although von Seters & Field (1990) provide an excellent overlook of the evolution of leadership theories in their publication "The Evolution of Leadership Theory", the exact timelines and titles of each era vary, depending on researchers. David Day and John Antonakis (2012), whom are also quoted in this sub-chapter, refer to these eras as "schools of leadership", and claim the timeline is following:

Figure 2. Major Schools of Leadership

3.4 Leadership versus Management

"*What a company needs, is a few great leaders and many first-class managers*" (Kellerman 2006). This argument is supported by many researchers (Lunenburg 2011; Larson 1999), who state that organizations need both effective leadership as well as effective management to achieve optimal, aimed performance. These

researchers also claim that successful management is not possible without skilful leadership.

Similar with other subjects related to leadership, there is no clear agreement on the relationship between leadership and management. Drucker (1988) says these two concepts are the same. According to Fairholm (2000), when leadership and its theories were initially discussed, leadership was viewed as a task of management; it was one of the tasks that managers had to master, just like budgeting is. Multiple studies (Fairholm 2000, Stashevsky 2006) state that still to this day, many people view the concept of leadership as part of management tasks and techniques.

A famous leadership researcher Bernard M. Bass (2010) sees management and leadership overlapping, but not being synonymous; both consist of unique sets of activities and functions. There are some qualities that are appreciated and needed in both managers and leaders. For example, the ability to control lot of information simultaneously and the ability to prioritize. As well as with leaders, different managers also use different methods to achieve their targets (Clark & Clark 1996).

Numerous researchers, however, are fond of comparing these two concepts separate. Kotter (1990) proposes leadership being about creating useful change in organizations, and management being about producing orderly results. According to Kotter, leadership is about dealing with change and management is about dealing with complexity. Larson (1990) views achieving goals and objectives the most important task of management, and setting the right goals the most important task of leadership. Leaders emphasize change and new approaches, whilst managers focus on stability (Lunenburg 2011). Management is a process used to accomplish organizational goals.

"*Good management aims to reach order and consistency with plans and structures, and good leadership is about dealing with change through communication and inspiration*" (Stashevsky & Koslowsky 2006). To furthermore define the management process, Lunenburg (2011) explains it involves planning and budgeting, organizing and staffing, controlling and problem solving. Management relies on

internal logical consistency (Fairholm 2000). Henri Fayol (1949) listed principles of management, which included for instance the following: authority and responsibility, discipline, unity of direction, centralization, order and equity.

Whereas a leader can be described as flexible, innovative, inspiring and independent, a good manager is ought to be consulting, analytical, deliberate and authoritative (Capowski, 1994).

In their journal "*Leadership vs Management*", John Kumle and Nancy J. Kelly (2006) use Webster's 9th Collegiate Dictionary to discuss the differences between leadership and management. According to this information, leadership operates in a trust-based environment, reframes current employees through training instead of just rehiring, provides feeling of stability and cares for the well-being of the team. Management, on the other hand, seeks to control, has clearly defined roles and is frequently critical towards failures and expects success.

Fairholm (2000) also talks about the benefits and downsides of, what he sees is, the downfall of traditional leadership and the rising of modern management. Our society is used to worshipping heroes and there has been lack of interest when it comes to the non-thrilling role of managers. (Kibort 2004). Seems like, however, modern management has been a great fit in complex organizations and it has been able to respond to the needs of demanding modern population. The fall of "true leadership" has created issues in some studied organizations; lack of morale and creativity.

To summarize the comparison between the concepts of leadership and management, table 2 was created.

Leadership versus Management	
• Establishes directions	• Plans, budgets, organizes, monitors results

• Recognizes the need for change • Aligns, motivates and empowers	• Solves issues
• Focus is on people	• Focus is on things
• Creates and expresses a vision	• Coordinates and fulfils the plans
• Uses influence	• Uses authority
• Deals with the future affairs: creates the future	• Deals with the current affairs: improves the current

Table 2. Leadership vs Management

3.5 Multifactor Leadership Questionnaire

Multifactor Leadership Questionnaire, also known, and from now on referred to as MLQ, was created to measure full range leadership behaviour. (Kirkbride 2006). MLQ is an instrument for self-evaluation; leaders around the globe use this questionnaire to examine their own leadership behaviour. There are lot of alternative factor models, such as two correlated factors (active vs. passive), five correlated factors (laissez-faire vs. transactional vs. transformational) and seven correlated factors (full range).

According to Burns (1978), every leadership process may be classified as transactional, transformational, or laissez-faire leadership.

The different surveys of MLQ are also called different, for instance MLQ-5X or MLQ-6s, and they come in different forms and at different lengths (Avolio & Bass 1999).

"The full range of leadership" is the most detailed model and serves as a base for all MLQ -surveys. It was developed around the 1980s by Bernard Bass and Bruce Avolio. Whereas the simplified idea of MLQ is to study whether a leader is passive

