TRANSFER OF AMERICAN MANAGERS TO SWEDEN

A STUDY ON THE DIFFERENCES IN SWEDISH AND AMERICAN LEADERSHIP STYLES AND THEIR IMPLICATIONS ON THE PREPARATIONS NEEDED WHEN TRANSITIONING FROM THE UNITED STATES TO SWEDEN

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ABSTRACT

As today’s companies are growing their international reach, its managers increasingly need to manage teams overseas. The United States and Sweden have extensive trade and as American companies are increasing their involvement in the Swedish market, American managers relocate to Sweden to manage teams and projects. Knowing how to prepare an American manager for this change is crucial for the success of a project, product, and/or company in Sweden.

We chose to gain answers to the following question:

Are there differences in American and Swedish leadership styles and how do these need to be taken into account when preparing an American manager to lead a team in Sweden?

It was found that, even though two cultures might seem similar (in this case, US and Sweden), companies need to prioritize both pre-departure and post-arrival training as well as selection of expatriates with respect to cultural intelligence.

Differences in Swedish and American leadership styles and culture were investigated by researching a wide array of literature, articles, and prior research. Hofstede’s classification of culture clusters (1983) were found to be immensely useful and further insight was gained from the GLOBE, Global Leadership and Organizational Behavior Effectiveness, project (House, 2002).

For the research on different preparation programs for international transfers, various articles were used as well as personal experience and perspective derived from the interviews we carried out.

It was found that both leadership styles had similarities and differences. The main difference is that Swedish leaders tend to make decision based more on consensus from the group whereas the American leaders are more individualistic and make more arbitrary decisions. Furthermore, masculinity (in this context meaning more competitive) is much more prominent in the US corporate culture than in the Swedish one. These are also the leadership traits that were highlighted to be addressed by managers transferring from the US to Sweden, in addition to intercultural training such as language skills and culture awareness.

It was also found that most medium to large American companies do have training programs in place although the programs could benefit from implementing some of the best practices and strategies discovered by various research done on the subject such as having a support program in place for the managers once they arrive in Sweden.

The findings are believed to be valuable to American and Swedish corporations that look for ways to prepare an American manager for smooth and successful transfer to Sweden.

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INTRODUCTION

BACKGROUND

As companies are increasingly growing their international reach and influence, its managers are finding themselves being placed in new countries and cultures and asked to effectively lead teams of foreign nationals in a new country. Knowing what to expect, and how to prepare oneself for such a transfer, could mean either success or failure for a project or a company.

All employees who are transferred internationally are affected by the cultural differences in the host countries as well as the cultural difference in the workplace (Morley, 2010, Peltokorpi, 2010). The transfer is especially sensitive, and crucial, when a manager is relocated to oversee a group or project overseas. In these situations the preparations for the right leadership style needs to be carefully considered in order to achieve a successful and effective transition. Having a successful transition is crucial for the company, the manager, and the employees. Knowing how to prepare the manager for what they should expect in the host country is extremely valuable to any company or project and can determine the success or failure of a project or product.

It is increasingly common for companies to prepare and train employees in expatriate programs for cultural differences (Brewster, 1994, Romero, 2002), especially for countries that have obvious differences (such as Scandinavia and Asia) but do they prepare the employees in the same way on cultural and managerial style differences between countries where the cultural differences might seem less significant, such as the United States and Sweden? With the increasing number of business and economic ties between the United States and Sweden, we believe that this needs to be investigated further in order to assure greater success of corporate involvement between the two countries.

We have chosen to focus on the preparations that American managers should take when transferring to Sweden as well as the differences in managerial styles between Sweden and the United States, and the impact that will have on the transfer. The reason for this focus is because we believe that, despite many similarities between the two cultures, there are also distinct differences which need to be weighed and prepared for in order for an American manager to be successful in Sweden.

Although multiple studies have been done on intercultural leadership, not many studies have been done on preparations of managers transferring to a different country; yet alone on American managers transferring to Sweden. Hofstede (1983) did a thorough analysis and
classification of countries and clusters which has been referred to by many. Hofstede groups similar countries into clusters, which he then has scored based on 4 parameters; Power Distance, Uncertainty Avoidance, Individualism and Masculinity.

In the GLOBE (Global Leadership and Organizational Behaviour Effectiveness) project (House, 2002) a breakdown of Hofstede’s model was further derived and used for extensive research. The GLOBE project decided to further develop the parameters used by Hofstede with some selected additions and changes.

We have chosen Hofstede’s classification as our main framework, with the additions and changes as suggested by House (2002) in the GLOBE project. In addition to this, extensive research exists, worth mentioning is one on how culture in general impacts leadership traits (McCrae, 2008).

**DISCUSSION**

Cultural intelligence is increasingly important in a global environment. Thomas et.al (2008) claims that specific content knowledge of the culture is the foundation of cultural intelligence. This means that you have to get to know the culture you are to interact with. People with higher cultural intelligence usually have a strong focus on information gathering or perceptual skills, interpersonal and relationship skills and are in general adaptive. Bird et.al (2010) explains cultural intelligence as follows, “the process of influencing the thinking, attitudes and behaviours of a global community to work together synergistically toward a common vision and common goal.”

Intercultural leadership is highlighted within universities and multinational corporations; the question is whether it is fully being addressed from the perspective of how one prepares for a new leadership role in a new culture? In the large corporations where international transfers are implemented, the process and preparations of these tends to be a lengthy and expensive for the company and therefore it is important that it is successful. Awareness of the cultural differences has caused many multinational companies to create training programs for employees who transfer internationally. These programs tend to focus on the differences in culture - both outside and inside the office. However, it could be questioned whether they have picked up and addressed the subtle differences when it comes to a home and a host country that at a first glance seems fairly similar. It could also be questioned if such programs focus on managerial and leadership aspects, rather than cultural differences in general.

Many steps and considerations need to fall into place for an employee that relocates internationally and even more if that employee is a manager. This is due to the fact that leadership styles differ across culture and expectations and responses differ from the manager.
and the local team. Here additional training is needed in order to integrate the local leadership styles to the culture of the host organization (Romero, 2002).

International transfers within a company is addressed and supported by the employer, although not always successfully, whereas individuals choosing to relocate on their own need also to prepare on their own. Reading up on cultural differences and familiarizing yourself with the new country and language is probably the first inevitable step, which was also indicated in the interviews carried out with American managers that had transferred to Sweden. However, the difference in the work environment needs to be considered, addressed, and prepared for, and it is here that there is less information available today.

In our study we have chosen to address this specifically by analyzing and comparing the cultures and leadership styles of Sweden and United States and how one should prepare for a transfer from the United States to Sweden. This was done in order to find similarities and differences in both culture and leadership style, but also to indicate what preparations and changes that are needed by an American in order to function in a leadership role in Sweden. The conclusions in this thesis could be used by multinational companies both for training and recruiting purposes, but also for Americans that are relocating to Sweden.

When focusing on these two countries specifically, we are using the existing research done on intercultural leadership in general and are then detailing the differences and similarities between these two countries in particular. The analysis is done in order to find the most important areas that need to be addressed in preparing and adopting the leadership style when moving from the US to Sweden. We are validating findings and recommendations in a selected number of articles and texts.

These finding are then further evaluated and compared to the empirical data collected in the interviews.

**RESEARCH OBJECTIVE**

This thesis is focusing on preparing American managers being transferred to Sweden. We have chosen to look at Swedish and American leadership styles and cultures, their respective strengths and weaknesses, and how an American manager should prepare for these differences.

We have chosen to phrase this as:

*Are there differences in American and Swedish leadership styles and how do these need to be taken into account when preparing an American manager to lead a team in Sweden?*
It is our objective to focus on what preparations an American manager should take when being transferred to Sweden, including highlighting the similar and dissimilar leadership styles between the two countries, as well as to look at what specific leadership styles adjustments would be helpful for American leaders to make when making the transfer. The information is drawn from extensive research which we have used to form the theoretical framework which in turn has been used to analyze and compare our findings with the responses received in a number of interviews.

**DElimitation**

This study focuses on two countries specifically, Sweden and the US.

The research for this study is limited to an analysis of available literature such as course literature, research articles but also published material on websites and in magazines. This has been complemented with a limited number of interviews. An extensive empirical study was not possible in the time-frame of this study.

