Swedes establishing overseas
- Cultural differences in management between Sweden and USA -

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Abstract

Establishing Swedish corporations in different parts of the world means that companies will face other corporate cultures, different or partly different, from their own. Cultures in USA seem quite similar to the Swedish culture, but there are most certainly differences, even if they exist under the surface. Cultural differences can cause further problems than those that normally exist in the initial phase of an establishment.

The question we wanted to bring an answer to in this project was: *Which cultural related differences might cause problems for a Swedish company, establishing in the USA, from an organizational point of view?*

The purpose with this report is to find out which cultural differences there are between the Swedish management and the American. To see possible differences we first studied the two cultures one by one.

We interviewed six companies that are established in USA. They all had Swedish owners, who also are managers in the companies. Together with extensive empirical studies and theories on management, as well as on national differences between cultures, we came to a conclusion:

If the Swedish manager is aware of the existence of cultural differences, and therefore is adjustable and observant to any differences, there should not be any problems neither to establish nor to lead a company in USA.

Key words: Culture, Management, Sweden, USA
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1 Introduction

1.1 Background

With its population of approximately 9 million people, Sweden is unquestionably a rather small country on the international business market. With a small home market, combined with a high living standard, they need to export.¹

In a long-term perspective, companies in small countries, with the intention of growing, need to look beyond their own market, to find more potential customers and markets, or more favorable production costs. This can be done either by exporting or by starting up new companies, or subsidiaries on foreign markets. Another way can be to establish a completely new company, without roots in the native country, on a new market, and make it grow from there.

Swedish corporations, wanting to expand, often experience it more profitable to establish themselves on foreign markets, instead of only competing on the, globally seen, small Swedish market.

Establishing Swedish corporations in different parts of the world means that companies will face other corporate cultures, different or partly different, from their own, hopefully well functioning, corporate culture. Cultures in the West, like USA, seem quite similar to the Swedish culture, but there are most certainly differences, even if they exist under the surface. Cultural differences can cause further problems than those that normally exist in the initial phase of an establishment. To avoid these problems, and to get a well functioning organization, those about to establish a company, can learn more about the national and corporate culture in the new country, as well as their own culture, to better understand the underlying differences.

This report will deal with the cultural related differences and similarities, Swedish companies might face when establishing a company in the USA.

¹ Bjerke (1998), p.228
1.2 Problem discussion

In his book *Swedishness*, Andersson mentions an example on what might happen when cultures collide. A Swedish manager is assigned to an American corporation to lead Americans. After a while work comes to a near stand still, and a consultant is contacted to find out why there are problems and what to do to fix them. In an interview, the Swedish manager says that the staff seem to be competent enough, but they do not do anything, they even sit and read the newspaper sometimes. The American employees answered that the manager does not tell them what to do, it can pass days without him giving them assignments, he simply does not seem to care. This story shows how cultures can collide, when a Swedish manager brings his management style with the presupposed responsibility of task management, to the American culture, used to direct and specific orders.

When entering new markets, differences in culture, which can be difficult to see at first sight, can cause misunderstandings and problems. Swedish and American cultures are quite close; however, big differences still exists. In general, Swedes believe they know a lot about the American culture, since they are in contact with it every day through novels, TV, movies, documentaries, music, news, etc.\(^2\) This belief in similarity between cultures, and the belief that they know how the American culture works, is hazardous and causes problems in the areas where they do differ. The differences are neglected and the predisposed idea about how things should be done, rules.

We wish to look into which problems might arise when Swedes establishes a company in the USA, and how they deal with the differences.

1.3 Scientific problem formulation

Which cultural related differences might cause problems for a Swedish company, establishing in the USA, from an organizational point of view?

1.4 Purpose

The purpose with this report is to find out which cultural differences there are between the Swedish management and the American, and in what way they might be a problem for Swedes establishing a small or medium sized company in USA.

\(^2\) Lewis (1999), p 170
1.5 Delimitations

We will limit this report by only dealing with companies owned by Swedes, with Swedish managers. Our study handles the relationship between employer and employee, in small and medium sized corporations in USA. We have chosen not to study large companies, for several reasons. First of all because we are more interested in corporations which are not big enough yet to already have a fully functioning plan of the organization, and how the organization can and cannot change, to be able to adapt to the national culture in the new country. Another reason is that large corporations have the financial means to hire consultants to help them establish on a foreign market. The accessibility was another reason; we believed we could easier get in contact with smaller companies, their owner and top management. We were interested in corporations established in the last twenty years. Culture changes slowly, as earlier mentioned, but to get a more reliable result, we have chosen to limit time of establishment. Another limitation is that we have chosen to only interview people from organizations that are members of SACC-USA, Swedish American Chamber of Commerce. Through SACC we could find suitable companies to interview.
2 Method

2.1 Scientific approach

We are going to study earlier research and literature in the field of organizational structures and cultural differences, on both organizational and individual level, in Sweden and USA. We are also going to study Swedish companies that have established in USA, and how they experienced the establishment from the earlier mentioned perspective, and what they think of their present situation with focus on leadership within the organization.

We will first use an inductive method, where we study the reality, which we then apply on the theories chosen. By reality, we mean our interviews and the empirical studies. From this point we use a deductive method where we use our chosen theories to explain the phenomenon studied in this project.

2.2 Data Collection

This project is based on primary and secondary data. Since we wanted to get a clear view of how leadership and business culture can appear in Sweden and in USA, we choose to first collect literature and articles on the subject. By studying what other authors, often through time-consuming and broad studies, already have learned about cultural differences between the two cultures, we could get a necessary insight in the subject, before gathering primary data, in form of interviews, our self.

With this knowledge we could go on in the search for companies, which had experienced the phenomenon studied in this project; establishment of Swedish companies in USA. Via SACC-USA we came in contact with, for the report, suitable interview objects. The purpose of the interviews was to give us a deeper, and more nuanced picture of how it is to establish, and lead, a company in USA as a Swede. The interviews also intended to complement the literature studies; for a clear view of the investigated problem, not only a stereotype description of the two cultures, as the literature actually shows.

2.3 Validity and reliability

Even though environment sometimes change rather fast, on behavior level, cultures do not change very fast.\(^3\) This statement is confirmed further by how Hofstede’s study results on

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\(^3\) Andersson (2000), p 10
cultural differences between nations, have changed over the decades. We will study literature on national stereotypes. Since the literature is written by authors from different western countries, and is not older than ten years, the reliability of the studied literature is rather high. The interview respondents in this report have established their companies in USA no longer than 20 years ago. Based on that cultures change slowly, and that the respondents have been in USA for such a long time that they have had the possibility to get a good idea of the American culture, the interviews therefore have a high reliability. However, we will interview a rather few number of respondents, and therefore we cannot say that the reliability is particularly high; we cannot know for sure how other respondent, with a similar background, would answer to our questions. All together we would say that the reliability is neither high nor low, but somewhere in between.

The number of respondents also effect the reports validity; because of the rather few interviews, the validity may not be particularly high. However, our questions have in advance been approved by our examiner and by another, for the subject of this report very skilled, person. The secondary data studied for this report have a high validity; the literature is, as mentioned above, written by authors with different nationalities, and we would say that the authors have a great deal of international respect. Therefore we would say that the validity is rather high.