or active, the full range -model recognizes all the sub-dimensions between these two extremities.

```
┌─────────────────────────────┐
│      Laissez-Faire (non-     │
│         leadership)          │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│      Management-by-          │
│         exception            │
│       (transactional)        │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│      Contingent reward       │
│       (transactional)        │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│       Individualized         │
│        consideration         │
│      (transformational)      │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│    Intellectual stimulation  │
│      (transformational)      │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│    Inspirational motivation  │
│      (transformational)      │
└─────────────────────────────┘
              ⬇
┌─────────────────────────────┐
│      Idealized influence     │
│      (transformational)      │
└─────────────────────────────┘
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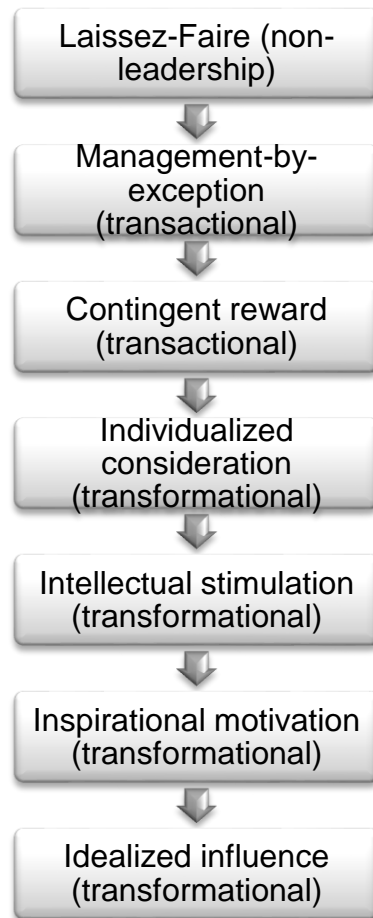
Figure 3. Full range leadership -model

Above is a presentation of the full range -model. It includes three main theories; laissez-faire, transactional, and transformational (Bass & Avolio 1998). Transactional and transformational theories have multiple dimensions, which will be introduced in the following chapters. However, in the empirical part of this study the theories are addressed as unities; sub-dimensions are not observed.

The original MLQ is used for leaders to self-evaluate themselves. In this thesis, the same three leadership theories are used as a base, but the research is about subordinates assessing their supervisors. As one can see from the previous chapter 3.3, "Evolution of leadership theories", there exists wide range of different theories, models and concepts of leadership. MLQ offers a clear set of three different theories that are proven to provide valuable information when studying leadership behaviour.

Laissez-faire, transactional leadership and transformational leadership are all presented in detail in the next sub-chapters.

3.5.1 Transformational leadership

Although transformational leadership theory was invented by a sociologist James V. Downton in the early 1970s, it was James MacGregor Burns in his book "Leadership" in 1978 that further developed the concept as well as brought it to public knowledge. According to Burns, transformational was the other alternative to transactional leadership style, excluding one another. Bernard M. Bass (1985) argued that leaders could, in fact, apply both leadership behaviour simultaneously; Bass also encouraged this leadership combination.

Transformational leadership is proactive. It aims to motivate and encourage employees and allows members to freely communicate their ideas and innovations. In transformational leadership, group's interest comes first (Odumeru 2013). Transformational leaders inspire and influence their subordinates; such leaders literally transform their followers (Bass 1990).

Transformational leaders stimulate their followers to see problems in different ways and understand their own strengths and weaknesses. Transformational leaders also pay attention to the needs of their subordinates as individuals; they enhance subordinates' self-efficacy and self-worth. Transformational leaders are often viewed as "mentors" to their subordinates. (Beugre et al 2006)

In transformational leadership, the leaders provide a vision to their employees through communication. Subordinates are encouraged to pursue innovative solutions to problems. Transformational leadership promotes intelligence, rationality, and careful problem-solving. Transformational leaders are "thinking outside the box"; they want to create change (Avolio 1999).

In 1985, B.M. Bass introduced the four sub-dimensions of transformational leadership, and the same four sub-dimensions still serve as the base for the theory. Part of the full-range leadership model introduced in previous chapter 3.5, the

components are: charisma/idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Charisma/idealized influence dimension refers to the leader's way to appeal to followers on an emotional level; such leader behaves in a way that allows followers to feel cohesive. Inspirational motivation dimension refers to the way that leader inspires subordinates with expressions of visions. Intellectual stimulation dimension refers to how leader challenges assumptions and encourages subordinates to take risks and be creative. Fourth dimension, individualized consideration, refers to the way that leader acts as a mentor to their subordinates.

3.5.2 Transactional leadership

In 1947, Max Weber was the first known researcher to describe transactional leadership as "the exercise of control on the basis of knowledge". Transactional leadership's major era is considered to have taken a place from the 1970s to mid 1980s, when it was first researched and presented by James MacGregor Burns and later by Bernard M. Bass along with Bruce J. Avolio. Transactional leadership is often referred to as the "managerial leadership". Transactional leadership is based on the hypothesis that followers are motivated through a system of rewards and punishments.