There exists extensive literature in regards to intercultural leadership but a theoretical framework is not fully agreed. Different authors highlight different aspects; in total there could be as many as 60 different traits that affect intercultural leadership. We have decided to base our studies on the framework identified by Hofstede (1983) with further expansions as identified by House in the GLOBE project (2002).

As for preparation programs for repatriates, there are a number of approaches used in the industry. We have derived an understanding of the agreed best practice in regard to preparation programs based on the available literature, interviews, and research.

**Process and Structure**

This thesis initially describes the theoretical framework and ideas that has been used in our analysis. It explains the different terminology being used in the concept of intercultural leadership and the aspects thereof. The thesis then continues to describe, summarize, and analyze the information gathered during the literature study; including how leadership styles differs between the two addressed countries and how these differences need to be addressed by an American leader preparing to manage a team in Sweden.

The thesis will follow the approach to review and analyse and further derive the theoretical framework of intercultural leadership and specifically the need for preparations when transferring from the US to Sweden. The connection to the theoretical framework is done by a number of interviews collecting data on preparations done, discrepancies found, adjustments done and recommendations for future managers in transition.

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The conclusion summarizes findings from the analysis of the theoretical framework in the light of the empirical data collected and the interviews that were conducted. The conclusion also outlines useful areas of findings and potential further studies.

**METHODOLOGY**

**RESEARCH DESIGN**

This study is focusing on a particular situation that is fairly common with multinational companies, the repatriation of managers to a foreign country.

The analysis is based on combining qualitative data with theoretical propositions, using an exploratory approach. The approach with interviews were chosen, in order to gain a deeper understanding of the specific context of the interviewee, to get a better understanding of the specific situation, the story behind the answers. Understanding and explaining the human behavior from a cultural perspective is very subjective in its nature, and direct interactions with interviews will most likely give more substance to the answers than a survey. As stated by McNamara (1996) interviews are appropriate “when there is a need to understand motivation, behavior and perspectives of our customers and partners”, interviews can provide the “how” and “why”.

There are some limitations with interviews that need to be considered in the analysis. Per definition, interviews are subjective and to larger or lesser extent, open ended. The interviewee is affected one way or the other by the interviewer, who could unwillingly influence the answers. Also, it is difficult to do a statistical analysis due to the low number of interviewees, to assure the validity of the findings. Another drawback with interviews is that they are time consuming, hence will be limited in numbers compared with e.g. a quantitative approach using survey(s).

The theoretical framework of the thesis is based primarily on the model by Hofstede, describing cultural (national) clusters. The cultural aspects are related to (leadership) traits and theories on preparation for expatriates. The basic theoretical proposition, based on Hofstede, is that US and Sweden belong to different cultural clusters, which will impact the need for expatriate preparation for a US manager moving to Sweden.

Since the analysis is based on theoretical propositions, the interviews were structured according to the theoretical models, with the questions being open but within the boundary of the theories. When constructing the interview questions, effort have been made to reflect Level
2 questions as much as possible (Yin, 2009, pp. 87), i.e. to relate to the research question and the theoretical proposition without revealing the purpose of the question (basically asking Level 1 questions to the interviewee, with Level 2 questions in the back of the interviewers mind).

To improve the validity of the study, the president of the Cultural Intelligence Center (Cultural Intelligence Center, 2013) in US was interviewed, to get a different view on the topic.

DATA COLLECTION

Data collection was done in two ways; first by a thorough literature review, secondly by in-depth interviews, both of US managers active in Sweden and the president of the Cultural Intelligence Center in US (Cultural Intelligence Center, 2013).

LITERATURE RESEARCH

We collected additional data by researching articles online and texts reviewed throughout our MBA studies. We did searches using words and phrases such as “American management styles”, “Swedish management approach”, and “Preparing a manager for international assignments”. The articles we researched ranged from business articles, such as Forbes Magazine, to academic writings such as Hofstede and Dubrin. We divided up the research of articles in to four areas: Management styles in the United States, management styles in Sweden, Hofstede’s and Dubrin’s writings on management styles, and current practices in international management transfers.

The literature research gave us the opportunity to address our research question from the generic perspective of cultural and leadership differences and the implications these may have on the requirements on preparations done by the managers being transferred.

INTERVIEWS

The main criteria for choosing interviewees were that they should have moved from US to Sweden, and they should keep or have kept a managerial position in Sweden.

Possible subjects for interviews were selected based on professional networks using LinkedIn, including 1st and 2nd order contacts of the authors.

Emails were sent to the subjects, describing the thesis and asking for a 30-60 min interview. All subjects except one (eight out of nine) accepted, and meeting details were arranged.

The interviews were performed over email (2), phone (4) and face-to-face (2). No follow-up interviews were done.
Notes were taken during the interview, and stored after the meeting.

An important aspect of an interview, is the ability of the interviewer to build rapport and trust with the interviewee. Enough time was put aside to introduce the interviewer, the topic and the aim of the interview.

To improve the validity of the data, also the President of the “Cultural Intelligence Center” was interviewed (Cultural Intelligence Center, 2013). See section Quality regarding construct validity.

8 managers in Sweden were chosen for interviews as well as interviews with a manager at and the President of the “Cultural Intelligence Center” based in Lansing, Michigan. All interviewees based in Sweden have today a leadership position in Sweden. The two interviewee related to “Cultural Intelligence Center” are based in US. The age varied between 32 and 48 year, with 8 male and 2 female. The Swedish-based interviewees have been in Sweden between 1 and 7 years, and the majority of the interviewees do not plan to leave within a foreseeable future. Participants represented different industries, ranging from consulting, financial advisors, and software development to management professionals. Furthermore, the answers received from the ‘Cultural Intelligence Center’ were based on polling data collected from 35,000 leaders.

The interviews were based on an interview guide, with a mix of open ended and fixed response questions. The fixed response questions were used to ensure that key theoretical elements were covered, whereas the open ended questions were used to go behind the story of the interviewee, to get the “why”.

The questions were designed to facilitate analysis based on pattern matching, see section Analysis.

**The following list of questions was followed during the interviews in Sweden:**

**Introduction:**

1. How long have you been based in Sweden?
2. Did you have long-term international experience prior to your move to Sweden?
3. Where you transferred within a company to a post in Sweden or did you apply for a job in Sweden/moved to Sweden and found a job?
4. Did you move to Sweden with a spouse/family?
5. Did you attend an official preparation program prior to your move? If so, which one and where?
6. Did you do any other preparations on your initiative?
7. Did your accompanying spouse/family do any preparations?

**Cultural awareness:**
8. What CULTURAL (outside of the workplace) difference from your home country surprised you here?

9. What BUSINESS (in the work place) style/approach/communication difference from your home country surprised you here in your new local office?

10. What do you think the locals can learn from your home business style?

11. What do you find frustrating with the local business style or culture?

12. What do you think the local team finds different with your managerial style from what they are used to?

Lessons learned:

13. What did you wish you had known about the local business style or culture prior to coming?

14. What have you learned from the local business style that you think your home office could learn from?

15. What would you have added to your preparations prior to your move to Sweden in order to make the transition smoother?

The purpose with the questions (above), and the linkage with theory and the theoretical proposition in order to facilitate:

- Question 1-4. To get basic facts regarding the interviewee and the interviewee situation. Also to build rapport, to get the interview going.
- Question 5-7. Understand what preparation program(s) the interviewee and/or the spouse/family have attended. An interviewee that have attended cultural awareness program(s) in relation to the move can be expected to handle cultural differences in a less dramatic way, see section Preparations for international transfers.
- Question 8-12. Relates to perceived differences with respect to culture outside or within the workspace. Cultural differences based on the Hofstede model (section Hofstede – cultural clusters) should be visible in the answer. Also differences in traits might be visible (section Traits and the Five Factor Model)
- Question 13-15. Relates both to perceived differences with respect to culture, but also to preparations done (or not done).

Although the same questions were asked to all interviewees in Sweden the interviews became individual due to the follow-up questions that followed naturally to their replies. We focused on fully understand the reasoning and reasons behind each answer and ensured clarifications where needed.

The following questions were presented to our sources in the US:
1. What are the main areas that you see American managers need help with when preparing to be relocated overseas? (Language, cultural understanding, business customs, political understanding, etc?)

2. What types of programs (if any) are offered by your company to help prepare your managers for international relocation? In your opinion, are these programs effective?