2.4 Definitions

2.4.1 Culture

Business author Geert Hofstede describes culture as “collective programming of the mind”, and he also emphasize the differences between personality and human nature, where he explains that culture lays as a layer in between them both, in a pyramid of human mental programming. A connection where the human nature is universal and biological, culture is specific to groups and is learned, and where personality is specific to individuals and is learned as well as inherited.⁴

Business cultures can be seen as societies in miniature with its social structures, roles, languages, norms, rituals etc. Small, partly independent cultures are a part of a national culture as well.⁵ The organizations are manifestations of bigger cultural systems.⁶ Therefore,

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⁴ Hoecken (1995), p 25
⁵ Bjerke (1998), p 16
⁶ Hatch (1997), p 238
organizations are depending and also in some way steered by bigger cultural processes in these environments, and every organization show different aspects from national, regional, industrial, and professional cultures which the organization work through and within. Still an organization is probably most effected by an external effect from within; the employees.\footnote{Hatch (1997), p 231}

2.4.2. Stereotypes

The definition of a stereotype according to \textit{Cambridge Advanced Learner’s Dictionary} is: “a fixed idea that people have about what someone or something is like, especially an idea that is wrong”\footnote{Cambridge Advanced Learner’s Dictionary, (2003)}

However, others define stereotypes as “pictures in our heads”\footnote{Ellis (2003), p 33}, or “…the process of ascribing characteristics to people on the basis of their group membership”\footnote{Gross (1996)} Stereotyping is common especially with gender, social class, age, occupation, and race. The reason why we tend to put people in categories, according to some studies, is because the brain handles the information more efficient if it can minimize it in to stereotypes. This gives the brain the freedom to process other things. If all new people, and things, would have their own file, our brain would be filled with information, not leaving room for other more important things. When we meet a person, we quickly recognise the base characteristics, such as gender, race, age, occupation, group or social class, this tells us in which category this person should be. When we put a person in a category, we know the appropriate way to behave, since we probably have met people of this category before. When we get to know a person better, we change this image and give them a file of their own, outside of the stereotype, and then we see the person, not the stereotype. However, stereotypes are difficult to change because we put too many people in the categories with too varying characteristics. The stereotype of a group may not at all apply to all people in the category, but it makes it easier for our brain to deal with the information.\footnote{Ellis (2003), p 33 Oakes, Haslam and Turner (1994)}

2.4.3 Leader and Manager

The difference between a manager and a leader is well mentioned in literature about leadership. Bennis emphasize that a leader is more of an inspiring innovator and developer while a manager is a controlling administrator. When a manager try to do things right in order
to maintain status quo, a leader challenge the status quo and instead try to do the right things.\textsuperscript{12}

Fairholm (in Hughes) among others emphasize the importance of both a manager and a leader for a well functioning organization. Kotter agrees but he does not, as Fairholm, say that it has to be characteristics from two individuals; it is possible for one person to have both a manager and a leader within.\textsuperscript{13}

In this essay the authors have not made a difference between a leader and a manager. Here the two are the same; the boss. If the boss according to Bennis is a manager, a leader or both is not relevant for this essay. And therefore the words are used as nothing but synonyms.

\textbf{2.4.4 Problem}

This report is about cultural related differences in an organizational perspective, and primarily concerning management. Problem thereby is a situation where some kind of misunderstanding caused by cultural differences occurs, and has negative effects on either the relation manager-employee, on the actual results of the organization, or on both. The example of cultural related differences mentioned in the subchapter Problem discussion, a situation where the office more or less stands still because of differences in the expectations of how a boss ought to act towards the subordinates, is an example of a major \textit{problem}, in this report’s definition of the word.

\textbf{2.4.5 Small and medium size companies}

Sweden do not have a national specific definition of what is a small or a medium sized company, instead they refer to the definition held by the European Union. These terms are based on the number of employees, and on the companies’ annual turn over. Medium sized companies are employing 50-249 people and have a maximum turn over of 50 million Euros. Small companies have a staff in the span of 10-49 people, and a turn over of a maximum 10 million Euro. Smaller companies are called micro companies, and have a turn over of maximum 2 million Euros. However, even so called micro companies, are included in what is

\textsuperscript{11} Ellis (2003), p 33-35
\textsuperscript{12} Hughes (2006), p 9
\textsuperscript{13} Hughes (2006), p 39
called SMF (Swedish short form for small and medium sized companies). Further specifics to categorize companies are about ownership structures.¹⁴

For this report there is no actual interest in neither ownership structures, or in the studied companies’ turnover. Therefore we did not ask about those things, and simply defined all interviewed companies as small or medium sized companies, based on our knowledge about the number of employees.

3 Theory

3.1 Hofstede’s Model of National Culture

With the conviction that a business organization is a culture in a larger culture, Geert Hofstede in the late 1970s started his worldwide work in purpose to find what, if any, impact national culture had on business organization culture. He studied multinational America based IBM in over 40 countries. A very large number of employees participated in the ongoing research, by the time containing IBM employees from over 50 countries. Hofstede found work-related value differences, which he categorized into four dimensions. And as he continued his studies, in 1991 he added a fifth dimension to the original four. In the study each country was given an index value between 0 and 100, which makes it possible to compare different cultures to each other.

*Power Distance* (PD) is a matter of roles in a hierarchy, which are seen as normal. How high the employees’ acceptance that the boss has more power, as well as the level of acceptance for that the boss’ opinions are right, based just on the fact that the boss is the boss? In cultures with high PD, managers and subordinates both feel that the situation is unequal, and in such cultures the boss often think that authority should come with the office.

*Uncertainty Avoidance* (UA) is about how different societies have learned to handle uncertainty. Both technology and laws can be used as a defense against nature and man himself. Hofstede also emphasize the role religion has as a cultural mean that helps us to accept the kind of uncertainty we cannot defend ourselves against. UA is a scale for how threatened people feel by and try to avoid ambiguous situations.

Hofstede sees *individualism* as an opposite to *collectivism*. Individualism is concern for oneself while collectivism is concern for the rules and priorities of the group one belong to. In cultures with high level of individualism people are supposed to take responsibility for them self. In strong collectivistic cultures the tight group gives one an identity and feeling of

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15 Hatch (1997), p 238
16 Hoecklin (1995), p 27
17 Jackson (2002), p 22
18 Johanson (2002), p 65
20 Hatch (1997), p 240
21 Hoecklin (1995), p 31
22 Hoecklin (1995), p 35
belonging. The feeling of security these groups give, on the other hand make a rather strong loyalty within the group.23

In the forth dimension Hofstede makes a difference between masculinity and femininity in a culture. Masculinity in this case means to make a clear difference between the genders. Masculinity is for example competition while nurturing is feminine.24 Masculine cultures tend to focus on goals about work, such as career and wage, while feminine cultures focus on goals towards personal relations and service.25

The fifth, and by Hofstede last “discovered”, dimension was originally called Confucian dynamism and featured factors such as short-term and long-term orientation.26 This dimension covers particularly values in East Asia. Short-term orientation is focused on the present, while long-term orientation underline aspects as endurance and save ability, and has a focus on the future.27

<table>
<thead>
<tr>
<th>Hofstede's Model of National Culture Index</th>
<th>Sweden</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>31</td>
<td>40</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Individualism</td>
<td>71</td>
<td>91</td>
</tr>
<tr>
<td>Masculinity</td>
<td>5</td>
<td>62</td>
</tr>
<tr>
<td>Long-Term Orientation</td>
<td>33</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Adapted from Hofstede, Geert, Hofstede, Gert Jan (2005) McGraw-Hill, NY, USA

3.2 Trompenaars 7d Culture Dimensions Model28
This theory is based on beliefs regarding how people relate to each other, manage time, and how they deal with nature. There are seven dimensions, these are divided into three groups: the first deal with relationships among people, the second group deal with how a culture deal with time, and the third deals with how a culture handles the relationship with nature.

