

How Swedes Manage

John Alexander

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Also by John Alexander

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How Swedes Manage

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"the wisdom of the Swedes lies above all in their willingness to adjust, to compromise, to meet what appears to be reality... they are the ultimate pragmatists, interested only in the workability of the social order."

Marquis Childs, Sweden: The Middle Way, 1936

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Sweden

Population: 9.3 million

Area: 449,750 sq km

Entry into EU: 1995

Neighbours: Norway, Finland, Denmark

Principal religion: Lutheran

Language: Swedish

Largest Cities and Towns: Stockholm, Göteborg, Malmö, Uppsala

“The Best Country in the World” Survey 2010

1. Finland
2. Switzerland
- 3. Sweden**
4. Australia

Based on a Newsweek survey combining education, health, quality of life, economic dynamism and political environment. [August 2010] In 2007 a survey which combined the United Nation's Development Index, the Transparency Agency's Corruption Perception Index, plus ten more international studies, ranked Sweden as the number one country.

Source: Newsweek, 2010

Foreword: Sweden in 2010

How Swedes Manage was first published in 2000. In 2000 Sweden was considered an exceptional country with an outstanding track-record in international business. National brand awareness (per capita) was the highest in the world. Further, these were high status brands representing products and industries that some observers felt encompassed the ideals of Corporate Social Responsibility.

During the 1990s international surveys placed Sweden at the top end of lists such as IT readiness, environmental awareness, bio-technology innovation, safety standards, low emissions, and a social system that placed Sweden at the top of the United Nation's Worldwide Economic Security list (2004). Articles in prestigious business journals, *Newsweek*, *The Economist*, *Forbes*, *Financial Times* – portrayed international Swedish business successes as guidelines for others to follow. P J O'Rourke, after a first hand inspection of Corporate Sweden, uncharacteristically concluded: 'Sweden – good socialism!' (*Eat the Rich*, 1998).

Since 2000 the turbulence of national economies and global economics has taken its toll on companies, organisations and banks once considered unassailable. How has Corporate Sweden fared during this uncertain decade? Established and traditional Swedish companies have, for the main part, maintained their position on the global market. The surveys and statistics which ten years ago rated Swedish companies, entrepreneurialism and corporate social responsibility so highly, remain, for the main part, unchanged. The business culture of 'pragmatism and workability', observed by Marquis Childs in the 1930s, has, it seems, also endured.

60 Leading International Swedish Brands & Companies

3H Biomedical	Hennes & Mauritz
AarhusKarlshamn (S – DK)	Holmen
Absolut Vodka* (France)	Husqvarna
Asea Brown Boveri (Swedish-Swiss)	IKEA
AGA	Intentia
Alfa-Laval	Kinnevik
Akzo Nobel (Swedish-Dutch)	Koppabergs Brewery
Arla Foods (Swedish-Danish)	Marabou
Assa Abloy	Metro International
Assi-Domän	Nynäs Petroleum
AstraZeneca (Swedish-UK)	Peak Performance
Atlas Copco	Pharmacia & Upjohn (Sweden-USA)
Avanza	Sandvik
Björn Borg	Saab Automobile
Baby Björn	SAS (SE-DK-N)
Bofors	Scania
Boliden	Securitas
Bonniers	Skandia
BRIO	Skanska
Boxer	SKF
Casall (sportswear)	Stora Enso (Swedish- Finnish)
Cederroth	Swedish Match
Clas Ohlsson	Telia (Swedish – Finnish)
Cloetta	Tetra Pak
DeLaval	Tieto (Swedish – Finnish)
Eka (Chemicals)	Vattenfall
Electrolux	Volvo*
Ericsson	Volvo Penta*
Fagerdala	Waynes's Coffee
Filippa K	WM Data
Frigoscandia	
Haldex	
Hasselblad	

* overseas acquisition/merger

Introduction

How Swedes Manage takes a look at the Swedish management style in an age when national identities don't make a lot of sense. An age when regional economics, multinational corporations, and a global perspective predominate. However, although national identities may not be logical, nationality – more than ever – account for strong feelings. Issues of Swedishness have never been more pronounced since Sweden's entry into the European Union especially considering Swedes' resistance to it.

The Öresund bridge, completed in 1999, joins Sweden and Denmark but their management and leadership styles remain in strong contrast to each other. Finland and Sweden are joined by the 21st century joint 'Eurocity' initiative (Haparanda and Tornio) yet no-one would dispute their two different approaches to business and management. For all the opportunities afforded by an emerging global economy, its successes are founded on how well cross cultural communication works.

However, defining a national business style is not without problems. Like many European countries, Sweden is a developing multi-cultural society. What is 'Swedishness' anyway? At best, a set of values and priorities shared by the community. Which vary and change along with the culture that promotes them.

To understand how Swedish management works we need to look at two Swedens; Corporate Sweden – the business community with a clearly defined agenda of making business work; and Citizen Sweden, with its traditions of social equality and *jantelagen*, which means

no-one should think they're anyone special. Let's start with Corporate Sweden.

Corporate Sweden is a business nation with a predilection for graphs and statistics. Let's start with these: according to the *Financial Times* Sweden has more major corporations per capita than any other European country. In 2004 a compilation of 15 surveys in Newsweek listed Sweden as 'the world's best country' scoring top-marks in global competitiveness, economic security, education, and bio-technology research. In the year 2000 Sweden was first cited as the most 'developed' IT country in the world, a position it shares with Denmark six years later. USA ranks third place, and Finland fourth. Along with the other Nordic countries Sweden has more women members of parliament than elsewhere, and according to a study first published in 1981 Sweden was ranked as the 'least masculine' nation of the 50 countries included in the research.

Sweden constitutes less than 5% of the European Union population. What is behind the success of Corporate Sweden. Why does the Swedish management style work so well? Or is the Swedish 'soft' style just one more management textbook myth?

To start with, while Corporate Sweden embraces the European Union as opportunities for business, Citizen Sweden is distinctly pessimistic. To our list of surveys could be added the number of surveys taken since 2000: Sweden as the EU member which rejected the European Monetary Union, and most critical to EU membership, along with Denmark and the UK. From 2000 to 2006 on average more than 70% of Swedes are dissatisfied with EU participation. In March 2010 a poll revealed that only 39% of the Swedish population were in favour of joining the European Monetary Union – more than half of the population were against.

Most Competitive IT Countries

1. USA
2. Finland
- 3. Sweden**
4. Canada
5. Netherlands

Source: Economist Intelligence Unit, 2009

About 5% of Swedish industry is state owned which means Sweden has one of the largest private sectors in Europe. However, next to Norway Sweden has the largest public sector in Europe.

Figures and statistics are part of the picture. Understanding the cultural values that end up as graphs, charts and numbers are also part of the picture. What's the story behind the figures? This study looks at the Swedish management style, and the cultural values that shape it. What does 'least masculine' mean in business and leadership terms? Can a study of Swedish management provide some guidelines to the future of management strategies on a broader global scale?

My intention is not to attempt to answer these questions, but to consider Swedish culture, companies and leaders, in order to define a 'soft' approach to running companies and what that means for people working in such companies and for the business people that must deal with them.

I conclude with the question – *can* Sweden manage? What are the risks and pitfalls of the 'soft' style? Also how to adapt – and exploit – the Swedish approach to business and management.

35 World-Changing Swedish Inventions

Adjustable Spanner
AGA Slow Combustion Cooker
Alfa Laval Dairy Separator
Automatic Telephone Switchboard (1886)
Ball Bearings
Blowtorch
Celsius Temperature Scale
Closed Tooth Zipper
Ericsson Desk Telephone (1884)
Computer Mouse
Dynamite
Flat Packs
Flat Screen Monitor
Free Wheel Bicycle
GPS System
Image Guided Surgery
'Iron Lung' Respirator
Leksell Gamma Surgical Knife
Linneus' Botanical Classification System
Losec
Pacemaker
Paper Bleaching
Plumbers Wrench
Primus Stoves
Ring Binders
Safety Match
Ship's Propeller
SIPS (car crash) safety bag
Spotify
Skype
Styrofoam
Tetra Pak Food and Drink Packaging
Titanium Dental Fixtures
Three Phase Electric Power System
Three Point Safety Belt

1. A Soft Style in a Hard Climate

Think Big and Kick Ass. This was the title of US entrepreneur Donald Trump's reflections on business success and strategy. At the time Donald Trump's book made the bestseller lists in the USA (2008), Swedish managers were buying into an alternative view of organisational wisdom – a book entitled *The Art of Being Kind* (*Konsten att vara snäll*) by a leading figure at Sweden's Karolinska Institute. Now many of my American friends assure me that Donald Trump was simply playing up to an American stereotype of the ruthless boss. On the TV series, *The Apprentice*, Donald Trump made 'You're fired!' a catchphrase. Was Stefan Einhorn playing to the Swedish stereotype of kindness and consideration? Not really. *The Art of Being Kind* is a carefully worded argument that suggests that being kind and supportive is no easy task, but, that in the long run, 'kindness' pays off. Well, if being kind is a tough job in a Swedish organisation is it even viable in the hard climate of international business?

Another claim: Sweden is the most feminine country in the world. Since the 1980s this has been the claim of international researcher Geert Hofstede. In the most recent study (2005) Sweden remains the world's most feminine business culture.

In *Cultures and Organisations*, Geert Hofstede analysed business styles based on a questionnaire sent to IBM offices around the world. Apart from a 'masculinity index' Hofstede defines an 'individualism index', an 'uncertainty avoidance index', and so on, to define

cultural diversity and attitudes at the workplace. Japan heads the 'masculinity index'; Sweden is placed last.

'Femininity Index' for 74 Countries

- 1. Sweden**
2. Norway
3. Netherlands
4. Denmark

7. Finland

Source: Hofstede, Cultures and Organisations, 2005

The top-down metaphor might in itself be interpreted as misleading; the top of a list – the Number 1 – is the most favourable position, the bottom of the list, the least favourable. Because 'masculinity' represents some kind of norm within a business environment, the 'most masculine' is listed at the top. A 'femininity index', puts Sweden in the top position.

