Different Countries – Different Cultures

Germany vs Sweden

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ABSTRACT

Title: Different countries – different cultures

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Our study is based on two countries, Sweden and Germany, and is aiming to find out if the cultural differences between the two countries have a major impact when doing business together or not. Cross-cultural management is a modern topic and can help transnational companies deal with problems that occur due to different cultures in the organization, but is it really necessary to spend huge amount on intercultural training?

We used a qualitative method and did a survey through a convenience sampling among six managers in the two countries. We analyzed the answers sorted by country and then compared them to each other.

The result of the survey was that Swedish managers inform and include their staff in decisions to a bigger extend than German managers. Other than the preferences of a more democratic leadership the differences were, according to us, insignificant to perform any cultural training between the two countries.

For further studies we suggest a deeper research method with a field study at every workplace, to conclude that the manager’s answers concurred to the actual outcome. We also think that interviewing more managers, and within the same branch, would increase the creditability of the study.

The result indicates that the money spent on intercultural training between Sweden and Germany is quite unnecessary and that the differences are smoothing out.

Key Words: Culture, Differences, Companies, Sweden, Germany
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1. Introduction

“Nothing will be done anymore, without the whole world meddling in it.”
Paul Valery

With the globalization and the high rate of trade between countries in the modern time we potentially encounter new cultures every day. People are travelling more and are discovering other countries and their way of living and thinking. Our schools, organizations and communities have become more global and uses interconnected communication system every day.

There is a special culture in every country that characterizes the inhabitant’s way of thinking, actions and values. The different cultures in the world now affect us in our daily life. We are eating food from different cultures, we are driving cars from different countries and we are watching movies from different continents. The social rules of one country might be the opposite in another country. This was examined and elaborated by the well-known social psychologist Geert Hofstede, but this will be explained later in this thesis.¹

Many companies in today’s society are now transnational to survive in the competitive nature. The increased globalization has forced businesses to overcome challenges such as creating a functioning multinational organization and then find the right leader for it. Those leaders also need to handle a company with culturally diversified employees.² The companies that are not transnational are probably striving to become so, to expand and increase their businesses. More resources are put into potential markets abroad and this result in cooperation between individuals in the companies with different cultural backgrounds. According to the United Nations Conference on Trade and Development’s world investment report the growth of transnational companies went down after the crisis in 2008, but was growing steadily before that.³

In companies these cultural differences can however create a lot of misunderstandings and conflicts and you could argue that a society’s culture is a considerate factor that affects the leadership style applied. To lead an organization across the nation’s border is a big challenge.

¹ <http://www.geert-hofstede.com/>
² RJ House, et. al., 2004, p. 10
since different cultures requires different leadership styles. What works in one country doesn’t always work in another.

A Swedish manager working for a Swedish company in Germany with German coworkers needs to consider and understand his employees culture in able to be successful. A German coworker in a Swedish company might get confused and inefficient from a democratic and delegating leadership style, which is considered to be successful in Sweden. At the same time the stereotypical German leadership style, which is characterized by authority and control, could create confusion and dissatisfaction within a Swedish organizations. The presumption is that a successful manager will adapt to the culture he is working in.4

1.1 Problem Discussion
There are a lot of reasons to what will affect an individual in what leadership that person will develop and how successful the person will be. Scientists have performed extensive studies about the leader’s personality, physical features and behavior to find this answer. At the same time surveys about the relationship between the manager and the employee have been made, and how a leader is reacting in different situations.5 Situational theories such as the normative decision model, the situational leadership model, contingency model and the path-goal theory all have one thing in common; they highlight the various factors that affect the situation.6

However, the models do not take in consideration the cultural factors of the leader. The culture should make a difference in how a manager is reacting, since people from different cultures are experiencing and interpreting situations differently. Since companies now have a more international approach it is also critical to be aware of the importance of culture in order to become a successful leader.7

Sometimes problems occur due to cultural differences and cross-culture training has become more important for doing business today. When a manager in an international company gets a position abroad, it is common for that person to use the same leadership methods there as in his domestic environment. A habit is difficult to break and if it’s working at home it might be easy to think that it will be successful abroad as well. This can however create problems and

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4 B Daoud & S Mijatovic, 2005, p. 10  
6 Ibid., p. 357  
7 B Daoud & S Mijatovic, 2005, p. 10
create insecurity among the staff, which in the long term can create negative effects and low efficiency for the company.\textsuperscript{8}

If a deal will not go through because of a misunderstanding between two persons from different cultures it can become very expensive for the company wanting that deal. With the growing rate of globalization, the collectivistic understanding of culture differences and the need to study them this generation is more understanding and tolerant to unfamiliar behaviors. It is becoming more common to work abroad or to do parts of ones education abroad and spending time in a new country will color the people with that culture as well as their home country do. We take a part of the new culture with us home and the things we find superior in other cultures we will most likely adopt and incorporate in our own culture as well.\textsuperscript{9}

Since we are becoming more international it might be fair to say that the boundaries we were used to, the “us and them” thinking and the borders around our countries has weakened. Europe these days is more or less considered as one country, with its common currency and open borders. Culture differences are important when doing business abroad but it is possible that the differences are getting smaller in the same rate as the borders are opening up. Are the Swedish people really that different to their neighbors in the south? To answer that question we have done a survey among Swedish and German managers. We asked them about their management methods, to see if we could establish a hypothesis that European managers aren’t that different from each other anymore.

Our issue uses the assumption that different cultures have a tendency to adapt their leadership to the norms of its culture. Our investigation is aiming to determine whether the differences between Sweden and Germany are starting to get somewhat more similar or if we still have distinct different management styles. If we do have more similar leadership we would also like to draw conclusions to what this means for our collaboration since the both countries do a lot of business together. We will only determine tendencies in the both countries since the empiricist data from the interviews we did is not enough to draw any firm conclusions.

1.2 Purpose
Our study is based on two countries, Sweden and Germany, and is aiming to find out if the cultural differences between the two countries have a major impact when doing business together or not. With the new integrated Europe, Germany’s booming economy and Sweden’s...

\textsuperscript{8} WD Rees & C Porter, 2008, p. 103
\textsuperscript{9} M Suárez-Orozco & DB Qin-Hilliard, 2004, p. 60
innovative nature, it is necessary for expanding companies to have a German/Scandinavian filial.\(^{10}\) It is interesting to know whether these differences are something we should spend time and money on understanding or if the two countries actually are getting more and more similar, thus eliminating the necessity of expensive cultural training. The history, educational system, political background and globalization are all impacting on our mutual relationship.\(^{11}\)

### 1.3 Limitation and Definition

We are limiting our thesis to just two countries, Sweden and Germany. We limited ourselves to interviewing only three managers from each country since high level managers have less time to spare and many of the people we asked for an interview did not have the time for us. The people in the interviews are anonymous but the organizations are presented.

We are aware of the fact that culture is not the only thing that differ managers from each other. Personality, how the person was raised, age and sex are some of the factors on the individual level that makes people different. The organization culture is also an aspect to consider, but we are limiting ourselves to only discuss the cultural differences.

Scientists have a different academically meaning for the words leader and manager, saying that a leader is a person who inflicts social influence in order to make a group perform a task and a manager is a person who uses management skills in order to perform a task.\(^{12}\) However, we will use the two words as a synonym in our paper.

\(^{10}\) [http://europa.eu/about-eu/eu-history/index_sv.htm](http://europa.eu/about-eu/eu-history/index_sv.htm)  
\(^{11}\) [http://www.stockholm.diplo.de/Vertretung/stockholm/sv/03/Bilaterale__Beziehungen/Bilaterale__Beziehungen.html](http://www.stockholm.diplo.de/Vertretung/stockholm/sv/03/Bilaterale__Beziehungen/Bilaterale__Beziehungen.html)  
\(^{12}\) M Utbult, 2004, p. 20
2. Methodology

“Method is much, technique is much, but inspiration is even better.”

Benjamin Cardozo

We chose the two countries, Sweden and Germany, because we were living in one country each when we were writing this paper and because the two countries always had a well-known cooperation together. We chose to start our research with a survey among the managers in question. The biggest advantage with that was our ability to focus on our cases and identify phenomenon in the situation where they occurred. We were not pressured in to changing or controlling the situation thus eliminating forced answers, since we performed the interviews eye-to-eye.¹³

The negative side of choosing this method is that the creditability can be questioned. It is sensitive to criticism and the generalization of our findings can easily be doubted with the low amount of managers that we interviewed. It was also difficult to study the situation naturally without it being affected by our own presence. People do with all probability change their behavior when they know that they are being watched.¹⁴

Since we were more interested in the depth rather than the width of the leadership differences we thought a qualitative method suited the purpose better than the quantitative method.¹⁵ The depth of the questionnaire is correlated to the time given for the research. Another reason why we chose this method was because we had a physical presence with the respondents. We could meet up with them in person and see their body language and facial expressions and in that way get a more genuine picture of what they were saying.

There is also a risk that since we are both coming from Sweden we might see and understand the Swedes behavior much better and to a more fully extent than the German behavior patterns and therefore put them in a brighter light than the Germans. There might also be a risk of not understanding the answers and feelings that the interviewed person is giving us.

¹³ M Denscombe, 2000, p. 42
¹⁴ Ibid., p. 53
¹⁵ <http://www.fhi.org.nr/rdonlyres/et/l7vogszehu5s4stpz3tyq1p7rojv4waq37elpbyei3tgmc4ty6dunbcccxtaj2rvbaubzmz4t/overview1.pdf>
2.1 Sample Selection
Our choice of managers was collected through a convenience sampling.\textsuperscript{16} We basically interviewed the managers who were easiest to contact in both Sweden and Germany. Our first idea was to compare managers working at the same company, located in both countries. Unfortunately that turned out to be too complicated and our second option was to contact high level managers at different companies. It was difficult to get in contact with both the Swedish and the German managers. We often tried to contact the CEO but they did not have time for us.

After some time we finally got replies from two of the managers and after that we pulled some strings and got two from contacts. The last two managers are the deans at each of our schools, and do not possess the traditional work tasks as a business manager. Although, we think that it can show a good view of the general opinion and all of the managers are well qualified candidates for this survey.

With oral interviews and standardized questions we got more comprisable answers and three managers in each country told us their point of view regarding cultural differences in management.

2.2 Collection of Data
Our collection of data was mainly based on primary data, the information we acquired from the interviews. The advantage of that is that the data is developed to a specific purpose, our purpose. The disadvantage is that it is very time consuming.\textsuperscript{17}

We also used secondary data such as literature, articles, scientific reports and internet. From that information we build the foundation to our conclusions, after analyzing the results from the interviews.

2.3 Sources of Error
During the study we have encountered some obstacles that we have considered as sources of errors, which are aspects that may have influenced the outcome of our investigation. These aspects have of course been considered when analyzing and writing down the final outcome.

\textsuperscript{16} R Singh & N Singh Mangat, 1996, p. 7
\textsuperscript{17} P Lekvall & C Wahlbin, 2001, p. 77
- Since we did not make any interviews with the employees of the companies, their point of views has not been evaluated in this study.