3. Are these programs new to your company or have they been in place for a long time? Do you see your company expanding the training/preparation program?

4. How does your program and training differ from what you see in the marketplace?

5. How is your program structured? What areas do you focus on when preparing managers for relocation?

6. Have you seen your program be effective?

The purpose with the questions (above), and the linkage with theory and the theoretical proposition:

- Question 1. Relates to perceived differences with respect to culture outside or within the workspace. Cultural differences based on the Hofstede model (section Hofstede – cultural clusters) should be visible in the answer. The question was posed in such a way that it does not relate to any particular target country, hence the relation to the Hofstede model is more general than the first set of interviews (which were specifically with US managers operating in Sweden).

- Question 2-6. Relates to preparation programs, see section Preparations for international transfers. Purpose was to get a deeper understanding of preparation programs in US with focus on intercultural understanding, and what can be expected of such programs. The deeper understanding help the author(s) to enrich the analysis of the first set of questions (interview with US managers operating in Sweden).

The interviews lasted between 30-60 minutes and in some cases clarifying email conversations was held as follow-up. All interviews were transcribed and the notes from respective interview were analyzed separately before a collation and analysis of the full set of replies was done. The collation was analyzed for commonalities and patterns, see below.

**ANALYSIS**

The analysis done was primarily based on pattern matching (Yin, 2009, pp. 136-140). Pattern matching “compares an empirically based pattern with a predicted one” (Trochim, 1989, referenced by Yin, 2009, p.136). To strengthen the pattern matching, nonequivalent dependent variables can be investigated. In our case, this means that areas where the Hofstede model predict Sweden and US to be very similar, there should be an absence of “cultural clash”.

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The following patterns were investigated when interviewing US managers in Sweden:

- Did the interviewee express perceived intercultural difference related to what Hofstede classified as “Masculine”, e.g. competitiveness (higher in US) or consensus (higher in Sweden)? See section Hofstede – comparing the US and Sweden. Question 8-15.
- Did the interviewee express perceived intercultural difference related to what Hofstede classified as “Power Distance, “Uncertainty Avoidance” and ”Individualism”? See section Hofstede – comparing the US and Sweden. Difference should be less significant than for “Masculine” though. Question 8-15.
- Did the interviewee express differences in agreeableness (appreciative, forgiving, generous, kind, sympathetic) and conscientiousness (active, assertive, energetic, enthusiastic, outgoing, talkative), where both agreeableness and conscientiousness should be more significant in US compared with Sweden according to traits theory, see section Traits and the Five Factor Model. Questions 8-12.
- How well did the interviewee express an understanding of cultural differences and the need for expatriate training (including spouses) related to cultural differences? Relates to expatriate preparation, see section Preparations for international transfers. The interviewee that has participated in a program should express a less dramatic “cultural clash” compared with an interviewee that did not participate in expatriate preparation. Question 5-7, 13-15.

QUALITY

According to Yin (2009, pp 40-45) there are four criteria for judging quality: construct validity; internal validity; external validity; and reliability.

Construct Validity

Construct validity is closely related to how well the measures in the study actually represent a measure that explains the (theoretical) construct of the thesis. There are a number of ways a higher degree of construct validity can be achieved; using multiple sources of evidence, establishing chain of evidence (relate closely to the “how and why” for internal validity) and have key informants review draft case study report (Yin, 2009, p.41).

To improve the construct validity by using multiple sources of evidence, the CEO and a manager of the “Cultural Intelligence Center” were interviewed (Cultural Intelligence Center, 2013). Also
the theoretical construct and reasoning was done in order to improve the construct validity by establishing chain of evidence.

**Internal Validity**

Internal validity relate to the establishment of a causal effect between two variables, hence to the explanation building and theoretical construct (see also Construct Validity above). Ways to improve the internal validity according to Yin (2009, p 41) are; do pattern matching, do explanation building, address rival explanations and use logical models.

Pattern matching has been applied to the interviews, and explanation building has been used in relation to the theory. Also, to a minor extent, rival explanations are discussed in the Analysis part.

**External Validity**

External validity relate to how easy it is to generalize the results. Ways to improve the external validity according to Yin (2009, p 41) are to use theory in single-case studies or use a replication logic in multiple-case studies.

In this thesis, theory building have been applied to increase the external validity.

**Reliability**

Reliability relate to documentation of the work being done throughout the case study. Ways to improve the reliability according to Yin (2009, p 41) are to use case study protocol and to develop case study database.

The work in this thesis have been documented, and the data (interviews) stored.

**How the validity could have been further strengthened**

The thesis cover all four areas related to validity, and care have been taken to improve the validity of the thesis. However, there are a number of ways the validity could have been further strengthened.

By having key informants, e.g. some of the interviewee, review draft case study report important feedback could have been received.

A deeper investigation and discussion on rival explanations would have improved the internal validity.

To strengthen the external validity, replicating the case study by e.g. looking at Swedish managers moving to US, or another interesting Country A vs Country B, would be relevant. This
was not considered though due to time restraints.

**THEORY**

**DEFINITION OF CULTURE**

There is extensive literature that writes about leadership being specific per culture and also an expression of that culture (Holmberg, 2001), with Swedish leadership being a well-recognized such. However, in order to define whether it really is true that leadership differs between cultures, we first need to define what “culture” actually means.

Culture could relate to art, bacterial culture, nations, groups and more. In this thesis, we focus primarily on culture from a national perspective. According to Encyclopedia Britannica, a “culture area” is defined as “a contiguous area within which most societies share many traits in common” (Encyclopedia Britannica).

The concept of “culture” goes back centuries (e.g. Murray, 1872) and Kroeber and Kluckhohn have discussed and listed more than 160 different definitions of “culture” (Kroeber & Kluckhohn, 1952). However, there seem to be a consensus that culture consists of shared (learned or acquired) elements of (subjective) culture and behavior patterns (Shweder & LeVine, 1984), among persons also sharing the same language, geographic location and period. This definition of culture is rather subjective and not very strict, and there is a wide variety of views as to what the shared elements could be.

In this study, a cultural model formulated by Hofstede (Hofstede, 1983) and further developed by House (House, 2005) as part of the research project GLOBE, have been chosen.

**CULTURE AND CULTURAL CLUSTERS**

The world is getting increasingly more connected, and following the globalization and growth in number of multinational companies, the interest and research on cultural aspects of societies and companies have strongly increased. How can we explain differences in work behavior, in leadership and organizations across nations? What impact does it have on leadership, managers and employees? Hofstede (1983) made very important research when he used cluster analysis to develop a structure for a set of cultural dimensions, with which he could cluster 40 countries (later increasing the number of countries to 62) into 13 clusters with similar culture.

Even though the research in this area goes back several decades, Hofstede’s model(s) for understanding cultural differences is probably the most commonly used in recent research.
Hofstede originally used IBM (in the study it was called “Hermes”) as a measurement probe. During two measurement periods in 1968 and 1972, he accumulated answers from 116,000 questionnaires from 53 different countries. Hofstede scored countries in four different dimensions (Hofstede 1983), Power Distance (Power Distance Index, PDI), Uncertainty Avoidance (Uncertainty Avoidance Index), Individualism (Individualism Index) and Masculinity (Masculinity Index). Later (Hofstede 2001) he added a fifth dimension; short-/long-term orientation.

In the work from 1983, Hofstede touch upon the difference between organizational culture and society from a national perspective. Inspired by the work of Hofstede, House in 1991 started up a major research project, GLOBE, focusing on culture and leadership in 61 countries (House 2002, Hofstede 2006). House used the five dimensions by Hofstede and expanded to nine different dimensions. Power distance and uncertainty avoidance was kept, individualism was split into institutional collectivism and in-group collectivism, masculinity was split into assertiveness and gender egalitarianism. Two new dimensions were also added, humane orientation and performance orientation.

In addition to the modified and added dimensions, project GLOBE also looked at the organizational culture as similar or different from societal culture. In project GLOBE, also values were considered.

Since 2004, when project GLOBE summarized their research and results (House et al 2004), there has been a heated debate regarding project GLOBE, as stated by Fischer (2009): “...has created one of the most heated and controversial debates in contemporary cross cultural management research” (e.g Hofstede 2006, Javidan et al 2006, Smith 2006). The main focus in the debate seems to be on the research construct, if country level cultural variables can be measured using individuals as “probes”, a question that is relevant for many areas of research. Despite all discussions and debate, and the shortcomings of both the work done by Hofstede and project GLOBE, the work by Hofstede is widely regarded as a milestone in cross cultural management research (Kirkman, Lowe, Gibson, 2006).