23 Hatch (1997), p 241
24 Jackson (2002), p 19
25 Hatch (1997), p 241
26 Hoecklin (1995), p 39
27 Johanson (2002), p 63
First group – Relationships among people.
1. “Universalism versus particularism: the choice of dealing with other people based on rules or based personal relationships.”
2. “Collectivism versus individualism: the focus on group membership versus individual characteristics.”
3. “Neutral versus affective: the range of feelings outwardly expressed in the society.”
4. “Diffuse versus specific: the types of involvement people have with each other ranging from all aspects of life to specific components.”
5. “Achievement versus ascription: the assignment of status in the society based on performance (e.g., college graduation) versus assignment based on heritage.”

Second group – Relationship with time.
6. “Past, present, future, or a mixture: the orientation of the society to the past, present, or the future or some combination of the three.”

Third group – Relationship with nature.
7. “Control of” versus “accommodation with” nature: nature viewed as something to be controlled versus something to be accepted.”

**Universalism versus Particularism**

People in a universalistic culture treat each other according to principles formed by the rule of law, religious beliefs, and national or local culture. These principles works like a guide, or rulebook, on how to act together with other people. People in a universalistic culture tend to follow these guidelines quite precise, and in all situations. People in a particularistic culture also have guidelines on how to behave together with other people, but here they are more of actual guidelines and not rules. Depending on the situation and persons involved, people in a particularistic culture make up their own way of dealing with the situation and under certain conditions make exceptions from the guide.

**Individualism versus Collectivism**

With a pattern of individualism in a culture, people take responsibility for their own actions and are taught to take care of themselves. When it comes to performance, it too is rewarded to the individual, giving incentives to the individual to perform well. In a collectivistic culture the group is in focus, and the group take responsibility and credit for their performance together. Therefore, the group is important and defines the individual.
Neutral versus Affective
A neutral culture is task oriented and keeps the task as the most important objective, disregarding emotions. In an affective culture in contrast, emotions are considered normal. People are expected to show that they are angry, happy, or sad with all kinds of gesturing and outbursts.

Specific versus Diffuse
This dimension of culture deals with how people’s private lives are connected with their work lives. In a specific-oriented culture, work- and private lives are separated. Business associates know each other on basis of work relations and contracts define the engagement. In a diffuse-oriented culture, work- and private lives are integrated. Deals are made on the foundation of trust, and contracts are more like guidelines.

Achievement versus Ascription
This cultural dimension deals with how people receive status. In an achievement-oriented culture, people have to earn their status through performance; age, place of education, social class, and relatives has no importance, it is the individuals’ own achievements that counts. However, in an ascription-oriented society, status is something one have because of these characteristics mentioned above. Your inherited characteristics are important, and others treat superiorities with respect because of them. In societies that are ascription-based titles are frequently used to identify status.

Time Orientation
This is the dimension that defines how people deal with the past, present, and future. Past-oriented cultures respect the past and the elderly. Believing in a preordained path of life makes them value strategic planning less and feel secure in a stable situation and organisation. Tradition is very important and they dislike deadlines. Present-oriented cultures enjoy the moment, they plan ahead but plans are seldom executed. What is important is immediate impact of actions. In future-oriented cultures on the other hand, planning is very important including specific deadlines, which are expected to be met. They believe in motivating people with the possibility of future success. Change is essential for the future-oriented culture, change is what keeps the organisation alive and leads to success.

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Internal versus External Control

This dimension of culture shows how cultures relate to nature. “Does nature control us or do we control nature?” In the cultures that believe in internal control, people try to dominate the environment, strategic planning and focus on what can be done is emphasized. In external control-oriented cultures, harmony and adaptation to cycles are important. They are patient and believe in compromises. Because they believe that nature controls man, less focus on planning and more acceptance for the course of situations guide them through life.30

7d Cultural Dimension Model

100 equals highest, n/a means not applicable

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universalism</td>
<td>89</td>
<td>n/a</td>
</tr>
<tr>
<td>Individualism</td>
<td>45</td>
<td>77</td>
</tr>
<tr>
<td>Neutral</td>
<td>63</td>
<td>54</td>
</tr>
<tr>
<td>Specific</td>
<td>100</td>
<td>77</td>
</tr>
<tr>
<td>Achievement</td>
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</tr>
<tr>
<td>Past orientation</td>
<td>86</td>
<td>14</td>
</tr>
<tr>
<td>Future orientation</td>
<td>68</td>
<td>21</td>
</tr>
<tr>
<td>Internal control</td>
<td>22</td>
<td>66</td>
</tr>
</tbody>
</table>


3.3 The Situational leadership model31

Leaders have different ways of how to confront and interact with subordinates. The Situational Leadership Model answers to two important leadership questions: Is it optimal for a leader to adjust his leadership behavior for different subordinates? And if it is, which factors shall a leader then base his leadership behavior upon?

This theory contains two categories of leadership behavior, task behaviors, where the leader thoroughly hands out the tasks to the individuals in the group. In this behavior the leader is in

31 Hughes (2006), p 368
complete charge of what co-workers should do, how to do it, when and who should do it. *Relation behaviors* are about the leader’s commitment for a two-way communication. This sort of behavior is about listening, encouraging, ease up, clear out and giving emotional support.

When these two behavior categories are studied, it shows that it often is the situation that determines how efficient and successful the two behaviors actually are. Paul Hersey’s situational model describes these two different categories in comparison to one another. The four combinations depend on what the situation demands. Correlation between them is shown in the model beneath:

To take any advantage of this model the leader should evaluate and determine subordinates attitudes towards work and their level of willingness, R1-R4. They should also try to see objectively what kind of behavior that would suit better for this specific situation. The model helps leaders to choose a proper behavior based on subordinates readiness. Situational leadership theory explains that a leader’s behavior is flexible, and that a leader, to optimize his results, should adapt his behavior after subordinates maturity and attitude towards work.
The maturity level of subordinates depends on two things: maturity in work, and psychological maturity. The first is connected to the knowledge a worker has gotten through tasks, experiences, and skills. Psychological maturity on the other hand is the worker’s self esteem, commitment, and motivation towards the task. In the case of an unknown task it is an impossibility to have any of the two maturities. Neither is it possible to set a universal maturity, since a person in general is performing a number of different tasks at the same time.

