SUSTAINABLE ENTREPRENEURSHIP
REGIONAL AND COUNTRY STUDIES

Nordic Europe

SUSTAINABLE ENTREPRENEURSHIP PROJECT

Dr. Alan S. Gutterman

Sustainable Entrepreneurship: Regional and Country Studies (Nordic Europe)

About the Project

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About the Author

Dr. Alan S. Gutterman is the Founding Director of the Sustainable Entrepreneurship Project and the Founding Director of the Business Counselor Institute (www.businesscounselorinstitute.org), which distributes Dr. Gutterman's widely-recognized portfolio of timely and practical legal and business information for attorneys, other professionals and executives in the form of books, online content, webinars, videos, podcasts, newsletters and training programs. Dr. Gutterman has over three decades of experience as a partner and senior counsel with internationally recognized law firms counseling small and large business enterprises in the areas of general corporate and securities matters, venture capital, mergers and acquisitions, international law and transactions, strategic business alliances, technology transfers and intellectual property, and has also held senior management positions with several technology-based businesses including service as the chief legal officer of a leading international distributor of IT products headquartered in Silicon Valley and as the chief operating officer of an emerging broadband media company. He received his A.B., M.B.A., and J.D. from the University of California at Berkeley, a D.B.A. from Golden Gate University, and a Ph. D. from the University of Cambridge. For more information about Dr. Gutterman, his publications, the Sustainable Entrepreneurship Project or the Business Counselor Institute, please contact him directly at alangutterman@gmail.com

Sustainable Entrepreneurship: Regional and Country Studies
Contents

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PART V
NORDIC EUROPE

Preface

In 1985 Ronen and Shenkar reviewed the then-published literature on country clustering[1], including works by Haire, Ghiselli and Porter[2]; Sirota and Greenwood[3]; Ronen and Kraut[4]; Hofstede (1976)[5]; Griffeth, Hom, Denisi and Kirchner[6]; Hofstede[7]; Redding[8] and Badawy[9]. Ronen and Shenkar integrated and synthesized the available data to propose their own map of country clusters based on patterns of employee work attitudes derived after reviewing responses of thousands of employees in dozens of countries around the world to questions about their general attitudes towards work (e.g., the importance of various work goals, their satisfaction of needs through work, organizational factors and managerial issues and the nature of roles and interpersonal relationships in the workplace including how well managers related to subordinates).

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[1] S. Ronen and O. Shenkar, "Clustering countries on attitudinal dimensions: A review and synthesis", Academy of Management Review, 10 (1985), 435-454. For further discussion of the various research studies reviewed by Ronen and Shenkar, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[2] M. Haire, E. Ghiselli and L. Porter, Managerial thinking: An international study (New York: Wiley, 1966).

[3] D. Sirota and J. Greenwood, "Understand your overseas work force", Harvard Business Review, 49(1)(1971), 53-60.

[4] A. Kraut and S. Ronen, "Similarities among countries based on employee work values and attitudes", Columbia Journal of World Business, 12(2) (1977), 89-96.

[5] G. Hofstede, "Nationality and espoused values of managers", Journal of Applied Psychology, 61 (1976), 148-155.

[6] R. Griffeth, P. Hom, A. Denisi and W. Kirchner, A multivariate, multinational comparison of managerial attitudes. Paper presented at the annual meeting of the Academy of Management, Detroit (August 1980).

[7] G. Hofstede, Culture's consequences: International differences in work related values (Beverly Hills: Sage, 1980). Hofstede's IBM survey is referenced frequently in this Guide and Ronen and Shenkar noted that several survey instruments used by Hofstede included various items relating to work goals (i.e., Hofstede's famous initial four dimensions of power distance, uncertainty avoidance, individualism and masculinity), need deficiency, fulfillment and job satisfaction. Hofstede also sought the opinions of respondents regarding their choice among four types of managers as to actual and preferred types of characteristics for their manager. Information regarding the variables used in the study and survey procedures that were followed is derived from S. Ronen and O. Shenkar, "Clustering Countries on Attitudinal Dimensions: A Review and Synthesis", The Academy of Management Review, 10(3) (July 1985), 435-454 (Table 1 – "Variables Used in the Studies Reviewed").

[8] G. Redding, "Some perceptions of psychological needs among managers in South-East Asia", in Y. Poortinga (Ed.), Basic problems in cross-cultural psychology (Amsterdam: Swets and Zeitlinger B.V.: 1976), 338-343.

[9] M. Badawy, Managerial attitudes and need orientations of Mid-Eastern executives: An empirical cross-cultural analysis. Paper presented at the annual meeting of the Academy of Management, Atlanta (August 1979).

Using a statistical procedure known as "smallest space analysis", Ronen and Shenkar identified and diagrammed eight country clusters: Arab, Near Eastern, Nordic, Germanic, Far Eastern, Latin American, Latin European and Anglo.[10] They also categorized four countries that they felt could not be easily fit into one of the clusters as "independents": Brazil, India, Israel and Japan. In general, countries tended to cluster together based on similarities in level of development and technological progress, geographic proximity, language and religious values and beliefs. Those countries that were classified as independents each had a unique language, religion, and history. The composition of the membership of each cluster is represented in the following table[11]:

Arab	Near Eastern	Nordic	Germanic	Far Eastern	Latin American	Latin European	Anglo
Abu-Dhabi	Greece	Denmark	Austria	Hong Kong	Argentina	Belgium	Australia
Bahrain	Iran	Finland	Germany	Indonesia	Chile	France	Canada
Kuwait	Turkey	Norway	Switzerland	Malaysia	Columbia	Italy	Ireland
Oman	Yugoslavia	Sweden		Philippines	Mexico	Portugal	New Zealand
Saudi Arabia				Singapore	Peru	Spain	South Africa
United Arab Emirates				Taiwan	Venezuela		United Kingdom
				Thailand			United States
				Vietnam			
Independents							
Brazil		India		Israel		Japan	

Ronen and Shenkar found that there country clusters generally corresponded to how countries might be grouped based on their measurements on the four original dimensions in Hofstede's cultural dimension model[12]:

	Power Distance	Individualism	Uncertainty Avoidance	Masculinity
Nordic	Low	Medium-High	Low-Medium	Low
Germanic	Low	Medium-High	Medium	High
Anglo	Low-Medium	High	Low-Medium	High
Latin European	High	High	High	Varies
Latin American	High	Low	High	Varies
Far East	High	Low	Low-Medium	Medium

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[10] S. Ronen and O. Shenkar, "Clustering countries on attitudinal dimensions: A review and synthesis", Academy of Management Review, 10 (1985), 435-454. Ronen and Shenkar actually presented the clusters in a "pie chart" format that grouped countries together in terms of their similarity on work-related variables and the table in the text follows this grouping of countries. For example, Latin American and Latin European countries were closely related as were Nordic and Germanic countries.

[11] Id. For discussion of "smallest space analysis," see L. Guttman, "A general non-metric technique for finding the smallest coordinate space for a configuration of points", Psychometrika, 33 (1968), 461-469.

[12] Derived from S. Ronen, Comparative and multinational management (New York: John Wiley & Sons, 1986), 262-265; and S. Ronen and O. Shenkar, "Clustering countries on attitudinal dimensions: A review and synthesis", Academy of Management Review, 10 (1985), 435-454.

Near East	High	Low	High	Medium

A Germanic cluster was distinguished in five of the cluster studies reviewed by Ronen and Shenkar (i.e., Ronen and Kraut (1977); Hofstede (1976); Ronen and Kraut; Griffeth et al.; and Hofstede (1980)) and while four of those studies also distinguished a Nordic cluster one of them, Griffeth et al., combined the Germanic and Nordic countries into one cluster. In addition, Haire et al. did not identify a Germanic cluster but did include Germany in their Nordic cluster. Accordingly, the threshold question for Ronen and Shenkar was to verify, as they did, the reliability and explanatory value of recognizing separate Germanic and Nordic clusters: Austria, Germany and Switzerland in the Germanic cluster and Denmark, Finland, Norway and Sweden in the Nordic cluster. While there was sufficient data to justify distinguishing two clusters Ronen and Shenkar noted that they should be viewed as "separate but contiguous" on any global map of cultural clusters in light of their similarities on many dimensions. In fact, Hofstede's analysis showed that the two clusters were quite similar on each of his dimensions other than masculinity.[13]

1	2	3	4	5	6	7	8	9
Denmark	Denmark	Denmark	Denmark		Denmark			Denmark
	Finland	Finland			Finland			Finland
Norway	Norway	Norway	Norway		Norway			Norway
Sweden					Sweden			Sweden
Germany								
								Netherlands

Cluster Studies: (1) Haire, Ghiselli and Porter; (2) Sirota and Greenwood; (3) Ronen and Kraut (1977) (SSA of Sirota and Greenwood); (4) Hofstede (1976); (5) Redding; (6) Ronen and Kraut; (7) Badawy; (8) Griffeth, Hom, Denisi and Kirchner; and (9) Hofstede (1980).

Researchers working on the Global Leadership and Organizational Behavior Effectiveness project, commonly referred to as "GLOBE" project[14], concluded that the respondents to their surveys could be classified into 62 "societal cultures". In order to facilitate meaningful interpretation of the results the researchers determined that the societal cultures they were investigating could be meaningfully placed into one of ten "societal clusters," sometimes simply referred to as clusters. The clusters were designed, defined and created before the research was conducted, not as a result of the findings reached once the data was collected and analyzed, and were based on a variety of factors including the results of previous empirical studies; other factors such as common language, geography and religion; and historical accounts.[15] Societal cultures in the

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[13] Id. Ronen and Shenkar also observed that while Sirota and Greenwood did not identify a Germanic cluster based on their original analysis—they placed Germany in their "independent" group—Ronen and Kraut's subsequent re-analysis of the data did show a Germanic cluster that included not only Germany but also Austria and Switzerland (both of which had been placed in an Anglo cluster by Sirota and Greenwood).