Given the simplicity of the model proposed by Hofstede and the impact it has had (and still has), this paper will use Hofstede’s five dimensions as a basis for cultural differences.

**HOFSTEDE – CULTURAL CLUSTERS**

The cultural dimensions by Hofstede (Hofstede 1983, 2001, Hofstede & Hofstede 2005) can briefly be described as follows:

**Power Distance**: degree to which less powerful members of a society accept that power is distributed unequally. In a society with high power distance, it is expected that the more
powerful members make decisions without consulting with the less powerful members. In a society with low power distance, decisions are more often based on a consultative approach.

**Uncertainty Avoidance:** degree to which the members of the society is uncomfortable with uncertainty and ambiguity. In a society with high uncertainty avoidance, rigid codes of belief and behavior are common, and unorthodox behavior is not accepted. In a society with low uncertainty avoidance, the members are more relaxed with respect to principles.

**Individualism:** in a society with high individualism (as opposed to collectivism), members are supposed to take care of and consider themselves and the closest family members only, “I” is more important than “we”.

**Masculinity:** in a “masculine” society, earnings, recognition, material reward, advancement and challenges are more important than in a “feminine” society. A masculine society is generally more competitive. In a “feminine” society, there is a preference for cooperation, modesty and is generally more consensus oriented.

**Long-/short-term orientation:** in a society with short-term orientation, there is a focus on short term results, with relative small interest to save for the future. There is a need for establishing the truth, and there is a great respect for traditions in a short-term oriented society. In a long-term oriented society, depends more on context and time, and there is a larger interest to save for the future and a higher perseverance to reach long-term goal.

Using cluster analysis (Forst and Vogel, 1977), Hofstede could form 13 different cultural clusters. Among these clusters, Sweden was placed together with Denmark, Norway, Netherlands and Finland. US was placed together with Ireland, New Zeeland, Canada, Great Britain and Australia.

**HOFSTEDE – COMPARING THE US AND SWEDEN**


Comparing US and Sweden, the most significant difference in terms of the cultural model by Hofstede is **Masculinity** (Hofstede 1983, 2001). This is supported by other studies and articles comparing US and Sweden from a societal culture perspective.

There are also differences with respect to **power distance, uncertainty avoidance and individualism**, however not as significant as for **Masculinity**.

Authors: Benjamin Sherman, Ann Viner, Joakim Westerberg
Since the dimension of masculinity/femininity is the major difference comparing US and Sweden from a societal culture perspective, it is most likely from this perspective a US manager working in Sweden (and vice versa) will experience a difference in culture and potentially run into cross-cultural “obstacles”.

**TRAITS AND THE FIVE FACTOR MODEL**

A trait can be defined as patterns of behavior, thought and emotion, typical on an individual level and relatively stable over time (Antonakis et al, 2004). Over time, there has been an extensive research within psychology on traits (Andersen, 2005). From a leadership perspective, the term “trait model of leadership” is commonly used (Antonakis et al, 2004 and McCrae et al, 2005), but is really consisting of many models of leadership with the common denominator that certain (individual) traits can be used to predict leadership effectiveness (Andersen, 2005). Physiological, demographic, personality, intellelctive, task-related and social characteristics, for example, are used as foundations in the leadership trait model.

A model that is being widely used, where extensive research and validation have been performed, is the *Five Factor Model (FFM)* or *The Big Five* (McCrae and John, 1992). In the 1960s and onwards, a number of research groups independently came up with a model based on the same (or similar) set of traits (DeChurch et al, 2006), that was to be the foundation of *FFM*; openness, conscientiousness, extraversion, agreeableness and neuroticism. There has been an extensive research related to the *FFM*, where a major criticism is that the model is not really theory driven, but rather empirical. However, from a practical point of view, this is of less importance. A lot of research supports the model, where researchers from different research areas have tried to (and partly succeeded with) validate the *FFM* (McCrae, 2005).

Hence, to a large extent, the *FFM* is accepted within the academic world and widely used. Also, recent studies have found relationships between the model by Hofstede for cultural factors (Hofstede, 1983) discussed in the ‘Cultural Clusters’ section. For example, countries with high score on *Individualism* in Hofstede’s model correlates with a high score on *Extraversion* in *FFM*.

Schmitt et al (2007) analyze the geographic distribution of traits according to *The Big Five*. Although the results are not conclusive, and probably would require more research, Schmitt et al draw some conclusions. Most importantly, there seem to be correlations between traits and geographic distribution. Unfortunately, Sweden was not part of the study. However, we can compare North America with Western Europe which will also give us better statistics. We can also compare US with Finland and/or Netherlands, since they belong to the same cultural cluster according to Hofstede (Hofstede, 1983). Comparing North America (Canada, US and Mexico) with Western Europe, there are some similarities and some clear differences.
In both Europe and US, extraversion is fairly similar, as well as neuroticism and openness. However, North America has a much higher level of agreeableness compared with Western Europe. North America also clearly has higher conscientiousness compared with Western Europe.

From a traits perspective, this indicates that in North America, it would be more common with traits related to agreeableness; appreciative, forgiving, generous, kind, sympathetic. Also, traits related to conscientiousness; active, assertive, energetic, enthusiastic, outgoing, and talkative. This is in line with the research done by Hofstede (1983, 2001), where US are classified as very “masculine”, with high level of assertiveness, whereas Sweden is classified as “feminine”, with low level of assertiveness.

There are some inconsistencies with the regional comparison when comparing US with Finland and Netherlands. Both Finland and Netherlands have a lower score on agreeableness, but for conscientiousness Finland score higher than US whereas the Netherlands scores the highest.

The assumption here is of course that similar countries according to Hofstede (1983, 2001) with respect to culture exhibit similar traits, something that Schmitt et al (2007) argue in their article, which the to some extent is contradicted in the report, given the different results for Netherlands and Finland above. This could however be within the standard deviation of the regional result, and be a natural fluctuation within a region (in this case Western Europe).

Both in the regional comparison, and the country comparison, agreeableness was consistently higher in US. This could imply that we can expect US manager to (in average) be slightly more agreeable than what we would expect from Swedish managers. This should be reflected in differences in leadership style, and also indicate what pitfalls an American manager in Sweden would encounter.

**PREPARATIONS FOR INTERNATIONAL TRANSFERS**

During the last few decades, there has been extensive research investigating the effectiveness of cross culture and expatriate training. Several studies find clear (positive) correlation between cross cultural training and performance, and also to cultural adjustment (Black and Mendenhall 1990, Deshpande and Viswesvaran 1992, Mendenhall et al. 2004, Romero 2002)

According to Brewster (1994), both expatriates and their partners are very positive towards cross cultural training, and that they believe it have helped them in the adaption to the new environment.

Although most studies seem to find (positive) correlation between cross cultural training and expatriate adaption to a new culture, there are also studies that find no significant correlation and expatriate adaption to a new cultural environment (Puck, Kittler and Wright 2008, Black

Knowing the differences in Sweden’s and the United States’ culture and leadership style can help us understand some of the differences an American manager should expect when being transferred to Sweden and how one could prepare for this change. Taking the appropriate steps to prepare the American manager for these differences is crucial both for the company, the manager, and the host team.

Studies have suggested several key aspects when considering cross cultural training, and there are different models suggested to frame this. Common denominators in many of these models are the environment, the task, the individual, length of stay, the extent of integration into the host country and the cultural difference between the host country and the home country (Tung 1982, Rahim 1983, Mendenhall and Oddou 1986).

In a study done by Rosalie Tung (Selection and Training Process of US, European, and Japanese Multinationals, 1982) she finds that the researched companies generally had six areas of focus that they prepared their managers on:

1. General information within seminars or workshops regarding the geographical area, climate, educational system, accommodation conditions, chain stores etc;
2. Cultural orientation programs for the perception and correct evaluation of cultural values and norms from the host country;
3. Cultural assimilation programs, which imply the simulation of certain situations in which the international manager might be while in contact with the new cultural environment;
4. Training courses for learning a certain foreign language;
5. Programs for the development of attitude flexibility;
6. Practical experience programs, realized by making journeys to the host country and making direct contact with the environment.