- We did not make any field observations at the workplaces, so the information that we received from the managers could have been false or influenced by their judgment.

- Our theories are mainly based on Hofstede. We chose his studies since he is the most famous in this field, but some of his work is considered outdated as we will mention more detailed later.

- The managers does not work in the same industries so the there may be cultural differences due to the environment of the industries. We have tried to avoid this as much as possible.

- Since we both grew up in Sweden, our own prejudice may have influenced the outcome of the study, but we have tried to have an open mind and not involve our own preconceptions.
3. Description of the countries

“A land without ruins is a land without memories – a land without memories is a land without history.”
Abram Joseph Ryan

3.1 Sweden

Sweden is a parliamentary democracy under a constitutional monarchy and has a good reputation of being a social welfare state. It is an export-based economy with exports of around fifty percent of the total production. Paper, steel and iron are still important export products but today the main value is knowledge and innovation. The thirst for knowledge puts the country on the map as one of the most innovative in the world. A report drawn up from the IMF, OECD and the UN is in fact showing that Sweden is on the first place in the Innovation for Development report in 2010-2011, before both the United States and all of the four Asian Tigers (Hong Kong, South Korea, Taiwan and Singapore). Companies such as Volvo, Vattenfall, IKEA, H&M and Skype are just some famous brands recognized all over the world.

Sweden's welfare state has been hailed as one of the world's most successful models, offering universal health and child care, more than a year's parental leave, a solid public education system and an extensive sick leave. This is a result from following the Keynesianism social structure and it later paved the way for “The Nordic Model”, a perfect balance between unlimited private capitalism and a socialist planned economy. However, some of Sweden’s liberal politicians are warning us about the uncertain sustainability of this model. "We have to stop living as though we were the last generation on earth," Green Party co-chair Maria Wetterstrand once said.

Sweden’s opinion towards Germany has been overall good; with a close relationship since the hanseatic period and Sweden’s choice to be neutral during WWII – letting German soldiers pass through the country. That could today be criticized for breaking the Haag convention, but is still one of the biggest reasons why Sweden did not get pulled into the war.

19 <http://www.ekonomifakta.se/en/Sweden-today/>
20 <http://www.etla.fi/files/1892_the_nordic_model_complete.pdf>
3.2 Germany

When talking about Germany, the term “post-war” is almost always used. This is because the war and the history before the war have had such an impact on today’s Germany. The differences between now and then are so great that we need to define what time period we are talking about. The switch from paper mark to Deutsche mark and then later to euro, all happened after the war for example.22

After the war, with some help from the United States in 1950, Germany eagerly took on the European Recovery Program (also called the Marshall Plan) and later renamed their economy to a “social market economy”; stressing the importance of a free market with human values to eliminate the Nazi stamp.23 Today Germany is a federal, parliamentary, representative democratic republic and Europe’s biggest economy. They are providing the European Union with twenty percent of its budget as of 2011.24

Germany is, like Sweden, heavily export-based, being the world’s largest exporter in 2010, but, according to The World Factbook, just recently got passed by China.25 Germany mainly exports motor vehicles, chemicals and telecommunication technology and 34 of the companies listed on the Fortune Global 500 are German, with names such as Volkswagen, Siemens and Lufthansa.2627

However, German economists have expressed their fear over the Republic’s movement to the Scandinavian welfare state model, feeling that this is not the right way to go. They want to deal with their aging population in a different way than Sweden for example.28 Today, the German school system is pushing the students towards a free market economic policy.29 The examples of successfully privatizing the Deutsche Telekom and Lufthansa are used diligently.30

It is difficult to extinguish what the German feelings towards Sweden are, without going in to discussion about it. A Swedish person visiting Germany meets overall excitement and

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22 J Brady, B Crawford & SE Wiliarty, 1999, p. 171
26 http://www.tradingeconomics.com/germany/exports
30 http://ia700308.us.archive.org/18/items/politicsofprivat00zieg/politicsofprivat00zieg.pdf
curiosity from the people, and the number of Germans buying summer houses in Sweden shows a clear message that Sweden offers something they wish to have. A report from 2010 shows that the second largest group of foreigners buying summer houses in Sweden is Germans.\textsuperscript{31} The Swedish author Astrid Lindgren’s books are also very popular in Germany and they have around 200 schools named after her, in Sweden there is just one.\textsuperscript{32} The conclusion of these arguments is that Sweden and Germany have a good relationship with interchanges in employments, education and culture.\textsuperscript{33} Many students in Sweden also pick German as their third language in school.

Knowing that the two countries have a good relationship to each other gives a better insight of how important the trade is between them. This also means that many managers will have to visit the neighboring country in able to do business together, which leads us back to our topic of cultural differences and how the communication can be misunderstood. In the next chapter there will be a description of typical German vs. Swedish stereotypes.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{31} http://www.thelocal.se/25820/20100330/#
\item \textsuperscript{32} Nils Reise, 2008
\item \textsuperscript{33} Peter Hedberg, 2003
\end{itemize}
\end{footnotesize}
4. Stereotypes

“If you are planning for a year, sow rice; if you are planning for a decade, plant trees; if you are planning for a lifetime, educate people.”

Old Chinese proverb

Stereotypes are normally used frequently when talking about culture. It would have been difficult to picture how a typical Swedish or German manager is, without going back to our own thoughts about stereotypes. We will therefore present some stereotypes of Swedish and German leadership in this chapter.

The concept of the term stereotype is that people have expectations on different types of people. It is used to predict how a certain culture will act in a specific situation, not individually, but as a group. Lewis (1997) proclaims that even though it is risky to use a stereotype it can still show a cultures general national character, on a bigger group of people.

German companies are generally seen hierarchical built and controlled by manuals and routines. They are often perceived as stiff and obsolete. The hierarchy in the company often leads to an exaggerated respect among the subordinates for their managers and the CEO. German managers are normally thought to have their position because of their knowledge; competence is everything in a German company. The managers like to keep to themselves behind closed doors, and expect its employees to use their title when addressing them in order to show respect.

According to the stereotypical idea of German managers they are expected to be pedantic and methodological and are considered to be competent and confidence. They look at strategic planning as a control mechanism rather than a tool to form the company’s long-term goal. This, together with the manager’s focus on competence, uncertainty avoidance and their faith of structure and systems, are limiting their ability to be creative and go through changes.

34 R Mårtensson, 1998, p. 428
35 Ibid., p. 426
36 RD Lewis, 1997, p. 39
37 RD Lewis, 1997, p. 212
38 R Mårtensson, p. 344
39 RD Lewis, p. 212
40 J Kehl, 2005, p. 4
A German person is comfortable in the role as a leader and is willing to take command. The fact is that the German probably would have more difficulties in the role as the team member rather than the leader.\textsuperscript{41}

Swedish companies are characterized with decentralization and democracy. The distance between the employees and managers are short and the manager is normally easy accessible for the subordinates.\textsuperscript{42} A typical feature of Swedish managers is to socialize with the staff.\textsuperscript{43} Swedish leadership style is very informal and when implementing orders the manager normally delegate the authority to someone below him.\textsuperscript{44}

Swedish managers are trying to motivate, inspire and create common values for the employees. They also like to focus on loyalty.

The negative side of this leadership is that it’s dragging out the decision process and in the effort of avoiding conflicts they might create an ambiguity instead. This can lead to confusion when the participants at a meeting didn’t perceived what decisions have been made.\textsuperscript{45}

Unlike German managers who normally advance because of competence, Swedish managers normally move to higher positions trough personal contacts.\textsuperscript{46}

According to Lewis, Scandinavians are much similar to the Americans when it comes to their leadership being extremely individualistic, informal, using first names and sticking with agreements is typical. However, they are also compared to the Germans when it comes to the mentality “first comes, first served” and with the tendency of disagreeing openly rather than going for politeness or diplomacy.\textsuperscript{47}

The communication style in Sweden and Germany is very similar. Both nations appreciate honesty and straight forwardness and directness is prized more highly than diplomacy. Both Swedes and Germans can be seen as rude or overly abrupt by those cultures that place diplomacy before direct speaking.\textsuperscript{48}

\textsuperscript{41} H Peters & R Kabacoff, 1998, p. 5
\textsuperscript{42} RD Lewis, p. 247
\textsuperscript{43} R Mårtensson, p. 338
\textsuperscript{44} RD Lewis, p. 248
\textsuperscript{45} Edström & Jönsson, 1998, p. 166
\textsuperscript{46} R Mårtensson, p. 337
\textsuperscript{47} Ibid., 1997, p. 223
\textsuperscript{48} Ibid., 1997, p. 225
German and Swedish meetings are also quite similar, with both nations having a, from a south European point of view, cold way of meeting and also likes to (and is expected to be) well-prepared before a meeting.

The difference lies in the way of arguing. The German companies tend to bring in specialist in every field the discussion may cover and expects the specialist to contribute when the debate is touching his area of expertise. The meetings are encouraged to be direct and strong and can in the eyes of a more diplomatic person be misinterpreted as an arrogant deliberate confrontation.

The Swedes tend to have a great deal of open debates. As mentioned above everyone’s opinion is counted for and has the right to be spoken, but needs to be backed up by empirical evidence. This makes the meetings pretty long and normal procedure is to have an agenda during the meeting, so that focus can be kept on the matter of discussion. Structure is important and the agenda will normally be adhered to. People talk one at a time and are usually raising their hand to address that they would like to speak.\[49\] \[50\]

Another thing that Germans and Swedes have in common is their lack of humor during business negotiations. Everything has its own place and jokes do not belong at a business meeting. Serious business should be treated seriously and it is not always appropriate with humor in all business situations.\[51\]

A normal prejudice about Germans is that order and hierarchy is two of the most important qualities in a German company. German companies are described as slow moving and traditional with manuals and hierarchical pats. It can be compared with the slow process in Sweden with the freedom of opinion, which is slowing down the decision-making.

The two countries both like to think in long-terms and also possess a great reliability when it comes to making business. However, one major difference is that Germans almost never compliment good work which is a standard management procedure in Sweden.

\[50\] <http://www.worldbusinessculture.com/Business-Meetings-in-Germany.html>
\[51\] RD Lewis, p. 72
5. Globalization

“As the traveler who has once been from home is wiser than he who has never left his own doorstep, so a knowledge of one other culture should sharpen our ability to scrutinize more steadily, to appreciate lovingly, our own.”

Margaret Mead

The reason why the organizations around the world are becoming more international and Sweden and Germany are making more business together is because the globalization is increasing. Globalization has today become a very popular word; it is frequently used in books and newspapers and can be defined as “to increase the integration between countries”.  

The transport and communication costs are far lower than two decades ago and that gives companies the opportunity to place their businesses wherever it is more strategic. Globalization opens up the door to whatever country the company wants to locate their headquarter and in that way increase profitability. Spreading out in the world is not only increasing profit when increasing the number of potential buyers, it is also diversifying the risk by not putting all the eggs in the same basket.