[14] For detailed discussion of the GLOBE project, see "Globalization: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

[15] For extensive discussion of the design of the societal cultures and the reasons for placement of societies within those clusters see Chapter 10 of R. House, P. Hanges, M. Javidan, P. Dorfman and V. Gupta (Eds),

Nordic Europe cluster include Denmark, Finland and Sweden. Societies in the Nordic Europe cluster were high on future orientation, gender egalitarianism, institutional collectivism and uncertainty avoidance and low on assertiveness, in-group collectivism and power distance. Societies in this cluster placed great value on societal level group identity, as opposed to identification with family and other in-groups, cooperation, non-assertiveness and equality. Long-term success was also important to societies in this cluster and was pursued through the use of strategic planning and the adoption of rules and laws to maintain order and consistency. [16]

The degree of similarity or dissimilarity between the Nordic Europe cluster and the other nine societal clusters with respect to the cultural dimensions measured during the GLOBE study was as follows[17]:

Correlation	Societal Clusters
Strong Similarity	Latin America; Anglo
Mild Similarity	Southern Asia; Germanic Europe
Neutral	Confucian Asia; Latin Europe
Mild Dissimilarity	Middle East (Arab); Sub-Saharan Africa
Strong Dissimilarity	Eastern Europe

Based on the information in the table above a manager from a society in the Nordic Europe cluster would expect to find familiar cultural values, although not precisely the same as in his or her own society, in the Latin America and Anglo clusters but would need to be especially careful and mindful of significant cultural differences in the Eastern Europe cluster.

The following chart depicts the relative importance and intensity of endorsement of the six culturally endorsed leadership dimensions to the societies included in the Nordic Europe cluster:

Level of Importance/Endorsement	Leadership Dimension
High	Charismatic/Value-Based Leadership
High	Participative Leadership
Moderate	Team Oriented Leadership
Moderate	Autonomous Leadership
Low	Humane Oriented Leadership
Low	Self Protective Leadership

Leaders in societies in the Nordic Europe cluster are most likely to be perceived as effective when they strive to inspire and motivate and expect high performance outcomes

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Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies (Thousand Oaks CA: Sage, 2004), 536. See also V. Gupta, P. Hanges and P. Dorfman, "Culture clusters: Methodology and findings," Journal of World Business, 37(1) (2002), 11-15.

[16] P. Northouse, Leadership: Theory and Practice (4th Ed) (Thousand Oaks, CA: Sage, 2006), 312-313.

[17] Chapter 10 of R. House, P. Hanges, M. Javidan, P. Dorfman and V. Gupta (Eds), Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies (Thousand Oaks CA: Sage, 2004).

from others on the basis of firmly held core values and when they involve subordinates in making and implementing decisions. Societies in the Nordic Europe cluster to not expect their leaders to be patient, supportive or considerate or demonstrate compassion, generosity and concern for the well-being of others; however, these societies strongly disapprove of leaders who are self-protective and engage in behaviors such as being status- and class-conscious, ritualistic, procedural, normative, secretive, evasive, indirect, self-centered, and asocial.[18] The leadership profile of the Nordic Europe cluster is strongly similar to the profiles for the Anglo and Sub-Saharan Africa clusters and strongly different than the profiles for the Middle East and Eastern Europe clusters. Leaders from the US and other societies in the Anglo cluster can expect a modest level of difficulties in deploying their preferred leadership styles in the Nordic Europe cluster due to differences regarding the value and effectiveness of the humane oriented and autonomous styles.

Other researchers have examined countries in the Nordic Europe cluster. For example, Brodbeck et al. found that support for the leadership dimension they referred to as interpersonal directness and proximity dimension, which they explained was generally the opposite of GLOBE's self protective leadership, was more prevalent in North/West European countries than in South/East European countries thus explaining why those attributes were perceived to be more prototypical of outstanding leadership in the North/West European countries (most prominently in Finland).[19] These findings are consistent with the conclusions of the GLOBE researchers that societies in the Nordic Europe cluster disapprove of leaders who are indirect and that the leadership profile of the Nordic Europe cluster is strongly different than the Eastern Europe cluster in which interpersonal directness is less prevalent.[20] Brodbeck et al. also found that participative leadership was strongly endorsed as an effective leadership style in France and in countries in the North/West European region, including countries in the Nordic Europe cluster.[21]

References and Resources

Additional information on studies and commentaries relating to various aspects of leadership and management styles and practices in Nordic Europe can be found in the Sustainable Entrepreneur's Libraries of Resources prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org) covering Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning,

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[18] Among the ten societal clusters the Nordic Europe cluster had the lowest level of association of humane oriented leadership with outstanding leadership with a mean score of 4.42 that was just slightly above the mid-point of 4 on the 1-to-7 measurement scale. Among the ten societal clusters the Nordic Europe cluster had the lowest level of association of self protective leadership with outstanding leadership with a mean score of 2.72, a sign that societies in this cluster felt that self-protective behaviors actually inhibited effective leadership.

[19] F. Brodbeck, M. Frese, S. Akerblom, G. Audia, G. Bakacsi, H. Bendova, et al., "Cultural variation of leadership prototypes across 22 European countries," Journal of Occupational and Organizational Psychology, 73(1) (2000), 1-29.

[20] Id.

[21] F. Brodbeck, M. Frese, S. Akerblom, G. Audia, G. Bakacsi, H. Bendova, et al., "Cultural variation of leadership prototypes across 22 European countries," Journal of Occupational and Organizational Psychology, 73(1) (2000), 1-29.

Governance, Corporate Social Responsibility, Finance, Human Resources, Product Development, Technology Management, Globalization and Managing Growth and Change.

§1:1   Introduction

Lamsa noted that the "quality of life", as measured by wealth, political stability, generosity of social welfare and foreign aid programs, low crime and high standard of living, is generally higher in the Nordic countries (i.e., Denmark, Finland, Iceland, Norway and Sweden) than in most other European countries.[22] A 2003 article in the Economist reported that Nordic workers were the happiest in their jobs and that the area was one of the most egalitarian in the world with respect to equality of treatment for women.[23] However, Lamsa observed that the social welfare state favored among Nordic countries would likely be coming under significant pressure as populations aged due to high life expectancies coupled with low birth rates and also cautioned that increased levels of immigration would challenge the relative calm that comes from a homogenous societal culture. Both Finland and Sweden are members of the European Union and have long had heavily export-oriented economies tightly integrated to the global economy. Lamsa reported that Sweden has a modern distribution system, excellent internal and external communications, and a skilled labor force, but that growth of the Swedish economy has likely been slowed somewhat by high government involvement. As for Finland, Lamsa indicated that it was generally considered to be the most competitive economy in the world after the US and that it had pivoted from a long-standing reliance on natural resources to electronics, information and communications technology and services. Being a small country with a population of about 5.4 million, Finland's globalization was necessarily accompanied by outsourcing manufacturing to low-cost foreign markets and home office activities are generally concentrated on research and development.

Birkinshaw made similar observations regarding the "Swedish way of working", explaining that the Swedes were a homogenous group with a strong work ethic, strong feeling about equality and a desire to fit in and conform to the norms and expectations of those around them.[24] These traits could be traced to the strong collectivist culture in Sweden coupled with a low power distance that leads to a lack of hierarchy, informality and openness in social and professional relationships. Birkinshaw also noted that Swedes demonstrated "feminine" values in their relationships that featured nurturing, caring and supporting and that Swedes had a high tolerance for uncertainty that made them less resistant to change and willing to consider and accommodate new ideas.

Birkinshaw noted that Sweden has more large companies per head of population than any other country in the world and that many of those companies had become global leaders in their fields and had become so successful that they were coveted by foreign investors

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[22] The discussion of economic conditions in the Nordic countries, particularly Finland and Sweden, in this paragraph is adapted from T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 142-143.

[23] "A Midsummer Night's Dream: Survey—The Nordic Region", The Economist (June 12, 2003).

[24] J. Birkinshaw, "The Art of Swedish Management", Business Strategy Review, 13(2) (2002), 11, 11-12.

interested in both their innovative and managerial competencies.[25] Birkinshaw also argued that Swedish companies have been trendsetters in introducing new management and organizational techniques including decentralizing global strategic roles to foreign subsidiaries and creating networked organizations.

Sweden has been among the world leaders in start-ups and entrepreneurship since the late 1990s. Early and broad adaptation of the Internet and a sophisticated broadband infrastructure has made Sweden a globally recognized hub for research and development, particularly with respect to technologies and products used in the world of the mobile Internet, and Kista, a suburb situated just north of Stockholm, has been lauded as one of the leading innovation clusters in the world and the region has attracted R&D investments from a wide array of large foreign companies including Microsoft, Nortel, Intel and Oracle.[26]

In Helsinki a number of software developers who gained much of their experience working for Nokia have been the pioneers in creating a vibrant, growing community of new studios and these firms have themselves spawned an important supporting ecosystem of tertiary services.[27] At the same time Stockholm has been seeing an explosion of new web development companies and has become a regular and popular host of major tech events led by both large and small firms.[28]

Amsterdam has been described as a tolerant and adaptable city in a country with a long history of looking beyond its own borders to create businesses of meaningful size and influence and the convenient location of Amsterdam and its sophisticated technological workforce has made it a magnet for foreign companies looking for a hub for their European operations. Amsterdam has achieved notable success in several burgeoning technological sectors, such as 3D printing; however, critics have argued that the government has not done enough to reduce regulatory and visa barriers and launch and support initiatives to keep companies in the Netherlands once they have achieved initial success and secured venture capital funding.[29]

§1:2   Entrepreneurship

Bremer observed that researchers had consistently found that there was a strong commitment and determination among Swedish entrepreneurs to achieve growth and increased prosperity and that in Sweden productivity is high, the labor force is well trained, research and development is world class and the global business network is extensive.[30] At the same time, however, there is imbalance in the age structure in Sweden and from 2010 onward the number of people over the age of 80 has been

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[25] Id. at 12-13.