What does 'feminine' mean in this context? Hofstede lists 'masculine values' relating to earnings, recognition, advancement and challenge; 'feminine values' are concerned with work relationships, cooperation, environment and employment security. Later we shall consider such values and how they relate to Swedish management. The question remains; can a 'soft style' succeed in the hard climate of international business?

During the 1980s and 1990s Skanska, the Swedish construction company, had become increasingly internationalised. Most of their turnover was initiated from construction projects outside Sweden. Skanska policy varies from region to region – in Lithuania the

Swedish managing director employed an entirely Lithuanian staff. The Lithuanian economy since the mid 1990s, as with Latvia and Estonia, was developing rapidly under their new independent administrations. But 50 years of Soviet ways had left a mark, not least in a traditional and hierarchical management style. The boss decides.

Masculine	Feminine
Material success, progress	Social welfare, preservation
Money, material values	People, warm relationships
Men = assertive, ambitious	Men + women = modest
Women = tender, caring	
Stress equity & performance	Stress solidarity, equality
Conflict = confrontation	Conflict = compromise

What happened when a Swedish company wanted to introduce the Swedish concepts of 'teamwork' 'consensus' and 'shared responsibilities' to a relatively conservative business environment? It was a collision between the 'old way' and the 'new way.'

Firstly, what were the values that defined corporate Sweden – the values that Lithuanian managers and project leaders encountered first hand?

'flat'
 teamwork
 informal
 honest
 organised
 consensus
 shared responsibilities

'Kick Ass' or 'Be Kind'? Two approaches to effective leadership:

'Kick Ass'	'Be Kind'
delegation	support
directives	participation
fast	involvement
tasks	responsibilities
rewards	mutual benefits
monologue	dialogue
decree	negotiation

From a Swedish perspective it might be difficult to see much positive in the 'kick ass' approach, just as from a Donald Trump perspective to 'be kind' is strictly for suckers. Each market requires its own strategy. Some markets require a hard line approach, others a softer approach, or in the case, developing markets – such as the Baltic states – may be those 'on board' are ready to adapt to a new approach.

For the managers and project leaders of Skanska's Vilnius office in Lithuania, the Swedish approach meant incorporating consensus, teamwork and accepting a higher degree of responsibility into management. This meant overcoming a lot of the mindsets of the traditional and hierarchical style. Lithuanian employees – like their colleagues throughout former Soviet controlled regions – are accustomed to a strong leader, who is quick to make uncomfortable decisions. Now they found themselves part of the decision-making apparatus, a role that many found difficult in the beginning, but later integrated into their own domestic corporate culture.

Some others points listed by the Vilnius team regarding Swedish management style included:

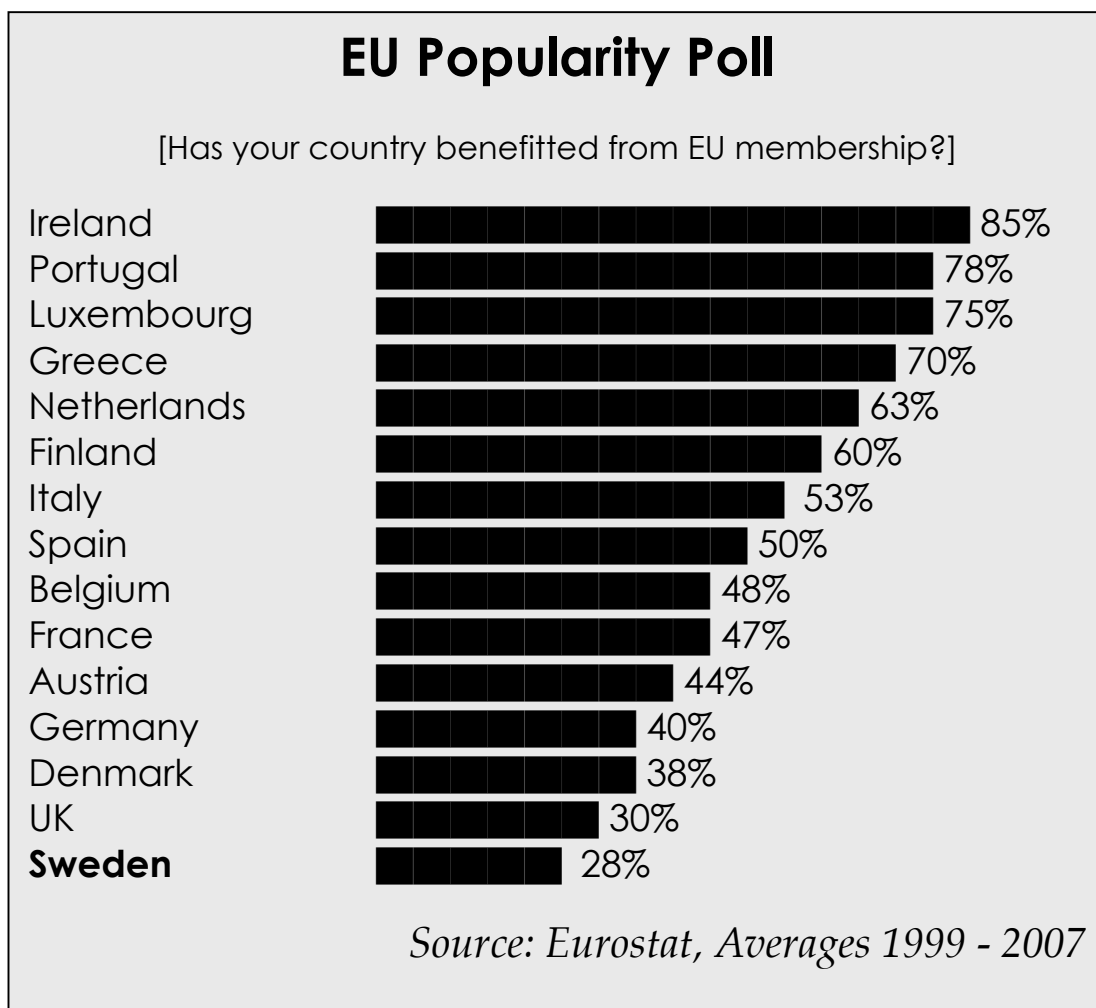
- rational
- dutiful
- punctual
- informal
- slow decision making
- modest

The Vilnius operation was sold to a local company in 2003, after completing a transition from 'old school' management to a more Swedish style, with local people managing projects from start to finish working in teams, not hierarchies.

But are these – from a Swedish perspective – positive aspects of Swedish management so easy to assimilate and function elsewhere? Modesty is a characteristic that Swedes value highly, where leadership is high and responsibilities and delegation; low on power and prestige. The 'low-prestige' modest approach works well in Sweden, but is no guarantee for success elsewhere.

In the late 1980s founder and CEO of IKEA, Ingvar Kamprad, sent a letter to then Premier Gorbachev, proposing opening a branch of IKEA in Moscow. 'Dear Premier,' he wrote, 'I am a humble businessman from a small country called Sweden, with a proposal to open a furniture retail outlet in your country...' 'Humble businessman... small country... who needs it?' was Gorbachev's quoted response, and threw the letter away. An economic adviser pointed out that IKEA was one of the world's largest furniture retailers, and perhaps the proposal was worth consideration. 'World's largest? Why doesn't he tell us?' quipped Gorbachev.

Ingvar Kamprad's approach was a style that works well in Sweden – succinct and to the point, no boastfulness and the right touch of forced modesty. Further Ingvar Kamprad's low profile works well in Sweden; for all his wealth he maintains a low-key lifestyle, flies economy on his business trips – and expects IKEA employees to do likewise. But the 'modest' approach – part of the 'soft' Swedish management style – can have the opposite affect in the hard climate of international business. For the successful businessman of Russia, Germany, the USA, and elsewhere, if you've got it, as the saying goes, flaunt it. Swedes, as we shall discover, do not flaunt.



In the following chapters we shall consider the contrast between Swedish 'soft' and international 'hard.' How it works, why it works, if it works? It could be argued that the Swedish management style and its integration into the business world, is part of a 'softening' process in international business generally. The 'political correctness' of a new generation of international business executives could be seen as part of that process. As could globalisation. So why are Swedes – among the most internationally aware of people – so opposed to the European Union? In contrast to corporate Sweden's inroads within the international business sphere, Swedes are the most dissatisfied of the 15 EU member states. Yet rank high when it comes to national esteem and 'satisfaction with the country's direction.' Why?

Satisfaction with Country's Direction?

1 China	87%
2 Sweden	66%
3 India	53 %
4 Canada	51%
5 Jordan	46%
6 Germany	43%

Source: PEW Global Attitudes Project, 2009

There are a range of factors – let's consider those aspects of 'soft' management which lead to 'hard' opposition to European integration. In brief, from a Swedish perspective, European integration represents an erosion of the attributes that Hofstede defines as

'feminine', and a return to 'masculine' values relating to earnings, recognition, advancement and challenge. Hofstede's 'gender tags' – coined during the IBM research studies in the 1970s – are perhaps not as convincing some 40 years later. The main distinction between these two approaches comes down to – it seems to me anyway – a Swedish hegemony, and the deep-rooted conviction that the 'Swedish way is the best way.'