Most economists agree upon that globalization and free trade is a gain for everyone and that it increases the welfare of the population, even though there are skeptics and anti-globalization groups who are working for a more local trade.

In the end of 1860 Sweden was one of the poorest countries in Europe with an agrarianism culture. People were starving to death because of the hard times. During 1870 and 1970 the Swedish BNP grew over twenty times and was the second fastest growing rate in the world, next after Japan.

The reason to why Sweden became on of the richest countries in the world was their way in to globalization. This is especially important for Sweden since the social welfare depends on the trade with other nations. With a small domestic market and an international outlook, mergers and joint ventures are very important for the Swedish market and have helped raising the living standards.

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52 prof. Kulessa, 28th of March, 2010
53 J-P Rodrigue, C Comtois & B Slack, 2010, p. 192
At the same time as Sweden is open and encouraging to changes Germany is struggling with globalization. It is one of the countries that have a lot to gain from globalization but yet the people are anxious about changes, about losing what they have created to others. A job gained abroad is a job lost at home, they seem to think. However, no one can deny that they are making the best out of it, with the lowered trade barriers, the movement of capital and people. Globalization has helped raised Germanys economic growth and maintains the nation’s status as one of the fifth strongest purchasing parity power nations in the world. Even so, the Germans seem to think that globalization is going way too quickly.

However, globalization is a fact and contributes with changes in our everyday-life, which is also reflected in the corporate culture. Culture is an energy force that becomes woven through the thinking, behavior, and identity of those within the group. The visible facts of a corporate culture are the dress code, titles, relationships, organizational structure and work environments. The far more powerful aspects of a culture are the invisible ones such as values, attitudes, emotions, beliefs and assumptions. These factors are in best case the same as the company’s vision, but the company values and strategy is often not synonymous to the company’s culture.

Culture is not only the micro aspects of a company; we also need to understand the macro environment. National, ethnical, occupational and organizational influences used to summarize the company’s culture but these days we also need to take in consideration that the world is becoming smaller and globalization is influencing everyone. Edgar Schein is writing that cultural forces are powerful because they operate outside of our awareness.

The things happening around us are affecting us more than we think and important to understand is that these changes are also changing our culture. According to Schein there are four different reasons to why organizational culture is a function of today’s macro environment.

First we have the increase in technology, which is making our existence more complex than ever. The rapid changes in our everyday life are making it difficult to coordinate subcultures in organizations.

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57 <http://www.indexmundi.com/g/r.aspx?t=10&v=65>
58 <http://www.worldpublicopinion.org/pipa/pdf/feb08/BBCExec_Feb08_rpt.pdf>
59 EH Schein, 2004, p. 8
Secondly we have the explosion of information technology, the new way of networking across the globe. The CEO of Google, Eric Schmidt, said at a conference in Lake Tahoe, US, in August 2010 “Every two days now we create as much information as we did from the dawn of civilization up until 2003”\(^{60}\). All that information is changing the way we think and the way we interpret our surroundings and in the end also our culture. If the growth and evolution of culture is a function of human interaction, and if human interaction is undergoing fundamental changes, then culture formation and evolution will itself change in unknown ways.

The third reason for the changes in corporate culture is the globalization of the private and the public sector. Since we are no longer only operating in our own country but also globally there has been an increase in doing business in multiple macro cultures.

The fourth reason to why corporate culture is getting more similar worldwide is the increasing awareness of the green house warming issues. The global perspective of environmental responsibilities is influencing the culture in every company and is building bridges between foreign cultures.

Without globalization we wouldn’t have the need to involve in other cultures and it is therefore an important key factor when talking about cross-culture management. In the next chapter we will state the differences and behaviors between German and Swedish managers.

\(^{60}\) [http://techcrunch.com/2010/08/04/schmidt-data/]
6. Management

“It becomes apparent from analyzing management theory covering (corporate) culture that, if one accepts that culture can be measured, this measurement can be performed by looking at either inputs to culture such as norms and values or outputs from deeper-lying phenomena such as modes of behavior or preferred means of doing things.”

Gertsen, Søderberg & Torp

To manage is an act of handling, supervising or controlling a situation or people and can be done in many different ways. Managerial leadership is crucial for successfully implementing change in organizations and can only be done when the manager meets the expectations of the members of the organization. Hence, the organizational leaders need to know and understand the desired leader behaviors expected from them by all of the people involved in the organization. The psychologist Kurt Lewin divided leadership into three different parts; autocratic, democratic and delegative (laissez-faire) leadership and it shows the different stereotypes in management theories.

Swedish managers have a clear democratic and coaching leadership with a lot of engagement from the employees in the decision making. It is important to let everyone tell their opinion and to help them understand their strengths and weaknesses. This leadership style gives a lot of freedom to the staff members but also requires a high level of responsibility. The purpose of this leadership is to make everyone feel involved and satisfied at work. As said before the cost of preserving that high level of democracy often leads to slow processes instead and this is a leadership that works good on the Swedish people but might not be so good for others.

German managers are leaning more towards the autocratic leadership. At the extreme, autocratic leadership can take the form as dictatorship, but this is something the German’s are very careful about since the war. German managers are most likely technical experts and learned how to manage people on the way up to the position. Despite the fact that German managers are somewhere in between democratic and autocratic leadership there are some pro’s with their preference of management. With one person in charge it is very easy to see who the responsibility lies on and who to obey when orders are given.

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61 M Cardel Gertsen, AM Søderberg & JE Torp, 1998, p. 59
64 K Lewin, R Lippit & RK White, Patterns of aggressive behavior in experimentally created social climates, Journal of Social Psychology vol. 10, 1939, p. 271-301
65 RD Lewis, 2005, p. 6
ruling the country have always been German history and that will form the culture of leading.\textsuperscript{66}

Today we see changes in the history. The German people are keen on showing Europe and the rest of the world that history will not repeat itself, by engaging heavily in the European Union, being co-founders, renaming its market economy and participating in democratic actions.\textsuperscript{67} However, moving away from their leadership style to adopt the full democratic style will take a long time or not succeed at all since most of the German’s seem to appreciate having an expert telling them what to do in pressured situations. Since their level of anxiety of the unknown is higher than the Swedes their leadership is well suited for them.\textsuperscript{68}

“After the euphoria of the fifties and the sixties, there was a time when the Germans feared everything possible: nuclear power, the oil sheiks, the unemployment, the Japanese, rockets, environmental pollution, the police state, the future… Every time one danger was overcome, another one would emerge and become entrenched in their mind.”
Klaus Lange\textsuperscript{69}

Even though we are learning from each other and decreasing the cultural barriers there will always be differences based on the country culture and history. This is however not something companies need to spend a lot of money on since the awareness of the other country’s culture is higher nowadays. As long as managers from different countries doing business together knows about the other persons way of handling situations it is still completely manageable to work out a deal and cooperate together.

\textbf{6.1 Culture}

\textit{Culture is to a human collectivity what personality is to an individual.}\textsuperscript{70} Culture is a community’s values in forms of symbols, rituals and heroes and an individual’s experiences, customs and habits.\textsuperscript{71} This is what affects us to react and act in a certain way.

The term culture includes different meanings. You can separate it in to culture and national culture. Organizational culture is also a kind of culture but focuses more on the specific

\textsuperscript{66} ET Hall, 1990, p. 59
\textsuperscript{67} <http://europa.eu/about-eu/eu-history/1945-1959/index_en.htm>
\textsuperscript{68} <http://catdir.loc.gov/catdir/samples/cam032/99013646.pdf>
\textsuperscript{69} K Lange, \textit{Bevor du sterben willst, lebe!}, 2\textsuperscript{nd} edn, Kreuz-Verlag, 2000, p. 193
\textsuperscript{70} G Hofstede, 2001, p. 10
\textsuperscript{71} Ibid., p. 10
culture in a company on the micro level. We will concentrate on the national culture since we are more interested in the macro level of cultural differences.

During a person’s lifetime his way of thinking, emotions and pattern of behavior is constantly changing and developing. The childhood is embossed by curiosity and it is also easier to learn during this time. A person’s character is highly colored by this period in life and it can be difficult to change it later on. Geert Hofstede is calling this a person’s mental program and says that an individual is partly acting in a certain way because of her mental program, but is also able to abandon it. The mental programming starts within the family and continues throughout a person’s lifetime.\textsuperscript{72}

The culture is in this sense not inherited, but learned. It derives from the social environment, not from the genes. That is why culture should be separated from the human nature and from an individual’s personality. The human nature is what all humans have in common, what we inherited from our genes. It’s the universal ability to feel anger, fear, grief etc. Values on the other hand is what Hofstede claims to be the heart of culture and is characterized by an individual’s preference of one condition in front of another. The values are invisible to others and can only be understood by the way the person is acting. It could be said that values are the norm for which behaviors a culture prefers and disapprove with.\textsuperscript{73}

One example could be how patients sitting in a waiting room to see the doctor are treating new incoming patients. In Germany they are all greeting the new person with a “good morning”, while they in Sweden ignore the person. The culture creates an expectation in form of a greeting.

Cultural differences can show in many ways. The most common ones are symbols, rituals and heroes. Symbols are words, gestures, pictures and objects which are specific for the culture and can only be recognized by its members. New symbols are continuously developed and replacing the old ones. Heroes are persons, living or dead, real or imaginary, which have a significant influence on the culture members. They are acting as role models.\textsuperscript{74} Rituals are collectively activities that are socially necessaries because they convey what people are

\textsuperscript{72} G Hofstede, 2001, p. 2
\textsuperscript{73} G Hofstede, 2005, p. 18
\textsuperscript{74} G Hofstede, 2005, p. 18
thinking and put value in. It has a direct impact on how people are greeting and respecting each other.\textsuperscript{75}

National culture is the dominant culture in a country. It includes stereotypes, a painted picture of how we perceive other people.\textsuperscript{76} The dominant culture represents the majority of the people in that country and is determining the way people are making business. It also affects how managers are expected to treat their coworkers.\textsuperscript{77}

For example, the founder of an organization brings his national culture to his company and will therefore lay the ground for, and affect, the organizational culture. In the situation with many transnational corporations the manager and the employees are not from the same culture and the manager needs to adopt a situational leadership style.\textsuperscript{78}

Hofstede conducted a study at IBM in 1968 (and a second one in 1972) among 50 different countries to see what national cultural differences might occur. The answers to his survey questions were, according to Hofstede, reflecting the cultural differences in every country and he divided them in to five parts. Power Distance Index (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance Index (UAI), Long-Term Orientation (LTO). In every country these levels look different and that is reflected in the individual person’s behavior at the office.\textsuperscript{79}

Even though some people accuse Hofstede’s research to be old and obsolete it is still the foundation to many other surveys that’s been made much later on. This is why we chose to base our theory on his work.