For workers on the lowest level (cannot and are unwilling to do a good job) the model advice the manager to give direct orders. On the next level (want to but cannot) the manager should try to sell, which means to explain the decision and give the subordinates an opportunity to ask questions. For the third level (can but are unwilling) the manager should try to participate to motivate. On the highest level (can and want to) the manager should just delegate the tasks.32

3.4 Building Blocks of Skills

Competence can be seen as a product of numerous different factors, which are building blocks in a competence pyramid. The factors in the pyramid’s bottom layer are relatively permanent and are a stabile ground for the less permanent components of the top layer. The higher in the pyramid, the more difficult are the factors to change.33

The ground factors:

- **Personality.** Leadership scientists have developed different models where personality characteristics is categorized, which increases the understanding for why some leaders are dominant, organized, spontaneous etc.34

- **Intelligence.** The correlation between good leadership and intelligence is strong, but intelligence alone cannot be seen as a warranty for a successful leadership. There are a number of intelligent people who are bad leaders as well as there are less intelligent leaders who are excellent leaders.35

- **Values.** Personal values come from ones family, religion, education, co-workers, and from the way media and technology are present in a person’s environment. They are in general

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32 Bolman (1997), p 342
33 Hughes (2006), p 176
34 Hughes (2006), p 163
35 Hughes (2006), p 176
developed in an early age. Differences in values often lead to different opinions about an ethical or unethical behavior.  

The middle layer containing Knowledge and Experience are basically the leader’s amount of knowledge and experience.

Together all the blocks lead to the top block, containing a sum of all factors beneath it, which is the leader’s competence.

![Building Blocks of Skills](image)

**Figure 3.4 Building Blocks of Skills, adapted from Hughes (2006), p 166**

### 3.5 Leadership Grid

The Leadership Grid model shows different leadership styles in a graph with concern for people on the y-axel and concern for production on the x-axel. With a scale of 1-9 on each axel, 9 is maximum. Five different styles are named in the model. The Country-Club management (x1, y9) is the style where the concern for people is very high while the concern for results is very low. Opposite style is Authority-Compliance management (x9, y1) with a harsh leader, like an officer in the military, where the results are far more important than the people working. Impoverished management (x1, y1) is a leadership type where the leader doesn’t show concern for neither the production nor the people. Middle-of-the-Road management (x5, y5) is a compromising leadership style. In different leadership educations one most often is learned the optimal leadership style is Team management (x9, y9).

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36 Hughes (2006), p 135  
37 Hughes (2006), p 201
Studies have shown that Team management is a great style in general but that it is not always the most efficient. Those studies instead emphasize the importance of adjusting the leadership style after the current situation and the co-workers coming with it. Sometimes the more aggressive Authority-Compliance management, with direct orders, is the best for the company, and the people around it. While the more laid back Country Club style might be better when subordinates are well qualified and take a big responsibility for the task.

![Leadership Grid](image)

**Figure 3.5 Leadership Grid, adapted from Weightman (2004), p 133**

3.6 The Agency Theory

In the agency theory the relations between the owners, called *principals*, and the bosses, *agents*, are in focus. They are called agents to indicate that they should act from the principals’ interests rather than from their own, since they are making decisions for the principals. The agent problem is the risk of agents acting from their own best instead of from the principals’. The agency theory is about different ways to control agents’ actions in order to secure the principals’ interests.
To ensure that the agents act for the principals’ best, contracts are often written. Contracts where there are opportunities for the agent to be rewarded when acting like the principals’ want. This way agents act in their own interests when acting in the principals’ interests. One can see this as a delegating of work in exchange for a price agreed by both parts. But this delegation means principals pay a fee not to be involved in the actual action, and therefore there is always a possibility for opportunism from irresponsible agents. The agency theory says one can actually never trust the agent to act as agreed. Here is the dilemma; constant direct observation, if even possible, in order to see if the agent fulfills the contract acquire so much time that one could run the organization oneself instead, and if they choose not to supervise at all, then the agent can more easily act in pure personal interests.

Then the question is whether to reward behavior or results. In order to reward behavior, principals must create yet another level in the organization in order to supervise agents. This is generally very costly. If it is possible to measure output, it is more economical to reward results, but then you have a problem measuring morale and quality. One advantage with result steering is that the agents also take a risk, which usually only the principals take, when they too have something to win in good results for the company and something to lose if the results plunge. It is very complicated to find a balance for the proper steering in a specific situation.

Even if the theory is primarily designed for the relation between owners and bosses, it can be generalized to show the relation between bosses on a lower management level and their subordinates.

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38 Hatch (1997), p 366-369
4 The report’s theoretical frame

We shall study which cultural differences there are between the Swedish management and the American, and in what way they might be a problem for Swedes establishing a small or medium sized company in USA. In order to find answers to our questions we have made a theoretical frame, from which we shall proceed with our collecting of empiric.

As seen in the model below, we have the theories of leadership styles as a foundation. In order to see how it can appear in a real management situation; one can relate Hofstede’s and Trompenaars’ studies on cultural differences, our own empirical studies, and our interviews, to the foundation.

In this research model we see Hostede’s and Trompenaars’ theories as secondary data, since they are actually major studies on national cultural differences. From their study results we shall find stereotype differences between Sweden and USA concerning management. These differences we shall let through to the centre of the model, where we finally shall get our report’s results.
From our empirical studies of literature, we shall too, find stereotype differences between Swedish and American management. And these shall also be let through to the heart of the model. The interviews will, after our analyses, show differences between the two cultures, in a form of slightly limited reality. Even these differences are to be let through to the model’s centre. Here are then all management cultural differences we have found, and from there we can finally see a result of which cultural differences there are between the Swedish management and the American, and in what way they might be a problem for Swedes establishing a small or medium sized company in USA.

The idea of having the leadership style theories as a foundation is that wherever you are in the model, you can go “out of your box”, and see how a specific difference in management might show in a real situation.

As mentioned in the theory chapter, the agency theory is designed to show the relation between owners and agents, but can also be used to show the relation between bosses in lower management and their subordinates. Still, in this report, the agency theory is not found relevant since the interview objects are both owner and boss, as well as they are founders of the companies studied. They are agents and principals and therefore an agent problem should not occur, and the theory is irrelevant.
5 Empirical Research

5.1 US Management

5.1.1 History of the American culture

The colonization of America began around 1600\textsuperscript{39}, in the eighteenth and nineteenth century the flow of immigrants increased.\textsuperscript{40} People seeking a better life, away from starvation and misery, or a possibility to even further increase the fortune, immigrated to America. A land full of natural resources,\textsuperscript{41} large areas of unclaimed land\textsuperscript{42} and no feudal structures, made people seek the fortune in the promised land of America. The people that came to the new land were open to new ideas, adaptable, hard working, and enthusiastic. They had to be, since the rough conditions in America at that time made people starve, get killed, or even move back to where they came from. However, this made those who did succeed, choose their own way, creating a new culture. The influences from the newcomers’ native soil were strong, and much of the old ways were conserved, since the contact with the world around was limited. This means that the culture has developed in two ways, both progress and conservative oriented.\textsuperscript{43} Because there were so many immigrants, to survive and succeed, one had to be there first, work harder than everybody else, and protect ones claim with ones life. In those times there were no, or few, regulations, which meant that one worked hard, on ones own conditions, making the dream come true, always trying to get there first. Americans believe that success comes from hard work, and time is money.\textsuperscript{44} There were also no, or few, social structures in the new land, which meant that status could be achieved without being born with the right background. One could simply achieve status by hard work and intelligence. America thereby, with the resources and freedom, had the potential to become an entrepreneur’s dream, the business spirit flourished.\textsuperscript{45}