The basis on transactional leadership lies in interpersonal influence over followers; it is important for the leader to have a formal position and centralized power over their subordinates (Avery 2004). Transactional leadership focuses on the role of supervision, organization- and group-performance and it is considered effective in crisis and emergency situations (Odumeru 2013).

Transactional leaders must be accepted as the most appropriate person to lead the group at the time; leader has the highest control (Avery, 2004). Transactional leaders promote compliance of the subordinates through rewards and punishments and motivate by pleading to employees' self-interest (Odumeru 2013). Transactional leaders are directive and very goal-oriented.

A key characteristic of transactional leadership is "thinking inside the box". Transactional leaders work within the existing organizational culture and with the existing tools and processes; instead of looking to change the future, they're looking to keep the things the same. To quote Bass (1985) "transactional leaders work within the organizational culture as it exists".

Transactional leadership values order and structure, and it is not known for creativity; conversely, this leadership model is considered inflexible, opposed to change, and extremely performance-oriented (Bass 1990).

The model of transactional leadership is typically divided into a few sub-dimensions; components. In 1985, Bass declared laissez-faire as one of the components within transactional leadership model, and to this day some researchers view it as the most passive form of transactional leadership, whereas others treat it as a separate leadership theory. Laissez-faire will be introduced separately in the following chapters.

The unanimous sub-dimensions of transactional leadership are contingent reward and management-by-exception (Bass & Avolio 1998). Contingent reward is a classic transactional style, where the leader clearly communicates the goals, objectives and targets. Such leader gives recognition when objectives are achieved, and provides the resources needed to accomplish those objectives.

Management-by-exception can be furthermore divided into active and passive forms. Active leader monitors deviances from standards and takes actions when necessary; passive leader waits until deviances from standards occur and then makes corrections. Management-by-exception dimension generally avoids all unnecessary changes.

3.5.3 Laissez-faire leadership

Laissez-faire, often described as "delegating leadership", got popularity around the 1980s, during Ronald Reagan's administration - Mr. Reagan is to this day considered as one of the most famous laissez-faire leaders. It was, however, Kurt

Lewin already in the 1930s that is often credited for the concept and establishment of laissez-faire theory (Lewin et al 1939). James MacGregor Burns (1978) and Bernard M. Bass (1983) included laissez-faire as one of the components of transactional leadership theory; in the full-range leadership model, laissez-faire was the extremity of non-leadership.

Laissez-faire is a leadership theory that holds the formal position of a leader, yet gives up the responsibilities and duties of a leader. Bass (1997) identified such leaders to avoid responsibility and be absent when problems occur. Laissez-faire leaders may not motivate and give attention to their employees, and such lack of supervisory may result in employees feeling that there are no consequences to performance. Subordinates may also conflict about roles and responsibilities, as no one is there to communicate them clearly and repeatedly (Kirkbride 2006).

The main characteristics of laissez-faire leadership are delegating decision-making and dwindling power of the leader (Allio 2012). Laissez-faire leaders tend to also refuse taking sides, and offer limited direction and support to subordinates (Kirkbride 2006). The positive advantages of laissez-faire leadership are, for example, the amount of freedom, lack of social structures and lack of emotions towards the leader; leaders are rarely considered "unpopular". (IISTE 2015).

To quote Ronald Reagan, "*surround yourself with the best people you can find, delegate authority, and don't interfere as long as the policy you've decided upon is being carried out*". Laissez-faire is considered a good leadership model when employees are highly-skilled, experienced and motivated and take pride in being successful. This "hands-off" -approach allows employees to function productively, and allows employees to be creative (IISTE 2015). On the other hand, poor time management and lack of accountability are viewed as disadvantages (von Bergen & Bressler 2014).

3.6 Leadership in the banking industry

Leadership is one of the most studied phenomenon, regardless of the situation or industry. The importance of leadership has been a growing target of interest