6.1.1 Power Distance Index (PDI)

In his survey among the staff at IBM Hofstede wanted to examine if there were any cultural differences between a country’s relationship and distance between manager and employee. The study suggests that the boss-subordinate power distance is considerably determined by social aspects.\textsuperscript{80}

In countries with low power distance index the manager and the employee perceive themselves as equal. The hierarchical systems are only for convenience and the roles in the

\textsuperscript{75} Ibid., p. 17
\textsuperscript{76} JB Cullen, 1999 p. 49
\textsuperscript{77} Ibid., p. 51
\textsuperscript{78} D Hellriegel & JW Slocum, 2007, p. 222
\textsuperscript{79} G Hofstede, 2005, p. 22
\textsuperscript{80} G Hofstede, 2005, p. 79
system could easily change. A company like that is often rather decentralized and flat.\textsuperscript{81} In countries which are characterized by low power distance the employees are less dependent on their managers and normally prefer a consulting leadership style. Subordinates expect to be consulted before a decision is made that affects their work, but they accept that the boss is the one who finally decides. The emotional distance is relatively small and a subordinate can openly disagree with his manager.\textsuperscript{82}

In countries with a high power distance the manager and the employee perceive themselves as unequal and the hierarchical system is based on this belief. Companies and organizations are formed as pyramids and centralize the power in to a few hands. The employees prefer a more autocratic leadership, they are more dependent on their managers and they are unlikely to disagree with them.\textsuperscript{83}

In a comparison between Sweden and Germany you can see in the model below that the power distance index isn’t differing much and the classical view of an autocratic Germany is beginning to wipe out. Sweden got 31 PDI and Germany got 35 PDI.\textsuperscript{84} However, there are still visual differences and one of the examples is coming from our own Universities.

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{model.png}
\caption{The SD Model of professor Geert Hofstede}
\end{figure}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & PDI & IDV & MAS & UAI & LTO \\
\hline
Sweden & 31 & 40 & 45 & 30 & 15 \\
Germany & 35 & 45 & 45 & 30 & 20 \\
\hline
\end{tabular}
\caption{Comparison of Sweden and Germany}
\end{table}

\begin{flushright}
\textsuperscript{81} Ibid., p. 50 \\
\textsuperscript{82} Ibid., p. 39 \\
\textsuperscript{83} Ibid., p.40 \\
\textsuperscript{84} <http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=86&culture2=34#compare> \\
\textsuperscript{85} <http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=86&culture2=34#compare>
\end{flushright}
In small-power-distance-countries the children are proven to be more independent and have a closer and more equal contact with their parents. They are treated as equals from early stage and are taught to say no and be independent as soon as possible. If a country has a culture with low power distance between parents and their children it also reflects in the relationship between the teacher and their students. Here we’ve noticed a difference between Sweden and Germany.

In Sweden there is a small power distance between professors and students at the Universities, addressing the professors with their first name and inviting them to the student party’s. In Germany a professor is never titled with his first name and they normally keep a professional distance to their students. However, students in Germany are still encouraged to disagree and criticize the professor, since that is, according to them, the way we learn new things.

Hofstede also claims that a desire for status consistency is typical for lager-power-distance cultures and for being a small-power-distance culture Germany is relatively focused on statuses and titles. You are never supposed to address someone without their title and on the name signs the full title is more important than the actual name.86

6.1.2 Individualism (IDV)
Individualistic societies are, according to Hofstede, societies in which the bonds between the individuals are loose. Collectivistic societies, on the other hand, are societies in which the people already from birth are integrated in strong, cohesive groups.87 The employee in an individualistic culture is expected to act according to his own interests and that is matched with the interests of the employer. This is the right opposite to the collectivistic culture, where the employee is expected to act after the interest of the group, which may not always correspond to his own interests.

As seen is the model from Hofstede both Germany and Sweden have a very high level of individualism. We think that the two cultures are so similar in this dimension that we will not discuss it further, but instead exclude it from the reason to why Swedish and German managers are behaving differently.

6.1.3 Masculinity (MAS)
By measuring masculinity vs. femininity in a culture Hofstede meant to examine the

86 RD Lewis, 2005, p. 227
87 G Hofstede, 2005, p. 67
characteristic feature for a society. The assertive pole has been called “masculine” and the modest, caring pole “feminine”.

The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, these countries show a gap between men’s values and women’s values.

In masculine societies the managers are supposed to be aggressive, assertive and decisive. Companies that are active in a society like this is stressing the importance of results and the employees are rewarded fairly by that measure. In feminine societies the manager is expected to be more intuitive, less visible and seek coherence. A company in this environment is rewarding its employees after equal rights and by everyone’s personal need.

As stated in the model from Hofstede there is a huge difference between Germany and Sweden when measuring MAS. Germany has a MAS of 66 and Sweden a score of 5.\textsuperscript{88} Hofstede concludes that of all those in the world, Sweden is the most feminine.\textsuperscript{89} We believe that it has to do with the historical culture. Germany has a history of strong, aggressive leaders while people in Sweden have been striving towards a more “female” and egalitarian society for a long time. Even though the salaries still aren’t completely equal in Sweden it is a lot better than in Germany, where a woman may earn up to a quarter less than a man in the same sector.\textsuperscript{90} Also, same-sex marriages and adoption is legal in Sweden but not in Germany, which shows that Swedish culture has a tendency to be more feminine and equal.\textsuperscript{91} When doing business in Germany this is an important thing to consider. Take the example of working together in a team in Sweden or Germany, the differences are pretty clear.

German team members prefer a leader who is structuring and organizing the tasks towards a recognizable goal while the Swedes prefer ongoing processes with continuous consulting and frequent group meetings where mutual decisions are chosen. In a group the German employee is very clear about his role and doesn’t cross the line in order to avoid confusion. In a Swedish group everyone is expected (and expects) to perform their task with minimum of supervision.

\begin{footnotes}
\item[88] \url{http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=86&culture2=34#compare}
\item[89] RD Lewis, 2005, p. 341
\item[90] \url{http://www.scb.se/Pages/TableAndChart____297313.aspx}
\end{footnotes}
since constant supervision may signal a lack of trust in professionalism from the supervisor.\(^\text{92, 93}\)

### 6.1.4 Uncertainty Avoidance Index (UAI)

This dimension is dealing with a society’s tolerance for uncertainty and ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures. If they end up in a situation with uncertainty they tend to feel nervous and stressed and they prefer predictability and written- / unwritten rules.\(^\text{94}\) In societies with a strong uncertainty avoidance index you can find a lot of formal and informal rules. The wish for rules is based on feelings and emotions. It is therefore based on psychology rather than logic.\(^\text{95}\) The opposite type, uncertainty accepting cultures, is more tolerant of opinions different from what they are used to; they try to have as few rules as possible.\(^\text{96}\)

One part where Germany and Sweden differs is the risk aversion. Germans are known for being careful and not willing to risk their money. When they invested in the IT-boom during the beginning of the 19\(^{\text{th}}\) century and later lost everything, including all their savings, they learned a valuable lesson. When the finance crisis hit Europe in 2008, Germany was one of the first countries to recover because they were skeptical to invest and mostly stayed away from the sub-prime loans. This is also reflected in the German way of putting up law and order for everything and their historical liking to strong leaders.

Sweden is a bit more open to new things and even though there are a lot of regulations and laws in Sweden to, the culture is accepting more changes than Germany. From our own experience we now know that Germany has changed a lot in its attitude towards changes and uncertainty and we believe that the UAI number between the two countries would differ less if the survey would have been done today. However, there are still signs of a cautious Germany, one example being their reaction to the investment in sub-prime loans. Germany is

\(^\text{94}\) G Hofstede, 2005, p. 143
\(^\text{95}\) G Hofstede, 2005, p. 153
\(^\text{96}\) <http://www.geert-hofstede.com/>
also known for complicating things with unnecessary paperwork and forms that needs to be filled in, because of their love for order. 97

6.1.5 Long-Term Orientation (LTO)
This is a measurement to what extent a culture programs its members to accept delayed gratification of their material, social and emotional needs. 98 Values associated with long-term orientation are thrift and perseverance; values associated with short-term orientation are respect for tradition, fulfilling social obligations and protecting one’s “face”. 99

The “protecting” of one’s face is especially important in Asian countries. 100 In Europe it is not as important and the difference between Sweden and Germany is only 2 points in the matrix. 101 We are therefore excluding this dimension as an important cultural difference.

6.1.6 Critics against Hofstede’s Cultural Dimensions
Hofstede’s culture dimensions have been used by many scientists for studying cultural differences, one example being Harrison and Glick. 102 103 Although the dimensions have been steadily used over the years it also had to take a lot of criticism.

Janson says in his book that Hofstede’s assumption that cultures are changing slowly over time haven’t been proven with empiric data but only with his own reasoning. 104 Further on, Gooderham & Nordhaug is writing that Hofstede’s methodology is questionable. The research is mainly based on an attitude-based survey and that is not seen as an appropriate way for studying this type of culture. 105 In addition to this his research is now also very old; it was developed during the sixties and the seventies.

Another criticism directed to Hofstede is his absent of facts that support the selection of representatives on a national level. Consequently there is no proof that the average answers in

97 Prof. Schüler, Doing Business in Germany
98 G Hofstede, 2005, p. 362
99 <http://www.geert-hofstede.com/>
100 PK Cheng Low, 2010, p.8
101 <http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=86&culture2=34#compare>
102 GL Harrison, Satisfaction, tension and interpersonal relations: a cross-cultural comparison of managers in Singapore and Australia, Journal of Managerial Psychology, Vol. 10 no. 8, MBC University Press, 1995
104 A Sjögren & L Janson, 1992, p. 61
the survey are reflecting the average feeling on a national level. Thus, his presumptions are merely a belief rather than an empiric fact.\textsuperscript{106}

With all this in mind, we have still chosen his theories based on the fact that it is the foundation to what many other authors have been basing their research on. Even though his research is old it is nevertheless the most comprehensive study that’s been made, with 116,000 representatives in over 50 countries, thus making it extensive enough to provide a foundation to base our research on. Since we conducted our own research and only needed the fundamental arguments, we’ve decided to trust Hofstede’s work, as many others also did before us.

7. Intercultural Training

“Those who know nothing of foreign cultures know nothing of their own.”

Johann Wolfgang von Goethe

What can companies do to help overcome the cultural barriers we have today? One popular thing is to send their employees on intercultural training courses.

The UK-based company Kwintessential is on their website giving the reader the answer to why intercultural training is important, according to them. They are claiming intercultural training to be one of the critical reasons for success on the global scale in our time, and that is why companies need to educate their managers. Today a manager does not only have the challenge of managing people, but also to manage people from different cultures.107

Intercultural training can help in different areas, such as team building, negotiating, management and diversity training. The diversity training can help people understand another person’s religion or ethnicity, while training in negotiating can give valuable information on how to handle a specific situation. How to communicate in both verbal and non-verbal ways, with etiquette and tactics, can even decide whether the opponent will accept you or not. Some cultures prefer a more subtle way of exposing their demands, while others go directly to the point.