[26] Id. at 13.

[27] T. Cheshire, "Europe's Hottest Startup Capitals: Helsinki", Wired (October 1, 2013).

[28] T. Cheshire, "Europe's Hottest Startup Capitals: Stockholm", Wired (October 1, 2013).

[29] S. Armstrong, "Europe's Hottest Startup Capitals: Amsterdam", Wired (October 1, 2013).

[30] I. Bremer, "Common Factors between Swedish and Chine Entrepreneurial Leadership Styles", in R. Simons (Ed.), Human Resource Management: Issues, Challenges and Opportunities (2011), 135, 150 (citing The Confederation of Swedish Enterprise, Facts about Sweden's Economy (2005)).

increasing faster than the number of persons gainfully employed. This so-called "dependency burden" comes at a time when the number of entrepreneurs in Sweden is historically low and Swedish companies must also contend with new challenges such as competitiveness, growth and jobs.

According to Bremer, large corporations have traditionally played a significant role in the Swedish economy and studies have consistently shown that Sweden has the highest dominance of large firms among all of the countries in the OECD.[31] Correspondingly, self-employment has accounted for a relatively low share of total employment in Sweden and ownership of economic assets and resources is highly concentrated within the large Swedish corporations. Bremer noted that this model has been supported by a corporate tax system that benefits institutional owners and encourages debt financing while making it costly to form and operate private individually-owned businesses. In addition, Sweden has one of highest tax burdens on lower income individuals in the world, which makes it difficult to accumulate the personal savings needed by potential entrepreneurs to launch new businesses.[32] New Swedish businesses must also overcome employment security and wage provisions in Swedish law which have tended to substantially increase the wage costs for start-ups.

Bremer noted that public respect and approval for entrepreneurship has increased significantly in Sweden but that there are difficulties in starting a new business, including a high tax rate on labor. The government has recognized the need to take steps to encourage entrepreneurship such as improving business education and easing restrictions on immigration to increase access to skilled workers needed to launch and build new businesses.[33] In addition, changes in public procurement procedures have been implemented to open up the bidding process and make it accessible for smaller businesses and the time and paperwork associated with launching a new business has been reduced to discourage entrepreneurs from simply operating in an informal sector that creates unfair competition.

Bremer identified a number of challenges and problems relating to the structure and regulation of labor markets in Sweden. For example, younger and older people, as well as immigrants, often have problems finding jobs in Sweden and labor market regulations have been characterized as "outmoded". Recruitment and retention of employees is hindered by complicated rules and tax regulations and high payroll costs and, in general, mobility in the Swedish labor market is highly constrained.[34]

§1:3 Leadership

According to Ekwall and Karlsson, the prevalent leadership style in Finland is commanding and straightforward and Finnish leaders "are strong authorities who

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[31] Id. (citing M. Henrekson, "Entrepreneurship—A Weak Link in the Welfare State?", Industrial and Corporate Change, 14(3) (2005), 437).
[32] Id. at 155.
[33] Id. at 152.
[34] Id. at 153.

ultimately bear the responsibility and are able to make large decisions alone".[35] Ekwall and Karlsson also noted that Finnish leaders make decisions quickly and are not usually questioned by subordinates, who are expected to implement the decisions even in the face of differences of opinion with their leader.[36] Once decisions are made, Finnish leaders are expected to be present and available to their subordinates in order to answer questions and provide additional directions on implementation of decisions. Implementation and performance are valued more highly than planning within Finnish companies and Finnish leaders are generally impatient and prefer to press forward aggressively and deal with chaos and problems as they arise. Other expected characteristics of effective leaders in Finland include honesty, candor and reliability.[37]

In contrast to Finland, leadership style in Sweden is often characterized as being representative of a softer trend, following the country's higher femininity on Hofstede's masculine-feminine dimension of societal culture. Swedish leaders attempt to establish a consensus among the members of their team and avoid conflicts and seek agreement on all matters to be decided and commitment from all team members to the decisions.[38] Lamsa noted that "[t]he Swedish leader is usually one of the workers among others than a lonely ruler" and that "[i]n Sweden, management is not the person-centered but functional-centered in which case big crisis does not usually arise although a change of manager midstream".[39]

Bremer noted that Swedish leadership style has been characterized as "vague and imprecise" and famously illustrated by the claim that a typical Swedish order was "See what you can do about it!".[40] Holmberg and Åkerblom, who have written extensively on leadership and culture in Sweden, explained that this approach demonstrated that Swedish leaders were comfortable with delegating authority and trusted their subordinates to find and execute solutions without excessive amounts of control and based primarily on a common understanding of the problem. They also noted that Sweden is an egalitarian and unusually homogeneous society, a situation which is conducive to pursuing and achieving consensus and permitting everyone's opinion to be respected and considered during the decision making process. According to Holmberg

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[35] T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 144 (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 150-155).

[36] Id. (March 2010) (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 178).

[37] Id. (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 105, 178). See also D. Swallow, Culture shock! A Guide to Customs and Etiquette: Finland (2001), 144-145.

[38] T. Lamsa, Leadership Styles and Decision-Making in Finnish and Swedish Organizations, Review of International Comparative Management, 11(1) (March 2010), 140, 145 (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 150-151).

[39] Id. (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 150).

[40] I. Bremer, "Common Factors between Swedish and Chine Entrepreneurial Leadership Styles", in R. Simons (Ed.), Human Resource Management: Issues, Challenges and Opportunities (2011), 135, 157. The illustration originally appeared in A. Edström and S. Jönsson, "Swedish Leadership", in B. Czarniawska (Ed.) Organisationsteori på svenska (1998).

and Akerblom, mutual understanding and collective consideration is extremely important in Sweden and Swedes clearly prefer compromised solutions.[41]

While Hofstede found Sweden to be individualistic and low on uncertainty avoidance, Holmberg and Akerblom described Sweden as being both extremely collective and extremely individualistic and high on uncertainty avoidance with a strong future orientation.[42] Holmberg and Akerblom argued that Swedes seek to maintain a separation between their public and private lives, much more so than in other parts of the world, and value their independence and solitude.[43] According to Trompenaars and Hampden-Turner, Swedes place high emphasis on individual integrity, freedom, needs and values, yet also believe that individual fulfillment is closely linked to developing and sustaining others through work activities.[44]

Holmberg and A˚kerblom described and summarized the finding of various studies conducted under the auspices of the GLOBE project with regard to implicit leadership styles in Sweden.[45] They reported that the characteristics of leadership rated most effective among Swedish middle managers were, in order, inspirational, integrity, visionary, team integrator, performance orientation, decisive, and collaborative team orientation. At the same time, the Swedish middle managers disliked leaders who were autocratic, face-saving, self-centered and/or malevolent. These findings led to the statement that in order to be considered an outstanding leader in Sweden, one "should be should be honest and trustworthy, and inspire and engage the organization members to perform their best towards a visionary future" and "should not work in her or his own self-interest, but rather for the common good and also be a master of creating a team spirit within the organization".[46] These characteristics were consistent with the implicit leadership style that the GLOBE researchers referred to as "charismatic and team-oriented". In the context of comparing to other countries, outstanding leadership in Switzerland was characterized by admiration of humane leaders with extraordinary capabilities to create and sustain teams.

Holmberg and A˚kerblom also compared and analyzed Swedish data on "outstanding leadership" with data from other countries collected during the GLOBE project and argued that it was possible to identify certain leadership ideals that were important to Swedish middle-managers and others that distinguished the Swedish group from the rest

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[41] Id. See also I. Holmberg and S. A˚kerblom, Primus inter pares—Leadership and Culture in Sweden (1998).

[42] Id. at 156 (citing G. Hofstede, Cultures and Organizations: Software of the Mind (1980) and I. Holmberg and S. A˚kerblom, Primus inter pares—Leadership and Culture in Sweden (1998)).

[43] I. Holmberg and S. A˚kerblom, Primus inter pares—Leadership and Culture in Sweden (1998) (citing A. Daun, Swedish Mentality (1989)).

[44] F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture (1993).

[45] I. Holmberg and S. A˚kerblom, "Primus inter pares—Leadership and Culture in Sweden", in J. Chhokar, F. Brodbeck and R. House, Culture and Leadership Across the World (2007).

[46] Id. at 20-21.

in a global comparison including "participative decision-making, conflict-aversion, strong focus on interrelations, a certain formality [and] change-orientation".[47]

§1:4   Management

Warner-Søderholm, while acknowledging the popularity of the concept of "Scandinavian culture" and belief that all of the Nordic countries shared similar cultural values, cautioned against ignoring sometimes subtle, yet clear and important, differences among those countries that can influence business and management practices.[48]   Warner-Søderholm reviewed the inter-cultural dimensions developed and used by the GLOBE researchers to compare their findings of Danish, Swedish and Finnish research with new data collected by her from Norway to identify cultural differences among the four countries in the Nordic region. She noted that the results of research regarding the societal cultures of all four countries appeared to confirm that each of the countries were intrinsically egalitarian; appeared to value low power distance, directness and consensus in decision making; and appeared to promote gender egalitarianism. However, each country has its own unique characteristics, which she summarized as follows: "The hallmark of Norwegian cultural practices within a Nordic context is seen to be higher gender egalitarianism. The most pronounced Danish cultural trait within a Nordic framework is low power distance. The Finnish culture on the other hand is seen to be the most hierarchical and formal culture in the Nordic region, whereas the Swedish culture is said to mirror values such as 'socially concerned individualism'. Indeed, a subtle equilibrium seems to pervade the Swedish way of behaving–a balance between individualism and social concern." Based on her findings, Warner-Søderholm offered country-specific prescriptions to managers in the Nordic context about how they might accommodate the cultural differences among the four countries:

- Among the four countries Norwegians tended to place greater value on low context communication, stronger gender egalitarianism values and a low power distance, and Warner-Søderholm recommended with managers needed to be prepared to deal with a direct culture where honesty was traditionally more valued over face and harmony.
- Swedes valued collectivism within the framework of "socially concerned individualism" (i.e., individuals were expected and encouraged to pursue personal achievement while supporting collective initiatives such as the "welfare state"),

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[47] I. Holmberg and S. A˚kerblom, "Modelling Leadership—Implicit Leadership Theories in Sweden", Scandinavian Journal of Management, 22 (2006), 307, 312.