among banks and credit institutions the last ten years or so. The main message many researchers emphasize (Pilcher 2015; Skinner 2015) is the need for change, and the need for willingness to create change.

The banking sector is a fundamental component of economy in almost any given society (Belias & Koustelios 2014). Leadership teams at financial institutions seem to not have the courage and/or capacity to embrace change - and it is up to strong leaders to both allow and push their employees to be creative and innovative. Customer behaviour, technology and competition are rapidly evolving, ongoing and simultaneously; therefore, bank leaders must be ready for challenges as well. Banks, similarly to any other industries, should start viewing change as a norm rather than an exception. (Pilcher 2015)

Chris Skinner (2015), one of the most influential people in financial industry the present moment, agrees that banks ignore the need for innovation and change, and focus too strongly on status and shareholder value. Skinner appeals to leaders in the bank industry to "give people the culture to create innovation".

Brand Finance, business valuation and strategy consultancy that annually holds a Banking Forum -event, focused one of their event mainly on leadership in banking (2013). Forum discussed how leadership can valued and measured, the need that exists for strong leadership in banking, and why it is so critical. Don Woodland (2012) discusses five leadership qualities required for being a successful leader in the banking industry in the modern world; 1) vision, 2) authentic leadership and values, 3) ability to adopt to change, 4) networking and communicating, 5) preparation and risk management.

Evidently, the need for change and innovative mind-set is recognized widely within the bank industry. Some researchers (Belias & Koustelios 2014) argue that transformational leadership is the appropriate and most effective model, due to having positive influence on employee performance and job commitment

Belias & Koustelios (2014) do not only review the need for change, but also recognize that banks and credit institutions are already adapting innovative mind-set by transitioning from strict traditional and hierarchical structure to a more flexible and communicative one.

4 Empirical study

The empirical part of this study was conducted with questionnaires; both online surveys as well as traditional paper-form questionnaires. Altogether 24 people responded the questionnaire, 12 of whom were Finnish and the other 12 were French. All respondents were aged between 25 to 35 years old and native citizens of their country of residence.

All Finnish respondents filled out the questionnaire online, whereas in France, five people took the online survey and seven responded manually, as two banks were visited. In both countries, the respondents came from three different banks, all of which are some of the leading banks in their country.

In Finland, the three banks were located in two major cities, Helsinki and Turku. In France, all the respondents worked in Nantes, which is the 6th biggest city of France. Respondents in both countries were able to respond to their question-naire in their native language.

The questionnaire consisted of three pages and included both multiple choice - questions as well as an open-ended question. The first page consisted of simple questions, aiming to gather basic information about the respondents. The second and third pages focused on figuring out whether the respondents viewed their supervisor as a transformational, transactional, or laissez-faire leader.

In the first sub-chapter, the respondents of this survey are examined; their ages, genders and length of work experience in their current position. Following this, the findings are presented with both text as well as figures and tables.

4.1 Respondents

As mentioned above, there were 12 respondents from both countries, total of 24 respondents. Eight of the respondents from both countries were females, and four were males. This means 67 % of respondents and altogether 16 respondents were females, and 33 % and altogether eight respondents were males.

The most popular age gap among the respondents was 25-28 years old; from Finland, ten respondents were aged somewhere between those years and from France, six respondents were aged somewhere between those years. The average Finnish respondent was younger than the average French respondent. Below is a table presenting the age distribution.
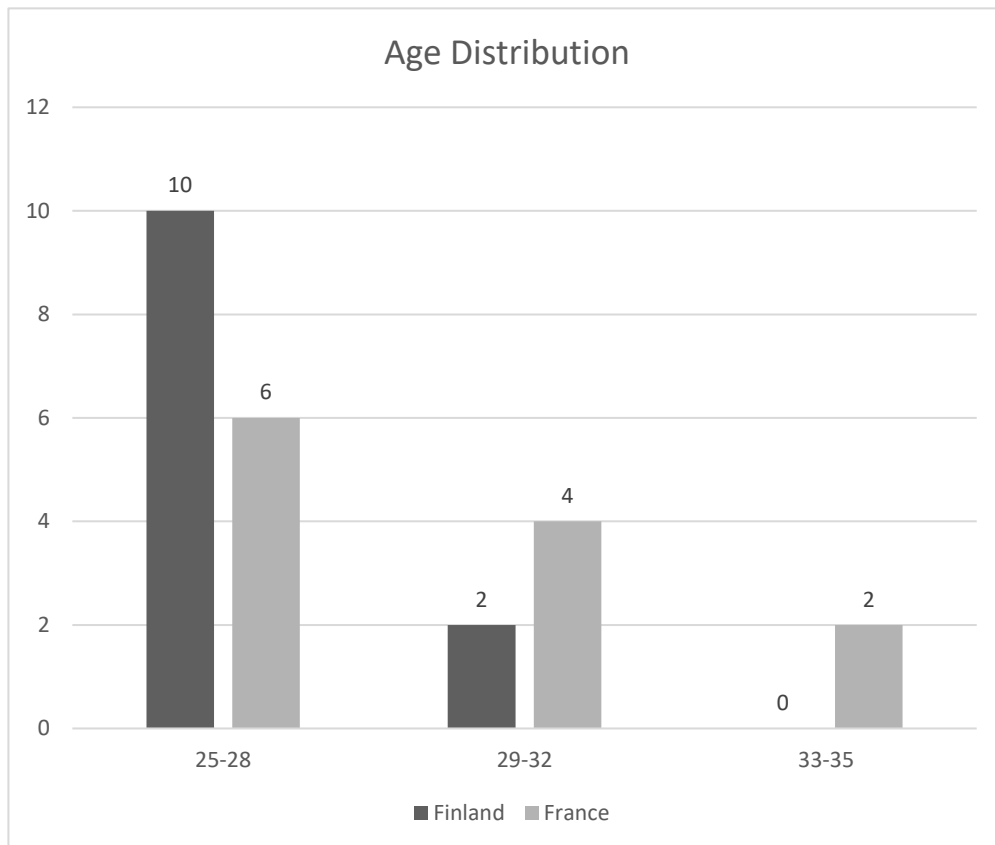

Figure 4. Age distribution of respondents

The other similarity among respondents was their work experience: in both countries, the majority of respondents had worked in their current position from one to three years. Besides being a bit older, French respondents were also a bit more experienced in their current job position compared to Finnish respondents. Below is a table presenting the work experience measured in years.
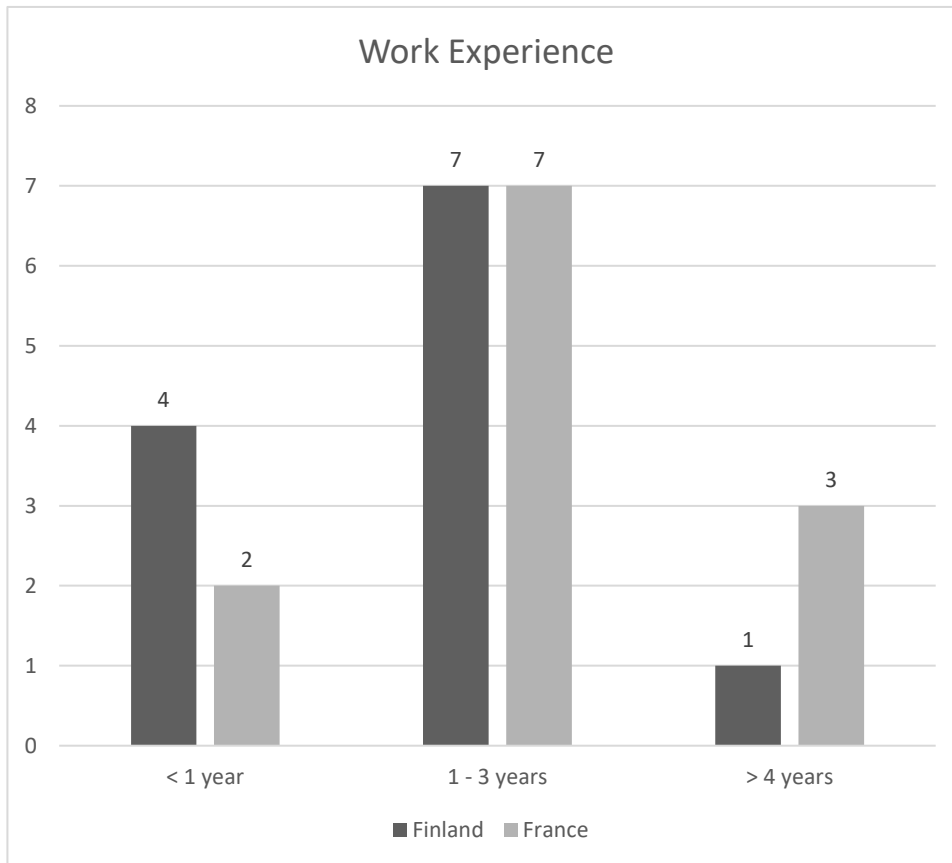
Figure 5. Work experience of respondents