In his book, Raymond Stone (Stone, 2008) also outlined several requirements needed in order for an American manager to be successful when being transferred: the ability to adapt, technical aptitudes, the family’s adaptability, social aptitudes, will and motivation, international experience, understanding the culture of the host country, academic studies, aptitudes for foreign languages and understanding.

A common mistake that an American company can make when transferring a manager to Sweden is to think that the differences are not that significant and therefore any special preparations are not needed. But when one recognizes the differences in the culture, differences in transportation, currencies, language, communication styles, work environment, and management styles, one can see that it is crucial that a company prepares the manager for the change.
In their study, Lazarova & Caligiuri (Lazarova, M., & Caligiuri, 2001) took it one step further and emphasized the importance of not only preparing a manager prior to departure, but also to follow certain support procedures during and after the deployment. These support steps included:

- Pre-departure briefings on what to expect during repatriation,
- Career planning sessions,
- An agreement outlining the type of position assignees will be offered upon repatriation,
- Mentoring programs while on assignment,
- Reorientation programs about the changes in the company,
- Repatriation training seminars on emotional responses following repatriation,
- Financial counseling and financial/tax assistance, and
- On-going communication with the home office.

Rosalie Tung (1982) also points out that, out of her researched companies, 69% of European companies had preparation programs for their managers, and 57% of Asian companies had preparation programs, but only 32% of American companies had such programs. The reason for this could be that whilst Europe, consisting of many small countries that have been forced to be opened to the world for centuries, have acknowledged the need for cultural awareness (Waxin et.al, 2005) whereas the US, with a large local market have not been pressured for international success until later.

Based on the interviews with American sources, including the Cultural Intelligence Center in the US that has polled over 35,000 leaders (www.culturalq.com), it was found that there are preparation programs in place in the US with most medium to large corporations. According to David Livermore, President of the Cultural Intelligence Center, there is an increasing demand by companies for this type of training and preparation; this is in despite of more companies seeking locals to fill available positions overseas instead of sending Americans to fill them. American companies are increasingly realizing that preparing managers to manage teams overseas is important for their success. Despite the demand growing for such programs in the US, most of the training requests that the Cultural Intelligence Center receives, continues to come from abroad.

According to Mr. Livermore, the research done by the Cultural Intelligence Center shows that the most successful programs are the programs that focus more on coaching the manager after they have relocated as opposed to only trying to prepare them before their relocation. This seems to be consistent with the research done by Jeffery Katz (Katz, 1996). According to Mr. Katz, the more successful programs have at least a support system in place after the relocation of the manager. Furthermore, the successful programs don’t necessarily try to compare and show the differences between one specific group vs. another (for example, American vs.
Swedish) but rather teach a set of cultural capabilities that can be used when working across multiple cultures.

Although Mr. Livermore’s personal opinion is that American managers seem to be less culturally intelligent than your average European manager, the Cultural Intelligence Center’s research shows that there is no real difference. Mr. Livermore sees that the biggest pitfalls are when an American manager is relocated overseas but within the same company – they are often under the belief that, because they remain within the same company, the company culture will remain the same overseas which is not the case. An American company working for General Electric may find a very different culture in the Shanghai office than what he was used to in the New York office, despite remaining within the same company.

Most of the programs seem to have an in-house program that trains their employees on cultural differences, how to adjust, and cross-cultural behavior, and company policy in host country. Some aspects of the training and preparations, such as specific language training and visa application, are done by an outside vendor. Most companies have weak support programs in place once the manager is relocated.

According to Melissa Dunn, Global Director for Human Resources at Thermo Fisher (www.thermofisher.com) the most important aspect of preparing a manager is in cultural understanding. According to Ms. Dunn, even in other English speaking counties (Australia, UK, etc), where one would not expect the cultural differences to be significant, the culture is in fact very different from the US and it is important that managers are prepared for this difference.

Thermo Fisher does most of the preparing of managers (culture awareness and adaptation, acceptable behavior, business customs) prior to their relocation and only does language training post relocation – this is contrary to what the Cultural Intelligence Center found to be the most effective approach...doing most of the training once the manager has relocated. According to Melissa Dunn, Thermo Fisher outsources certain parts of the preparation program such as the Visa application, housing, tax assistance, and language training. Melissa Dunn stated that the Thermo Fisher preparation program is similar to what she’s seen at other American companies.

We did not hear of any company that looks at factors such as placement based on deep consideration of prior experience in specific cultures or regions, country clusters, or high cultural intelligence. This supports Mr. Jeffery Katz’s opinion that most US based companies still make their candidate selection based on technical competence as opposed to cultural intelligence or country cluster experience (Katz, 1996). It would appear that most of the research done in cultural intelligence and best preparation strategies remain in academia and are not necessarily transferred to the corporate world.
SUMMARY OF THEORY

There seem to be a consensus that culture consists of shared (learned or acquired) elements of culture and behavior patterns (Shweder & LeVine, 1984). In this study, a widely used cultural model by Hofstede (Hofstede, 1983) is used as a basis for comparing Sweden and The United States.

The model by Hofstede deduces that there are several cultural aspects where Sweden and The United States are similar, with one exception. There is a major difference with respect to masculinity, in this context related to competitiveness (more significant in the US) and consensus (more significant in Sweden).

Hence, the theory shows that, even though two cultures might seem similar, there could be major, or even critical, difference(s).

Studies have also shown that there exist relationships between traits (behavior, thought and emotion on individual level) and different cultures from the Hofstede model.

Most studies related to preparations for international transfers show a positive correlation between cross cultural training and expatriate adaption to a new culture.

THEORETICAL FINDINGS

LEADERSHIP STYLES

There is extensive literature on leadership being specific per culture and also an expression of that culture (Holmberg, 2001). We have looked at both the American and Swedish culture to see the differences a leader may encounter when transferred to Sweden. We have also looked at the differences in Swedish and American leadership styles in order to better understand how an American manager may be perceived by Swedish employees as well as what style would be most successful for the American manager to assume. We have related our findings to Hofstede's 5 Dimension model.

The Swedish culture is based on the homogeneity of the population in Sweden, with a large emphasis on being equal. There even exists a word “lagom” for being “just enough”, not too much and not too little. This has influenced the mentality of the society, which is very much about not sticking out; there is even a specific law: the Law of Jante, which proclaims that you should not think that you are different or unique.
The culture in the United States differs from Sweden in that the culture encourages one to strive to improve one’s situation, “stick out” from the rest, to express oneself, to achieve the “American Dream”, to strive to be better. The culture in the United States is very competitive, diverse, and outgoing. These traits have also transferred themselves in to the American leadership style.

**Leadership differences in relation to Hofstede’s 5 Dimension Model**

**Power Distance**

On the Power Distance scale, Sweden has a very low score and the United States a higher score (as shown in the Analysis section). This is also visible in the Swedish companies which are known for their flat non-hierarchical organizations and informal decision making (Wästerg, 2009) and the US companies where hierarchy is very visible.

One reason for the low Power Distance score in Sweden is because of the emphasis on being equal in Sweden. One example is how it has resulted in the trust in authority to be generally low – not because of lack of confidence in the leaders – but since they see themselves as equal (Lindholm, 2009). This is in contrast to the United States where leaders do not see themselves as equal. On the contrary, in the US a leader usually makes it well known that they are the authority.

There is never a question of who is in charge or who will be making the decision in the American workplace. It is a very hierarchical management model. In a meeting one would immediately be able to tell who the manager is in the group. The communication style between managers and employees are of a hierarchical style and the manager is clearly superior to the employee in their communication style which is drastically different from what you’d find in the Swedish workplace.

American managers tend to be more authoritarian in the management style compared to their Swedish counterparts (Harvard Business Review, 2011). This has its advantages and disadvantages. For example, an authoritarian manager will be quick to give out orders and will be making quick executive decisions. This can be advantageous in companies that are struggling or in weak markets and that need quick decisive action in order to recover or to get through a challenging period. Essentially, having an authoritarian manager helps organizations get back on track. At the same time, an authoritarian manager in an established and stable organization or market can often hamper successful methods and processes and can cause a rift between themselves and his/her employees.