Worldwide Economic Security

- 1 Sweden**
- 2 Finland
- 3 Norway
- 4 Denmark
- 5 Netherlands

7. France

9. Germany

15. Great Britain

25. USA

ILO [UN's International Employees Association]
208 countries ranked according to inhabitants economic security; income levels, trade union representation, health care, job security, social insurance, education, &c

Source: 'Economic Security for a Better World' September 2008

A way that was charted between 1932 - 1938 (at Saltsjöbaden's Grand Hotel – a twenty minute train ride from the capital) where the 'Swedish Model' ensured co-

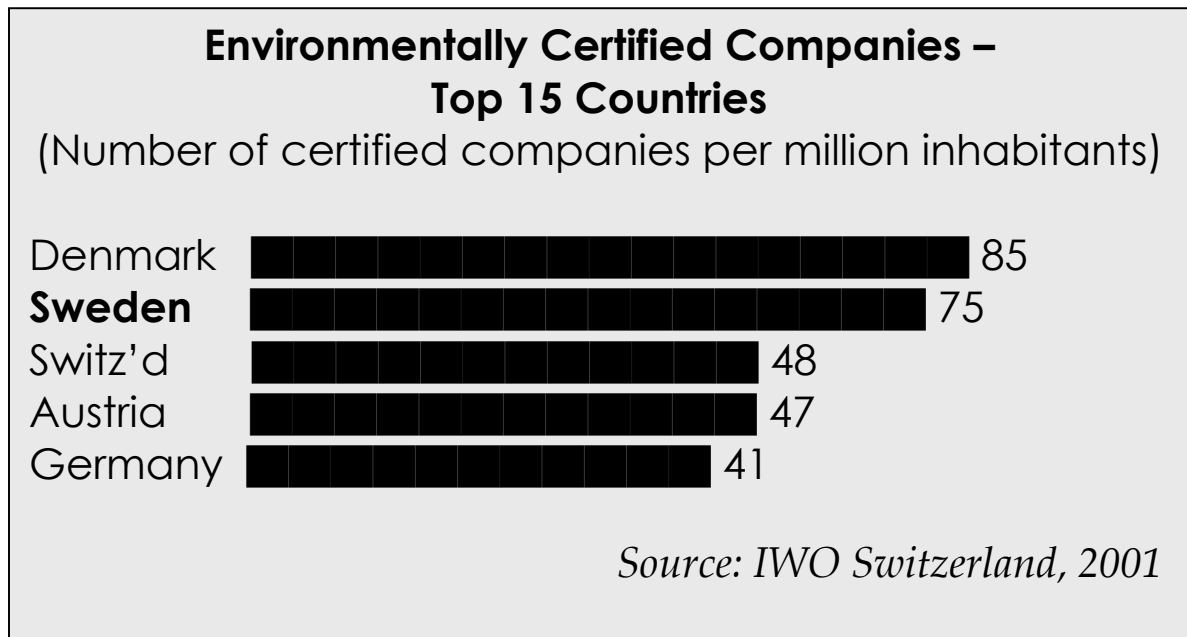
operation between government, industry and trade-unions. It was a model re-affirmed in the social welfare years under Olof Palme and the Social Democrats, and modified and adapted to international business and 'the new economic reality' under the conservative government during the 2000s. For the Swedish electorate it is 'the way' that has sustained Sweden as one of the world's most economically secure countries to live.

In spite of the seemingly radical changes of the Swedish Model (versions 1 – 3), the unfailing conviction that the 'Swedish Way is the right way', prevails.

The areas of challenge to the Swedish Way encountered during this phase of European integration include:

- work relationships: teamwork and consensus in Sweden – hierarchies and structures elsewhere
- cooperation: consensus may be time-consuming but it reduces the possibility of conflict and emphasises solidarity. Swedish managers working abroad often regard lack of co-operation and resolving conflicts as the most time-consuming and most culturally divergent aspect of their work.
- environment: Sweden is the most ecologically aware country in the world; recycling is part of citizen Sweden's daily routine. According to the chart below only Denmark has more environmentally certified companies.
- employment security: only Norway has a higher public sector than Sweden, and Norwegians said 'no' to

Europe. EU demands on cutting the public sector is not popular in Sweden. They are cuts which erode into one of the world's most developed social welfare systems. Now there are cuts in education, health, culture -- traditionally feminine areas in which mainly women are employed.



2. The Swedish Coach

The Swedish daily business paper, *Dagens Industri*, conducted a survey into leadership styles in the Nordic countries. This is how the survey described Swedish leadership:

'Swedish Bosses Weakest in Scandinavia'

Under Finland the headline read: 'Here it's the boss who decides.' And for Denmark: 'No-one tells us what to do!'

Swedish management favours consensus, collaboration and teamwork. In Sweden this works, where education standards are high, the social conscience is strong and social norms emphasise collective benefits rather than individual ones.

A 1996 survey reveals that before Sweden's acceptance into the EU, government legislation had voluntarily adopted more EU regulations than already established EU members. EU regulations are cross cultural compromises – the same survey reveals that Greece and Italy follow regulations that suit national interests and ignore that ones that don't. Sweden adheres to all EU rules – many of which are detrimental to internal Swedish interests.

Yet what does 'weak boss' mean? Is there an alternative interpretation toward the manager who involves his colleagues in the decision making process?

In the 1990s Swedish management style came under the favourable scrutiny of US business magazine *Forbes*. It was described as a 'softly softly' approach. Americans particularly liked the idea of manager as 'coach.'

Robert is a 25 year-old Swedish account manager for a large Swedish company. He travels a lot on behalf of the company – to Chicago and Austin at least twice a year. He was a high school exchange student (Wisconsin), and a keen sports enthusiast. ‘You name it,’ he says, ‘but especially team sports. I love watching how strategies play out, like in soccer and American football.’ Robert had also played in a number of team sports, so we asked how he would compare the coaching styles of a Swedish coach and an American coach. ‘At the risk of generalising...’ he began, ‘you could say there are certain expectations of what a coach does in Sweden compared to the US. In the US you expect the coach to be a guy to tell you what to do; in Sweden the coach is more supportive, discusses tactics, makes suggestions.’ Some other differences we discussed include:

Swedish Coach	USA Coach
'flat'	top-down
teamwork	delegation
protocol	expediency
structured	flexible
co-operation	confrontation
shared responsibilities	individual responsibilities
joint decisions	coach's decisions
the team	the 'star'
long term plans	short term strategies

A comparison of US and Swedish coaching styles

At a cross culture seminar in Stockholm 40 Swedish managers and 40 US managers met to discuss merger problems over the previous six months. A recurring

issue had been the role of leadership and authority. After all, if both divisions had 'coach-style management' how could such apparent differences in leadership styles create such dissention? A Swedish delegate – a former ice hockey player – explained the role of a Swedish coach. 'The coach discusses strategy with the players and then the team and the coach decides what strategy to use.'

An American participant – a former football player – explained what an American coach does. 'He tells the players what to do! It's like the military.'

The different meanings of 'coach,' it turns out, is crucial. The role of the coach is synonymous with leadership. Expectations of the coach's role begin at the school playground, continue through to higher education and college, and on to the professional role, whether in sport or in business. Not least sport.

Early in her career Annika Sörenstam – Sweden's top woman golf player and one of the leading women golf players in the world – returned abruptly from a USA visit in May 1996. Her contract with a top US coach was cancelled – Sörenstam returned after just 2 weeks. 'It was hopeless,' she told Swedish journalists. 'He never listened to me! He was trying to tell me what to do!'

Prior to the Sydney Olympics I was asked to give an Australia – Sweden cross-culture seminar to the 150 delegates of the Swedish Olympic team. The entire assembly was wearing official Swedish blue and yellow team jumpers with the exception one person dressed in grey. At the end of the presentation he introduced himself. 'I think I understand why I'm having problems,' he said. The participant was an Australian coach apparently having difficulty with a coaching role in a very different cultural climate. 'They won't do as they're told, they question every decision, they answer back – I

just don't get it', he said. 'In this country there's no respect for authority.'

Sven-Göran Eriksson is probably the most celebrated example of the Swedish coach. He made a name for himself with a quiet reflective approach and inviting players for their responses and participation in game strategies. He left Sweden for Italy, and then for England to manage the English team. During the 'Eriksson years' the English press took Eriksson's style to issue – for and against, usually depending on the England team's performance. Two English economists, guest lecturers at the Stockholm School of Economics in the early 2000s, were sufficiently taken by the Swedish management style to write a book, *Leadership the Sven-Göran Eriksson Way* (Birkenshaw and Crainer, 2002). They listed 'three key attributes' to Eriksson's success as: adaptability, authenticity and empathy. Eriksson's approach, the authors suggested, was in keeping with key values of the Swedish management style: teambuilding, consensus-orientation, modesty, honesty and egalitarianism.

US management consultant, Anthony Schneider, presented an alternative approach to leadership; *Tony Soprano on Management* (2004) based on the mobster character from the internationally successful HBO television series. Schneider maintains the Soprano approach is both effective and direct when it comes to resolving conflicts and ensuring employee loyalty in times of economic uncertainty. Schneider lists the attributes of the Soprano style as: 'warp speed' (ie quick and decisive), 'OK to squeeze', 'direct and transparent.' The advantages? It is a leadership style that fosters trust and loyalty, that is personal and personalised, and that is based on delegation, hierarchy, flexibility and execution. (Execution of strategies, not people).

Birkinshaw and Cramer took the Sven-Göran Eriksson style a step further to suggest that it was a style that represents a new approach to leadership, based on motivation through inspiration and motivation. Virgin CEO Richard Branson was another example of 'new style.' Old style, they argue, is based on motivation through fear and intimidation. Jack Welch and Rupert Murdoch, are two examples. Tony Soprano might be one more.

In some cultures a coach makes decisions. In other cultures a coach has more a mediating and collaborative role. Sweden is one of those cultures.

There are other problem words that can lead to cultural conflict, regardless of the Swedish manager's generally excellent English language skills. The problem is not with particular terms, but with the cultural interpretation of those terms. Effectiveness, is such a term. Being effective in Sweden means getting agreement. An effective business meeting in Sweden means decisions based on consensus. Effectiveness in the US is in the decision.