How the cultural differences can manifest in the workplace, what conflict resolutions there might be and how to best apply those solutions, are one thing a manager can learn from intercultural training. Time management, communication and how to maximize the use of a multicultural team are also important dimensions that can be improved by training.

To pin-point where the cross-cultural problems often occur and to conduct self-analysis-exercises can help the manager to identify areas of conflict within the team.108

107 <http://www.kwintessential.co.uk/cross-cultural/management-training.html>
108 <http://www.kwintessential.co.uk/cross-cultural/team-building.html>
8. Empiric

“Never become so much of an expert that you stop gaining expertise.”
Denis Waitley

We have made a summary of the interviews with each country so that it will be easier to see
the similarities and the differences between German and Swedish leaders. The answers have
been divided in four main categories, and some of the questions could be placed in several of
the categories. These questions have been placed under the category that suits them the best.
There are tree interviews from each country, two of them are managers in companies and one
is with the dean from each of our schools where we studied. The original interviews can be
found in the appendix.

8.1 Sweden

8.1.1 General Information
The respondents from Sweden are all men between 48-65 years old. They consist of a site
manager at Fleximark AB, a production manager at Miltronic AB and the dean of the
University of Gefle. The respondents have all studied at university level and worked for many
years in their current area, the managers have 22/30 years in the same company and the dean
has 8 years of experience at the school.

8.1.2 Leadership Information
All three of the respondents says that their organizations are very centralized, there are goals,
frames and guidelines that must be followed, but the way the goal is reached is mainly up to
them to decide.

There are bonuses for the employees in the two companies based on the profit they make, but
the school doesn’t have such a bonus, they have the opportunity to become certified instead.

The common understanding from our respondents about German management system is that
it is about the same, but more respectful when communicating with their superiors and more
conscious about ranks within the company. In their own organization there is a good flow of
information regarding the organizations decisions considering changes and future goals, and
everybody can contact and communicate with each other.

The respondent’s opinion concerning Swedish leadership is that they often are humble and try
to get along and compromise rather than making someone discontent. Their common
perception of German leaders are that they are more hierarchal and don’t emphasis as much on the value of codetermination.

8.1.3 Social Information
The respondents socialize outside work; at company events a couple of times per year, and lunches or dinners from time to time, but one of the managers also mentions the importance of keeping a certain distance to the employees, so that a “buddy-friendship” doesn’t come in the way of respecting his authority. However, the general conception is that the use of titles and last names are not usual in Sweden, everybody is on first name basis, regardless of rank and position.

Regarding the importance of education vs. personality when hiring new people they state the importance of education and knowledge but agree on that the personality is a necessity. The worker should thus have the minimum education required for the job, but an employee with the best personality is preferable in relation to the one with best education. When asked about Germans prejudices on Swedish leadership they told us that Germans probably feel that Swedes are a bit weak in their leadership and care too much about codetermination.

Regarding status symbols and privileges the leaders don’t differ much from the rest but some have a company car and a cell phone and they also have more to say in the deciding matters.

8.1.4 Efficiency Information
We asked the managers what they thought about German leadership and they told us that they are a lot like Swedes but that they are a bit more formal when addressing each other. None of them coincides with hierarchic leadership but they all agree that there is an advantage of direct orders in stressful situations when work needs to be done quickly. There are also situations when the leaders feel that the employees prefer direct directives, for instance when they lack the proper knowledge or if the working group can’t agree.

According to the respondents there is no need for guiding the employees, they are entirely independent in their daily work. Codetermination is according to the leaders a good way to get the workers involved and engaged in their work but it also takes up a lot of time, although this may be considered worth it due to the fact that the outcome of the decisions made often are more sustainable. In the respondents organizations it’s possible and often encouraged to give suggestions of improvement in any matter considering the company. It is also fully possible to discuss these matters directly with the leaders regardless of the rank that one has.
The leaders tell us that their employees tend to stay in the company for a long time and the need for replacing personal is low.

8.2 Germany

8.2.1 General Information
The respondents consists of two men and one woman, they are between 32 and 53 years old. They work as a marketing manager at Schott, head of human recources development at Aareal Bank AG and dean of University of Applied Science Mainz. They have all studied at university level and have 5-11 years of experience in their current position. The dean also worked as a manager at formerly TRUMPF machine tools.

8.2.2 Leadership Information
All of the respondents has standardized routines and internal trainings at their workplaces but the dean explains that there aren’t any real long term staff development programs within the school. The leaders have substantial control over the organization and how it is run but there are also guidelines from owners that they must follow, goals to stride for; how much they have to sell within a year, for example.

The rewarding systems for the companies are mainly based on salary raises and bonuses but they don’t have any rewarding systems in the school.

The respondents all say that employees often rather have clear directions than wanting to work by codetermination especially when under high pressure and have a deadline.

The employees are informed about major decisions and are able to give their thoughts about them but they often have to find out smaller decisions on their own and aren’t often asked about their opinions. Regarding the German management style there are some different opinions, the managers say that German management is more analyzed and thought trough while the dean is convinced that there aren’t any big differences between countries and that the big difference is among different sectors of business. The respondents say that they think that Swedish management is more mindful about informing the employees, letting them speak their mind and discuss matters so that everyone is on the same track. They also think that Swedish managers are less controlling and letting the workers find their own way. The dean says that Swedish managers don’t show their power as openly as German people. One of the managers mentions that Swedish managers focus more on relationships then education and experience.
8.2.3 Social Information
They don’t have any strong social connections with their co-workers, even if they do meet each other in other locations and events besides work, from time to time. The respondents have different feelings about addressing co-workers, they seem to use first name, but usage of surnames are equally usual, often when addressing older people and those that are higher up in the hierarchy.

Regarding education vs. personality they agree on the importance of education since it is a criteria for being able to handle the tasks that the job requires, but when this criteria is met the personality is the only thing that matters. The leaders all think that Swedish people probably often perceive German leadership as hierarchic, organized and efficient but one of them points out that modern German leadership is quite flat just like Swedish management. The respondents don’t have any certain privileges other than company cars and phones and the dean also has a secretary.

8.2.4 Efficiency Information
The respondents all agree on the fact that hierarchic leadership has the advantage of being simply faster. Quick changes are possible and there won’t be any time wasted on debating about the best way to execute the task. They also mention that codetermination is needed for sustainability and for the employee’s fulfillment. The managers perceive Swedish management a bit more codetermination oriented but the dean says that the two countries leaderships aren’t that different when you get down to it. The company managers find their employees independent and able to execute their tasks without major supervision, they know what guidelines to follow and what is required of them.

The managers think that codetermination is a good tool for efficiency and making the employees feel as a part of the company but they also say that the team needs to know each other and be on the same level or it will become difficult. All three of them explain that the employees are encouraged to give suggestions for improvement regarding the work at any time. None of the three experiences a trend of people shifting jobs; most of the employees seem to stay in the company for several years.
9. Analysis

“An absolute can only be given in an intuition, while all the rest has to do with analysis.”
Henri Bergson

9.1 Theoretical Analysis

9.1.1 Description of the Countries

Sweden has a reputation of being a country that emphasizes greatly on the value of welfare in the society. They are hailed as one of the most successful models, offering universal health care plans for the citizens, one year’s parental leave, a solid public education system and an extensive sick leave. Sweden’s system has been built on the Keynesianism social structure that later laid the foundation for the Nordic Model.

Germany has been influenced greatly by World War II, both internally and in the view of the world. Germany took on the European Recovery Model - also called the Marshall Plan. They renamed their economy to a “social market economy” in order to emphasize the importance of a free market with human values to eliminate the Nazi stamp. Nowadays Germany is one of the largest economies in EU and a representative for a democratic Europe.

German economists have some fears over the republics movement towards the Scandinavian welfare model, feeling like this isn’t the optimal way. Sweden and Germany have a very good relation and many of the Swedish and German companies are collaborating. The German language is even quite usual as a third language in Swedish schools.

We can see many similarities between the two countries even though they have different backgrounds that probably laid the outlines of their cultures. One difference is that Germany seems to accentuate the private sector while Sweden still invests a lot of recourses into human recourses. The cultures differ in the matter of Sweden wanting to take care of the weak ones in the society versus Germany’s effort of rewarding the strongest citizens.

9.1.2 Stereotypes

Stereotypes are a term that explains what people’s expectations on different types of people are. It is used to calculate how certain cultures operate in specific situations. German companies are generally seen as hierarchal and controlled by strict guides, a stiff and obsolete environment, opposite of the Swedish companies. The communication style in the two countries are similar, they are both quite honest and open about their opinions, the straight
forwardness could in some cultures even be considered rude. In our opinion there are some differences regarding the interaction between people, Germans are more focused on the subject while Swedish people sometimes focus more on feelings rather than the main objective. The two countries are probably very hard to separate when viewed from distant cultures.

9.1.3 Globalization
Globalization is a term that is being used frequently these days; organizations are becoming more international and adapting their businesses for extensive collaboration between countries and cultures. Most economists agree upon that globalization and free trade is a gain for everyone and it increases the welfare. The world today is depending on the trade between countries, and with that trade there has to be a collaboration in which different cultures must work side by side. One can only speculate in what will happen in the future but we suspect that cultures will mix so much that they will have certain similarities throughout the whole world, at least regarding the business world. We can perhaps say that business is both the reason why cultures are forced to mix and also the reason why they will compromise and develop understanding for one another.

9.1.4 Management
Swedish managers try to be democratic and avoid giving direct orders to the employees; instead they exercise a coaching leadership. They try to engage the workers in the decision making and making them feel like a part of the company instead of a worker that only operates for the salary. This kind of leadership is giving the workers a lot of freedom when it comes to how they execute their responsibilities.

German managers, on the other hand, are leaning more towards the autocratic leadership; they tend to seek out an expert for the job and then letting him make the decisions and therefore picking the optimal way of executing the job.

It is hard to say what the optimal type of leadership is, since different leadership styles are necessary for different kind of personal. The Swedish employees probably feel more responsible towards their work task since the manager trust the employees with the responsibility of a certain job. This kind of respectful management hopefully develops a culture of trust and effective labor. At the same time one must weigh in the time spent on discussion about feelings and opinions in this type of leadership. One person could probably investigate the optimal way to perform the task and then simply tell the staff about it. Of
course there are no black or white answers to this dilemma. The best way is probably a combination of the management styles, depending on what matter and situation the leader is challenged with. It is not a question about how people react to leadership in different countries; it is more likely how individuals are reacting to a specific type of leadership.

9.1.5 Culture
Culture is a broad term that can include many meanings. Organizational culture focuses on what specific culture a company has at a micro level. We’ve mainly focused on the national culture, since the macro level is more interesting for this paper. Cultural differences can display in many ways like symbols, rituals, words, gestures, pictures and objects and can only be recognized by its members. Many times when a leader is from one culture and the company and its employees from another, the leader must adapt the leadership to the employees.