[48] G. Warner-Søderholm, "But We're Not All Vikings!: Intercultural Identity within a Nordic Context", Journal of Intercultural Communication, 29 (August 2012), 1. The text of the article can be accessed online at http://immi.se/intercultural/nr29/warner.html.   See also T. Grennes, "Scandinavian Managers on Scandinavian Management", International Journal of Value-Based Management, 16 (2003), 9; L. Holt and U. Bruun de Neergaard, Nordic Lights: A Research Project on Nordic Leadership and Leadership in the Nordic Countries (2007); M. Lindell and J. Arvonen, "The Nordic Management Style of Investigation", in S. Jonsson (Ed.), Perspectives of Scandinavian Management (1996), 11; M. Lindell and C. Sigfrids, "Culture and Leadership in Finland", in J. Chhokar, F. Brodbeck and R. House, Culture and Leadership across the World: The GLOBE Book of In-Depth Studies of 25 Societies (2007); P. Smith, J. Andersen, B. Ekelund, G. Gravesen and A. Ropo, "In Search of Nordic Management Styles", Scandinavian Journal of Management, 19 (2003), 491; and G. Warner-Søderholm, Culture Matters: Norwegian Cultural Identity within a Nordic Context (2011).

participative decision-making, pragmatic and "matter-of-fact" approaches to tasks, and clear borderlines between private and public lives.

- Danes preferred an individualistic, autonomous approach to tasks and open and participative management without close supervisory controls, and were prone to rely heavily on support and advice from colleagues and co-workers rather than instructions handed down from the top of the organizational hierarchy.

- Finns preferred a more silent and conservative approach with more defined sense of responsibility, clear lines of authority, less social networking and a strong aversion to rules made by others and a strong respect for "unwritten rules". Warner-Søderholm also noted that Finland was the most masculine of the four cultures and that this might explain why there were fewer women in decision-making positions in Finland as compared to the other Nordic countries.

In 1997, Jack Welch, former CEO of General Electric, observed that Swedish managers were comfortable in global environments and opined that "Pound for pound, Sweden probably has more good managers than any other country".[49] Comfort with globalization begins at an earlier age for the typical Swedish manager with schooling in English and frequent opportunities to attend schools in the US or the UK and continues during his or her career with assignments to foreign subsidiaries and affiliates.

Birkinshaw noted that Swedish management was "unthreatening" and "polite" and emphasized "empowerment, teamwork and consensus-based decision making".[50] In addition, according to Birkinshaw, effective Swedish managers operated under the guiding principle that "you should believe in and respect the ability of every individual that works for you".[51] According to Birkinshaw, the Swedes had avoided many of the "quick-fix" management ideas and solutions that have circulated over the last several decades and while they are open to new ideas they approach them in a deliberative process that emphasizes involvement by all interested parties as a means for building a sense of collective ownership of a new plan before it is implemented.[52]

Birkinshaw argued that there are some common managerial traits that could be seen in most Swedish companies and suggested that "[t]he Swedish style of management can be boiled down to two elements – empowering and coaching".[53] Empowerment meant that Swedish managers were comfortable with delegating responsibility to subordinates, sharing decision making with them, and appreciating their initiative. Coaching for Swedish managers meant working to ensure that everyone felt like they were part of the same team, encouraging and facilitating cooperation, keeping informed about the progress of everyone's work activities and, finally, taking an active interest in the individual performance and well-being of each subordinate.

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[49] Quote appeared in J. Birkinshaw, "The Art of Swedish Management", Business Strategy Review, 13(2) (2002), 11, 13.
[50] Id. at 14.
[51] Id.
[52] Id.
[53] Id. at 14-15.

Acknowledging that both empowerment and coaching had become clichés in management doctrine, Birkinshaw turned to research conducted by Zander that compared how managers related to their subordinates in 18 different countries and concluded that the one-on-one relationships that managers develop with their subordinates differ significantly from country to country even when those managers are all attempting to emphasize and practice empowerment and coaching.[54] Zander found that, in practice, Swedes, as well as their counterparts in other Scandinavian countries, did emphasize empowerment, but that subordinates were less keen on coaching and direct supervision and preferred, in the words of Birkinshaw, "a model that gives them a lot of freedom to do their work uninterrupted by their boss" and being given a particular objective to attain but being allowed to figure out how to achieve it on their own.[55] In order for this approach to be successful, managers need to have complete trust in their subordinates and be willing to accept mistakes that may be made and value them as tools for learning.

Kakabadse et al. identified four basic European styles of cross-national teams and reported that executives in Finland and Sweden tended to use what was referred to as a "consensus" model for managing and leading their workers, which featured, in the words of Lamsa, "working in groups and team spirit: and a emphasis by managers on "people moving forward together through effective communication and stability, open discussion at team meetings and consensus decision making".[56] Lamsa noted that the perception of consensus among Finnish and Swedish workers was an important element of the degree of their job satisfaction.

A survey conducted among 42 representatives of Finnish and Swedish companies working in management positions provided interesting comparative insights on leadership and management styles.[57] For example, a majority of the Finnish respondents felt that Finnish leaders were more traditional and stiffer than the Swedes, that Finnish leaders took sole responsibility for decisions and that the Finnish management style was not as democratic and participative as the style preferred in Sweden. The Finnish respondents were critical of the slow pace of decision making in Sweden and felt that the Swede's desire to achieve consensus slowed progress. Representative comments from the Finnish respondents included the following: "In Sweden the leader's main task is to get all subordinates committed in the joint decision. In Finland is made more decisions based on the position of power. In Finland delegated responsibility means clearly the delegation of decision-making" and "The Finnish leaders can do decision-making better and they bear the responsibility of it. To Swedish managers the decision-making is slower

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[54] L. Zander, The Licence to Lead (1998).

[55] J. Birkinshaw, "The Art of Swedish Management", Business Strategy Review, 13(2) (2002), 11, 15.

[56] T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 141 (citing A. Kakabadse, A. Myers, T. McMahon and G. Spony, "Top Management Styles in Europe: Implications for Business and Cross-National Teams", European Business Journal, 7(1) (1995), 17). Other styles identified by Kakabadse, et al. included "managing from a distance" (France); "working towards a common goal" (Germany and Austria); and "leading from the front" (UK, Ireland and Spain).

[57] Id. at 146-147 (citing J. Hakkarainen, Management by perkele vai management by ack herreguuden? Tutkimus suomalaisen ja ruotsalaisen johtajuuden kulttuurieroista (2006)).

and more difficult. Responsibilities may also blur in complex designs."[58] The Finnish respondents perceived Finnish leaders as being task oriented while Swedish leaders were more human oriented and maintained closer contact and dialogue with their subordinates than their Finnish counterparts.

For their part, the Swedish respondents believed that Finnish managers were much more authoritarian than Swedish leaders and that the organizational structures typically found in Finland were much more hierarchical than the flat organizations preferred in Sweden. One of the Swedish respondents characterized Finnish management style as militaristic, albeit honest and straightforward, and Swedish respondent generally felt that subordinates in Finland followed the decisions of top management with question or debate based on the assumption that top management had all the information and knowledge necessary to make the best decisions. The Swedes felt that the Finns viewed management and business with more formality than the Swedes and that the Finnish managers did not take the individual concerns of their subordinates into consideration while Swedish managers were much more interested in how their subordinates felt mentally and took time to inquire about their personal lives.

Researchers have often observed that Swedes are diligent and hardworking, take their work seriously and are closely identified with their work.[59] The search for consensus among team members in Sweden before a decision is made is generally accompanied by extensive planning, discussion and organization before a decision is finalized and implemented, all steps that are seen as a way to ensure that the team is fully committed to a common goal and to attaining the highest quality.[60]

Schramm-Nielsen analyzed and compared the cultural dimensions of decision-making processes in French and Danish companies and found that there were clear differences between the two classes of companies with respect to the ways that decisions were arrived at in terms of how managers emphasized different phases of the decision making process.[61] Schramm-Nielsen suggested that in order to adequately characterize actual behavior in French and Danish companies it was necessary to supplement classical theories of decision making (i.e., "economic man", "administrative man" and "the science of muddling through") with two new models that the author referred to as "emotional man", which was applicable to French management, and "action man", which was applicable to Danish management.[62] Briefly, "emotional man" referred to a person

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[58] Id. at 146 (March 2010) (citing J. Hakkarainen, Management by perkele vai management by ack herreguuden? Tutkimus suomalaisen ja ruotsalaisen johtajuuden kulttuurieroista (2006)).

[59] See, e.g., G. Herlitz, Swedes: What Are We Like and Why We are As We Are (1995).

[60] T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 145-146 (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 152).

[61] J. Schramm-Nielsen, "Cultural Dimensions of Decision Making: Denmark and France Compared", Journal of Managerial Psychology, 16(6) (2001), 404.