With this information, I was able to generate what a "typical respondent" in both countries looked like. Since the differences were quite mild, the typical respondent in both countries looked the exact same: A female, aged between 25-28 years, who has worked in their current job for 1-3 years.

4.2 Questionnaire results

4.2.1 First page

Besides the three general questions explained above, the first page of the questionnaire also had two additional questions. The goal of these two questions was to investigate the relationship between the employee and the supervisor.

When asked how employees address their supervisor, 23 out of the 24 respondents agreed that they call their supervisor by his/her first name. Only one French applicant said she used a title (such as Sir, Mister, Madam). This result can be

considered as a feature of transformational leadership, where leaders consider their employees as equivalent individuals instead of putting themselves on a pedestal.

The next question, however, completely separated the two countries in question. When asked where the supervisor physically works at, nine out of 12 Finnish respondents reported employees and supervisor working in the same room. The result is a total contrary to the French results, as ten out of 12 French respondents reported their supervisor having his/her own office. These results refer to strong transformational behaviour in Finland, as well as strong transactional behaviour in France.

Below is a chart of all the answers.

Figure 6. Working space

4.2.2 Second page

In the second page of the questionnaire, there were 11 claims that the respondents were to answer, depending on how it fit their views. The rating scale was

from "1" (=most untrue) to "5" (=completely true). The respondents were also al-lowed to answer "3" = no opinion. Whenever respondents chose this alternative, it was not taken into consideration when calculating the final results. It was simply an alternative for when the respondents were unsure about their feelings.

Among the 11 claims, there were four claims representing transformational lead-ership; four claims representing transactional leadership; three claims represent-ing laissez-faire leadership. To analyze the results, the average value of all claims that represented the same leadership model, was calculated.

Below is a table showing the average values; this sums up how respondents in both countries scaled the 11 claims.
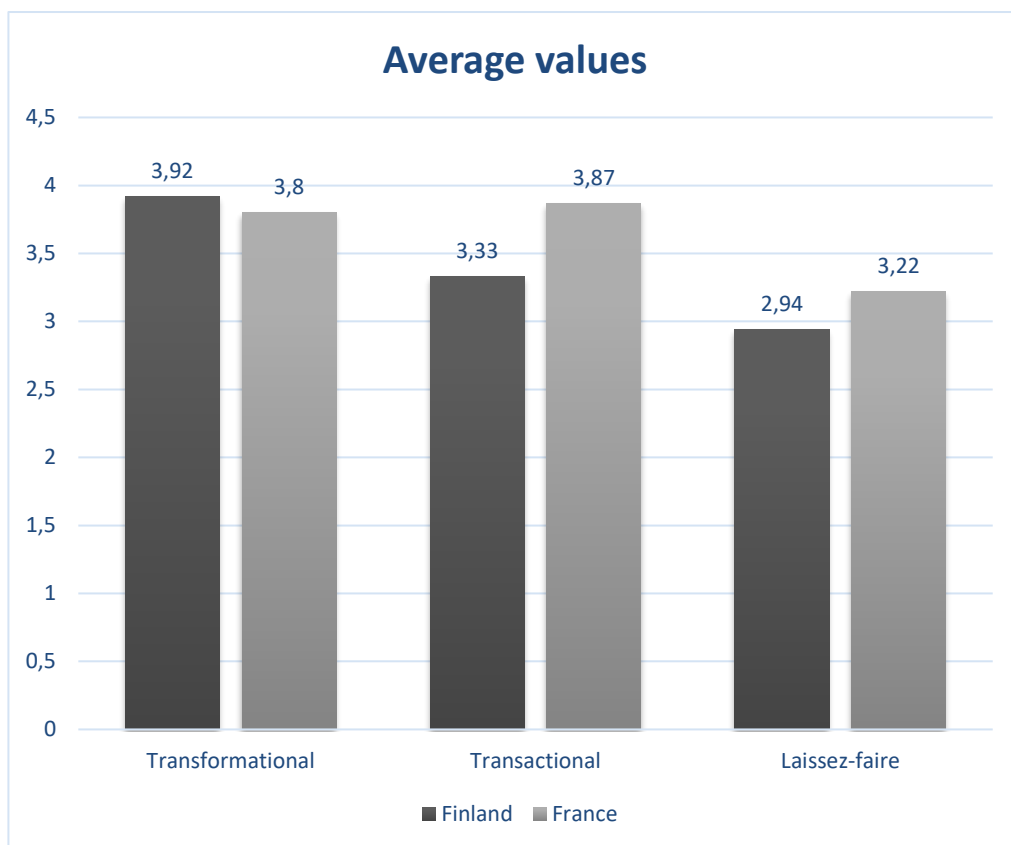

Figure 7. Summary of leadership behaviour

In Finland, the claims about transformational leadership scored the highest points; 3.92/5. In France, transactional leadership claims were viewed the most truthful (3.87/5), but the difference to transformational leadership claims was only 0.07. In both countries, claims about laissez-faire leadership were considered the least truthful of these three models.

The three most truthful claims varied between the two countries. Finnish respondents agreed highest with the following claims;

1. Supervisor gives me a lot of freedom (laissez-faire)
2. I fully trust my supervisor (transformational)
3. My supervisor is very result- & performance-oriented (transactional)

Even though transformational leadership scored the highest points in average, these three most popular claims all represented a different leadership model.

In France, the results were evident: all three of the most truthful claims represented transactional leadership model. The French respondents agreed with the following claims:

1. The most important thing for my supervisor is achieving the goals and being on time
2. My supervisor easily notices my mistakes and failures
3. My supervisor is extremely result- & performance-oriented

When examining the least popular claims, both countries perfectly agreed with each other, and the least truthful claims in both Finland and France were;

1. My supervisor uses rewards and bonuses in return of job well done (transactional)
2. My supervisor doesn't help when issues occur; he/she only takes action when things are already bad (laissez-faire)
3. My supervisor avoids decision-making and delegates lot of his/her tasks to others (laissez-faire)

4.2.3 Third page

The last page of the questionnaire consisted of two multiple choice questions and one open-ended questionnaire.

When asked to choose an alternative that best described their supervisor, the respondents had very similar views in both countries. In both countries the option

B, "ambitious and strict" got most votes, yet option A, "optimistic and encouraging" was only a few votes short. The option A refers to transformational leadership, option B to transactional leadership and option C to laissez-faire leadership.
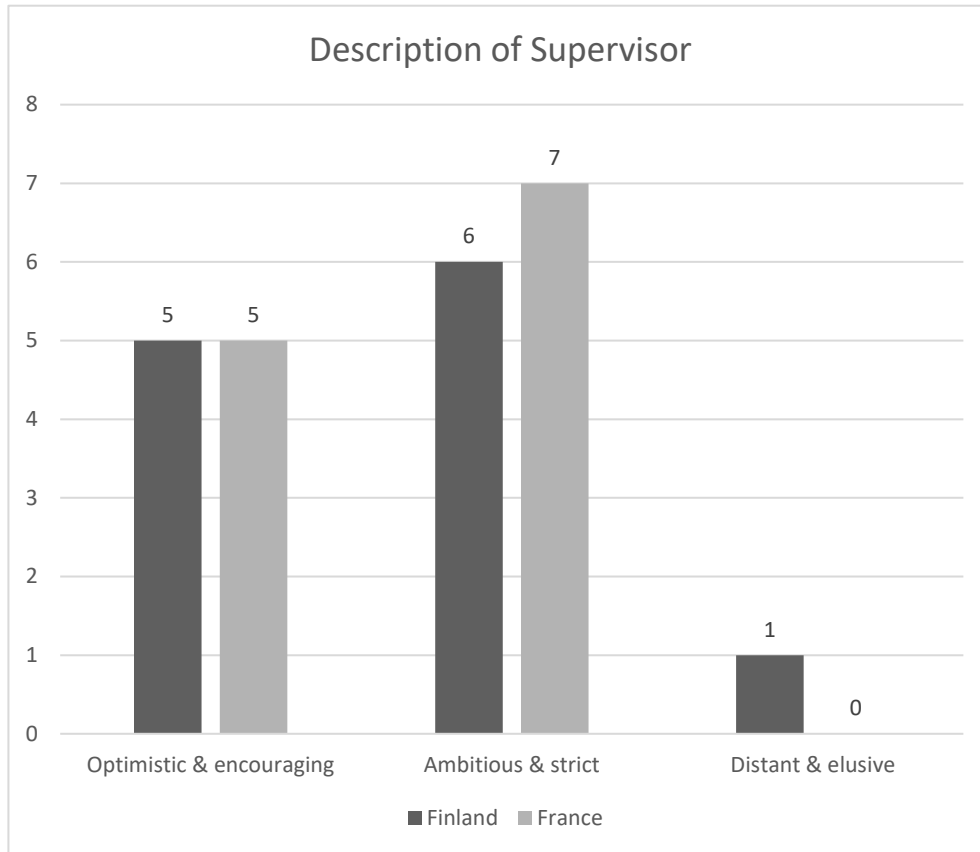
Below is a table of the results.

Figure 8. Description of supervisor

The second question was concerned with supervisor's views about change. Traditionally, transformational leaders view change as something positive, and constantly strive for change and new innovations. On the contrary, transactional leaders consider change as a burden, and rather focus on effectivity and formal operating models.