**Individualism**

Authors: Benjamin Sherman, Ann Viner, Joakim Westerberg
Swedish leaders emphasize the importance of teamwork (Holmberg, 2001) and often see themselves more as a team leader or even member than a distinct leader. In their team, they believe in being a role model for the employees by living by their own rules and in what behavior is expected (Hansson, 2009). Swedish leaders have a strong focus on performance (Holmberg, 2001) and are using inner motivators such as challenging tasks or more authority instead of formal rewards or even presents (Hansson, 2009). In Sweden, recognition in the sense of promotion or more responsibility outweighs that of an award.

This is in contrast to the American style which is very “Individualist” and which is why the United States had a higher Individualism score than Sweden. American managers often make executive decisions without consulting their team members. Furthermore, their team members expect the decision to lie with their managers and therefore are more in the position of waiting for direction rather than seeking to give their input.

Swedish leaders are usually visible and available to the organization, and ensure to listen to the opinion and ideas of the employees (Hansson, 2009) whereas American leaders tend to be separated from their employees and are more authoritarian in their decision making. Delegation of authority is high, instead of being a specialist a leader should ensure to keep a competent team around him and ask them the right questions in order to find solutions (Hansson, 2009). The division of authority is clear and based on performance and competence and there is low internal competition amongst the team (Wästberg, 2009).

The Swedish leadership style very much follows the norms and the values of Sweden in general and is therefore very inclusive in its leadership style. Typical traits for Swedish leadership are according to Lindholm (2009); flat hierarchies, greater participation and delegation of responsibility. These traits also are also identified in the definition of consensus leadership style which for many is identical to the Swedish leadership style. Where the leaders listen to; and even ask for advice from their employees, before making a decision, which is very much in line with the Participative leadership as defined by DuBrin (2010); which share decision making with group members; and if in consultative mode they ask for advice but make final decision on their own.

**Masculinity/Femininity**

Sweden scored very low on the Masculinity scale whereas the United States scored very high. It seems that the conclusion from much research ends up with the weakest link of Swedish leadership being a result of its strengths. Masculinity as Hofstede identifies it is not a strong dimension for Swedish leaders, concluded as they do not have the killer instinct (Lindholm, 2009). In the GLOBE project this parameter was divided into assertiveness and gender egalitarianism (House, 2002). The consensus decision style, the delegated authority and the
open communication could be seen as Swedes are soft and even naïve and Lindholm (2009) even questions whether this could work globally.

The high Masculinity score for the United States reflects its aggressive approach in the workplace (always striving to improve and move up) as well as in the market. In America one tends to live to work rather than work to live. Your average American is constantly striving and competing to improve one’s situation in the workplace and marketplace. This results in your average American leader/employee/company being more aggressive than their Swedish counterparts.

**Uncertainty Avoidance**

Another of Hofstede’s dimensions is Uncertainty Avoidance which is the level that people feel comfortable in uncertain scenarios and how open they are to change. In Hofstede’s report (1983), Sweden is listed low on this dimension due to the high focus on long-term planning and future orientation, less concern about hierarchical structure, and leaders being open to ideas. Because of being so pragmatic they tend to quickly adjust and adhere to changes and thereby find a solution under uncertain circumstances and cope (Holmberg, 2001). However, in regards to true uncertainties, Swedish leaders are seen as low or moderate risk-takers, focusing on evolution rather than revolution (Hansson, 2009).

The United States scored higher on the Uncertainty Avoidance scale than Sweden although still overall low compared to other countries. Leaders in the United States are still considered quite open to change and are quick to adapt to changes in the workplace. The United States is also very innovative when it comes to new technologies and products and they are relatively quick in introducing these to the market.

**Long-term Orientation**

One main focus of the Swedish leader is that of the vision and the strategic thinking on how to get to that vision. In his report, Bersin (2012) claims that due to the maturity of the Nordic market and the companies they need to have the long-term focus and are therefore heavy on planning, strategy and communication. Interestingly this is also applicable for fast-moving industries. The vision has to be clear and understandable and communicated as a pragmatic direction to the employees (Hansson, 2009).

Sweden tends to focus more on long-term planning and not be too concerned with temporary changes in the marketplace. This is another reason why Swedes in general are not as competitive and aggressive in the workplace. On the other hand, the United States is more short-term oriented. This means that they care very much about quarterly results, frequent
changes in the marketplace, and employees are constantly striving to improve their situation in the workplace (Harvard Business Review, 2011).

**EMPIRICAL FINDINGS**

For the data, various sources were used to gather information. Hofstede’s Cultural Clusters were significant in identifying trends between American and Swedish leaders. Hofstede outlined five cultural cluster areas: Power Distance, Uncertainty Avoidance, Individualism, Masculinity, Long/Short-term Orientation.

Having the cultural cluster data allowed us to compare and evaluate the differences in the two societies and workplaces. Hofstede outlined that ‘Power Distance’ is the degree to which less powerful members of a society accept that power is distributed unequally. Uncertainty Avoidance is the degree to which the members of the society are uncomfortable with uncertainty and ambiguity. Individualism is a society with high individualism (as opposed to collectivism). A Masculine society is generally more competitive whereas in a “feminine” society, there is a preference for cooperation, modesty and is generally more consensus oriented. In a society with short-term orientation, there is a focus on short term results, with relative small interest to save for the future, whereas with a long-term orientation managers care more about long-term trends and are less concerned about short-term changes in the market and economy. The data was easier to identify in a graph format:

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power Distance</strong></td>
<td>PDI=31</td>
<td>PDI=40</td>
</tr>
<tr>
<td><strong>Uncertainty Avoidance</strong></td>
<td>UAI=29</td>
<td>UAI=46</td>
</tr>
<tr>
<td><strong>Individualism</strong></td>
<td>IDV=71</td>
<td>IDV=91</td>
</tr>
<tr>
<td><strong>Masculinity</strong></td>
<td>MAS=5</td>
<td>MAS=61</td>
</tr>
<tr>
<td><strong>Long/Short-term Orientation</strong></td>
<td>LTO=20</td>
<td>LTO=21</td>
</tr>
</tbody>
</table>

Using the Five Factor model *Five Factor Model (FFM), or The Big Five model*, gives us an overview of what traits make an effective leader. The lists of traits are extensive but there are five main traits that we focused on and which were the focus of The Big Five model: openness,
conscientiousness, extraversion, agreeableness, and neuroticism. We used these traits and compared the United States and Sweden.

In both Europe and US, extraversion is fairly similar, as well as neuroticism and openness. However, North America has a much higher level of agreeableness compared with Western Europe. North America also clearly has higher conscientiousness compared with Western Europe.

The data used on the preparations taken by companies and individuals when transferring managers overseas was based on the interviews that were conducted, both in Sweden as well as in the US, as well as the literature research. We used this data and applied it to the distinctions we knew of the American and Swedish leadership styles and cultures. The research done by Rosalie Tung (Selection and Training Process of US, European, and Japanese Multinationals, 1982) seemed to be consistent with both Raymond Stone (Human Resource Management, John Wiley & Sons Australia, Limited, 2008) and Lazarova & Caligiuri (Lazarova, M., & Caligiuri, ‘Retaining repatriates: The role of organizational support practices’, 2001). These studies generally outlined that data on the preparations needed as follows:

a. General information on host country.
b. Cultural orientation programs.
c. Cultural assimilation programs.
d. Courses for learning a language.
e. Programs for the development of attitude flexibility.
f. Practical experience programs.