\textsuperscript{39} Lundén and Srigley (1992), p 77
\textsuperscript{40} Lewis (1999), p 165-166
\textsuperscript{41} Lundén and Srigley (1992), p 76-79
\textsuperscript{42} Lewis (1999), p 165-166
\textsuperscript{43} Lundén and Srigley (1992), p 76-79,89
\textsuperscript{44} Lewis (1999), p 166
\textsuperscript{45} Lundén and Srigley (1992), p 87,89
5.1.2 The American culture of today

The American culture themes

* Progress and growth
* Modernity
* Materialism
* Activity and work orientation
* Informality and equality
* Logic, efficiency and pragmatism
* Individualism and achievement
* Freedom and competition
* Knowledge and specialization

Source: Adapted from Bjerke, Björn (1999), p 102

One might think that the ambition to get there first should somehow have slowed down over the centuries, but it is still very strong in the Americans of today. They still have the urge to press forward, towards the dream. However, today people are not sure what the dream is. Success is still achieved by the individual, with hard work; all people can, if they work hard enough, earn respect and status by making their own way from the bottom.\(^{46}\) Status is still not given because of background, but of achievement.\(^{47}\) Americans are informal, probably because of the diversity in backgrounds of the inhabitants; the country is build up with immigrants from all over the world, this leading to the importance of interacting without barriers. Being informal is considered being sincere; when faced with formal ceremonies, the American might feel uncomfortable and mistrust the other part.\(^{48}\) The legacy of equality and work ethics still makes the business spirit strong in America.\(^{49}\)

The Americans are also very future-oriented, which means that they strive for progress, to make the future better and richer. They think of the hard work of the present as something that will improve tomorrow. The Americans put value in hard work and are not afraid of taking risks; they want change, and thinks of what can be received. As in the beginning of America’s

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\(^{46}\) Lewis (1999), p 165-166
\(^{47}\) Trompenaars (1996), p 94-95
\(^{48}\) Bjerke (1999), p 89-90
history, the one that grabs first, works hardest, and are willing to take risks, is the one that will succeed. This mentality is what still is striking about the American culture.  

5.1.3 American management

The value Americans put in hard work, individuality, risk-taking, speed, power and making money, is reflected in their management style. Since they also are straightforward and informal, northern Europeans find it easier to make business with the Americans than the Asians or South Americans.

Trompenaars (1996) categorises, in his study of corporate cultures, USA in the category of “The guided missile culture”. The guided missile culture contains stereotyped characteristics that can be applied in general on the culture of USA. This category of culture is egalitarian, task-oriented, willing to take risks, non-affectionate, professional-oriented, individualistic, and reward achievements. In real life that means that people in a guided missile culture, like USA, strive hard to reach goals, everything must be done to achieve it. Specialists and experts are common, everything to reach the goal, which often also includes a positive quarterly financial report. However, people tend to identify more with the profession, or the report, than the company itself, this leading to a high personnel turnover. Motivation and rewards are individualistic and often monetary; individuals, rather than groups, are paid for their achievements.

Source: Adapted from Trompenaars (1996), p 161, 
Riding the Waves of Culture, Nicholas Brealey Publishing

49 Lewis (1999), p 165-166
50 Bjerke (1999), p 84-86
51 Lewis (1999), p 167
52 Trompenaars (1996), p 154-161
America is a future-oriented culture, and so is their corporate culture. This makes managers positive about strategic opportunities, they like changes and are not very concerned about taking risks, and everything is estimated on the potential benefit. The Americans see their business strategies in a short-term perspective; some say they are fanatical about making quick money or to grow bigger. And there is some truth to it, in America “time is money”, individuals and companies live, in large, by that. Because status is given for performance and not background, there are weak, if any, recognized social classes, this makes it possible for anyone to at least have the chance to become a manager. However, even if USA is an egalitarian country, status symbols among superiors are accepted, and in some ways, even upgrade their authority. The organizational structures are decentralized and quite flat, but there are a lot of managers on different levels, to whom the responsibility is divided. Subordinates often have many superior layers in-between them and the president of the organization, and of course many supervisors too. Americans value freedom and competition highly, they believe that it stimulates high performance; this is true on both individual level as on organizational level.53

5.2 Swedish Management

5.2.1 History of Swedish culture

Sweden and Swedish corporations have a long tradition of international exchange. As a former big producer as well as an exporter of timber, iron and cupper, they often send out peers for international practice.54 This rather early international behaviour might have led to that today’s Swedish managers are seen as internationally experienced, and with good language skills.55

In 1938 a great political meeting was held in Saltsjöbaden, a Stockholm suburb. All major political parties got together for an open discussion. A gathering where every part was given time to present their stand, and the other parts respected and reflected on the opinion laid out, with a collective agreement as a final result. During that meeting they founded the first Swedish law of co-deciding (MBL, Medbestämmandelagen); before implementation, all important decisions must be discussed with staff members. The location of the meeting gave name to the phenomenon called “Saltsjöbadsandan”, the spirit of Saltsjöbaden, which by the

53 Bjerke (1999), p 84-103
54 Edström and Jönsson (1998), p 152
MBL has made a major impact on the Swedish management of today, and is well known by Swedes in general.

5.2.2 The Swede

In 1994 Gannon and Associates outlined three main facets of Swedish culture:

- **Love of nature.** Sweden was late to develop as an industrial state but once started the industrialization was rapid. Today’s low power distance may therefore reflect the village way of life, and the low uncertainty avoidance may reflect an outlook that is not threatened by the ambiguity of living with the nature. The closeness to the farming community may be the reason to Swedes practicality and rationality, and all these reflections may also explain the strong commitment to a welfare state even though the industry is not nationalized.

- **Individualism through self-development.** Work centrality is low and there is an unwillingness to do overtime of employees, which managers often complain about. A study by Derr and Laurent in the late 1980s showed that Swedes in general were unwilling to put aside all their time for the career. They were not willing to risk their partner’s career possibilities and therefore also relatively unwilling to leave Sweden in favor for their career. As well as Sweden’s five-week’s holiday, the average number of sick days is very high compared to USA. People in Sweden tend to search jobs with possibilities to develop as individuals, often jobs that allow them to spend time away from work. Decentralized decision-making is often a part of job quality, with possibilities for self-development. Still, decisions in corporate life are mostly made in groups, towards group goals, in-group assignments.

- **Equality.** There are numerous complex state mechanisms designed to provide the same service to all inhabitants, from health care and child benefits to pensions and maternity/paternity leave. In order to run these complex systems, taxation is higher than in most, perhaps all, other industrial countries. Lately these equalization systems seem to have come under political and economical pressure. In corporate organizations these urges for

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55 Edström and Jönsson (1998), p 166  
56 Lewis (1999), p 282  
57 Bjerke (1998), p. 246  
58 Jackson (2002), p 14  
59 Tollergerdt-Andersson (1996), p 43
equality have resulted in flat organizations with, earlier mentioned, decentralized decision-making.