The history of a country is the development of a country’s national culture. Leaders of the countries inflict on the cultural development as much as the people’s opinions and feelings are affecting the leaders. The situations that a country’s people are exposed to are affecting their values and how they chose to prioritize.

9.1.6 Power Distance Index (PDI)
Hofstede examined the cultural differences between countries relationships and the distance between manager and employee. This study concluded the questions on however the boss-subordinate power distance is considerably determined by social aspects. Countries with a low power distance index (PDI) have employees that perceive themselves as equals. The opposite goes for what the employee feels in a hierarchic organization. When an organization has a low PDI their employees will be less depending on the boss and expects to be consulted in the decisions regarding company development. In organizations with high PDI there will be less disagreement since the employees will not want to argue with the leader’s decision.

This is really interesting since both countries have answered that their employees are practically entirely independent and do share their opinions about the organization. The common belief of the Swedish people is still that the power distance in Germany differs a lot from the Swedish one, but experience and surveys shows that it’s not completely true. Since the Swedes see themselves as a typical small-power-distance society and the German society as pretty hierarchic it is surprising to see that Germany is placing only four places above
Sweden. The German managers are finding their way to a more social and humanistic leadership style which in turn is decreasing the cultural difference between the two countries.

9.1.7 Masculinity (MAS)
In the masculine society the leaders are expected to be aggressive and assertive, they are greatly motivated towards result and the employees are rewarded fairly by this measure. In the feminine society the leaders are expected to be less visible and seek coherence. Hofstede stated in a model that there is a huge difference between Germany and Sweden when measuring MAS. Germany has a MAS of 66 and Sweden a score of 5. Hofstede states that Sweden is the world’s most feminine culture.

Our research has not focused on feminine and masculinity but all the leaders we interviewed seem to have the same criteria when rewarding their employees, even though Germany is slightly more focused on rewarding the ones that achieve the most.

9.1.8 Uncertainty Avoidance Index (UAI)
UAI deals with acceptance for uncertainties and doubt, it is an indication on how comfortable or uncomfortable members feel in a certain cultural program. Rules and security measures regulate and minimize such uncertainties.

Perhaps this is the reason why some leaders tend to be stricter and also perceive the employees as appreciative for this kind of leadership. One could at the same time believe that some leaders use codetermination when setting the rules so that the employees can be a part of the creating of the standards.

9.1.9 Intercultural Training
In order to defeat cultural barriers companies practice different training for their leaders, the intercultural training is a way for leaders to control the impacts of culture in the working environment. This could be of great value in team building and team spirit; a group can then cooperate better.

We believe that this could prove to be very important when dealing with leadership and cooperation outside the home countries borders. A leader must be able to analyze and understand the needs of the employees and how they interact in order to establish the relationship needed to perform effectively.

9.2 Analysis of the Interviews
9.2.1 General Information
The leader’s ages vary between 32 years and 65 years and this is a factor that we don’t think has any major effect on the outcome of our research. Another factor is that they all but one are men, this factor has been discarded since we only want to investigate the cultural differences between countries and not the effect between genders. The picking of managers that we have in our empirical study are not optimal since they don’t have the same position and neither are in the same types of industries. This is probably the biggest source of error in our research.

Although the respondents weren’t optimal we have tried to avoid the effects of differences regarding branches and concentrated on the differences due to the actual country when interviewing the respondents.

9.2.2 Social Information
It seems that both countries have the same attitude towards internal training; they tend to have some internal programs for employment development. We believe that this indicates a leadership that desire to form the employees in the companies’ agenda and perhaps make them work more efficient as a group. The same goes for standardized routines at the daily work, both countries have them and could also indicate a leadership that wants the staff to cooperate and perform as one unit.

Similarities between the companies were also found concerning organizational management; both the German and the Swedish organizations are mainly decentralized in their leaderships. They have great possibilities to lead the companies in their own way, there are goals and main objectives that must be reached and frameworks that they have to follow but other than that it’s up to them to decide what the best way of leading is. We interpret this as the board and the owners are letting their managers decide for themselves how to best run the staff. They are normally the ones who know most about the job and is the end the ones performing it.

We didn’t find any great differences regarding the rewarding systems; the interviewed managers are getting bonuses and higher salaries. The two deans are not receiving any bonuses since schools don’t have the same budget for bonus programs as companies with interest of profit.

One part of the rewarding system could also be the development in the workers careers. The reason why they have similar rewarding systems is probably because the workers in both countries have similar motivations and goals.
In Sweden they have a very open and effective communication in the organization, everyone is informed about the decisions and development in the organization, this is probably because everybody can contact and communicate with each other in the company.

Germany, on the other hand, does not have the same effective communication in the organization, the major events and decision are stated in the company but the employees must research and find out other smaller developments on their own.

We suspect that the emphasis on communication in Sweden is based on making the workers feel like a part of the company in order to make them work harder and more efficient. Germany’s leaders, even if they don’t differ to a great extent, obviously don’t share the belief that it’s worth the time and energy to inform the organization as extensive as the Swedish managers do.

Swedish leaders see themselves as humble and try to compromise in order to avoid making employees discontent. German leaders see themselves as analytic and well planned. German leaders are not as humble, neither are they afraid of showing their power openly. This is one of the parts in our study that we actually did find significant differences. It seems like the German leaders think that too much time is spent on discussions about decisions and changes in order for the organization to work efficiently while the Swedish leaders feel that the time spent is an investment that pays through in the long run.

9.2.3 Leadership Information

Swedish co-workers do socialize outside the work environment at company events, lunches and dinners. The Germans however, do not socialize and do not meet after work very often. This could be due to what we discussed earlier; the Swedish seem to emphasize the value of relationships and building bonds within the organization while the Germans prefer to keep a distance between social life and work. One of the Swedish leaders is however mentioning the importance of avoiding the “buddy“ effect, which is the fact that employees could lose the respect for the leader’s authority.

In Sweden everybody address each other by first name regardless of position and rank while Germans also use surname and title at times, especially when addressing older people or if the person is higher up in the hierarchy. This has probably not a great deal of influence but is a way of showing authority and respecting people that have worked longer.
In relations to what is the most significant; education versus personality, both countries agreed on that the important thing is that the person is qualified for the job and after that it’s the personality that matters. This is understandable since the leaders need to know that the employees are able to handle the tasks that they are responsible for, but in order to function as a member in the group the personality is equally important. This was slightly surprising since we had a presumption that Germany would highlight the education more than Sweden.

9.2.4 Efficiency Information

Both of the country’s managers agree on the fact that leadership by co-determination is superior hierarchic. They also agree on the fact that there are some advantages with hierarchic leadership, it is for instance timesaving and enables leaders to make fast changes in the organization. In stressful situations when there is a deadline to be met, a strict and controlled leadership could save a lot of time. There are also those times when the personal lack the proper education for the job, a more experienced person can in such times make quick decisions for the whole group. In stressful times this kind of leadership is also appreciated by the employees.

It is interesting that both countries managers are agreeing on these points since we thought that only Germans liked hierarchic leadership. It is obvious that managers are not only using either codetermination or the hierarchic forms of leadership, different situations require diverse form of leadership. Codetermination could take up to much time when everyone wants to give their opinions and solutions are supposed to be developed through discussion.

Both of the country’s managers are telling us that their employees are independent and carrying out practically all the work on their own without any major interfering from the managers. They all know what duty’s and responsibility’s they have and what guidelines to follow. Although, the German dean feels that the schools employees can’t manage their responsibilities without help from a manager telling them what to do. The independence that the managers are mentioning could be interpreted as effective organizations with employees who are taking responsibility for their duties.

The possibility to give suggestions and opinions is possible in both Germany and Sweden, this is also encouraged. We think that this is a sign from the leaders to the employees that they have the possibility to influence the organizations development. It seems that it is slightly easier for employees to communicate opinions directly to superiors in Sweden then in Germany but this is only mentioned by one of the Swedish managers. This sounds logical in
relation to the earlier discussion about the fact that Swedish leaders are more humble and that German leaders tend to display their authority more openly.

None of the organizations in either country have many people leaving the company and changing jobs. It seems like they are content in their current organizations.

9.3 Validity and Reliability of the Analysis
We can see that the results we have obtained through the empirical study are backed up by the theory part of the investigation. With the templates for interviews that we used in the dialogs with the leaders, we have been able to get the information needed to answer our questions and the goal that we set out.

A problem that we experienced was the ability to get interviews from leaders with the same duties in the same branch which does affect the relativity of this research.

Another issue is the fact that we have made the interviews separately, one of us in Sweden and the other in Germany. We tried to avoid different angels by recording the interviews so that the other could listen to them. We have throughout the entire analyze critically examined the work.
10. Conclusion and discussion

Throughout the research we saw connections between some cultural preferences regarding leadership and also what employees expected of the managers. The interesting question is if there are important cultural differences between German and Swedish leadership and if so how extensive they are.

Our modern society is becoming more and more affected of globalization and therefore the international awareness is becoming very important. It’s no longer possible for companies to only plan the organization within the domestic borders; most organizations must weigh in the impacts of international trade as well.

We set out to investigate differences and similarities in the leaderships of Sweden and Germany. The aim was to see if they actually are so different or if they are starting to become more similar today. During the interviews we understood that German leaders are somewhat more straightforward when leading then the Swedish leaders. Codetermination is used in greater extent in Sweden and more or less something that is expected in a working habitat. The Swedes are able to speak their mind regarding most subjects freely, German on the other hand are not able to speak as freely and also not directly to all personal in the company. Germans are expected to show courtesy and respect to the hierarchy in the organization.

The common perception in Sweden is that a worker always is more efficient when they feel like they are a part of the company as a team member. Germany on the other hand does not emphasize the spreading of information about the company’s development and decision-making as much as in Sweden, it is instead expected that the employees on their own search out such matters. The employees don’t expect to be informed about every decision and neither that the managers ask them about their feelings towards the development. In some situations it is even appreciated to be directed by someone with more experience and expertise.

The PDI that we comprehended in the interviews shows that the two countries are very similar and employees are very self efficient and able to perform their tasks on their own without guidance.

Although there are some cultural differences regarding the communication the main objectives of the leadership are similar. The perhaps most important question is which is most effective, codetermination or hierarchy leadership. All leaders concurred on this matter,
Codetermination is necessary for efficiency and sustainability, the difference between their opinions is only found in the dosage of the chosen tactic.

It is to our understanding after completed this investigation that Swedish and German leaders have a very good understanding of each other and are probably very capable to perform their duties in both countries. Even if there are differences in the interaction in the relationships all our leaders concur on the main matters. Codetermination is great for team spirit but costs too much time and can’t be used in all matters, hierarchy leadership is time and cost effective but leads to dissatisfaction.

We believe that modern education and globalization has made leaders aware of the most effective methods and theories on how to run an organization, there are still cultural differences, but when studying Germans and Swedish leaders more closely it is obvious that we are very much alike.