In France, all 12 respondents replied that their supervisor viewed change as something positive; In Finland, ten out of 12 respondents agreed to this and two respondents claimed that their supervisors follow patterns and are against change.

The third and last question was an open-ended question. The respondents were asked to choose one quality that they would add/change about their supervisor, in order to make him/her an even better leader.

Eight out of 12 Finnish respondents answered this question, and most of their comments had to do with interacting and being present. The improvement ideas from Finnish respondents:

"Supervisor should learn to be a better supervisor - lead his subordinates better"

"Supervisor should be more present in our working community, and make sure everyone works in cooperation: show interest towards his subordinates. My current supervisor sometimes gives too much freedom, and even though "hands off" -style is good, too much of it gives an impression he doesn't care"

"Supervisor should use more time interacting and communicating with us"

"Supervisor should have less responsibility areas"

"During our meetings, he should give more chances for others to speak as well. Otherwise he is just a phenomenal boss!"

"Supervisor has too much subordinates and work tasks. He can't focus on us employees, even though he wants to"

"Sharing information simultaneously to everyone"

Of the 12 French respondents, five answered the open-ended question:

"My boss is perfect, he could be at a superior position in a few months."

"Be closer to his team"

"Supervisor could be more encouraging"

"More support"

"He could put more effort on group cohesion"

4.2.4 Gender comparisons

To slightly deepen this research, the differences not only between the Finns and Frenches were examined, but also the differences among the same gender: Finnish females versus French females, and Finnish males versus French males.

First, below are two tables: the first one sums up how these four groups viewed the 11 claims (which consist of four transformational and transactional leadership claims, and three laissez-faire claims). The second table shows the distribution of answers when asked to describe their supervisor.
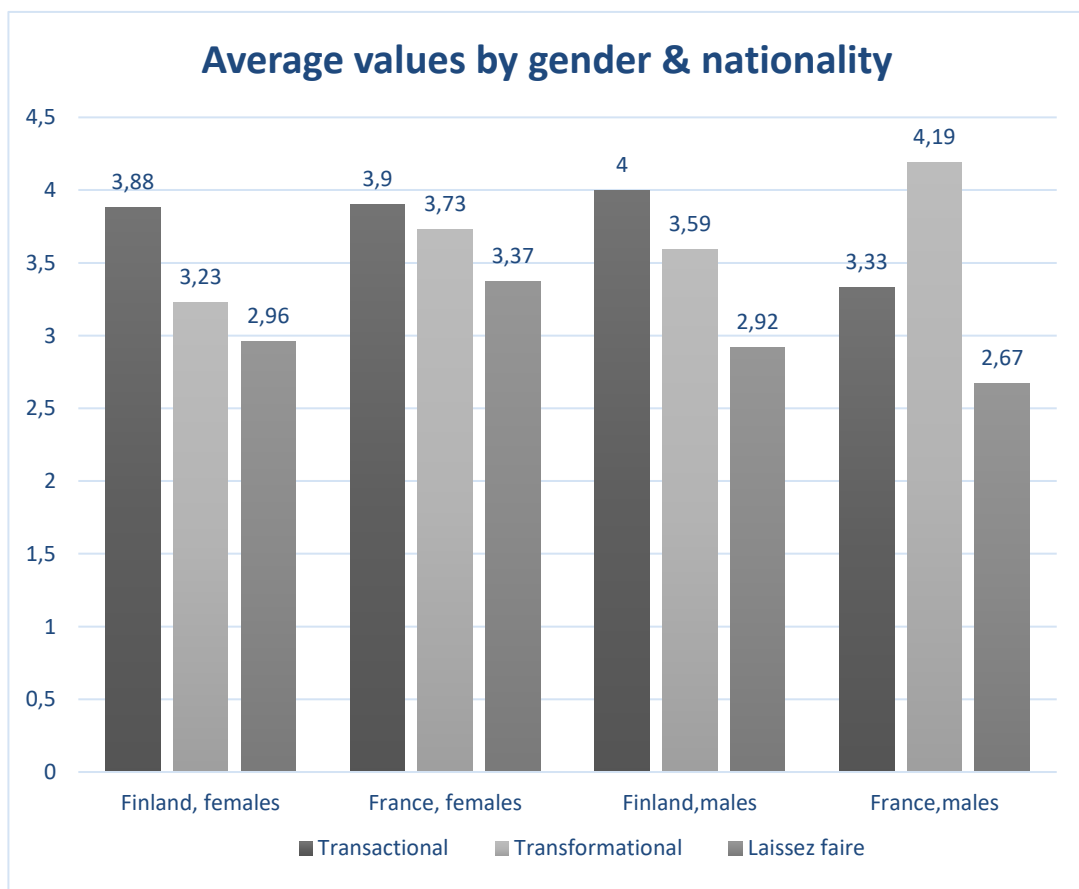

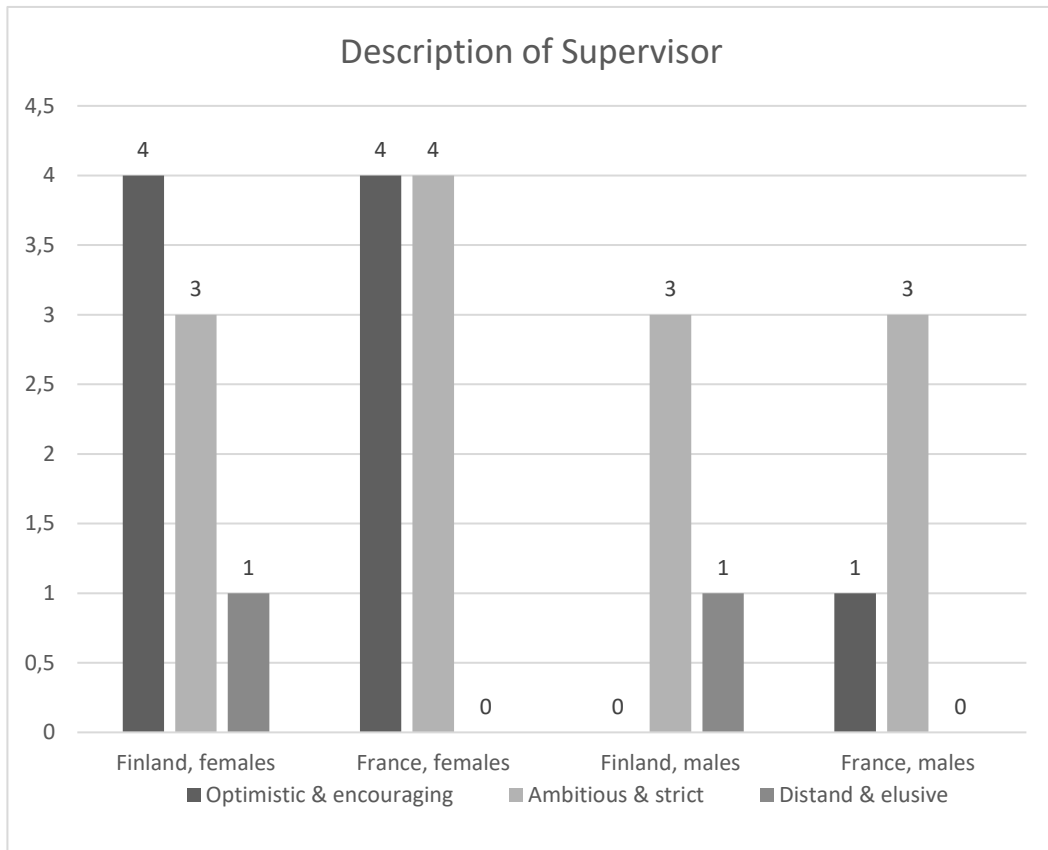Figure 9. Summary of leadership behavior by gender and nationality

Figure 10. Description of supervisor by gender and nationality

Responses by females

Overall, the results from the Finnish and French female respondents were very similar to each other. Female respondents in both countries viewed transformational leadership model as the most fitting to their current situation. In France, the differences between the three models were quite tiny as the average values of all landed between 3.37 - 3.90. Therefore, the gap between transformational and transactional leadership was smaller in France than in Finland.

When it came to describing one's supervisor, the responses among females were split up very similarly between "Optimistic and encouraging" and "Ambitious and strict".

Moreover, the most truthful and untruthful claims in my questionnaire's page two were similar among the female respondents as well. The respondents in both countries agreed that their supervisor

1. gives them a lot of freedom

2. cares for them as individual instead of treating them as "just one of the employees"

Besides this, the female respondents also agreed on the claims that didn't match their supervisor's leadership behavior well. They agreed that their supervisor does not:

1. use rewards or bonuses in a return for a job well done
2. avoid helping them when issues/problems occur

Responses by males

As the Figure 9, there existed somewhat broad distribution among the views of Finnish male respondents. They viewed claims of transformational leadership the most truthful (4.00/5), and the difference to the least truthful claims of laissez-faire leadership (2.96/5) was 1.04.

Furthermore, the views of Finnish male respondents were visibly different from the views of their French counterparts. Whereas Finnish males very clear about transformational leadership being the most used among them, the French males were just as certain about their leaders being transactional (4.19/5).

Both nationalities agreed on the main characteristics of their supervisor: as shown in Figure 10, out of all the eight male respondents, as many as seven described their supervisor as "Ambitious and strict". Besides this, the male respondents agreed on the least truthful claims about their supervisor, and stated that their leaders rarely:

1. avoid helping them when issues/problems occur
2. avoid decision-making, delegates lot of tasks

Finnish male respondents viewed the following three claims about their supervisors the most accurate:

1. my supervisor is extremely performance- and result-oriented
2. my supervisor gives a lot of freedom

3. my supervisor compliments and expresses gratitude aloud

The French counterparts, on the other hand, viewed these following claims, which are all features of transactional leadership, about their supervisors the most accurate:

1. the most important thing for my supervisor is achieving the goals and being on time
2. my supervisor easily notices my mistakes and failures
3. my supervisor is extremely result- & performance-oriented

5 Results & summary

In this last chapter, the original research questions introduced in chapter 1 were responded to, based on the information collected with the empirical study. Some ideas for future researches on the field of leadership will also be discussed.

Leadership studies are an extremely complex and broad subject. A vast majority of leaders in organization believe their behaviour is motivating, rewarding and value enhancing, yet their subordinates tell a different story (Von Bergen & Bressler 2004). Some researchers even think that subordinates' descriptions are the most useful, when identifying leadership qualities (Clark & Clark 1996).

The findings were disclosed on chapter 4, and based on those results, the original research questions are responded.

How employees' views of the leadership of their supervisors differ within the banking industry in Finland compared to France?

The single biggest difference became clear with the 11 claims presented on the second page of the questionnaire. The respondents were asked to rate 11 claims from "most untrue" to "completely true", depending on how these claims matched the leadership behaviour of their supervisor.

In Finland, the most trustful claims ended up being the ones about transformational leadership whereas in France, the claims about transactional leadership got the highest rate. A strong support for French subordinates' point of view was also the fact that out of 12 respondents, all but two told that their supervisor works in the same building but in a separate office. This refers to supervisors keeping a distance from their subordinates. A strong hierarchy and the idea of the leader being "more important" than the rest of the workforce is commonly known as a feature of transactional leadership. In Finland, 11 out of 12 respondents worked in the same room/space with their supervisor - a sign of transformational leadership where equality is highlighted.

When asked to describe their supervisor, both Finnish and French respondents either answered "ambitious and strict" or "optimistic and encouraging". There was no clear difference between the two countries. Similarly, out of the total 24 respondents, 22 respondents said their leader sees change as a positive thing and strive for it. This is a sign of transformational behaviour and as discussed in chapter 3.6, is also a crucial part of the leadership in the banking industry and its rapid innovations.

Also, the respondents from both countries recognized laissez-faire as the least used model among their supervisors. However, one laissez-faire claim, which suggested that the subordinates enjoyed a lot of freedom from their supervisors, was highly agreed on. This could also be considered a sign of transformational leadership, where the leader encourages the followers to think outside the box and find new ways of doing things.

The subordinates strongly disagreed with their supervisors avoiding responsibility or not being helpful when issues occurred.

Which one of the three leadership models is "the leading model" in each of the countries?

In Finland, transformational leadership got the highest rate (3.92/5) and transactional leadership was rated second (3.33/5).

In France, transactional leadership got the highest rate (3.87/5) and transformational leadership was rated second (3.80/5).

In both countries, laissez-faire was viewed as the least fitting leadership behaviour.

In Finland, respondents said their supervisor gives them a lot of freedom and is extremely result- and performance oriented. Finnish respondents also said they fully trust their supervisor.

French counterparts viewed three transactional claims as the most fitting for their situation, and among other things, said their mistakes are paid strong attention to - a claim that scored one of the lowest rates among Finnish respondents. Their trust towards their supervisor was also less obvious compared to Finns.

As mentioned above, respondents from both countries saw their supervisor as someone who strives for change and innovation (transformational behaviour). The description of the supervisor was split evenly in both countries between transformational behaviour and transactional behaviour.

In both countries, there were signs of transformational and transactional leadership at least on some level. This supports the idea of B.M. Bass who stated that these two leadership theories are likely to be displayed by the same individual in different amounts and intensities.

How subordinates' gender affects their point of view?

Comparison between genders also brought up some interesting points.

The female respondents in both countries viewed their supervisors more as transformational leaders, although the distribution of rates among French respondents was quite small. Females in both countries agreed that they receive a lot of freedom and feel like they are treated as individuals instead of just one of the pieces in the puzzle. There were no significant differences between females in Finland and France.