5.2.3 Swedish Management

Swedish managers are seen as internationally experienced, they have good language knowledge, they are seen as easy to get in contact with, meaning mostly an open door to the managers’ office, concern for the personnel, and the some times nearly comical urge for finding a solution pleasing all parts.60 The urge for pleasing all parts is probably a result of the Saltsjöbadsandan-form of decision-making, which has had an enormous impact on the Swedish society. Still in these years managers make decisions after a consultation, a style preferred by the co-workers.61

In opposite of US corporations, that encourage individual competition, Swedish corporations tend to focus on competition between business groups. In Sweden a manager is expected to put his business group ahead of their firm’s short-term objectives.62 In Swedish leadership the manager is preferably seen as a”primus inter pares”63 in teamwork.64 He is seen as a co-working actor in an ongoing collectivistic decision making process.65

Swedes dislike face-to-face conflicts and they try to find a democratic solution for every situation, if there is a problem they sit down calmly and discuss the issue in good democratic order. This hopefully results in a compromise where every part is satisfied. Aggressive is a word with a very negative meaning in Sweden, where a discussion preferably is held in a low voice and without agitation.66 Discussions can easily be held between people in very different positions within the organization; in world of academia, for example, it is not, as in Anglo-American academia, strange if a graduate challenge a professor. This kind of informality can also be seen in Swedish boardrooms, and over phone one might actually get in contact with the CEO without having to handle a protective secretary or a PR minder first.67

60 Edström and Jönsson  (1998), p 166
61 Bjerke (1998), p 246
62 Lubatkin (2005), p 878
63 Latine for “first among equals”
64 Edström and Jönsson  (1998), p 157
65 Bjerke (1998), p 239
66 Andersson (2000), p 28
67 Birkenshaw (2002), p 12
The Swedish manager is sometimes taken as diffuse in his actions, or in this case lack of actions. Someone said that the Swedish diffuseness trains leaders, while the direct order trains assistants.\textsuperscript{68} Bo Berggren explained in an interview that when you contact your Swedish boss in order to discuss an appeared problem, he answers, “See what you can do about it!” When saying it like that he shows a belief in his co-worker and it is a result of the democratic Swedish community. Orders are rarely given, a way of well functioning management in a community with low UA.\textsuperscript{69} Employees expect to be asked for advices by their boss, and if appointed a task, they expect the boss not to bother them. The empowerment is a big part of the flat Swedish management.\textsuperscript{70} Just to enter the manager’s office to tell him you have a problem is not likely to happen in many other cultures. When having an atmosphere where you are allowed to, and even asked to, bring up problems for discussion with your manager, gives a situation where the manager do not have to supervise his employees from his opened office.\textsuperscript{71} The leadership is non-authorial with few power symbols, where the ideal boss is a loyal democrat.\textsuperscript{72} This may come from the unwritten law called Jantelagen, law of Jante, which originally comes from a Norwegian author describing a Danish community called Jante. In the community it was not accepted to try to be better then anybody else, one should be humble. This is an attitude, which in general exists in whole of Scandinavia. To show a material wealth or to act superior is not accepted. One is expected to take just what actually needed and nothing more.\textsuperscript{73}

Democracy as well as equality are key words for the Swedish mentality and thereby their management. An example of the Swedish egalitarianism is when former CEO of ABB, Percy Barnevik, in the mid-1990s was given an extremely large bonus, and the protests of the public eventually resulted in Barnevik repaying half the bonus to the corporation, even though the bonus was in order according to the contract between Barnevik and ABB. The bonus just did not fit with Sweden’s collectivist norms.\textsuperscript{74} This emphasis how there in Sweden is much concern for the relations between the pay scales of top management and of the man on the floor.\textsuperscript{75}

\textsuperscript{68} Edström and Jönsson (1998), p 167
\textsuperscript{69} Edström and Jönsson (1998), p 167
\textsuperscript{70} Birkenshaw (2002), p 15
\textsuperscript{71} Edström and Jönsson (1998), p 169
\textsuperscript{72} Bjerke (1998), p 230
\textsuperscript{73} Bjerke (1998), p 234
\textsuperscript{74} Lubatkin (2005), p 878
\textsuperscript{75} Lubatkin (2005), p 877
Trompenaars earlier mentioned categorization of cultures, categorizes Sweden as an *Incubator*. The Incubator sees the fulfillment of individuals as primary and the organization as secondary, the organizations “…should be there to serve as incubators for self-expression and self-fulfillment.”\(^7\)\(^6\) The incubator culture has few structures, and those that do exist are there to free individuals from routine and to create more creative activities and convenience. It is an innovative, egalitarian, personal, and loyal culture, with almost no hierarchical structures. They are also honest, effective, nurturing, and work in close relationships with each other, which grows out of sharing the creative process together. This gives the advantage of fast changes, because they are in tune with each other, they can make fast and spontaneous decisions, just because they trust one and other and work closely. They strive for the same things, like solving a problem or making general improvements. Since people in incubator cultures are close and strive for shared goals, they do not wish to profit individually, but are rather satisfied by being part of the creative process. Leadership must be achieved; people in the incubator culture do not accept ascribed leaders.\(^7\)\(^7\)

5.3 Interviews

5.3.1 Interviewed companies

**Elmengard**, Los Altos, California
- Lars Elmengard
- 1994
- Residential and commercial construction and real estate services
- 40 employees

**Lampa Möbler**, Los Angeles, California
- Diana Holmlund
- 1997
- Retailer of Swedish and Italian designed furniture and lighting
- 2-3 employees

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\(^7\)\(^6\) Trompenaars, (1996), p 157
\(^7\)\(^7\) Trompenaars, (1996), p 157-160
Nord Mark, INC. Minneapolis, Minnesota
- Trygve Svärd, (lived and worked in US for 30 years)
- 1986
- Wholesaler of the Swedish designed Ballograf pencils and accessories
- No employees, 40 self-employed agents on commission

All Design Services, Miami, Florida
- Eva Gustafsson
- 1989
- Graphic design studio
- No employees today, have had 3 employees as most

Anette Nordvall, Llc., Raleigh, North Carolina
- Anette Nordvall
- 2000
- International Business Consulting
- No employees, helps Swedish companies hire personnel

A Pencil Accountancy Corporation, Fort Lauderdale, Florida
- Ammie Ericsson
- 2003
- Accountancy and administration agency
- No employees (in USA)
5.3.2 Questions
Our interviews were based on thirteen questions, categorized into six categories, which we thought had relevance for this report. The interviews were held in Swedish, the translation is made by us so therefore some nuance differences might have occurred when translated into English. Any possible errors are therefore completely ours.

The establishment:
1. When did your company establish in the USA?
2. Did the company exist in another country before the establishment?
3. Did you possess beforehand knowledge about the American culture?

The company:
4. Number of employees, are they Americans or Swedes?
5. Do you use a Swedish or an American management, or a hybrid?

Cultural related differences/similarities:
6. Are there differences in values and norms between the two business cultures, which?
7. Have you had any problems with your leadership style?
8. Have you changed leadership style in order to make it work better, how?
9. Equal or distanced between manager and employee?