10.1 Suggestions for Further Research

As always one learns how to perform a work optimal after finishing it, we have learned a lot during this investigation, and also how we could have improved the research. If it would have been possible to contact six persons in two countries, it would have been much easier to compare. It is also crucial that the respondents are in the same branch in each country in order to rule out branch-culture and instead focus entirely on the national culture.

For a more reliable research a field study should be done at every workplace in order to control how well the respondent’s answers concur with the actual outcome since we don’t know for sure how well the leaders have described the reality. It could well indeed be that they altered the facts into what they wish them to be or perhaps believe them to be. It could also be interesting to investigate more detailed about what kind of education they have gone through and what impact it has on their leadership. Could leaders and should they be educated in cultural management, is it their responsibility to adapt their leadership for the employees or is it vice versa? Schools should probably educate the students in cultural management since it's crucial for an effective working environment.

We only concentrated on the leaders but in a more extensive research it would be wise to include the employees for their point of view, then the study would get depth and further angels of information.
It could also be interesting to investigate whether the educations between the countries differ a lot, or if our hypothesis about having more similar educations is right.

The final thing that we would like to highlight as a possible field of improvement is the choice of theory. Despite the fact that Hofstede is the most famous scientist in this area, his research is not comprehensive, and we realized that after the work was already done. He is missing the individual point-of-view and is not covering that aspect in his research. In able to peel away the layers of unconscious behaviors when doing a research on someone who is being observed one have to work beyond the language and observe other facts to. Body language and hidden messages can reveal what is truly behind the answer to a question. Informal hierarchy, the one you cannot see, is sometimes more powerful than visible hierarchy. We might see a flat organization in our interviews, but the reality and the company culture might look different.

We found that the study made from Robert J. House of the Wharton School of Business, University of Pennsylvania in 1991, called the "Global Leadership and Organizational Behavior Effectiveness" (GLOBE) might provide a broader, but not completely comprehensive, view. This study is more versatile and up-to-date than Hofstede, and even if the GLOBE study partly is based on it, it embraces other studies as well, such as Schwartz (1994), Smith (1995) and Inglehart (1997). \(^\text{109}\)

**10.2 Final Words**

We have encountered two main obstacles during our research. The first was that we miscalculated the difficulty of interviewing high level managers, since these people are very hard to get a hold on and even harder to motivate for an interview, when they clearly have nothing to gain from us. So our original plan of interviewing leaders in the same organization failed and it turned out to be extremely time consuming to get leaders to agree on interviews. The other obstacle was the collaboration that we had with each other; we never anticipated it being so hard to communicate when studying in different countries.

We have learned how to stay focused and cooperate even when one must communicate trough e-mails, Skype and Facebook. Another lesson was the value of contacts and building

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relationships, we would never have been able to make the interviews without our contacts. In the end it was definitely worth the experience and knowledge that we obtained.

Finally, we heartily thank our supervisor, Lars Ekstrand, whose encouragement, guidance and support from the initial to the final level enabled us to develop and understand the subject.
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Sweden
Interview 1: 2011-03-30, kl. 12.00
Interview 3: 2011-06-23, kl. 14.00

Germany
Interview 1: 2011-03-24, kl. 08.30
Interview 2: 2011-05-18, kl. 13.30
Interview 3: 2011-06-03, kl. 15.00

11.6 TV Shows

Reise Nils, Det perfekta landet, TV2, 25th of October, 2008
12. Appendix

12.1 Swedish Interview 1

Sex: Man
Age: 65
Title: Lector, assistant Academic manager, Dean, chairman of the employment committee.
Country: Sweden

What kind of education have you gone through?
I received a doctorate in business administration.

How long have you been working for the company?
I have worked at this school since 2003 so that’s 8 years.

Are you social at work?
Not frequently but I do socialize with some of my colleagues from time to time for dinner.

Do you normally hang out together after work?
See above.

Are you addressing the employees by his/her title or first name?
All personal address each other by first name, we never use titles.

How important is education when hiring someone versus the personality?
Since it’s a school the education is the most important and also a requirement that must be met. Without employees with the proper education the school wouldn’t work at all. But the personality is also important in order to be able to adapt within the organization.

Do you have standardized routines for the work assignments?
No, there are no such procedures or training

Are the any internal educations?
See above

Are you centralized or decentralized?
There are frameworks and educational goals that must be achieved and enforced, but other than that we are able to make most decisions our selves.

How does your rewarding system work?
No, we do not, we have no bonuses, but the lectors can become certified and develop their careers. One can develop academically and thus also increasing the wage.
What advantages can you see with using a hierarchic leadership vs. codetermination?

I do not think that it is preferable but the advantage may lie in that you know who decides what, who is superior and subordinate. In a hierarchical leadership, there are clear roles within the organization.

Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?

In Sweden we have a tradition to perform all work with approval which can lead to things not always getting done. Thus it may be necessary that you tell them to execute a task within a timeframe. But you’ll probably speak with a polite frase such as: “Could you finish this before Thursday?”

What do you think about Germany’s prejudices’ on Swedish leadership?

I do not really know but I can imagine that they perceive us as a bit messy. My perception of the Germans is that they are more structured.

What do you think about Germany’s management system?

As I said earlier, I think it emphasizes orderliness more than us.

Is the department informed about and allowed to take a part of any new decisions that’s been made and if not, (depending on the respondents answer ask) how are they reacting on that?

There is no common information flow where all personal can get up to date about the decision, neither can they be a part of the taking decisions, we have chair board that discuss and decide upon the future of the school. I am personally part of the chair board, I’ll investigate and find out everything even if it isn’t informed to me but I can imagine that others would like to have a better information flow in the organization.

How independent are the employees?

They are very self-sufficient, practically entirely independent. Everyone knows what to do and how to do it.

Do you have any status symbols or privileges as a superior?

No I have not, the only thing I have that isn’t standard is a cellular phone so that I always can get reached.

Do you think the employee’s efficiency is affected negatively or positively by codetermination?

There are both advantages and disadvantages, decisions take longer to get through when everyone wants to give their reflections and take part in deciding, but it can also be perceived as more effective because it will often also lead to more sustainable decisions.

Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?

There is opportunity to give their opinions and suggestions but it is at their own initiative.
What would you say is a typical Swedish management style?

We´ll try to talk about everything and make sure that everyone is onboard before making decisions; everyone will get a chance to state their opinion.

What would you say is a typical German management style?

Already answered earlier in the interview.

What do you think is the biggest difference?

Already answered earlier in the interview.

Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?

Most of our workers tend to stay in the company for many years. They are probably content with their working environment.

12.2 Swedish Interview 2

Sex: Man

Age: 57

Title: Production manager for Miltronic AB

Country: Sweden

What kind of education have you gone through?

He has studied information technology at a university

How long have you been working for the company?

He has been working in the company for approximately 30 years.

Are you social at work?

Yes I think so, at least I try to.

Do you normally hang out together after work?

We have events a couple of times a year when we all meet but some of us eat lunch together a couple of times a week, everybody is always welcome to join.

Are you addressing the employees by his/her title or first name?

All personal address each other by first name, as most workplaces in Sweden.

How important is education when hiring someone versus the personality?

I would say 50% personality and 50 % education. It is always good to have experience and knowledge but personality determines if the employee is suited to cooperate with the others.
Do you have standardized routines for the work assignments?

We have routines that every new employee is thought but there are not many internal educations, the new employees learn the routines by observing, questioning and being told.

Are the any internal educations?

See above

Are you centralized or decentralized?

Centralized because we have liberty to make our own decisions in how the organization is to be managed. But there are goals that must be met each year.

How does your rewarding system work?

We have bonuses once a year based on the costs and our income.

What advantages can you see with using a hierarchic leadership vs. codetermination?

One advantage is of course the fact that it is much faster and in stressful situations is necessary for a leader to take charge of the duty that has to be done. But in the long haul we can’t force the employees to carrying out their duties, they must be motivated into wanting to do their work

Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?

Yes I think that they do in some moments when there isn’t any time for discussion.

What do you think about Germany’s prejudices’ on Swedish leadership?

I think they may feel that our leadership is too much affected by codetermination.

What do you think about Germany’s management system?

Well by my experience when communicating with germane companies there are not any big differences, there are a bit more formal but they too have codetermination and basically the same organization structure that we do.

Is the department informed about and allowed to take a part of any new decisions that’s been made and if not,(depending on the respondents answer ask) how are they reacting on that?

Information is mailed to the main computers daily and can be accessed by all of the personal, also there is a meeting every month in which budget and major decisions are presented and discussed. I am convinced that this arrangement makes all of the employees feel that they are a part of the organization.

How independent are the employees?

They all have their responsibilities and routines so it is seldom necessary for me to intervene, only when new tasks are developed.

Do you have any status symbols or privileges as a superior?
Well I have a company car and a phone but nothing more actually.

**Do you think the employee’s efficiency is affected negatively or positively by codetermination?**

Absolutely, people are more motivated when feeling that they are a part of the company instead of a worker that’s hired by the company even if that’s how it really is.

**Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?**

Yes of course, they can discuss these matters at any time directly with me, many of the improvement that are made is born from ideas from our employees.

**What would you say is a typical Swedish management style?**

I think that the way we try to make everybody happy and content.

**What would you say is a typical German management style?**

They have a more visible hierarchy, a worker in the production can’t go and speak directly with the CEO.

**What do you think is the biggest difference?**

Already answered earlier in the interview.

**Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?**

Most of our workers tend to stay in the company for many years.

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12.3 Swedish Interview 3

**Sex:** Man

**Age:** 48

**Titel:** Site manager for Fleximark AB

**Country:** Sweden

**What kind of education have you gone through?**

He has studied 4 years of technique at a university.

**How long have you been working for the company?**

He has been working in the company for 22 years.

**Are you social at work?**

I would have to say intermediate, I have to keep a certain distance to the employees to maintain respect but we do socialize daily in the lunchroom at breakfast and the afternoon break.
Do you normally hang out together after work?

We have events outside the work annually.

Are you addressing the employees by his/her title or first name?

All personal address each other by first name, as most workplaces in Sweden.

How important is education when hiring someone versus the personality?

I would say 75% personality and 25% education, I can educate and learn personal what they need to know but a person’s personality is impossible to affect. Though we are a small company it is important for everyone to get along and function in the organization.

Do you have standardized routines for the work assignments?

We have routines that every new employee is thought but there are not many internal educations, the new employees learn the routines by observing, questioning and being told.

Are the any internal educations?

See above

Are you centralized or decentralized?

We are mostly centralized, we have our budget and goals which has to be met but how they are met is up to me.

How does your rewarding system work?

We have bonuses once a year based on how well the budget is met.

What advantages can you see with using a hierarchic leadership vs. codetermination?

Everything goes faster when the path is clear, one saves a lot of time this way. The bad part is that the employees stop thinking on their own.

Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?

Yes we cannot have codetermination in every question, this would stop the workflow. Some questions are simple and does not need to be discussed and others that require knowledge that only I possess.

What do you think about Germany’s prejudices’ on Swedish leadership?

I think that they see us as week and to kind as leaders. German employees are afraid of questioning higher leaders. They rather do as they are told knowing that it is wrong than questioning the leader.