DATA AND LEARNINGS FROM INTERVIEWS WITH MANAGERS IN SWEDEN

<table>
<thead>
<tr>
<th>Questions</th>
<th>Summary of replies</th>
</tr>
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<tbody>
<tr>
<td>1. How long have you been based in Sweden?</td>
<td>The interviewees had been in Sweden between 1 and 7 years.</td>
</tr>
<tr>
<td>2. Did you have any long-term international experience prior to your move to Sweden?</td>
<td>The majority of the interviewees had had no or limited international experience to the move to Sweden.</td>
</tr>
<tr>
<td>3. Where you transferred within a company to a post in Sweden or did you apply for a job in Sweden/moved to Sweden and found a job?</td>
<td>About half of the replies were from people that had transferred within the company whereas the other half either found an interesting job/university program which</td>
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<tr>
<td><strong>4. Did you move to Sweden with a spouse/family?</strong></td>
<td>resulted in the move. Yet a smaller number moved to Sweden for personal reasons and then found a job in Sweden.</td>
</tr>
<tr>
<td><strong>5. Did you attend an official preparation program, prior to your move?</strong></td>
<td>The trend in the replies was that only the people that were transferred with a company attended any form of official preparation programs arranged by the company.</td>
</tr>
<tr>
<td><strong>6. Did you do any other preparations on your own initiative?</strong></td>
<td>They all did preparations on their own initiative. Focus was on reading up on the country, its history and culture, geographic and politics. Language was also pointed out, but very few only took to actively learn the language prior to the move.</td>
</tr>
<tr>
<td><strong>7. Did your accompanying spouse/family do any preparations?</strong></td>
<td>The accompanying spouses did similar preparations as above. For the people transferred within a company, programs were also provided for the spouse.</td>
</tr>
<tr>
<td><strong>8. What cultural difference from your home country surprised you here?</strong></td>
<td>Communication – the way the Swedes are free to communicate directly with anyone (on a first name basis) and how they use this right. However this is somehow contradicted as they seem to avoid conflicts and direct critique. Jantelagen – how no one claims to be better than anyone else. You don’t talk about level of income, celebrity contacts etc.</td>
</tr>
<tr>
<td><strong>9. What business style/approach/communication difference from your home country surprised you here in the office?</strong></td>
<td>The decision process was highlighted by all interviewees but also the lack of hierarchy. The first name basis tradition was found somewhat disturbing as it to some indicated a lack of respect. Also the lack of competitiveness was mentioned as a trait that stood out in the business environment – not only on individual but also on company level.</td>
</tr>
<tr>
<td><strong>10. What do you think the locals can learn from your home business style?</strong></td>
<td>To make faster decisions – consensus is good and part of the culture, but at some point someone need to make a decision and to</td>
</tr>
<tr>
<td>Q.</td>
<td>Answer</td>
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<tr>
<td>----</td>
<td>--------</td>
</tr>
<tr>
<td>2.</td>
<td>avoid the next round of meetings and alignments. To be more aggressive, both as an individual in promoting yourself and daring to take risks but also as a company. To, for new initiatives or areas, dare to try it out without overly plan everything.</td>
</tr>
<tr>
<td>11.</td>
<td>The decision process – although this was supposedly known in advance, the level of which it was applied stuck out. Many of the participants still found it frustrating today as they found it to be too time consuming with all the alignment meetings needed. Also the conflict avoidance – how people would avoid direct critique in order not to hurt or disturb a stable group environment.</td>
</tr>
<tr>
<td>12.</td>
<td>Decision making and meeting management as more to the point.</td>
</tr>
<tr>
<td>13.</td>
<td>The importance of being prestige-less, and how to put myself both in the social and work environments. The group importance, the loyalty within the group. It takes time before you get accepted but once you are in you are there for good. Lots are dine in order to avoid disturbance in the group, conflicts avoided but also a culture of keeping important tasks and promotions within the accepted group.</td>
</tr>
<tr>
<td>14.</td>
<td>The importance of consensus – or at least listening to others opinions more actively before making a decision. Not only does it show respect to the employees, but they are also the experts and know (at least their bits) best. This goes hand in hand with the lack of hierarchy and the delegation of authority.</td>
</tr>
<tr>
<td>15.</td>
<td>If possible I would have read up more on the...</td>
</tr>
</tbody>
</table>
preparations prior to your move to Sweden in order to make the transition smoother?

business culture, how to pose myself but also my company in regards to customers. To get a further understanding on the decision process and the importance of alignment.

Language is definitely an ice-breaker to be accepted into the Swedish community so it would have been a bigger focus area.

**DATA AND LEARNINGS FROM INTERVIEWS WITH COMPANIES IN THE UNITED STATES**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Summary of replies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the main areas that you see American managers need help with when preparing to be relocated overseas? (Language, cultural understanding, business customs, political understanding, etc?)</td>
<td>Cultural understanding is the most important area. English is generally accepted as the language of business but even in countries with the same language (USA, New Zealand), the culture could be very different. The other important area that is important to help managers understand is that, even though they are staying within the same company in the transition, the Stockholm office, for example, can be very different from the Chicago office.</td>
</tr>
<tr>
<td>2. What types of programs (if any) are offered by your company to help prepare your managers for international relocation? In your opinion, are these programs effective?</td>
<td>Most companies train prior to the manager moving although studies have shown that the most effective programs are the ones that have a support program in place after the move and in the new country.</td>
</tr>
<tr>
<td>3. Are these programs new to your company or have they been in place for a long time? Do you see your company expanding the training/preparation program?</td>
<td>The programs have been in place for quite some time although the programs are being expanded and improved.</td>
</tr>
<tr>
<td>4. How does your program and training differ from what you see in the marketplace?</td>
<td>The programs are similar at most companies.</td>
</tr>
</tbody>
</table>
5. How is your program structured? What areas do you focus on when preparing managers for relocation?

When managers are going to be relocated they is a checklist of many things that need to be completed. Outside of the normal relocation package, taxation issues, housing, VISA’s, Immigration paperwork is the cultural training. The employee is setup with a third party vendor used by the company and their needs are assessed and a training plan is designed.

6. Have you seen your program be effective?

Very effective.

**ANALYSIS**

Our focus was to answer how to prepare a manager to be transferred from the US to Sweden and what the differences were in the leadership styles between the two countries. This was done by looking at the American and Swedish leadership styles and looking for internationally generally accepted ways to prepare a manager for international transfer. The findings from the literature review and the interview replies were compared and analyzed using pattern matching as explained in the Error! Reference source not found. section.

**HOFSTEDE**

In our research on leadership styles, Hofstede’s material on cultural clusters showed that there were many similarities in the Swedish and American leadership styles as well as some distinct differences. According to Hofstede’s research, the US and Sweden are somewhat similar in the areas of Power Distance, Uncertainty Avoidance, Individualism, and long/short-term orientation but very different when it comes to Masculinity.

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>PDI=31</td>
<td>PDI=40</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>UAI=29</td>
<td>UAI=46</td>
</tr>
<tr>
<td>Individualism</td>
<td>IDV=71</td>
<td>IDV=91</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Masculinity</td>
<td>MAS=5</td>
<td>MAS=61</td>
</tr>
<tr>
<td>Long/Short-term Orientation</td>
<td>LTO=20</td>
<td>LTO=21</td>
</tr>
</tbody>
</table>

When comparing the responses from the interviews of the American managers in Sweden with the findings of Hofstede, we used especially the replies to question 8 – 12. The following conclusions were drawn from the replies in regards to the different areas.

**Power Distance** - or more the lack thereof was highlighted in several interviews. Although this is deemed to be fairly similar by Hofstede (31 vs 40) it was still reported as disturbing in the interviews. They reacted to the non-hierarchical structure that goes both in business and private life, the use of first name basis and the fact that everyone’s opinion should be heard. One interviewee explained that he still after all these years find it uncomfortable to be on a first name basis with his associate that is older than him, as to him it shows a lack of respect.

**Uncertainty avoidance** Hofstede indicates Sweden to be much lower than US on uncertainty avoidance (29 compared to 46), however according to the replies from the interviewees this could be questioned. One interviewee claimed that Swedes were too set in their structure and regulations, not daring to risk anything by trying out new ideas in a business without overly planning it. Another topic mentioned, was that of the recruitment of new employees – instead of chancing and recruits someone based on gut feeling, previous results and can-do attitude, Swedes are much more likely to follow the formal guidelines such as education for a position.

**Individualism** – and its contradiction socialism were pointed out by a number of interviewees. Hofstede claims both Sweden (71) and the US (91) to be high on the scale, but according to replies there was some strong socialistic patterns in Sweden. The group decision processes already mentioned, and then “jantelagen” which claims all being equal, very much emphasizing the group norm. Also an overly strong loyalty to one’s employer and the commitment to the group were seen as very socialistic and very different from the norms of the Americans. However, this was mostly apparent in the business setting, in the prorate life Swedes were indicated to be overly private and very hard to get to know (high on individualism). If meeting with swedes in a certain setting e.g in a choir, people would be friendly and chat in that environment but would not for a very long time period invite the American to their home or to go out. Swedes were found to have different groups for different environment and somehow the acceptance of strangers was based on the norms of that specific setting. It was only after a lengthy process that you could be approved into other areas of their private life.
Masculinity – or the lack thereof, was another area highlighted over and over again. This is the area where Hofstede shows the biggest difference, Sweden 5 and the US 61. Also from the interviews it was obvious that it was within this area the major differences resided.