[62] For discussion of the three classical theories of decision making referred to in the text, see J. March and H. Simon, Organizations (1958) ("economic man"); H. Simon, Administrative Behavior (1947) ("administrative man"); and C. Lindblom, "The Science of Muddling Through", Public Administration Review, 19 (1959), 79 ("the science of muddling through").

who was impulsive and emotional in decision making, creatively irrational as opposed to consciously rational, and the descriptor "action man" referred to a decision maker marked by pragmatic rationality based on experience and on induction from empirical findings.[63]

Based on responses provided by both French and Danish managers, Schramm-Nielsen concluded that while French managers were focused on showing their intellect and creativity, the Danes concentrated on "being pragmatic, realistic and result oriented" as decisions were being made and implemented and cautioned that the weak point in the Danish process was likely with respect to "control", since Danish managers were must more disposed to giving subordinates "responsible autonomy" to implement decisions.[64] In fact, Schramm-Nielsen argued that "[t]he Danes . . . found the control mechanisms and procedures overwhelming and unnecessary, believing that people could be trusted to do their best and to be capable of assessing the situation".[65] According to Schramm-Nielsen, Danes wanted to get down to action and start operations and were better than the French at organization, implementation and other aspects of the practical side of the decision making process. Danes were far less interested than the French in investing time and effort in identifying and evaluating alternatives, and Schramm-Nielsen noted that this meant that they had to live with less comprehensive knowledge of the consequences. Danes were also less likely to reconsider goals and objectives once initial decisions had been made, meaning that the goals remain constants and challenges that come up after the fact with regard to implementation are solved as opposed to triggering a full re-assessment of the chosen direction.

§1:5   Organizational design

Studies performed by Schneider and Barsoux provided evidence that people from the countries in the Nordic culture cluster were less concerned about risk and power distance and thus were comfortable interacting in organizations that were less hierarchical and formal and which operated under the "village market" model of organizational structure, which was based on low formalization and hierarchy and had specific characteristics that included decentralized; generalist; people as "free agents"; entrepreneurial; flexibility; more delegation; coordination through informal, personal communication; and output control.[66] Another example of "implicit models of organization" was offered by the ITIM Culture and Management Consultancy, which suggested that countries in Scandinavia and the Netherlands would rely on a "network model" in which consensus was sought based on broad participation in decision making.[67]

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[63] J. Schramm-Nielsen, "Cultural Dimensions of Decision Making: Denmark and France Compared", Journal of Managerial Psychology, 16(6) (2001), 404, 407.

[64] Id. at 420.

[65] Id. at 419.

[66] S. Schneider and J.-L. Barsoux, Managing Across Cultures (2nd Ed.) (2002). A "village market" was one of several "implicit models" of organizational structure that had been identified in previous work conducted by Hofstede and Stevens. See G. Hofstede, "Motivation, Leadership and Organization: Do American Theories Apply Abroad", Organization Dynamics, 9 (1980), 42, 60.

[67] For further discussion, see H. Wursten, Culture and Change Management, ITIM Culture and Management Consultancy. Wursten's work closely followed the principles of Hofstede and Stevens, as well as Mintzberg, and used all of the dimensions of societal culture included in the Hofstede framework

Lamsa suggested that the low power distance found in Finland and Sweden contributed to the preference among companies in those countries for a flat organizational structure in which authority and responsibilities were more equally distributed throughout business organizations.[68] In a survey conducted among 42 representatives of Finnish and Swedish companies working in management positions, the Swedish respondents generally felt that the organizational structures typically found in Finland were much more hierarchical than the flat organizations preferred in Sweden.[69]

Gibson selected Scandinavia, specifically Norway and Sweden, along with Australia for a comparative study of the implications of national culture for organizational structure.[70] Gibson noted at the outset that Norwegians and Swedes have been recognized as valuing collectivism, power sharing and participation, and went on to conduct interviews with managers from each of those countries that included fundamental questions with respect to describing their positions and what they did on a daily basis, the processes followed for making decisions during the course of their day, and the determinants of the methods that they used to satisfy the responsibilities of their positions. Gibson found evidence to support the general proposition that organizational structures used, preferred and accepted in both Scandinavia and Australia coincided with the theoretical research perspective that Gibson had described as "organization structure as a manifestation of culture values", meaning that the influence of culture on decisions about organizational structure is relatively pervasive and that individuals are not really "rational 'adopters' who are free to interpret cultural rules and take them into consideration when designing or redesigning organization structure".[71] Gibson explained that proponents of this perspective, which included Hofstede, believed that organizational structure was a manifestation, or "symptom", of cultural values and that these values were "embedded within individual members and groups of members in a society rather than phenomena external to those individuals or groups".[72]

Gibson continued by describing how statements made by the respondents in her survey indicated that cultural values dictated various dimensions of organizational structure in Norway and Sweden.[73] For example, with respect to formalization, most of the responses confirmed a tendency toward formality and bureaucratization.   With respect to specialization, the respondents noted that there was a tradition of allowing individuals a large amount of freedom with respect to how they conducting their jobs, but that it was expected that managers would still know what was going on within their groups or teams. As for standardization, the respondents felt that Swedes generally preferred to follow

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[68] The discussion of economic conditions in the Nordic countries, particularly Finland and Sweden, in this paragraph is adapted from T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 144.

[69] Id. at 146-147 (March 2010) (citing J. Hakkarainen, Management by perkele vai management by ack herreguuden? Tutkimus suomalaisen ja ruotsalaisen johtajuuden kulttuurieroista (2006)).

[70] C. Gibson, "The Implications of National Culture for Organization Structure", Advances in International Comparative Management, 9 (1994), 3.

[71] Id. at 10.

[72] Id.

[73] Id. at 21-23.

rules and not pursue new, perhaps more creative, ways of doing things. The responses regarding centralization tracked the findings of other researchers by indicating a preference for a "softer style" of decision making that included broad participation in discussions prior to decisions in an effort to gain acceptance and support for the direction to be taken by the organization. Some respondents believed that there was a trend toward decentralization of decision making. Finally, with respect to configuration of the organizational structure, respondents believed that companies established multiple, but equal, functional units as a means for creating and managing the multiple capabilities needed to solve different types of problems.

Bialas studied foreign subsidiaries of French and Swedish companies in Poland to determine the influence of the societal culture in the parent company's home country—on the the organizational structure of their subsidiaries established and operating in Poland.[74] Bialas was particularly interested in the extent to which power distance determined relations between managers and employees in those subsidiaries and chose France and Switzerland specifically as contrasting examples of high (France) and low (Sweden) power distance cultures. Bialas began by summarizing some of the literature on Swedish management practices and noted, for example, that researchers had found high levels of employee participation and high autonomy in Sweden coupled with direct communications and transfer of large amounts of information to employees that they could presumably use in carrying out the duties of their positions.[75] Bialas noted that these characteristics were consistent with the low power distance in Swedish societal culture. Bialas then collected data from two Swedish manufacturing plants and two French manufacturing plants operating in Poland using interviews, documentation analysis and questionnaires and found evidence to support two hypotheses: in the Swedish enterprises the relations between managers and employees would be more direct, the power should be based on competencies, and less connected with the status symbols than in French enterprises; and the Swedish enterprises should be characterized by larger dimension of employee involvement and participation than French enterprises. Bialas was unable to confirm a third hypothesis that the communication in Swedish enterprises should be characterized by mutual exchange of experiences between managers and employees and upward communication should be present in larger degree than in French enterprises.

§1:6   Organizational culture

Trompenaars famously attempted to develop a cross-cultural comparative model of organizational cultures based on responses received from 42 countries to questionnaires that "deal[t] with general concepts of egalitarianism versus hierarchy, degrees of formality, different forms of conflict resolution, learning and so on" and asked

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[74] S. Białas, "Power Distance as a Determinant of Relations between Managers and Employees in the Enterprises with Foreign Capital", Journal of Intercultural Management, 1(2) (2009), 105.

[75] See, e.g., B. Czerniawska-Joerges, "Swedish Management", International Studies of Management and Organization, 1(23) (1993), 17; P. Lawrence, Management in Western Europe (2000), 47; and M. Lindell and J. Arvonel, "The Nordic Management Style in a European Context", International Studies of Management and Organization, 16(3) (1996), 85.

respondents to "choose between four possible descriptions of their company" that corresponded to four types of organizational cultures suggested by Trompenaars.[76] The highest score for one of the types, referred to by Trompenaars as "incubator", was found in Sweden. According to Trompenaars, the incubator type of organizational culture was "fulfillment-oriented" and associated with high scores for egalitarianism and person-orientation.[77] In contrast to the other types of organizational cultures, incubators placed individual fulfillment before organizational goals and it was expected that the organization would "serve as incubators for self-expression and self-fulfillment". Incubators have little formal structure or hierarchy in order to free members of the organization from routine; however, with freedom comes the expectation that members will use it "to confirm, criticize, develop, find resources for and help to complete the innovative product or service". Incubators typically generate intense emotional commitments among their members; however, the emotional ties are not to other members, even though personal relationships are strong, but rather to nature of the work being carried out by the organization (i.e., saving lives, empowering people, "changing the world", etc.). Trompenaars summed up the incubator well by observing: "Incubator cultures enjoy the process of creating and innovating. Because of close relationships, shared enthusiasms and superordinate goals, the incubator at its best can be ruthlessly honest, effective, nurturant, therapeutic and exciting, depending as it does on face-to-face relationships and working intimacies". He also noted that incubators rarely survive the maturation of their products and the associated markets.

Routamaa and Hautala identified and discussed value types and work goals among a sample of Finns as part of a comparative study with sample of Pakistanis.[78] They began by noting that previous studies of societal culture in Finland had found that Finns were characterized by small power distance, femininity, individualism and lower uncertainty avoidance on the dimensions of societal culture popularized by Hofstede. They commented that the work of other researchers, such as Hofstede, would predict that a country with the aforementioned characteristics of societal culture, such as Finland, could be expected to have a preference for resolving conflicts through compromise and negotiation and humanized jobs with more opportunities for mutual help and social contacts and management would be less visible, more intuitive than decisive and more consensus seeking.[79] They also noted that the societal culture of Pakistan was markedly different than Finland, thus make it a good candidate for comparison, and included characteristics such as higher power distance and masculinity, collectivism and higher uncertainty avoidance.