Goals and objectives. When Swedish managers talk about 'goals' and 'objectives', they are talking long term. Profit comes through quality; so quality takes precedence. Negotiating can also mean different things to the Swedish manager than to the US manager. In Sweden, negotiating means discussing ideas; talking, testing out different scenarios, and reaching consensus about long-term objectives. Swedish business people often use the term 'negotiate' (*förhandla*) in the sense of 'exploring possibilities. Many US managers, expecting terms and commitment to the deal, are often disappointed to find that their Swedish business partner might just be testing the ground.

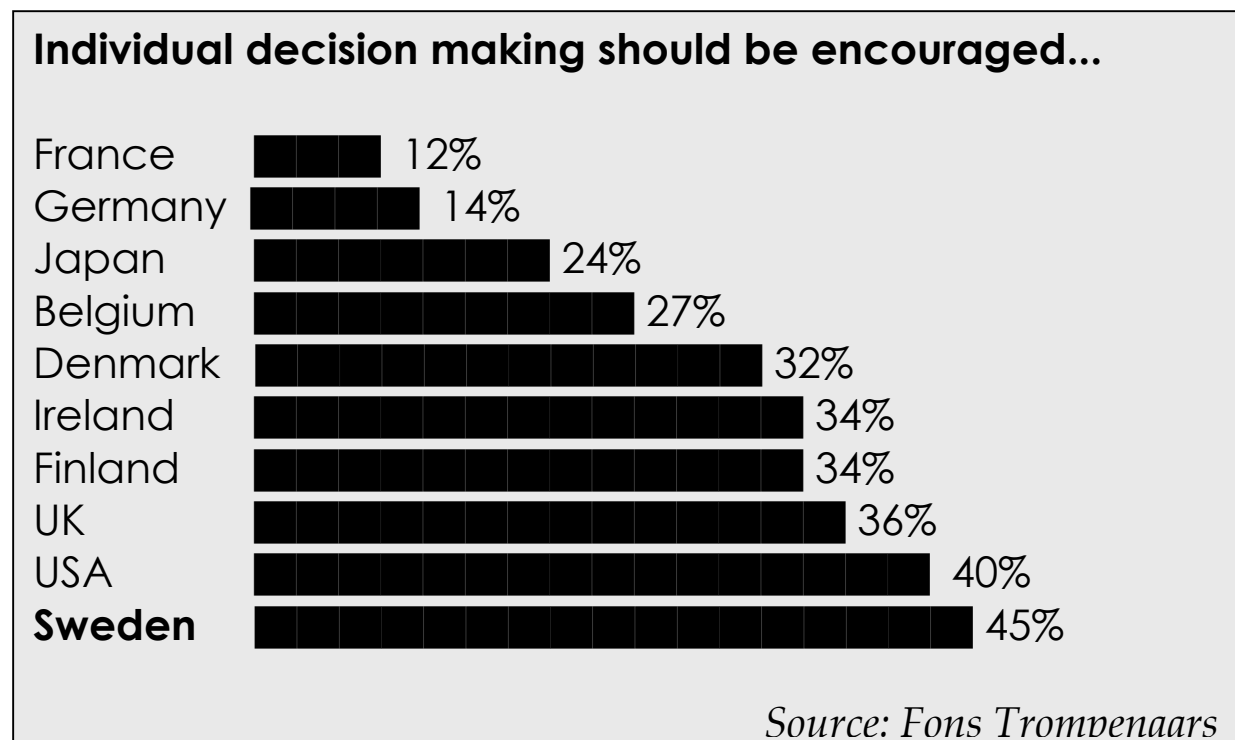
The concept of teamwork can also be misconstrued. In Sweden, teamwork means getting a team of people together who agree with each other. Team members have shared responsibilities and the title 'team leader' – if it comes up at all – usually means some delegated to report on the team's findings. A spokesperson in other words. Making sure that personalities are compatible and team members get along is an important part of the team building process. There are at least three Swedish training companies that offer courses on 'how to deal with difficult people.'

In the US, team work more often than not means working toward a common goal. It's not the team that it is the priority, but the team's goals. There is a team leader and there are team players. One Swedish colleague recounting her experience at a New York financial company observed: 'We were often asked if we were 'team-players.' It took me a while to realise that what this actually meant was: "are you going to do as you are told!"'

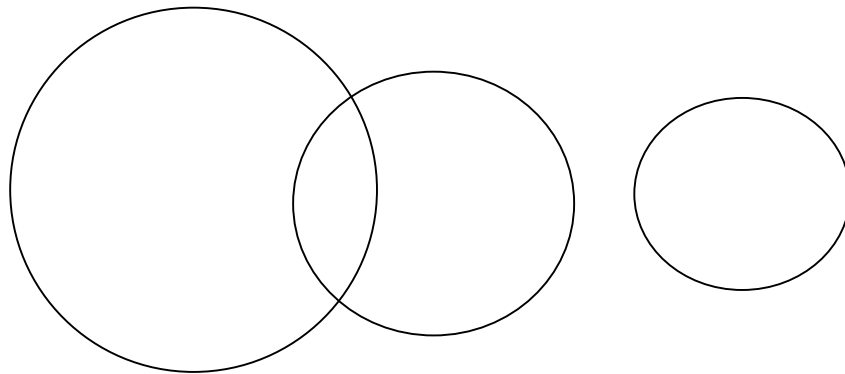
Profitability is a universal requirement for the sustainable enterprise – it has the same meaning for both Swedish and US managers. The differences arise in deciding how to achieve it. In Sweden, traditionally, profit comes with planning, strategy, long-term investment, and by combining technological know-how with a modicum of caution. Our 'team-player' Swedish colleague observed: 'At our company profitably strategies extended three months. Once the quarterly figures came out, the lay-offs began.' Perhaps the most measurable influence of US corporate praxis on Swedish companies is increasingly to measure 'profitability' in quarterly reviews. There was a time when the Swedish manager was virtually 'unfireable.' Nowadays, in many

Swedish companies, the Swedish manager, like the US manager, is only as good as the last success.

Cultural analyst, Fons Trompenaars, created a data bank from research involving 15,000 managers and employees from 50 different countries. One of the questions he asked was whether it's better to work as an individual, as your own boss, or, whether it's better to work in a group, where everyone works together. Only 12% of the French interviewees favoured group work compared to 45% of the Swedish participants.



3. The Land of 'Lagom'

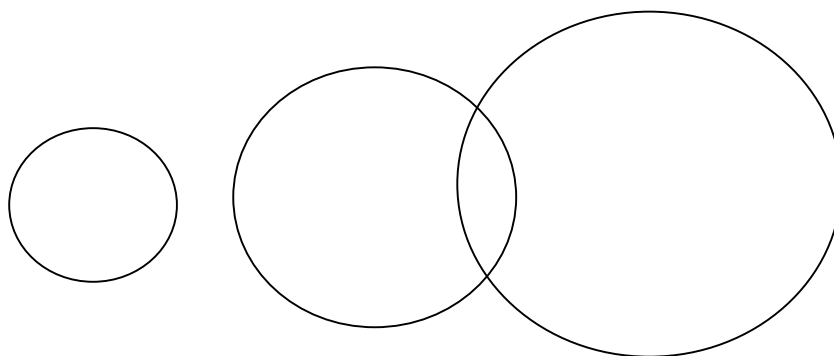


England

This is a map. In this case a map of England. Not a geographical map, but a perception map. It is a map of past, present and future.

In the perception map of England the past is a large circle interconnected with a smaller size present circle. The future circle is small and detached. It is a perception of past, present and future that describes an English reverence of the past, to traditions; a disinclination to change and innovation.

To Australian ears the English deference to past achievements, to traditions, to history, to the British spirit of Dunkirk, and Waterloo, sounds... illusionary. Perhaps it's because Australians are often more preoccupied with the present and with the future.

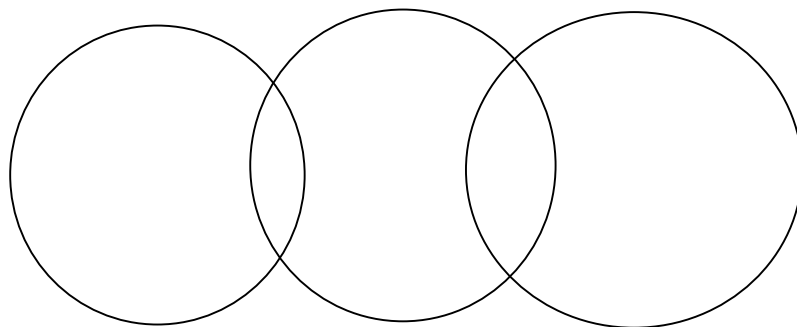


Australia

This is the way many Australians perceive Australia. Australians are not so interested in the past. About 20% of the country's present population of 18.6 million have any ancestral connection to Australia's past as a British penal colony. Post war immigration waves have brought together people from northern and southern Europe, the middle-east, the far east. Few of these people are interested in the First Fleet of British convicts and the first colony set up at Port Jackson close to present day Sydney. Not many Australians want to be reminded about the appalling conditions, the early years of precarious survival, the treatment of the aboriginal people.

The English response to a crisis is often to seek answers in the past; in Australia the response is to come up with an idea, try it out and see how it goes. Two countries united by history, language, head of state, yet divided in their perceptions of themselves and each other.

This so-called 'circle test' was devised by psychologist, Tom Cottle. When I've tried it out at cross culture seminars in Sweden this is the most frequent response from Swedish managers:

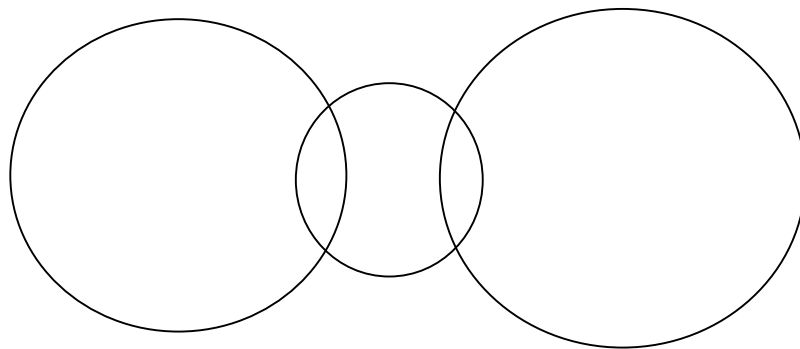


Sweden

Traditions are important in Sweden, but not too important. Future planning is important too, but if you're Swedish you don't want to take any risks.