Problems in the organization:
10. Do you think you have a well functioning organization today, with perspective of earlier questions?
11. Which characteristics do you think you have, that have helped to get a well functioning organization?

Advices:
12. What have been especially important to get a well functioning organization?
13. Concerning what we have earlier discussed, do you have any advices to Swedes who want to establish in the USA
5.3.3 Interview answers

The interview objects all responded unanimous to the questions asked. Therefore, we have chosen to present the interviews in a summary with some quotes from the interviewed people.

The establishment:

The respondents had all established their company in USA in the last 20 years, with four companies established from 1990 up till 2003.

Four out of six had their own company in Sweden before the establishment in USA. In two of the cases, the company existed in Sweden prior to the American establishment; the other two had a business in a different field of business.

Most of the respondents did not have beforehand knowledge about the American business culture, even though, it would have been preferable, Holmlund said. However, they had lived in America for a time before the establishment, so they did have some insight into the American culture. Two had good knowledge about the American business culture, through experience from working in and with American corporations, before they established.

The company:

The respondents can be cataloged into three categories; two have approximately forty employees (one of them, Nord Mark Inc., had no actual employees, they were all self-employed salesmen), two have had three employees, and two did not have any employees at all. Although, one of the respondents without employees do have experiences from helping Swedish corporations hire personnel for establishments in USA.

The interviewed persons do, all but one, prefer the Swedish management to the American. They use the Swedish leadership style, but they said they adjusted their style depending on the situation and people involved. “The Swedish model [the Swedish leadership] works everywhere, which you have to teach them”, Elmengard said honestly, with a portion of humor.

“This country is entirely build by self-employed companies, and it depends entirely on what kind of person you are working towards”, Gustafsson said regarding what style of leadership one should adapt.
The one using American leadership style (Svärd), is also the one who have lived the longest in America, and is the one with most experience from American business organizations. He said that good corporations do actually delegate decision-making, but with responsibility.

**Cultural related differences/similarities:**
A difference between the two business cultures that repeatedly was mentioned by the respondents was that the Americans are used to having many different superiors. This makes it unusual to have a common responsibility of the overall work in the corporation; instead every person has a strict responsibility for a specific sector or task. Elmengard, with forty employees, says that having general responsibility is unusual even for managers. In order to make the Swedish management style work throughout the entire organization, he said: “Educate them! Tell them: -You have he responsibility now, make it work!”; Ericsson says that the American manager is more of a coach then the Swedish; it is a form of delegation where the manager pushes the subordinates, however, in a friendly way with praise when obtaining good results.

Nordvall, with her experience of helping Swedish corporations hire personnel in USA, says that since there are many superiors on many levels, information usually do not travel fast through the, often hierarchical, organization. Therefore you should not be too surprised if some things are lost on the way, and it seems like nothing is happening. “You have to have understanding for the American way”.

Almost every respondent, when asked about American business culture, mentioned that there are great differences between Americans. Because of their different origin, meaning where their family originally descend from, they see things in different ways, and in order to educate them you have to find the specific level of the individual, which Elmengard emphasizes is not that easy.

Other characteristics the respondents said were typical for Americans were that they are work-motivated and extremely focused. Holmlund said that it inspired her having Americans as employees. The Americans also have more work-hours than the Swedes, almost turning the work place into a social institution. Ericsson earlier worked for an American corporation, and
told us she did not bother at all working many hours as a result of a great unity within the work-team.

**Problems in the organization**

Overall the respondents were content about how their organizations worked. Five out of six used, what should be called a stereotype Swedish leadership, and have done so since the establishment. They had not found any reasons to change their management, even though they, as earlier mentioned, had adapted their management slightly to the American culture. Both Ericsson and Gustafsson, however, mentioned ability to adjust to the situation, as personal characteristics that have helped them to get a functioning organization.

**Advices**

Since the respondents in general did not have any management problems from the start, they could not say specifically what have been especially important to make the company function properly.

Svärd has worked with American corporations, educating American managers in the Swedish mentality and management, in order to efficiently get them to function in Sweden, with Swedish subordinates. He told them that the American way, where the manager say: “this is how we should do, this is how it should look like, here is the time plan, and this is what it can cost!”, does not work in a Swedish corporation. He mentioned this as an example of the tougher American business culture, where there is no co-deciding. Characteristics as aggressiveness, stubbornness, adjustability, and mentalities of go-ahead and to stand up for oneself, were important to succeed in America, some of the respondents answered. Something everyone commented was that money rules. In an environment where many people try to con you for money, one ought to get every agreement in printed contracts.

Nordvall mentioned that one should not only see the 250 million people with the same language and the same sort of wall socket as a homogenous mass. Unless you do not have a totally revolutionary invention that nobody can live without, you probably should find a partner, for a joint venture company, or establish in a niche market, she says. Many of the respondents said that finding an American business partner was probably to prefer.
Among the other advices were, to use the Swedish common sense, and to be there you yourself to run the company, too many companies have not made it because of management positioned back in Sweden. Another repeated advice was to give your idea all your energy, and to go for what you believe in.
6 Analysis

6.1 Comparison USA-Sweden, from the theories, and the literature

When studied Hofstede’s results on national cultures, the biggest differences were concerning masculinity-femininity. Sweden is the most feminine country in the whole study. The differences in power difference were actually smaller than we thought it would be, after reading the literature. According to the literature, North America is hierarchic, while Swedish organizations are extremely flat. In the American organization, responsibility is strictly limited to specific tasks and sectors, compared with the Swedish organizations where all employees more or less have a shared responsibility for the overall output. Even if the American organizations are hierarchical, they are flat too, with many managers in different areas on the same level. The phenomenon with many supervisors makes the structure broader, not steeper, because they together with the large number of managers create a complicated net structure, with the many parallel managers for the personnel. This, rather paradox, makes a strict hierarchic, flat organization.

The many managers and supervisor also show us an example of why the American organizations are considered to be more masculine than the Swedish. The Swedish organizations are, what Trompenaars categorizes as an incubator culture, a non-hierarchic culture with few structures. The Swedish work method, where the atmosphere encourages employees to take the responsibility by taking own initiatives, and to find solutions both in a group and individually. Guided-missile cultures, as USA, personnel tend to identify more with the profession than with the corporate itself, and in a bigger perspective, than with the business group. In the highly individualistic American culture, people are very task oriented. Sweden to, is considered an individualistic culture, but with a collectivistic foundation, where the group comes before oneself. But still the most important is the self-fulfillment of the individual, which may explain why Swedes tend to search jobs with possibilities to develop as a person.

In Trompenaars’ study results, the biggest differences are on the parameters of internal versus external control. Swedes are external control-oriented, they believe in compromises, and adaptation to cycles, they are patient, and wants harmony within the organization. A typical example of this is the Swedish “Saltsjöbadsandan”, an agreement on about how to behave, to one another, in public life like a business organization. The Swedish mentality, with its
constant urge for politeness and compromises, is very different to the American internal control-oriented way where the financial gain is in constant focus. They see themselves as above nature, that can be tamed by man.