Routamaa and Hautala then collected information from the members of their Finnish and Pakistani samples regarding their work goals, or values at work, based on the list of items

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[76] F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed) (1998), 182.

[77] The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, Riding the Waves of Culture: Understanding Cultural Diversity in Global Business (2nd Ed.) (1998), 179-181.

[78] V. Routamaa and T. Hautala, "Understanding Cultural Differences: The Values in a Cross-Cultural Context", International Review of Business Research Papers, 4(5) (2008), 129.

[79] G. Hofstede, Cultures and Organizations: Software of the Mind (1991), 92-94, 125.

suggested by Vunderink and Hofstede.[80] They found many common values in the top fifteen for each country, including health, family security, true friendship, self-respect, freedom, inner harmony and loyalty; however, the Finns differed from the Pakistanis with respect to the higher value that they placed on enjoying life, responsibility, mature love, equality, sense of belonging, independent and politeness.[81] The Finns also indicated that the most important work values for them were, in order having sufficient time left for their personal lives, fully using their skills and abilities on the job, having challenging tasks to do, having a good working relationship with their supervisor and working with people who cooperated well. Finns were far less interested than the Pakistanis in getting recognition for performing their jobs well, making a contribution to the success of the company, and having opportunities for advancement to higher positions.

§1:7   Strategic planning

Researchers have observed that Swedes typically engaged in extensive planning, discussion and organization before finalizing and implementing decisions, a process that has been attributed to the desired of Swedish managers to achieve consensus among team members as a means for ensuring that the team is fully committed to a common goal and to attaining the highest quality.[82]

Deloitte surveyed the strategic planning practices of 22 Finnish companies from various industries in the summer of 2009 and identified several key findings.[83] For example, Deloitte found that strategic processes showed an unexpected amount of variation in terms of duration, involvement and planning horizon and these variations could not be easily explained by company size, industry or other similar rational factors. One interesting trend was a movement away from purely calendar-driven, annual strategy assessment toward a mix of regular updates and "strategic projects or themes, which can be either event-driven or a deliberate way to keep strategic thinking fresh and in the forefront also between annual strategy rounds".[84] Respondents indicated that they were not having difficulties in collecting market information, but that the challenge for them was consolidating all of the information and making good analysis of the information that had been gathered. Deloitte observed that several of the respondents had purposefully moved toward more flexible methods of strategic planning and reduced formality in favor of more "continuous iterative work, in which key impulses of the market would be analyzed whenever considered purposeful".[85] Another idea that was becoming more popular was increasing the use of specialists in the strategy planning process and a willingness to emphasize expertise, not necessarily position in the company, when

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[80] M. Vunderink and G. Hofstede, "Femininity Shock. American Students in the Netherlands", in G. Hofstede (Ed.), Masculinity and Femininity: The Taboo Dimension of National Cultures (1998).

[81] V. Routamaa and T. Hautala, "Understanding Cultural Differences: The Values in a Cross-Cultural Context", International Review of Business Research Papers, 4(5) (2008), 129, 133-134.

[82] T. Lamsa, "Leadership Styles and Decision-Making in Finnish and Swedish Organizations", Review of International Comparative Management, 11(1) (March 2010), 140, 145-146 (citing A. Ekwall and S. Karlsson, Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt (1999), 152).

[83] Deloitte, Strategic Planning in Finnish Companies (2009).

[84] Id. at 3.

[85] Id. at 27.

selecting members of teams involved in analyzing a specific strategic issue. Finally, several companies recognized that there had to be better linking of market data and decision making and that executives needed to do a better job of understanding the reports generated by business intelligence and business development units and incorporating the information in those reports into decisions rather than simply acting based on "gut feeling".[86]

Researchers failed to find a consistent relationship between the level of formality of strategic planning and the performance on the firm in studies of firms conducted in Sweden[87]; however, other researchers claim to have found support for a positive relationship between planning processes other than formality and performance in studies conducted in Finland.[88] Hoffman studied companies in several societal clusters—Anglo, Nordic and Germanic— and found evidence in each of these clusters to support the proposition that there was a positive relationship between strategic planning, particularly planning system maturity and planning impact, and firm performance.[89] Hoffman also found marginal support for the hypothesis that managers from low uncertainty cultures, such as the Nordic countries, placed a stronger emphasis on various strategic planning processes than those from German cultures where uncertainty avoidance was higher. In that regard, Hoffman cited Schneider and Barsoux for their observation that, in comparison to the Germanic culture cluster where uncertainty avoidance is high, "'[m]anagers from Nordic and Anglo countries are less likely to see environments as uncertain' and more likely to believe environments can be analyzed and known through rational processes such as strategic planning".[90]

§1:8   Governance

The system of corporate governance used in the Germanic countries—Germany, the Netherlands, Switzerland, Sweden and Austria—has been characterized as relatively oligarchic and focused on long-term industrial strategies supported by stable capital investment, robust governance procedures and enduring network relationships among key stakeholders such as shareholders, families and banks.[91] This type of system has facilitated success of German firms in industries that require long-term investment and creating and maintenance of high skill levels (e.g., luxury automobiles, precision instruments, chemicals and engineering). However, the model has been less successful in circumstances where flexibility is needed since the difficulties associated with modifying deep, long-standing relationships among different stakeholders slow the process of

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[86] Id.
[87] L. Rhenman, Organization theory for long range planning (New York: Wiley, 1973).
[88] P. Harju, Attitude of strategic managers toward formalized corporate planning (1981).
[89] R. Hoffman, "The Strategic Planning Process and Performance Relationship: Does Culture Matter?", Journal of Business Strategies, 24(1) (2007), 27.
[90] Id. (citing S. Schneider and J. Barsoux, Managing across cultures (2nd Ed.) (New York: Prentice Hall, 2003), 122).
[91] The model typically associated with the Germanic countries has been described in a variety of ways including the insider, civil law, blockholder, bank-oriented, stakeholder-centered, coordinated or "Rhineland" model. R. Aguilera and G. Jackson, "The Cross-National Diversity of Corporate Governance: Dimensions and Determinants", Academy of Management Review, 28(3) (2003), 447.

adjusting to changes in labor and product markets and creating or entering new businesses and industries.[92] The prevailing concept of the firm in the Germanic countries is "institutional", which means that firms are seen as autonomous economic units created and supported by strong and complex coalitions of diverse stakeholders including shareholders, managers, employees, credit providers (i.e., banks), suppliers and customers. Within this group of stakeholders the industrial banks are generally the major players and their role in providing capital tends to reduce the importance of stock and bond markets and thus the influence of outside investors. In fact, ownership concentration is moderate to high in the Germanic countries, another factor that makes it difficult for outside investor to meaningfully impact decision making, and there is no market for corporate control. Economic relationships evolve over a long-term planning horizon and the use of performance-based compensation is far less pronounced than in the Anglo-American countries.

§1:9 Finance

Christensen noted that the level of involvement among Danish venture capitalists in the affairs of their portfolio companies varied significantly and found that their primary role was providing a link to other financing sources and serving as a networker and that they made only a modest direct contribution to innovation among their portfolio companies.[93] Half of the portfolio companies surveyed by Christensen reported that the involvement of their venture capital investors was either "a lot" or "very much". Christensen also concluded that venture capitalists in Denmark tended to be more highly involved with their portfolio companies when those companies were relatively large, innovative, financially fragile, and had high expected growth rates, and that ownership share and/or the age of the company were not significant factors in determining the level of their involvement.[94] Interestingly, Christensen argued that external environmental conditions influenced the venture capitalists' decisions given that at the time of his survey—the mid-2000s—Danish venture capital firms were under financial pressure and thus focused their efforts on second-round investments in selected existing portfolio companies, presumably to preserve their initial investment, rather than taking on new portfolio companies during a period of heightened overall risk due to global financial conditions at that time. In that situation, Christensen explained, the venture capitalists were apply specific competencies focusing on ensuring the surviving of their portfolio companies, perhaps by tapping into their networks to merge some of those companies with other firms.[95]

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[92] Portions of the description in this section is adapted from F. Toonsi, "Cultures of Control: International Corporate Governance", QFinance.

[93] J. Christensen, Innovation and the Contributions from Venture Capital, Paper for DRUID Conference on Knowledge, Innovation and Competitiveness: Dynamics of Firms, Networks, Regions and Institutions (2006).

[94] Id.

[95] Id. Christensen suggested that Danish venture capitalists were providing two of the four types of venture capital "networks" identified by Florida and Kenney: a "financial" network, which includes the investors in the venture capital fund, syndication partners of the fund including other venture capitalists and angel investors, complementary financing sources, and even other portfolio companies, which can provide access to needed resources such as technology and alliance partners; and a network of accountants, lawyers, consultants and others that can provide professional services to portfolio companies. See R. Florida and M.

Isaksson provided a summary of several studies that he and his colleagues had completed on various aspects of the venture capital process in Sweden.[96] For example, Isaksson et al. conducted an empirical investigation of the standardization of contractual strategies used in the Swedish venture capital industry and found that the greatest differences occurred among those with differing investment preferences and that there was little difference between the contractual choices made by experienced and inexperienced venture capitalists.[97] Fredriksen and Isaksson examined the valuation practices of Swedish venture capital firms using interviews and a case prospectus of a firm that was valued by managers of the firms as part of the survey process.[98] The researchers were not only interested in identifying the most commonly used valuation methods, but also wondered whether valuation practices differed depending on "macro conditions", particularly the strength of external market in which the investment decisions were being made. The researchers found, to their surprise, that "in times of heightened stringency and economic downturn, venture capital investors employ fewer valuation models than they do in boom times". In 1999, venture capital managers relied primarily on DCF-models and relative valuation methods and also relied on "'rule of thumbs', 'common sense' or 'pit of the stomach' valuation, [and] 'kick-the-tire-valuation'".[99] A few years later, in 2002, venture capitals relied less on DCF techniques and more on relative valuation and "common sense".[100] As to how required rates of return were determined, the researchers identified two approaches: some venture capitalists accepted the forecasts and projections offered by the entrepreneurs and then added their own considerable risk premium, and other venture capitalists made adjustments to the projections provided by the entrepreneurs and then applied a more moderate rate of return when discounting the adjusted projections.