Sweden is often perceived as a progressive country, the 'Swedish model' scrutinised both favourably and unfavourably as the modern social welfare state. Yet it has one of the oldest monarchies in Europe (only Denmark's is older), and a range of traditions affecting industry and management. Swedish Television has shown the same Disney cartoons every Christmas Eve for the past 30 years.

Compare Sweden to neighbouring Finland. Finland borders Russia to the East and Sweden to the West. Finns have been under both Russian and Swedish rule and defending the republic proclaimed in 1919 extracted a heavy price in the winter war against the Soviets 1939 - 1940. That sense of history and national pride permeates modern Finland - the cultural 'lone wolf' of Europe. Yet while Finns and Finnish business concerns look to historical precedents of resolutely defending Finnish independence, corporate futures are viewed with optimism.



Finland

Finland and Sweden joined the EU in 1995 and polls taken a year later, in private and business sectors, noted a cynical negative outlook from Sweden, and a positive outlook from Finland. Chinks in the formerly robust armour of Swedish Saab, Volvo, Bofors, the economy and welfare system had been all too conspicuous in home

and overseas media. After Finland's joining the EU, Finnish companies and the forest industry reported upswings and renewed confidence in the formerly declining Finnish economy. Finnish business was less concerned with the present, rather investing in the future with a renewed sense of national fervour that a strong sense of cultural identity affirms. A Finnish manager – after having drawn the Finnish 'three circles' – explained; 'we talk about our ancestors; we talk about our children; we rarely talk about ourselves.'

For Sweden the three circles represent a balance of past, present and future in just the right amount. Nothing is unimportant, and nothing too important. The Swedish 'middle way' is the most sensible path to tread. The Swedish word for this is *lagom*. It means 'not too much and too little – just the right amount.' It is a unique Swedish word – there is no equivalent in the other Nordic countries, but it would be a mistake to think this concept does not exist elsewhere. In his book, *Lagom is Only Swedish and Other Myths of Language*, (2009) Swedish linguist Mikael Parkvall points out that the *lagom* concept exists in many languages.

In the Far East the 'just right' concept can be found in many cultures, especially where Buddhism or Confucianism prevails. In Chinese *zheng hao* translates as 'exactly right' and is used in the way Swedes use *lagom*. *Lagom* cold, *lagom* fun, *lagom* angry, *lagom* rich, *lagom* intoxicated; you name it. It is a fine example of how cultural discourse and language provide guidelines for socially acceptable behaviour. Not *lagom* is excessive, and excessive is not in the interests of the group.

The *lagom* concept of avoiding excess (not too much wealth, not too much poverty; not too much success, not too much failure; not too famous, not too anonymous) does translate in all cultures, just as the Donald Trump

concept of *Think Big and Kick Ass* would be difficult (if not impossible) to translate into Swedish. *Lagom* – nothing in excess – may well be a key concept to understanding Swedish mentality, in business and in private. Not too much and not too little – just the right amount. *Lagom* is imbued in the Swedish management style based on consensus, collaboration and teamwork.

The Swedish Academy (*Svenskakatemi*) defines *lagom* as ‘according to the law’ (*lag*=law). Another theory is that the word comes from Viking times when beer - or *mjöd* - was drunk from the large collective bowl. *Om* means around, and *lag*, which also means ‘team.’ When you sat around a large table with 20 or so rough looking Vikings, your options were clear. If you drank too little, you’d look feeble. If you drank too much, the rough-looking vikings at the end of the table might not be too pleased. So you drank enough to go *lag om* - around the team. Not too much and not too little.

Lagom can also be used with a sense of irony. The head of Sweden’s Red Cross, former political party leader Bengt Westerberg, found himself in middle of a media scandal. He was being paid 65,000 SEK per month for what was believed to be charity work. Throughout a heated television debate (March 2010) the banner behind the hard-pressed Westerberg, read: “65,000 = *lagom*.”

There are two other Swedish words that relate to *lagom*. *Ombudsman* and *smörgåsbord*. These also illustrate the collective spirit of Swedish egalitarianism and fair play. The *ombudsman*’s role is to ensure that everyone *does* play fair. The *smörgåsbord* concept only works where people queue, and adhere to the rules laid out in the unwritten codebook of Swedish social behaviour.

NOP World carried out a survey in 2005 entitled Index of Global Lifestyle, providing a global perspective on lifestyle issues across 31 countries. Focusing on Work/Life balance, the first index reveals that South Koreans work the most, whereas in the Philippines, the emphasis is on play. (Play activities are defined as watching TV, reading, socializing with friends and spending time with children and grandchildren). Sweden ('not too much, not too little') 'strikes the most precise balance' (sic), with 36.7 hours per week at work and 36.4 hours per week at 'play.'

Lifestyle Balance Survey			
Mean Weekly Hours Spent...			
	Work	"Play"	Work/Life Index
Sweden	36.7	36.4	97
China	40.9	40.4	98
Spain	37.8	37.3	98
Indonesia	42.9	42.2	98
Egypt	49.4	48.6	98
Philippines	32.0	41.1	75
South Korea	50.7	30.7	159

NOP World, UK, 2006

In 2007 Swedish Radio conducted a listener survey as to which Swedish words best described 'Swedishness'. *Lagom* came in at second place. In first place was the word 'midsummer'. It is one time of the year when Swedes are not *lagom*.

4. Never Say 'No' to Coffee

The coffee break (*fikapaus*) is an obligatory aspect of Swedish company life, and something of a mystery to non-Swedes. Why is it necessary? How does it build consensus? Why never say no to coffee? How is it possible that the coffee break is *not* a waste of time?

A phrase often used in Swedish business is: 'this will take time.' It is usually considered a positive phrase that suggests 'good work takes time.' Similarly, the right decision – a decision that gets 'everyone on board', takes time, and quality also 'takes time.' It is an attitude summarised in the aphorism 'haste makes waste.' In Sweden this works fine; elsewhere the business world tends to operate to another aphorism, 'time is money.' There's a good chance that when a boss in Finland, or the US hears, 'this will take time,' they might be getting another message. From their cultural perspective it could mean that time is not being used effectively. It could mean that 'we could be doing this better, we could be doing other things, this is a waste of time.'

The perception that the coffee break is another form of time-wasting is strengthened by what happens during the coffee break. People gossip. Not only a waste of time, and avoiding work – gossip is small-minded and petty. But the Swedish *fika* is an important part of decision-making and the *förankringsprocess* (getting everyone on board). Coffee-break gossip is often work related, thus consensus-building. In the Swedish company the coffee-break is about creating and strengthening a sense of the 'the group.'

'The coffee break is an essential part of consensus building,' explained a Swedish manager. The first two phases of consensus require (1) discussing options

(*utreda*) and (2) in deciding on an option, making sure that everyone is 'on board' (*förankra*). The decision (phase three) is made in the conference room; the first two phases are made during the coffee break.

Which is why joining the group to drink coffee is an essential part of the ritual. 'Saying no to coffee will lead to social ostracizing' concluded a research thesis from Gothenburg University (2006).

Coffee Consumption Index	
[per capita, per person per year]	
1. Finland	12.0 kg
2. Norway	9.9 kg
3. Sweden	9.2 kg
4. Denmark	8.7 kg
5. Netherlands	8.4 kg

Survey of 181 countries

Source: World Resource Institute, 2009

Ingegerd Sigfridsson suggests that joining the group at coffee break is an important part of 'being included'; while avoiding such social norms and rituals can lead to exclusion from the group.

The word *fika* (from *ka-fi*; coffee backwards) is a vague concept. It means taking a coffee break, but has other meanings as well. When a boss says, 'let's *fika*' – it could be to discuss work, give advice, ask advice, give caution, talk promotion, or just to gossip. This is not gossip in the negative sense of slander and malice, but constructive 'coffee-break gossip': exploring ideas,

debating rumours and conjecture, considering different views, and finding out about what's going on.

Swedish leadership consultant, Gunnar Ekman, lists a dozen functions of small talk within the work place. High on the list is how small talk creates collective interpretations within an organisation and how a group perceives what's going on internally and externally.

Small talk situations are learning situations; how to deal with difficult customers, what's the buzz on a new product, how effective is a new company policy, what's the new boss like. Whether at the water-cooler, by the copy machine, or during the coffee break, gossip and small talk are essential aspects of the consensus building process. What for many is a hidden code in Swedish decision making processes, is quite apparent in Swedish corporate décor – the coffee break area is the central hub to the Swedish organisation.

Democracy Index

1 Sweden

2 Iceland

3 Netherlands

4 Norway

5 Denmark

Survey of 167 countries

Source: Economist Intelligence Unit, 2009

At best the Swedish coffee break is a social ritual of promoting co-operation, increasing participation in decision-making processes (see Democracy Index) and

creating a sense of group unity. There are also the advantages of taking a break to increase creativity and production. At worst, the coffee break is a waste of time. Business cultures entering the Swedish market that interpret the latter find themselves on a collision-course with a time-honoured ritual as much a part of the Swedish value system as midsummer and Donald Duck cartoons on Christmas Eve.

Swedish engineering company ASEA merged with Swiss Brown-Boveri in 1987, and the weekly divisional coffee breaks were maintained during the years under Swedish leadership, (Percy Barnevik, Göran Lindahl, Jörgen Centerman). When new German CEO Jürgen Dormann took over in 2002, he introduced a more precise way to disseminate company news, The Friday Letter. ABB's then 135,000 employees world wide, received the company news in a letter (translated into 17 languages) to dispel rumours, answer questions and increase transparency. An ABB Swedish manager commented at the time: 'our Swiss German colleagues were much in favour of the new policy; for us Swedes – we missed our coffee breaks.'