When studying differences between Swedish and American management, we can see that the Swedish manager delegate tasks, and responsibility, while the American boss hands out specific tasks and then coach his staff through the process. We can see a conflict between coaching and empowerment. If a Swedish manager brings the Swedish, delegating, leadership style to USA, then the coaching, which American employees are used to, is impossible to apply to the management. We see these two ways of management as each other’s opposite. When delegating, one cannot coach, for the employee this would be as if the manager had changed his mind about the employee’s level of readiness, see Situational Leadership.

In order to obtain Team management, see the Leadership Grid, one should show concern for both employees and the company output, two concerns that are in fact one masculine and one feminine, if adapting Hofstede’s terms.

6.2 Interview analysis
Elmengard’s comment about having to educate the American personnel is one of the most interesting in our interviews. He tries in an American way, with strict order giving and coaching, to educate his personnel to be able to understand and work in the Swedish way, where delegating and responsibility are important. By showing how things are done, he tries to increase their level of readiness to be able, later on, to use empowerment, strongly connected with the Swedish leadership style, see the Situational Leadership. The strictly limited responsibility culture, on all levels in the organizations, our interview objects mentioned as a difference from the Swedish way. We believe the Swedish managers see this as a problem, even though they did not say it themselves. They say that they use the same management as they would have done in Sweden, but the studied literature explains that the Swedish empowerment does not always work very well in a culture that is accustomed to coaching from an order-giving manager. We believe they make the organization and workplace more Swedish subconsciously. They say they adjust to the situation and people involved, but we think the employees and others in the surrounding also adjust to them. The employees are most likely used to a situation, where the manager decides everything for them, and they “just” have to do their handed specific task. This shows a difference between
Americans and Swedes. Trompenaars’ dimensions of internal and external control shows this, which might cause problems for Swedish managers in America.

Seen from the two stereotyped corporate culture categorizations, the Guided Missile and the Incubator, we can see a difference in how employees, in the two cultures, are motivated in their work situation. Our respondents said that the American employees seemed more motivated. We think that this could be a result of Americans being more motivated by their own output, while Swedes, as mentioned in the empirical studies, are motivated by handed tasks which will develop them as human beings. Seen from Hofstede’s dimensions, this can be explained by the American culture being rather masculine and the Swedish ultra feminine, since the personal output is hard values, while self-fulfillment as the Swedish personnel seek, are typical soft values; meaning feminine when referring to Hofstede’s dimensions. The American business culture were said to be tougher, several of our respondents said “money rules”, one example of this is that contracts are always written, no handshake agreements as there is in Sweden.

As mentioned in our empirical study, the Swedish culture is very homogenous. In our interviews, the Americans were described to be a diverse group. One of our respondents said that one have to go down to an individual level with each subordinate, to find a suitable leadership style. In Sweden people are more the same, and therefore it is easier for a manager to lead his staff. If competence is formed like the Building Blocks of Skills shows, American diversity can be explained by peoples’ differences in origin. This gives differences in values, which leads to nuance differences in their final competences, at the top of the block model. If a Swedish manager does not reflects on this, and expects the same from all personnel based on the same instruction, a problem might arise when some of the employees understand it entirely different because of their background.

One thing very noticeable about the respondents answers to which characteristics they believe have helped them when establishing in America, was that the characteristics mentioned all were typical, stereotype, American.

6.3 The analysis results into the theoretical frame
The analysis results above are here inserted in the project’s theoretical frame, in order to show how we will use the discovered factors in our study:
• The American culture is very masculine; in the hierarchical organizations managers are the decision-makers. They hand out strictly structured tasks with limited responsibilities to their employees, who focus on their specific task instead of the whole company’s best. The Swedish organisations are extremely feminine; most decisions are made in groups. Co-decisions and responsibility are important factors in the Swedish community. This also gives an idea about the existing difference in power distance between the two countries/cultures.

• Americans often talk about the importance of coaching. Swedes on the other hand empower their employees.

• Responsibility is something Americans in general are not used to, even on manager levels.

• Swedes seek consensus and harmony; therefore they try to achieve compromises. The American climate is tougher and they are very task-oriented, with the point of view that “money rules”.

• Swedes are motivated by tasks, while Americans are motivated by personal output. Swedes seek personal development and work-tasks with possibilities to self-fulfilment. Therefore the American culture is, typically individualistically, paid-for-performance-oriented, while the Swedish reward, in a collectivistic way, the whole group.

• The Swedish population is rather homogenous compared to the American.
7 Conclusion

*Which cultural related differences might cause problems for a Swedish company, establishing in the USA, from an organizational point of view?*

If a Swede establishing in USA, is not aware of the cultural differences between Swedish and American business cultures, many problems may actually occur. If a Swedish manager in USA tries to delegate tasks in the same way as in Sweden he might confront major problems; Americans are not used to responsibility, they are used to being coached in a strict way where the manager tells them exactly what to do, and how to do it. If not given direct orders the risk is that the company output will be close to none. As mentioned earlier, in the chapter Problem discussion, there is a risk that the office will come close to a stand still, if the manager do not steer the staff. However, in our study we found that the risk is actually small if the manager takes the time to educate them in the Swedish way.

In USA it is even more important, for managers to consider the variation of the staff’s values and competences, than it is in the rather homogenous Sweden. When handing out a task to a group in Sweden one can almost for certain know that the group members will understand the task in the same way, but in USA the differences in values and competences can result in group members interpreting the task in different ways.

However, if the Swedish manager is adjustable in his management, and observant to any cultural differences that might exist, there should be no problems establishing, and leading American employees, in USA. We found it interesting that, when asked about personal characteristics that have helped our respondents succeed in USA, they mentioned only typical American characteristics. From this we think we can see the importance of adjustability to the new culture.
8 Future studies

When making this project we have learned a lot of both American and Swedish culture. We have found it very interesting and think that the next step, within this subject, would be to study large companies’ establishments in USA. After all, there are a number of Swedish companies that have not succeeded overseas, for several reasons.

9 Source and self criticism

We have used Hofstede’s studies on dimensions of cultural differences between nations for this project. His work has over the years been criticized; some people say that you cannot categorize nations. Still the studies have been replicated, with similar results, as in this project. Therefore we find it possible to categorize national cultures; however, one must be aware of that the results show stereotypes.

As mentioned earlier, the authors believe the reliability to be neither high nor low, since we have studied a rather few number of companies. One could have asked for a greater number of interview objects. However, since the interview answers from the respondents where very much alike, we believe that the reliability actually are rather high after all. Further criticism against the project could be that the respondents all have lived in USA for a number of years and therefore most likely like the American climate. Maybe they are not as different from the Americans as we might have thought, there is always a chance that they actually are not alike the stereotype Swedish manager.

Another criticism to the project results is that we have not interviewed any company that did not succeed to get a functioning organization in USA. These companies are not easy to find, and even more difficult to get an interview with. In general, companies, as people, are not very positive about discussing their own failures. A tendency one is required to reflect over, when interviewing the respondents, or reading the interviews. There might be a risk the respondents did not tell the authors about certain incidents or problems that they are ashamed of, or for any other reason did not want to share with the public. About that we cannot know, but we do believe our respondents, and think they where telling us all that was considered relevant, from their experiences on establishing and managing a company in USA of today.
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