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Isaksson also found evidence among Swedish venture capital-backed companies to support a positive relationship between the level of trust between venture capitalists and the entrepreneurs of their portfolio companies and the financial performance of those companies, leading Isaksson to recommend that venture capitalists consciously focus on having governance structures that creates a trustworthy relationship between them and the entrepreneur and which includes, for example, cooperation, joint planning and problem solving.[101] Isaksson also argued that these types of governance structures reduce the need for the parties to negotiate and follow complex safeguarding mechanisms. Finally, Isaksson studied the impact of venture capital organization (i.e., independent, public sector or "captive") on exit strategies and exit-directed activities among venture capital-backed companies in Sweden and found that the organizational form did affect

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Keeney, "Venture Capital and High Technology Entrepreneurship", Journal of Business Venturing, 3 (1988), 127.

[96] A. Isaksson, Studies on the Venture Capital Process (2006).

[97] A. Isaksson, B. Cornelius, H. Landström,and S. Junghagen, "Institutional Theory and Contracting in Venture Capital: The Swedish Experience", Venture Capital, 5(1) (2004), 47.

[98] O. Fredriksen and A. Isaksson, How Do Venture Capital Firms Value Entrepreneurial Ventures (2002).

[99] A. Isaksson, Studies on the Venture Capital Process (2006), 68-69.

[100] Id. at 69.

[101] A. Isaksson, The Effects of Governance and Trust on Performance in Venture Capital Relationship (2004).

those strategies and activities.[102]   Specifically, entrepreneurs financed by public sector venture capitalists were less clear about their exit strategies than entrepreneurs financed by other organizational forms and their companies tended to have fewer trade sale exit strategies and more buyback strategies.   The researchers also found evidence of significant differences in the intensity of exit-directed activities between different exit strategies, with companies focused on trade sale exit strategies focusing more time and effort on activities associated with that strategy and formally integrating those activities into the overall company strategy.   In contrast, companies pursuing buyback strategies tended to handle those transactions on an "ad hoc" basis with a great deal of formal advance planning.

§1:10   Human resources management

Nielsen et al. noted that while Denmark is an economy made up of mostly smaller companies, appraisal of HR practices is taken seriously even in cases where the company does not have a formal HR department.[103] Employee development has become a major priority for governmental policymakers, educators and managers and it is widely recognized and accepted that investment in HR can lead to important and tangible benefits including higher worker satisfaction, reduction in absences, lower personnel turnover and higher profitability. Nielsen et al. pointed out that "[i]n Denmark HR has gained much respect and influence within companies, and many HR departments have been able to make themselves felt in the business, including at the strategic level".[104] They identified several future trends and challenges for Denmark's HRM sector including acceptance of a changed labor market structure and adjustment to those changes; more flexible and individually agreed contracts and remuneration packages; competitiveness as regards to benefits and training and development opportunities; networking opportunities and competencies in order to share best practices; and motivation and retention of skill employees.[105]

A 2005 survey by a professional organization of HR managers in Denmark identified four important future issues for those managers including training and development; the visibility of HR on the "bottom line" of their organizations; talent management; and a lack of qualified staff. Staffing shortages were particularly challenging and required HR managers to look to foreign countries for qualified and motivated candidates and develop the incentives that would be sufficient to induce those candidates to leave their home countries and come to live and work in Denmark.[106] These incentive packages could become quite expansive and complex and include housing, childcare, schools, language course and social security. Other core challenges for Danish HRM are the low birth rate

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[102] A. Isaksson, "Exit Strategy and the Intensity of Exit-Directed Activities among Venture Capital-Backed Entrepreneurs in Sweden", in G. Gregoriou, M. Kooli and R. Kräussl (Eds.), Venture Capital: A European Perspective (2006).
[103] K. Nielsen, M. Norlem, A. Leschly, C. Grunbaum and J. Larsen, "HRM in Denmark: On the Top of Europe", in C. Scholz and H. Bohm (Eds.), Human Resource Management in Europe: Comparative Analysis and Contextual Understanding (2008) 85.
[104] Id. at 96.
[105] Id. at 95.
[106] Id. at 89.

in the country, which is expected to contribute to the staffing shortage identified above, and different expectations and demands of younger workers, who were expected to seek more flexibility and independence.[107]

Nielsen et al. identified a number of crucial fields of action for HR management in Denmark.[108] With respect to recruitment, HR professionals will be expected to focus their line managers on structuring work in ways that satisfy the desire and expectation of candidates for professional and personal development and opportunities to have influence in the jobs and assignments. HR managers should also implement programs for successfully inducting and integrating new employees into the workforce and making sure that all employees have opportunities for continuous learning. Another important aspect of retention within Danish companies is the implementation of formal individualized career development plans that include day-to-day dialogue with colleagues, superiors and other managers; performance appraisals and feedback; personal objectives and success criteria; and personal development and career plans. Finally, Danish HR managers will need to be leaders in the transition of rewards and benefits programs and Nielsen et al. noted that future debate around remuneration in Denmark will include flexible working hours, not necessarily few hours but opportunities to work at different times and locations; extra holidays instead of pay raises; training and development possibilities; and career opportunities that include not only advancement within the company but creation of paths that permit specialized in areas of interest to a particular employee.

Bevort et al. noted that labor markets in Denmark after World War II were well organized and characterized by low levels of conflict based on alignment of the strategic goals of trade unions and employers' associations to create a labor market that was based on high salaries and good physical working conditions in exchange for highly efficient production.[109] Bevort et al. pointed out that the lack of big mass-production companies in Denmark, coupled with the cooperative system of labor relations, tended to inhibit the development of a large HRM profession or a proliferation of HR specialists and that HRM was not as important in Denmark as in other countries and was generally not differentiated from general management practices.[110] As time went by, however, the debates regarding employment contracts and employment relations shifted from the level of national representative organizations down to individual firms and greater emphasis was placed on ensuring that human resources were used efficiently. By the late 1980s, Danish HRM was shifting from the traditional personnel practices (i.e., administration, recordkeeping, mediation and recruitment) toward a greater concern for employee education and development.[111] At the same time, expectations for employees regarding the use of their newly-acquired knowledge and skills were increasing and companies embraced joint decision making between managers and employees and emphasized

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[107] Id. at 90.
[108] Id. at 90-94.
[109] F. Bevort, J. Pedersen and J. Sundbo, "Denmark", in I. Brunstein (Ed.), Human Resource Management in Western Europe (1995) 31, 35.
[110] Id. at 36.
[111] Id. at 38.

horizontal communications for collaboration and the use of quality circles and service management techniques. Bevort et al. pointed out that Danish workers were being given the authority to make decentralized decisions and expected to have the interpersonal skills required to collaborate efficiently with their supervisors and co-workers.[112]

In a survey conducted in the early 1990s, Bevort et al. found evidence to support their description of the then-future HRM situation in Denmark, which included the following variables: the working environment is an important part of management's responsibility to workers; personnel planning and personnel development would be a central part of the firm's strategy; increasing productivity, flexibility and quality awareness in the workforce would be a high priority and would be pursued through greater investment in training and education; firms have social responsibilities; and decentralization of responsibility and dialogue between management and employees would become the normal situation.[113] Interestingly, Bevort et al. referred to the changing role of middle managers in Danish firms and argued that those managers would no longer simply be passing along orders and directions from senior management but would be acting as a "people manager" responsible for assisting subordinates in understanding the overall strategy of the company and providing them with necessary information, training and other resources to carry out their jobs. In order for middle managers to be successful in these activities, however, they would need support from senior management and the HRM staff.[114] Bevort et al. argued that the study indicated that Danish workers were eager to participate in a dialogue relationship with management provided that managed acted fairly and acknowledged the worth of employees. If this were to occur, management could reasonably expect that employees would be committed to their jobs and their companies and feel a large degree of common interest with management.[115]

Fey et al. set out to compare HRM practices among Russian, Chinese and Finnish subsidiaries of three Swedish MNCs by collecting information through interviews with a handful of key people associated with each subsidiary, including the general manager, the HR manager, a manager and employee from two different functional areas and a representative from headquarters.[116] The researchers found that less attention was paid to recruitment and selection in Finland than in the other two countries and observed that this might be attributed to the fact that the mindsets and training of candidates in Finland were more homogeneous than in the other countries. Recruitment and selection in Finland was also made easier by the greater availability of well-developed recruiting agencies, job fairs and databases of potential candidates, all of which could be used to quickly and efficiently identify persons with suitable qualifications to fill vacancies.

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[112] Id. at 41.

[113] Id. at 46 (citing F. Bevort, J. Pedersen and J. Sundbo, Personnel Management in the 1990s (1992)).

[114] Id. at 49.

[115] Id. at 51.

[116] C. Fey, "A. Pavlovskaya and N. Tang, Does One Shoe Fit Everyone?: A Comparison of Human Resource Management in Russia, China, and Finland", Organizational Dynamics, 33(1) (2004), 79. The firms are Ericsson (fixed line and mobile telecommunications equipment), The Electrolux Group (home appliances—white goods), and Tetra Pak (solutions for packaging liquids and ice cream). For additional information on Finnish HRM, Fey et al. recommended S. Vanhala, "Human Resource Management in Finland", Employee Relations, 17(7) (1995), 31.