Another aspect of the informal coffee-break, is the exchange of knowledge and advice-giving. The informal discourse of the coffee-break eliminates hierarchies, plays down prestige of title or job position and encourages transparency. The architecture of the '*fikarum*' (a tough word to translate – the place where everyone gathers for the coffee-break) encourages workplace egalitarianism. Tables are large, usually round; the coffee-break begins and ends at the same time for everyone, and regardless of status outside the organisation, in the *fikarum* everyone is on equal terms.

It is purely speculation, but is it possible that the Swedish *fika* is in part responsible for the country's high

level of innovation – in 2009, the highest in Europe? A research colleague at the Royal Institute of Technology (KTH) once told me he always got his best ideas during the coffee break. ‘It was the company,’ he assured me, ‘not the caffeine.’

International Innovation Index, 2009

- 1 South Korea
- 2 USA
- 3 Japan
- 4 Sweden**
- 5 Netherlands

Survey of innovation inputs and outputs, including government and taxation policies, registered patents, education policy and R&D results.

Source: International Innovation Index, BCG, NAM USA

5. 'Oh Yes. You're Neutral Aren't You?'

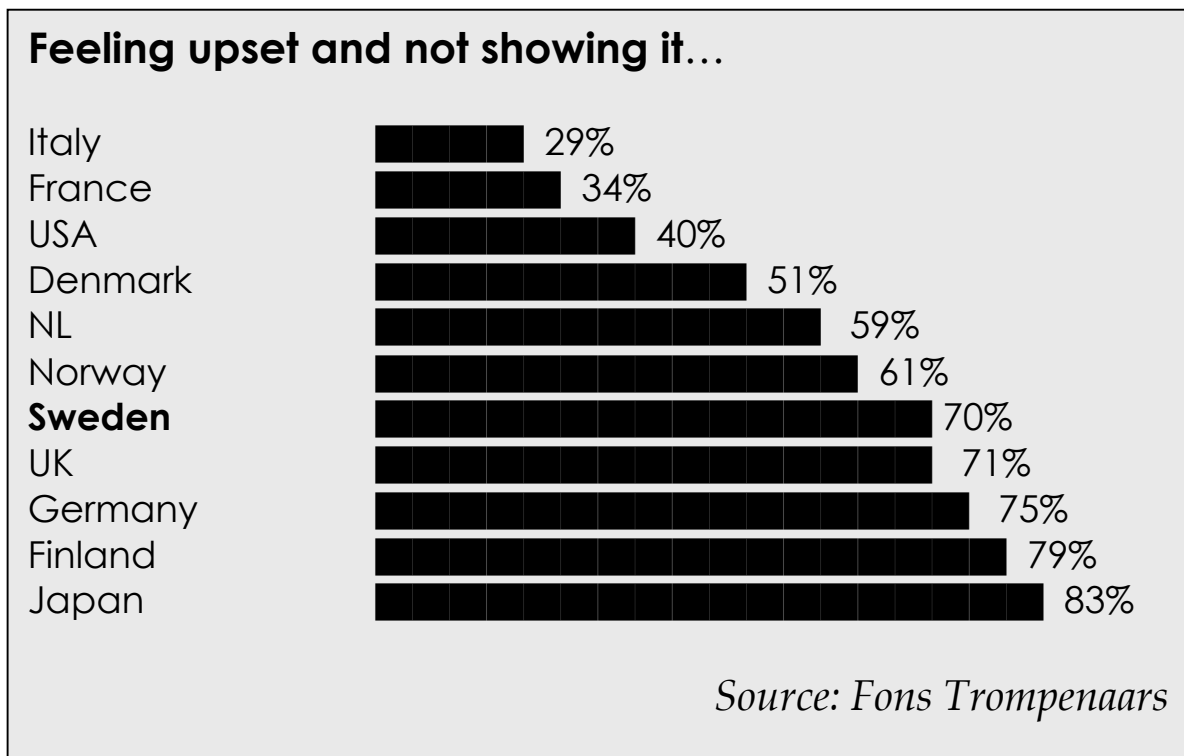
A Swedish journalist once asked former UK Prime Minister, Margaret Thatcher, about her opinion of Sweden. 'Sweden? Yes. You're neutral aren't you.' For Margaret Thatcher this was a barbed comment attempting to demonstrate some disdain for the neutrality policy of Swedish politics, past and present. In Sweden it is hard to discern neutrality as something negative. Perhaps it has led to a politically detached, observing role – the 'world conscience' syndrome – it has also ensured the prosperity of Corporate Sweden.

In the vocabulary of cross-cultural management 'neutrality' has another application, usually juxtaposed against 'affectiveness'. 'Affective' cultures encourage the display of emotions, physical contact, gestures, even displays of temperament. 'Neutral' culture favours restrained behaviour, little body language, long pauses in conversations to avoid interruptions, and maintaining – particularly in the business world – a professional, unemotional, neutral countenance. Socially, Swedish neutrality means keeping to the book of unwritten rules on how to behave properly. Constrained, reserved, diplomatic and avoiding the hyperbole of excessive praise or excessive criticism.. It's part of being neutral.

Consequently you will find some Swedish managers who begin every sentence with '*Nej, men*' (No, but...) express a positive statement in negative terms, and rather than describe something as 'good', prefer the more neutral 'not bad.' Thus a book or a film is 'not bad', never good; a government policy is 'not wrong',

never right; a drunk is 'not sober', never drunk. An idea is 'not so stupid', not clever, and a wild Saturday night party is described as 'moderately fun' ('*lagom kul*' – see Chapter 3).

What about at work? If a Swede gets upset, are they likely to let their colleagues know about it? This was a question Fons Trompenaars included in his study of cultural diversity in business.



29% of Italian employees would conceal their feelings, in contrast to 83% of their Japanese colleagues. The quiet Finn rates 79% (the highest in Europe), and in Sweden 70% would keep their feelings to themselves.

In one respect the study is not surprising; we expect Italians to be emotional, and expect Scandinavians to be cool. What the study doesn't show is the way in which people get upset, or ways of showing emotional responses within a cultural context. Italians have a colourful and wide range of emotional responses that

have delighted opera fans for centuries. But what of the 30% of Swedish employees that are prepared to publicly ventilate anger, rage, distress?

Swedish anger also tends toward the neutral. When Jean-Luc Godard, the French film director, returned to Paris after making a film in Sweden (interestingly enough entitled: *Masculine/Feminine*), he quipped to journalists: 'I have just been to a country of six million zombies.' This was 1966 when the Swedish population was six million.

Swedish anger is constrained somewhat by available vocabulary. 'I am hugely angry!' (*Jag är jätte arg!*) is usually expressed in low-key matter-of-fact way that can leave non_Swedish colleagues confused. Or: 'Seventeen' (*Fy sjutton*). If you are impolite enough to ask someone to leave, you say: 'Go to the forest!' (*Dra åt skogen!*) An all-encompassing Swedish expression is: *nja*. *Nja* combines the words for yes and no (*ja/nej*), and works in any given situation when someone wants to express both at the same time, without committing to either.

From a Swedish perspective, political neutrality is no bad thing either. When England came into conflict with Argentina over the Falkland Islands in 1982, the ensuing war cost 725 Argentinian and 225 British lives, large financial costs on both sides, and economic difficulties for the 1800 islanders who were dependent on trade with the Argentine mainland.

Sweden – involved in a similar territorial dispute in 1921 – employed a different strategy. The Åland Islands in the Baltic Sea, halfway between Sweden and Finland, had, as part of Finland, come under the jurisdiction of Tsarist Russia. When Finland gained independence in 1917 the majority of the 30,000 Åland islanders wanted to rejoin Sweden which ruled the islands prior to 1809.

The Finnish government arrested the Swedish national leaders and after prolonged and emotional negotiations the two countries reached a solution. The Åland Islands would remain Finnish but with regional autonomy. Thus the inhabitants were able to preserve their Swedish language and culture.

Today the islands prosper – they have special EU exemption that allows the sale of tax-free alcohol and tobacco – popular with tourists both from Sweden and the Finnish mainland. From a Swedish point of view it was a solution that extols the virtues of compromise. From an international point of view, as recently as February 2001, Europe's UN CEO, Vladimir Petrovsky, suggested that the 'Åland model' had contemporary applications as an example of a workable approach to resolving existing minority conflicts in various parts of the world.

Can you play sport and be neutral? In Sweden, perhaps yes. Orienteering is popular, like long distance skating and team sports like ice-hockey and football. The Wasa Long Distance Ski Race (*Wasaloppet*) held in March every year, is about the participation, not the winning. Over 15,000 skiers participate every year to re-enact the 90 kilometre ski-journey of future king, Gustav Wasa, to rally the Swedish peasants against the Danish army in 1520.

Football is a summer sport in Sweden and in 1994 the Swedish side performed well in the World Cup tournament. The Italian side, which came second, were jeered by disappointed Italian supporters on their homecoming. The Swedes came third and were treated like VIPs. What would have happened if Sweden had beaten Brazil? 'We were so glad to beat them once,' said one supporter. 'To beat them twice would be

unthinkable.' Beating Brazil twice would not have been in the interests of neutrality. One win, one loss - everyone's happy.

In a live-televised qualifying round Sweden played Romania. Studio guests included the winning 1958 Swedish World Cup team, kitted up for the cameras, and a Swedish speaking Romanian immigrant. Sweden won. The woman sports presenter (Sweden has more women sports presenters and more television coverage of women's football than any other country) turns to the Swedish team for a response. 'Good,' says one. 'Yes. Very good,' says another. A third player smiles in agreement. Another nods. Response is... subdued. Compare Denmark's wins in the European Cup - players and supporters partied for 3 days and 3 nights celebrating each victory.