One interviewee that moved to Sweden to participate in a post-graduate course, started with the intention of finishing top of the class – just to be surprised by the fact that that the majority of the assignments were done in groups and that there were no individual ranking between the students. This was an absolute shock to him, but also to some of the other international students that were all trying to cope with the Swedish education system. He claimed that it was a good training ground before entering the real work life in Sweden where the lack of competitiveness was still very much visible.

This goes hand in hand with the importance of being prestige less – in all settings from social to business; it was not seen well to talk too much about yourself, who you knew, what you had done, where you had been etc. Instead Swedes tend to praise modesty. This was found disturbing in many areas, from meeting girl friends to work interviews.

Another aspect highlighted was the decision process - everything is decided by consensus. Interviewees pointed out that in the beginning they found it hard to understand who had the real decision power in meetings as everyone was talking and arguing for their points whereas no one really made a clear statement on what to decide. Although the influence of all employees was highly appreciated, it was indicated that the process turned out to be lengthy and resulting in many more meetings.

One thing though that the Swedes tend to avoid, according to the interviewees are conflicts. Not because out of respect for authority, or to lack of confidence in their own beliefs – but in order not to hurt the individual or the group dynamics. Conflicts are instead handled indirectly, either by a change in responsibility or by a third party moderating. A number of the interviewees found this frustrating as they would have preferred and expected a direct confrontation, instead they found about a previous (and most often already cleared) conflict at a later stage by a third party.

Long-term planning – and the importance of it to the swedes was emphasized, differing from Hofstede’s categorizing Sweden and the US on 20 and 21 respectively. Everything, from holidays, to career changes but most of all business decisions was thoroughly planned. All scenarios were worked through, resources allocated and budgeted, risk analysis and mitigation plans done etc. The length of time from idea to execution was found to be extremely long, and frustrating, by the interviewees, who were more used to a can-do attitude or let’s try it out and see what happens. One interviewee had split opinions about this as he saw how the majority of the Swedish projects (and especially the really large ones) were successful all the way to
maintenance and even closure, however in regards to new ideas or areas Swedes were found to be too slow and thereby sometimes missing out of opportunities. The overly structured approach could be both an advantage but also a hinder.

To summarize, the findings from the interviews followed in many ways what Hofstede had outlined in his theory, with the Masculinity factor being the most obvious difference. Secondly most obvious and noted was the difference in Power distance, where the flat organizations in Sweden felt very unfamiliar for the American managers used to strong hierarchical organizations. However, in a few areas the answers somehow contradict the theoretical findings, which are in line with findings in recent studies (Holmberg, 2001). Uncertainty avoidance was indicated by Hofstede as lower in Sweden then in the US, whereas the long/short-term orientation was indicated as equal. According to our replies in the interviews an also Holmberg et.al’s findings could be questioned. A potential way of interpreting the replies could be that Swedes prepare themselves for uncertainties by planning thoroughly and long-term

THE FIVE FACTOR MODEL

The Five Factor model *Five Factor Model (FFM), or The Big Five* model, focused on what traits make an effective leader: openness, conscientiousness, extraversion, agreeableness, and neuroticism. The Five Factor Model did not specifically compare Sweden to the United States; instead it did compare the US to Western Europe (assumed to include Sweden). However, Western Europe is in itself diverse, with differences in applied leadership. This makes it difficult to compare the two chosen countries, Sweden and the US.

For the comparison question 8-12 in the interviews were being used. According to the model, Western Europe (Sweden) and the US rate fairly similar on extraversion, neuroticism and openness. However, has a higher level of agreeableness and conscientiousness. The agreeableness aspect was not highlighted in any of the interviews, whereas the conscientiousness factor with traits as enthusiastic, outgoing, and talkative was indicated by a majority of the interviewees.

PREPARATION PROGRAMS

Based on existing studies by Tung and Stone, that had been made on preparing a manager to move overseas, it was apparent how important it is to prepare an American manager that is being transferred to Sweden by giving them a structured overview of the Swedish culture, Swedish language, customs, transportation, life in Sweden, Swedish management styles, and an overview of the Swedish work environment. The studies agree that the following areas are to be covered in expatriate preparation programs:
a. General information on host country.
b. Cultural orientation programs.
c. Cultural assimilation programs.
d. Courses for learning a language.
e. Programs for the development of attitude flexibility.
f. Practical experience programs.

This was also emphasized in the interviews conducted in the US with companies delivering such programs.

Similar topics as outlined for the preparation programs were highlighted by the Swedish based managers in the interviews. When evaluating the responses, particularly answers to question 5-7 and partly 13-15 were used to compare the findings of previous studies on preparation programs. Of the a-f listed above, a-d were, according to the replies, addressed in the formal preparation programs but also addressed by individuals transferring on their own initiative. They all indicated how they had studied Sweden, its culture, geography, political system and religion. The importance of language skills was also highlighted, both in order to understand the culture but also to show commitment to the host country and thereby gain respect and become part of the group.

As for e-f, development of flexible attitude and practical experience programs – this seemed to be lacking in both official preparation programs but also by individuals, and it is also in these areas that the most challenges during repatriation were highlighted.

There was a notable difference in the replies of the interviewees that had been trained prior to expatriation and those who had not, where the trained managers had experienced less of a cultural chock than those with none or limited training. However, they all indicated they could have been better prepared.

CONCLUSIONS

Based on the theoretical framework by Hofstede, an extensive literature search on differences in leadership styles in Sweden and the US, known practice for expatriation programs and a limited number of interviews the following conclusions could be drawn:

- Hofstede’s classification of Sweden and the US clearly indicates that the major difference experienced will be in Masculinity.
- By complementing Hofstede with more recent research and our findings from the interviews, Power distance is another area where the difference is noticeable.
- The general experience of Preparation programs were that they addressed the basics, but that there was a lack of experience training and support once relocated.
The research showed that American managers tend to be more individualistic and authoritarian. It was found that Swedish managers tend to be more socially concerned, offers more freedom to their employees, and makes decisions based on consensus. In addition, the Swedish workplace is a lot less hierarchical and less formal.

Based on the differences on the Masculinity scale, an American manager, whilst in Sweden would therefore need to make sure that they include their employees in decision making more so than they would back home in the United States. This may mean more of a consultative approach to decisions, asking for feedback, and seeking input. Furthermore, an aggressive approach, or style of communication, could be considered offensive by some Swedish employees.

In order to address the difference in Power Distance, American managers in Sweden should make an effort not to detach themselves from their employees and instead interact more as a team member who is open to ideas. The manager should be careful not to communicate in a superior fashion to his/her employees but instead on an equal level.

Researching general corporate transfer practices showed us that successful transfers go through preparation programs led by the companies and when preparations are not taken there is much higher chance of failure. Based on the differences in Swedish and American leadership styles and culture, confirmed to us that it is very important for American companies to put their managers through preparation programs prior to transferring them to Sweden. Research also showed that having a support program in place, while the American manager is based in Sweden, is just as important as any program prior to the move.

Although, the preparation programs today focus on cultural differences and assimilation there seemed to be a lack of training on how to adapt to these and to improve flexibility in attitude. This would most likely have made the relocated managers feeling more prepared for the new situation.

The findings can be summarized as: even though two cultures might seem similar (in this case, US and Sweden), pre-departure and post-arrival training is essential in order to prepare the manager. Both in order on what to expect from the organization but also in order to adapt certain leadership styles in order to succeed in the Swedish workplace.

**IMPLICATIONS**

This study is relevant to several groups. American companies that do business in Sweden would have a clear benefit from reviewing our research. Swedish companies that hire American
managers also will significantly benefit from the research that has been outlined above. Human Resource departments in both countries would benefit from learning what methods work the best. Consulting firms that operate between the United States and Sweden would also clearly benefit from the data outlined in this thesis.

Additional studies that could be done would be studying how an American company could support an American manager who is stationed in Sweden – what program should be put in place on periodic training, updates, debriefing, etc.

Yet another study that could be done would be to research how to help an American manager that is returning from being stationed in Sweden so that they can re-assimilate in to their home culture and society. There are studies on ‘x-pats’ returning to their home country and some of the difficulties they would face. What difficulties would an American manager face when returning to the United States after having been stationed in Sweden for a long period?
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