Finns did use standardized tests in their screen processes for hiring; however, the greatest weight was given to extensive interviews and the researchers noted that line managers were very involved in the interview and selection process and that HR was much less involved and generally limited its role to initial screen of potential candidates.

With regard to performance appraisals, the Finnish subsidiaries used many of the standard tools including personal planning and development, management planning and development and individual planning sessions, and the researchers observed that managers were very familiar with each of these tools. In addition, feedback from managers to subordinates was commonplace and expected and generally provided in an informal manner rather than through a structure formal system. While Finnish managers were accustomed to providing feedback, it was believed that employees were responsible for their performance and part of that responsibility was seeking out feedback from their managers. In addition, employees were expected to find out how things worked around the company on their own rather than waiting for formal training and Finnish managers were much more comfortable with empowering their subordinates than their counterparts in Russia and China, although this could be traced, at least in part, to the historical tendency toward hierarchical organizational structures in both Russia and China. In fact, the researchers found that training and development were much more formalized, and received greater attention, in the Russian and Chinese subsidiaries than in the Finnish subsidiaries, and suggested that the greater homogeneity and experience among the Finnish employees, as well as their tendency to be conformists, reduced the need for providing them with formal training. The experience level of the Finnish employees also contributed to a different emphasis in the training that was provided, with Finns receiving instruction relating to the development of their management skills as opposed to more basic information. While Finnish managers accepted the informal approach to organizing training, they did not necessarily think that it was the best or most efficient way to develop their employees.

Fey et al. reviewed several other elements of HRM practices in the three countries. For example, they found that while the compensation systems in each of the countries were quite similar and included performance-based components, Finnish employees were less inclined than their colleagues in other countries to consider personal development as part of their compensation for services. Fey et al. also found that internal communication flowed much more easily and informally in Finland than in the other countries and that the employees of the Finnish companies were more likely to share useful information with their co-workers. While the HR departments in each of the countries established formalized information-sharing systems (e.g., intranets, newsletters, regular department/company meetings, suggestion boxes/systems, etc.), Finnish employees typically had most of the information before it was made available through these formal channels. Finally, the role of the HR department in the Finnish subsidiaries with respect to coordinating HRM activities was much less pronounced, and less visible to employees, than in the other countries and the researchers noted that in Finland HRM practices were communicated to employees in a less formal fashion and line managers played a much more important part in carrying out HRM.

Muller et al. analyzed data from data from the surveys of European HRM conducted in the 1990s under the supervision of the Cranfield Network of European Human Resource Management to compare HRM practices in Austria, Germany and Sweden.[117] At the outset they noted that cultural differences among these three countries have typically been characterized as relatively small and that, in fact, they are often clustered together as part of a North Europe group[118]; however, some researchers have suggested that Swedish business culture is closer to Anglo-American countries such as the U.S. and U.K. and that managerial practices from those countries, such as participation, are readily embraced in Sweden.[119] Muller et al. found that there were no significant differences among the countries with regard to the existence of personnel department and the evaluation of their performance; however, Swedish companies were much more likely than their counterparts in the other countries to have written mission statements, corporate strategies and human resource strategies and the researchers explained that these tools were consistent with the effective decentralization of decision making that had occurred during the late 1980s and early 1990s among Swedish firms. Also of interest to Muller et al. was the finding that Swedish firms were more likely to have the personnel department involved in the development of HRM strategies than the Austrian and German firms. In addition, the researchers observed that line managers in Sweden typically had much broader responsibilities for major HR decisions than their counterparts in the other two countries, a finding that was consistent with prior empirical research showing significant devolvement   of responsibility from personnel departments to line management in Sweden. The percentage of personnel managers who were human resources specialists was higher in Sweden than in the other two countries. Finally, the Swedes were the leaders among the three countries with respect to reliance on formal career plans, "high flier schemes" and international experience schemes for employee development and were the least likely to implement assessment centers, succession plans and planned job rotation plans.

Trifunovska and Trifunovski set out to explore what motivated employees of Swedish multinational corporations ("MNC") to work and did so by surveying employees of two large Swedish companies, Alfa Laval Lund AB and Sweco Environment AB.[120] The researchers were particularly interested in testing two propositions: first, what motivates employees depends on personal circumstances, where experience and family situation plays a significant role; and second, employees are most intrinsically motivated, rather than extrinsically. Their analysis showed that the most important motivational factors among the respondents were good working conditions, opportunities to do creative and challenging work, healthy relationships with supervisors and colleagues, having a flexible work schedule and opportunities for individual growth and career development. At that same time, the least important motivational factors were chances for promotion and

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[117] M. Muller, N. Lundblad, W. Mayrhofer and M. Söderström, A Comparison of Human Resource Management Practices in Austria, Germany and Sweden (1999).

[118] See M. Haire, E. Ghiselli and L. Porter, Managerial Thinking: An International Study (1966); and D. Hickson and D. Pugh, Management Worldwide: The Impact of Societal Culture on Organizations around the Globe (1995).

[119] F. Trompenaars, Riding the Waves of Culture: Understanding Cultural Diversity in Business (1993).

[120] K. Trifunovska and R. Trifunovski, Human Resource Management: Motivation among Employees in Multinational Corporations (2010).

advancement within the organization, high salary and job security. The researchers argued that their findings confirmed their original propositions and observed that motivations were different depending on the age of the employee; employees who were in the same profession were similarly motivated and satisfied in their work; and respondents preferred to work with projects where they are able to contribute and develop a solution to a problem.

§1:11 Product development and commercialization

In their cross-national study of various aspects of the new product development processes used by durable goods manufacturers in five dispersed countries, including Sweden, Ettlie et al. observed that a much higher percentage of degreed design engineers in relation to degreed manufacturing engineers (90% to 10%, respectively) in the Swedish firm included in the same survey and argued that this was illustrative of how Swedish firms took a more "creative" approach to product development issues in comparison to, for example, German firms.[121]

One survey of differences across countries with respect to the influence of various stakeholders found that for companies in Denmark the strongest stakeholder influences came from customers when decisions are made about strategy and productivity improvements.[122]

Another aspect of new product development that may be influenced by societal culture is planning, which is obviously relevant when new products are being vetted, selected, developed and commercialized, and researchers have found that planning can lead to different types of successful outcomes and that variable patterns can be observed across cultures. For example, Hagerty and Hoffman found that the better planners among Nordic firms enjoyed higher sales growth.[123]

Ettlie et al. found that supplier arrangements and reorganization were the most popular methods among Swedish firms looking for sources of ideas for new products and processes and that the firms were comfortable taking on changes in a number of different areas simultaneously.[124] Ettlie and his colleagues also found that Swedish firms were comparatively eager and willing to implement a wide range of tools for improving design-manufacturing integration in the product development process, including the use

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[121] J. Ettlie, C. Dereher, G. Kovacs and L. Trygg, "Cross-National Comparisons of Product Development in Manufacturing", The Journal of High Technology Management Research, 4(2) (1993), 139, 150. Ettlie et al. noted that the Swedish firm had the same ratio of design to manufacturing engineers found in the German firm in their survey; however, the ratio when presence or absence of a degree was included varied significantly as 100% of both design and manufacturing engineers in the German firm were degreed. Id.

[122] See W. Tomlinson, S. Paulson, J. Arai and D. Briggs, "Company Identity, Quality Improvement and Labor-Management Relations in Danish, Italian, Japanese, Scottish and U.S. Firms", National Productivity Review (Spring 1991), 129.

[123] W. Hagarty and R. Hoffman, "The Relationship between Strategic Planning and Performance Among Three Cultures", Proceedings, Academy of Management (1990), 106.

[124] J. Ettlie, C. Dereher, G. Kovacs and L. Trygg, "Cross-National Comparisons of Product Development in Manufacturing", The Journal of High Technology Management Research, 4(2) (1993), 139, 143-144.

of outside training and development in design-for-manufacturing techniques, the adoption of manufacturing sign-off at design review stages, the installation of new organizational structures (e.g., teams) to help with coordination, job rotation between functions and mobility between functions.[125]

§1:12 Globalization

Johanson and Wiedersheim-Paul studied the internationalization process followed by four major Swedish companies—Sandvik, Atlas Copco, Facit and Volvo—to determine whether their experiences supported an assumption that there was a distinctive pattern of internationalization.[126]   Based on their research, they found evidence to support the proposition that development of firms along the path to globalization typically followed four different stages in the following sequence: no regular export activities; export via independent representatives (agents); sales subsidiary; and production/manufacturing.[127] Another key finding of their work, as summarized by Welch et al., included a generally high correlation between the sequence of initial entry into a new foreign market and the psychic distance between Sweden, the home country in each instance, and that foreign market; however, psychic distance appeared to become less important when firms established manufacturing subsidiaries, a finding that the researcher attributed to manufacturing subsidiaries being established fairly late in firms' internationalization after they presumably had acquired a significant amount of experiential knowledge and confidence.[128]   Interestingly, the researchers found that the speed of internationalization increased over time and was faster among firms that started later.

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[125] Id. at 150.

[126] L. Welch, G. Benito and B. Petersen, Foreign Operation Methods: Theory, Analysis, Strategy (2007), 35 (citing J. Johanson and F. Wiedersheim-Paul, "The Internationalization of the Firm—Four Swedish Cases", Journal of Management Studies, 12(3) (1975), 305).

[127] J. Johanson and F. Wiedersheim-Paul, "The Internationalization of the Firm—Four Swedish Cases", Journal of Management Studies, 12(3) (1975), 305, 320.

[128] L. Welch, G. Benito and B. Petersen, Foreign Operation Methods: Theory, Analysis, Strategy (2007), 35 (citing J. Johanson and F. Wiedersheim-Paul, "The Internationalization of the Firm—Four Swedish Cases", Journal of Management Studies, 12(3) (1975), 305). Psychic distance was found to be a stronger factor than market size in explaining choices made by firms with respect to the location of their international activities. Id.