The presenter turns to the Romanian guest. His eyes are filled with tears. 'How do you feel?' she asks. 'I am very depressed,' he says. 'Very depressed indeed. We lost.' 'Yes,' says the presenter. 'It's hard sometimes. But someone has to win and someone has to lose...'

It was an interesting conversation. The presenter spent a good deal of the programme consoling the Romanian supporter, and going through the highlights of the Romanian team's 'near misses.' Is it possible that Swedish people feel guilty about winning? Even a football match?

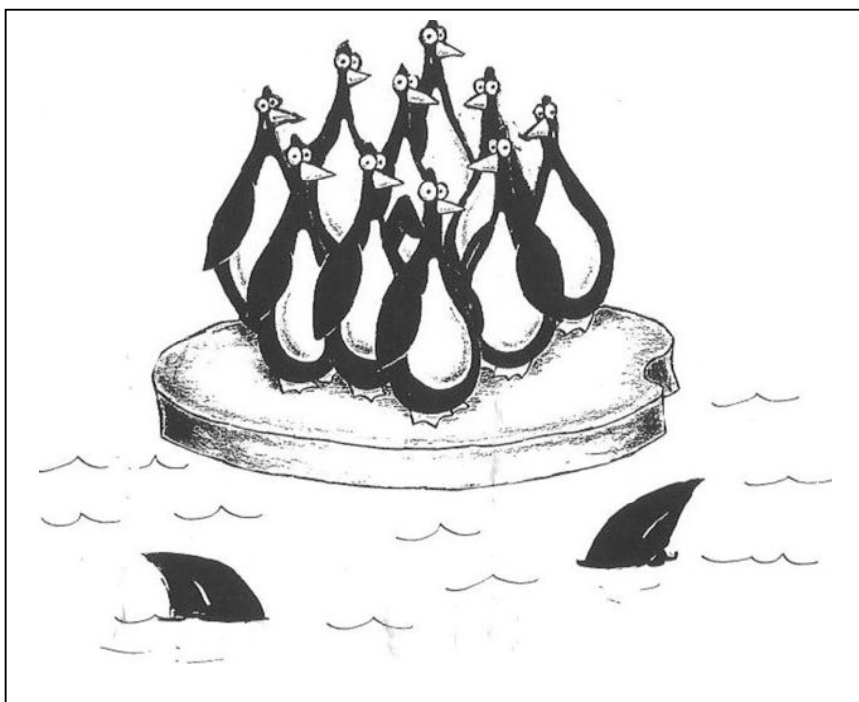
Sweden's major film production in the 1980s was called '1939'. It was one of the most expensive productions in Swedish film history; about Sweden and what Swedes didn't do during World War Two. The film ends in May 1945 with thousands of Swedes filling the streets of Stockholm. They were celebrating. They didn't win and they didn't lose. Which is what Swedish people celebrate to this day. Not winning and not losing.

The Story of the Penguins

A Swedish PR manager addresses a company seminar outside London. It is an insurance investment company with the main office in Stockholm and subsidiaries throughout the world. On the screen she shows a picture of three rows of penguins on a glacier.

They are hungry and want nothing more but to hop into the water and collect a fish dinner. But there is a problem. They are surrounded by even more hungry sharks. The PR manager uses the illustration to demonstrate the strategy the company must use in order to integrate IT successfully into the corporate structure.

The first row of penguins dives into the water and gets eaten up by the sharks. The third row of penguins dives into the water, but there's no fish left, so they go hungry. The second row of penguins are the smart guys. They don't get eaten and they don't go hungry. 'If we'd jumped into the IT market too soon,' explains the PR manager, 'we wouldn't have survived. But we can't wait too long either. We have to be like the second row of penguins.'



Three rows of penguins: First row – too foolish; last row – losers! Middle row – smart and Swedish! The Swedish managers are impressed but does this story work as effectively on their colleagues from the UK? Or Australia? Or Finland?

This is an exercise that illustrates how core values are perceived in different cultures. Here is a list of words. Write 'yes' to three values that you consider most important; and 'no' to three values that you consider least important.

respect
modesty
loyalty
honesty
duty
fairness
religion
bravery
humour
openness
success
obedience
patriotism

Responses vary obviously from person to person, yet some key words are over and under represented depending on the person's national background. A sample of answers is revealed in the chart below comparing Sweden, UK, USA, Germany and Japan.

If the chart is anything to go by, perhaps German and American business people, even the Japanese, may share a similar sense of Swedish pragmatism, but the British delegates at this particular seminar (along with the Australians and the Finns) may extol the virtues of the

pioneering penguins. After all, it was their bravery, not folly, that saved the rest of the group.

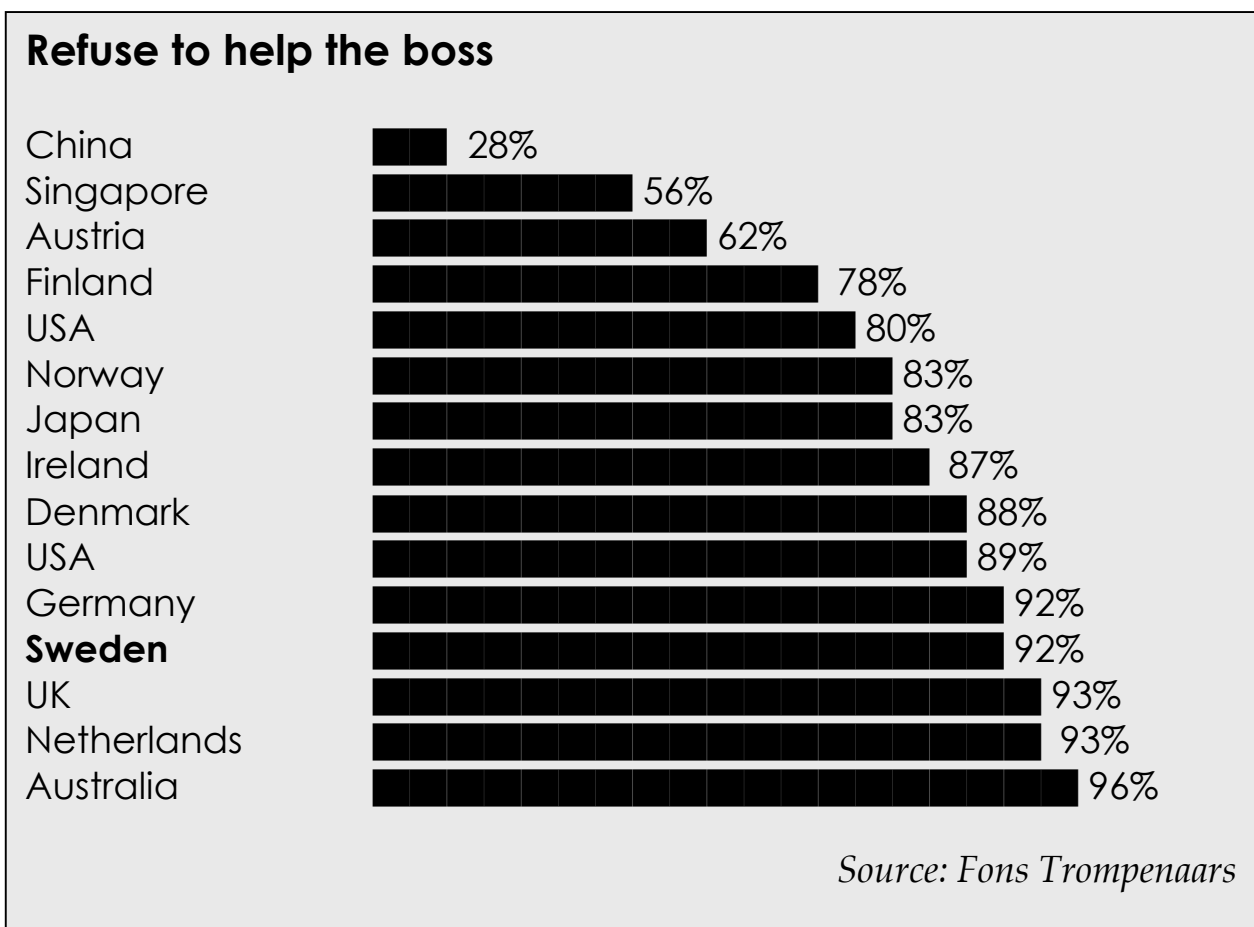
Neutrality may be a barbed insult as far as Margaret Thatcher is concerned, but it is not an insult likely to offend the executives at Bofors, Ericsson and Volvo.

	S	UK	USA	D	J
respect				y	
modesty	y		n		y
loyalty			y		y
honesty	y				
duty	y	y	y	y	
fairness					n
religion	n	n		n	
bravery	n	y	n		n
humour		y		n	
openness					n
success			y	y	y
obedience	n	n	n		
patriotism		n		n	

6. What Makes Swedish Leaders *Hip*?

Are Swedish leaders hip? My guess is that this would depend on perceptions of organisational culture. Do you work for a 'kick ass' company or a 'be kind' company? Management by intimidation or management by participation? Is leadership a question of status and prestige, or a low-key affair balancing corporate responsibilities and inter-personal relationships?

One of the dilemmas posed by Fons Trompenaars in his study of cultural diversity, was as follows: your boss asks you to provide a helping hand with the painting of his house, over the weekend. What do you do?



Hofstede's study also concluded that the largest power distance characterised the Chinese corporate culture. As an overseas-based manager from Shanghai reflected; if the boss wants you to paint the house, you most likely do it. Australia, on the other hand, is founded by convicts, gold-diggers, and immigrant entrepreneurs seeking a new start. An Australian would probably help out his mate with painting the house, but would refuse on principle if the request came from the boss. It is a result, however, that tends to contradict the stereotype image of the obedient Swede. In this regard the Swedish attitude is closer to that of the Australians – just because someone is the boss, doesn't mean they have 'authority.'