Among the male respondents, some differences were visible. French male respondents viewed their supervisors as transactional leaders with distinct rates (4.19/5), whereas their Finnish counterparts viewed their supervisors as transformational leaders (4.00/5). Finnish respondents said they get a lot of freedom and are often praised for their good work; French respondents said their supervisor's main focus is on getting the work done, and mistakes are noticed easily.

An interesting difference existed, however, between female and male respondents. When asked to describe their supervisor, the female votes split almost in half for "ambitious and strict" and "optimistic and encouraging". However, out of the eight male respondents, six described their supervisor as "ambitious and strict" and only two as "optimistic and encouraging".

How would subordinates further develop or improve their supervisors' leadership?

When given the chance to freely express how subordinates would further develop the leadership of their supervisors, answers were quite short. Eight Finnish respondents and five French respondents responded. French respondents seemed to agree that support, encouragement and team spirit were subjects their supervisors could put more effort into, and Finnish respondents mentioned the lack of time to deal with employees and the need to be a real leader; not just a boss.

Do subordinates seem satisfied with how they are being led?

Overall, subordinates seem quite satisfied with how they are being led. There were some ideas for improvement, but even then some respondents noted that some of those shortcomings were due to other reasons, such as too many other responsibilities, than the choice of their supervisor.

The respondents expressed their freedom while working, as well as their supervisors positive attitude towards change and innovation. Especially the Finnish respondents trusted their supervisors strongly. Out of the total 24 respondents, only one respondent described their supervisor as "distant and evoke".

All but one of the 24 respondents were close enough to their supervisors to call them by the first name, and none of the respondents felt like they supervisor did not at all care for them as individuals.

This research cannot be generalized and the results cannot be applied to any other situation without further research and investigation. Getting a deeper knowledge and understanding of the leadership in banking industry in Finland and France would require more respondents and more individualized research method, for example interviews made by experienced interviewee.

There are many interesting subjects that could be further studied; the influence of the supervisor's experience, age, gender and nationality on their leadership behavior; do supervisors view their leadership behavior the same way their subordinates' view it; how has digitalization shaped the leadership behavior of today's supervisors.

There exists a need for better understanding of cultural influences on leadership, especially in today's world where banking industry is facing globalization, technology innovation and digitalization.

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Appendix 1: Questionnaire

1. Age?

2. Gender?

3. How long have you worked at your current job position?

4. Where does your supervisor physically work at, on a daily basis?

a. Same room with me

b. Own office

c. Another building/city

5. How do you address your supervisor?

a. By first name

b. By last name

c. With a title (for example Sir, Mister, Miss)

6. Next I present 11 claims about your supervisor. You must rate the claim on a scale from 1 to 5, depending on how truthful it is. (1 = most untrue, 5 = completely true)

a. My supervisor is good at motivating and encouraging

b. My supervisor gives me a lot of freedom

c. My supervisor uses rewards and bonuses in a return for a job well done

d. My supervisor doesn't help when issues occur; she/he only steps in when things are bad already

e. I fully trust my supervisor

f. The most important thing for my supervisor is achieving goals and staying on the schedule

g. My supervisor notices mistakes and errors easily

h. My supervisor is extremely result- and performance-oriented

i. My supervisor praises me aloud

j. My supervisor avoids decision-making and delegates his tasks to others

k. My supervisor cares about me as an individual instead of just treating me as one of his/her employees

7. Which one of the following alternatives describes your supervisor the best?

a. Optimistic and encouraging

b. Ambitious and strict

c. Distant and elusive

8. How does your supervisor handle changes?

a. He sees change as something positive; he encourages to find alternative ideas and models

b. He sees change as a burden; he rather focuses on getting things done effectively in a way that's proven to work

9. If there one thing you could ad//change about your supervisor to make him even better at his job, what would it be?