What do you think about Germany’s management system?

I don’t like it because of what I answered in the previous question. When dealing with middle bosses it is difficult to communicate though they are afraid of speaking their mind. Its better when I speak to leaders higher in the hierarchy, they are much straight forward with their
opinions. When visiting and communicate with the leaders of the German companies I tend to be more humble and respecting then with our own companions though this is expected.

**Is the department informed about and allowed to take a part of any new decisions that’s been made and if not, (depending on the respondents answer ask) how are they reacting on that?**

We have meetings every month in which we discuss important matters. All personal have e-mail that they check for updates on daily bases. I think that everyone feels that they can walk in to my office at any time and speak their mind if they feel that it is necessary.

**How independent are the employees?**

They all have their responsibilities and routines so it is seldom necessary for me to intervene, only when new tasks are developed.

**Do you have any status symbols or privileges as a superior?**

Well I have a company car and a phone and the ability to make own decisions for the company could be considered a privilege, like for instance I decided this morning that a travel to Lapp in China is necessary for me.

**Do you think the employee’s efficiency is affected negatively or positively by codetermination?**

It is important for the employees to feel that they have a say in the organizations development but codetermination also slows down productivity so a balance must be obtained.

**Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?**

As answered previously they have the possibility to give suggestions and opinions at any time by simply telling me directly or at the meetings and so on. All suggestions are encouraged and considered.

**What would you say is a typical Swedish management style?**

I think that Swedish leaders are more humble then the rest of the world.

**What would you say is a typical German management style?**

They are much more tough and direct in what they want. They do not consider the employees feelings like we do.

**What do you think is the biggest difference?**

Already answered earlier in the interview.

**Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?**

Most of our workers tend to stay in the company for many years.
12.4 German Interview 1

Sex: Female
Age: 46

Title: Head of Human Resource Development, Aareal Bank AG
Country: Germany

What kind of education have you gone through?
I am a psychologist.

How long have you been working for the company?
11 years in the company.

Are you social at work?
Not on purpose but since I live in a small village it is hard to go somewhere without meeting coworkers.

Do you normally hang out together after work?
I have business friends but they would not visit me if I went to the hospital for example. I don’t see a value in socializing with employees.

Are you addressing the employees by his/her title or first name?
Some of them first name and some of them surname, there is no rule but age is a factor.

How important is education when hiring someone versus the personality?
Both are equally important. One must both be competent and be able to cooperate.

Do you have standardized routines for the work assignments?
Yes we have some routines but not very many.

Are the any internal educations?
A couple simple educations is required.

Are you centralized or decentralized?
It’s something in between; it is an international company which adapts to the country. The northern affiliates are based in Stockholm but we also have an office in Helsinki and Copenhagen. There are guidelines to follow and goals to reach but we have the possibility to influence the work a lot.

How does your rewarding system work?
There are opportunities for promotions, salary raises and cheaper mortgages.

What advantages can you see with using a hierarchic leadership vs. codetermination?
It depends on what you are aiming for and the situation. When under pressure and having a deadline it’s much more efficient to just make the decision on your own and just telling people what to do but under normal circumstances some codetermination is needed for sustainability. Culture differences also play a role and adaption is needed. Different approaches are used in different parts of the world.

**Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?**

During time pressure they do. Other times they enjoy being part of the decision making. It is important for Germans to know what’s going on and to be informed. One of the most important job tasks for a German manager is to explain and give reasons for what is happening.

**What do you think about Sweden’s prejudices’ on German leadership?**

It’s again about culture differences. The things we don’t understand. Germans are often perceived as organized and efficient.

**What do you think about Sweden’s management system?**

In some tasks it works but it depends on the situation. Codetermination takes much longer time to process.

**Is the department informed about and allowed to take a part of any new decisions that’s been made and if not,(depending on the respondents answer ask) how are they reacting on that?**

We do inform about major changes but not every decision. They dislike it if the change is not favorable and like it if it’s for the better, it depends on the issue.

**How independent are the employees?**

There are guidelines in major but they manage the daily work on their own

**Do you have any status symbols or privileges as a superior?**

No. The only way you can see that I have a higher rank then the others is on the chart of the company hierarchy. And I’m also allowed to attend to the annual management meeting.

**Do you think the employee’s efficiency is affected negatively or positively by codetermination?**

Only positively they work harder when they feel like a part of the company.

**Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?**

Yes, they can address anything they want to the manager.

**What would you say is a typical German management style?**

Can’t really say, we are an international company so we have influences from everywhere.

**What would you say is a typical Swedish management style?**
To always look for consensus and to always have everyone informed and on the same track. To set a goal and go for it. It takes time to always explain to everyone what’s going on, way more than in German management style.

**What do you think is the biggest difference?**

Already answered earlier in the interview.

**Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?**

A trainee used to stay in the company for 4-5 years but after the finance crisis we see a trend of the people staying 6-7 years instead, since the comfort of having a job is important. (Risk aversion)

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**12.5 German Interview 2**

**Sex:** Man  
**Age:** 53  
**Title:** Dean at FH Mainz, manager formerly TRUMPF machine tools  
**Country:** Germany

**What kind of education have you gone through?**

I have studied business and economics for 5 years (equivalent to Master and after that PhD).

**How long have you been working for the company?**

I worked in a research institute as economist and then when in the machine tool industry as personal assistant to the President and CEO

**Are you social at work?**

No, I don’t socialize with my colleagues

**Do you normally hang out together after work??**

See above.

**Are you addressing the employees by his/her title or first name?**

Mostly the surname.

**How important is education when hiring someone versus the personality?**

Education is a prerequisite, but after that you have found a number of applicants then the personality matters only.

**Do you have standardized routines for the work assignments?**

**Are the any internal educations?**

Yes, but there is no real long-term staff development programs.
Are you centralized or decentralized?
Rather centralized, we are able to make a lot of the decisions on our own.

How does your rewarding system work?
There is no rewarding system, no bonuses.

What advantages can you see with using a hierarchic leadership vs. codetermination?
Much faster changes are possible with hierarchy leadership. Codetermination is extremely slow but there will be fewer conflicts.

Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?
Yes, much too often. Especially when the pressure gets high.

What do you think about Sweden’s prejudices’ on German leadership?
Actually, academic studies show that Germany has abandoned many of the old traditions and nowadays most of the German companies are quite flat in their organization.

What do you think about Sweden’s management system?
As far as I know the system, it is not very far from ours. Their union’s representatives may have more influence in the negotiation of yearly salary increases.

Is the department informed about and allowed to take a part of any new decisions that’s been made and if not,(depending on the respondents answer ask) how are they reacting on that?
We send e-mails when major changes are done and the employees can always find out everything on their own if the like and are interested.

How independent are the employees?
When I worked in the industrial company TRUMF “independent thinking” was the philosophy. In the school it’s almost the opposite.

Do you have any status symbols or privileges as a superior?
In the industrial company I had a company car and at the school secretary if that counts as privilege.

Do you think the employee’s efficiency is affected negatively or positively by codetermination?
It very much depends how codetermination is applied. Everybody knows that the profit is the main goal in the industrial company, we survive from the money our customers are willing to pay for our machines. Thus, workers’ representatives are very cooperative when management tries to increase efficiency. In the public sector, this is completely different. Here, typically, the works council is composed of employees with no skills and no responsibility.
Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?

It is expected that the employees make suggestions. However, in the public sector there are no incentives like bonuses etc.

**What would you say is a typical German management style?**

There is none. There are more differences between the sectors (public vs. private, export intensive versus domestically orientated, publicly listed companies versus family owned) than between the nations. I am convinced that the difference between a public school in Germany and a machine tool company in Germany is larger than the difference between a German and a Swedish machine tool company.

**What would you say is a typical Swedish management style?**

Supervisor’s don’t show their power not as open as Germans do. It seems to be that they rather underrate their status.

**What do you think is the biggest difference?**

Already answered earlier in the interview.

**Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?**

There are some few that seek other jobs but we still have a relatively low rate of job hoppers.

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**12.6 German Interview 3**

**Sex:** Male

**Age:** 32

**Titel:** Marketing Manager at Schott

**Country:** Germany

**What kind of education have you gone through?**

Vocational Training, University Degree in Business Administration

**How long have you been working for the company?**

4 years

**Are you social at work?**

Yes a little bit.

**Do you normally hang out together after work?**

Seldom maybe 6 times per year.

**Are you addressing the employees by his/her title or first name?**
Only by the first name.

**How important is education when hiring someone versus the personality?**

Education is basis for being able to work, but personal fit is more important. There are many with the proper education but few that have the right personality.

**Do you have standardized routines for the work assignments? Are the any internal educations?**

Standard routines twice per week with different levels, each department and personal has their own responsibility. We do have internal education for most of the personal.

**Are you centralized or decentralized?**

We have a headquarter and then national sides, we have directives but are able to have a say in the decision making.

**How does your rewarding system work?**

You get credits for responsibility and independent initiatives, the reward is individual salary increases.

**What advantages can you see with using a hierarchic leadership vs. codetermination?**

One could easily make standardized ways of working in projects and daily business. The reporting lines would become faster and more efficient. And also everyone would know who tells who what to do and who is responsible for the specific work getting done.

**Do you sometimes find situations when the staff rather prefers that you tell them what to do then to take the decision themselves?**

Yes they prefer clear directives when in stressful situations or if the lack experience and knowledge in the specific task.

**What do you think about Sweden’s prejudices’ on German leadership?**

That we have stronger hierarchy in our organization and weaker in the rewarding system.

**What do you think about Sweden’s management system?**

difficulties with focus on a way of how to reach a goal in a team

if it works, and smaller projects within a project are defined, new and mainly unthought solutions occur

**Is the department informed about and allowed to take a part of any new decisions that’s been made and if not,(depending on the respondents answer ask) how are they reacting on that?**

The ones involved in the specific decisions are informed and if necessary asked for opinions but most of the decision making is made by the board.

**How independent are the employees?**

The all know what to do and how to do it so there is not much interference with their work.
Do you have any status symbols or privileges as a superior?

No not from my point of view anyway, I have the same advantages as other managers, a company car, cell phone, and a office.

Do you think the employee’s efficiency is affected negatively or positively by codetermination?

Yes, it is positively affected, but the teams need to get to know each other and be on the same level or it will take up to much time.

Do the employees have any possibilities to give suggestions for improvements (depending on the respondents answer ask) if so, how is this used?

Yes they have, improvements always welcome. But analyses of feasibility is necessary

What would you say is a typical German management style?

Avoiding risks and analyzing a decision before performing it.

What would you say is a typical Swedish management style?

Letting people find out their own way of developing a solution

What do you think is the biggest difference?

Mindset of people: Swedish guys do not focus on what education, position or business a person is in, they have stronger focus on relationships.

Have you noticed any trends where the employees stay in the company for a long time or do they move position/job once in a while?

- I cannot give an estimation, because this is out of my experience, it is difficult for me to say since I don’t have much to compare with.