Swedish leadership is a low-key affair. 'Swedish bosses weakest in Scandinavia' ran the business magazine headline (Chapter Two), but if a Swedish boss makes a show of asserting authority that can be taken as a sign of weakness. By Swedish standards a good boss is delegating, supportive; a team member with added responsibilities. It is an unusual corporate structure that would enable a Swedish boss to make a major decision without group consultation.

There are as many leadership styles as there are corporations, and leaders that head them. In this chapter we can look at tendencies in leadership roles and how they relate to the Swedish cultural context. Given the diversity of personal styles there may be room for some general reflections on the attributes of a Swedish leadership style. For example, the attribute of the 'prestige-less' leader is borne out by a survey undertaken in 1982. Twenty five years later there was little difference in the result. Regarding other attributes of the Swedish style these short profiles will hopefully enable the reader can draw their own conclusions.

“It is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work”

% of managers who agree

Italy	66
France	53
Germany	46
Belgium	44
Great Britain	27
Denmark	23
USA	18
Netherlands	17
Sweden	10

Laurent. 1982

‘Open-door’ leadership style is a better definition than ‘coaching’ simply because it avoids the semantic confusion taken up in Chapter Two. A Swedish managerial ‘coach’ is something Swedish. When Kenneth Blanchard describes ‘coaching’ as one of four basic leadership styles (*Leadership and the One Minute Manager*, 1987), he uses terms like: structure, control, supervision. The ‘coaching style’ leader ‘directs and supervises, explains decisions, solicits suggestions, and supports progress.’ The undertone of authority described here is not alien to Corporate Sweden, just uncommon. More prevalent is the supportive and delegating approach to leadership with a focus on: ‘praise, listen, facilitate.’ (Blanchard’s words).

Open door leadership focuses on communication and adaptation. In the late 1980s Ericsson won a major

contract in France, competing against the more favoured Siemens and AT&T. According to the French ministry the decision was based on the Swedish team's high-level communication skills (emphasise 'team'), and that they were the only company to include local cultural adaptation into their proposal.

In November 2000 Sven-Göran Eriksson was appointed manager of the England soccer team. (See Ch.apter 2). Success of a sports manager is based on performance and in spite of early reservations from English supporters, Eriksson's track record began to speak in his favour. Success in managing an Italian soccer team, according to sports commentators, was mainly due to Eriksson's ability to adapt to local conditions.

At the same time, an English soccer coach, Stuart Baxter, managing a top Swedish team (AIK) since the 1980s, resigned due to 'internal conflicts.' According to an AIK spokesman Baxter's resignation was welcomed by the club; 'we could never trust a coach who wore a suit onto the playing field.' In training sessions Eriksson wore a training outfit, like any other player. The AIK club spokesman presented a Swedish view of what he considered an English leadership style: special dress codes, expensive car, large office, secretary, appointment book, authoritative disposition, whatever-it-takes to be looked up to. In Sweden a leader typically like to blend in – similar dress, car, office, whatever-it-takes to look the same.

In the late 1990s, Volvo chairman, Leif Johansson, orchestrated what many Swedes considered the most traumatic of Swedish corporate mergers, the sale of the Volvo Car Corporation to Ford. When his predecessor, Pehr G Gyllenhammer, attempted a similar merger with

Renault some years earlier, the deal collapsed and Gyllenhammer resigned. (See below). The success of the Ford deal and the failure of the Renault proposal can be attributed to a range of factors, including timing and cultural considerations, both corporate and national. Another factor relates to leadership styles that in turn determined the style of the merger process.

Johansson's Volvo–Ford deal aroused little protest in Sweden, Corporate or Citizen; rather an acknowledgement that this was the correct and practical course of action. Johansson, a modest and unassuming CEO, was formerly the head of Electrolux where he maintained an open-door policy – anyone in Electrolux with an idea or a grievance could find a sympathetic ear. Johansson's style – unlike Gyllenhammer – is more that of the Swedish team coach, conciliatory, not confrontational; communication based on proposals, not directives.

The open-door style and its application in Corporate Sweden is nowhere more evident than in the transition of SAS Airlines in the 1980s, from a hierarchically structured organisation to the 'flat style' teamworking collection of units within a larger 'parent' company. Jan Carlzon became President of SAS Airlines in 1981, the year they made an \$8 million loss. The following year SAS turned in a gross profit of \$71 million.

Success has been attributed to Carlzon's philosophy of 'looking after the customer'. Carlzon reversed the company hierarchy so that priorities concerned meeting the customer's needs at each point of contact with the organisation. He emphasised the importance of the frontline people, those who have direct contact with the customer.

In his book *Tear Down the Pyramids* ('*Riv Pyramiderna!*' Bonniers, 1985), Carlzon outlined his strategy for successful management. The old system, he maintained, consisted of an administration directing the frontline service, in turn catering to the customer. At SAS Carlzon claimed to reverse the perspective and place the customer at the top, served by the service front line, in turn served by 'support troops' who were provided with strategic leadership.

Carlzon described how at the age of 32 he was appointed Managing Director of a top package holiday company and applied himself to the role of boss. 'You get a new voice, you begin to act in a new way, you play a role which you believe you have been nominated. You begin to live up to the expectations you think have been bestowed upon you. I began bossing!'

Carlzon describes the process he went through of clinging onto preconceived roles of 'boss - employee'; of trying to manage everything himself. By the time he was appointed at SAS in 1981 experience had taught him a new management philosophy – the manager has to 'let go'. He encouraged the formation of teams, working as integral units, by-passing the bureaucracy of administration – allowing employees to take on the spot decisions, and extending responsibilities in all areas. The aim was simple. To provide customer service and customer satisfaction.

Carlzon extended the SAS services beyond the freighting of passengers from one place to another, setting up a hotel chain and hotel arrangements, even a limousine service which picked up and returned passengers to their doorstep at a cost lower than a taxi could provide. It was an application of the Swedish socialist model of cradle to grave 'taking care of people' with an important difference. SAS service included blue

uniforms and a friendly smile rather than white coats and a hypodermic syringe.

Carlzon was, in his heyday, a media star – youthful, innovative and above all, informal. The SAS image transformed from the bureaucratic state-run airline to 'one big happy family.' He begins his book with an epithet: 'Most important is that a person knows and feels they are needed.'

The business philosophy of 'knowing and feeling needed' – a sense of belonging, is the foundation of IKEA's success under the leadership of founder Ingvar Kamprad. IKEA stands for Ingvar Kamprad of Elmtaryd in Agunnaryd – which is in Småland where he grew up, a region in Sweden known for a down-to-earth and parsimonious approach to business.

It is these values he has incorporated into the IKEA concept – today an international chain of 150 outlets in 30 countries. The outlets maintain a Swedish profile – keeping difficult-to-pronounce Swedish names for the furniture and items, and serving Swedish meatballs in the restaurants.

If there is scarce little to write about Kamprad as a personality, it is because he represents the unassuming and modest Swedish style of businessman, whom, as we noted in the opening chapter, addresses the outside world with overt modesty. But dressing casual, and flying economy has other implications – IKEA represents value and quality for money for the customer, but other companies avoid IKEA wherever possible.

Being on the receiving end of so 'thrifty' a corporate culture means providing a service at the lowest price and the minimum profit margin. The Kamprad negotiating style, typical for the Småland region, is few worded, along the lines of; 'take it or leave it.'

England has its eccentrics, Sweden has its outsiders, or those who are *osvensk* – unSwedish. When we considered the leadership style of Volvo CEO, Leif Johansson, the conclusion is that Johansson is not *osvensk* – he is as *svensk* as a CEO can be.

Pehr G Gyllenhammar, former Chairman of Volvo, published a book in 1991, entitled *Even With Feelings* ('*Även med känsla*', Bonniers) where he claimed that feelings, what he called 'gut-response,' steered industry and business far more than most people realised. For all the pragmatism and 'bottom line' considerations of the automobile company, a leader's key decisions are either part of an ongoing process of consolidation and accumulation, or as Pehr Gyllenhammar suggests, a decision straight from the heart.

One such decision – and the decision for which Gyllenhammar will always be remembered by the Swedish people – is his attempt to merge Volvo with French Renault. Gyllenhammar considered this a most rational, pragmatic and above-all necessary merger to maintain Volvo as a leading quality car manufacturer. What he had not counted upon was the deep feelings with which Citizen Sweden had invested in this most Swedish of all brand names. (In fact, *volvo* is from Latin – to turn around).

Gyllenhammar's style was not that of the strategist, nor of the diplomat – he likes to get things done with a minimum of fuss. This individualistic and – from a Swedish perspective – dominating style worked as long as it worked for Volvo. Volvo's steady expansion in the 20 years under Gyllenhammar's leadership included the absorption of medical, chemical and pharmaceutical companies. Following the failed merger with Renault Gyllenhammar resigned and is now based in London, involved with a range of international business

assignments, including chairman of CGU, Britain's largest insurance company. In England, Gyllenhammer may be deemed eccentric, – or at least individualistic – which works well in an individualistic society; in Sweden, Gyllenhammer was more an outsider – a traditionalist with too much personality for a collective society.

The 'traditionalist' style of leadership goes back to the Swedish entrepreneurs of the industrial early 20th century, in which the foundations were laid for much of present day Corporate Sweden.

In the 1920's Ivar Kreuger provided three quarters of the world's supply of matches, in what was then the world's greatest monopoly. Kreuger's expansion created an unprecedented global business empire, until the Wall Street crash in 1929. He committed suicide in Paris in 1932, although later, accountants revealed that far from insolvency, Kreuger was in the black to the tune of about \$200 million. Much of present day Swedish banking and business concerns have their foundations in Kreuger's global empire.

Before Kreuger, Alfred Nobel laid the foundations of Swedish industrial and military enterprises; his invention of dynamite in 1866 led to the factory in Bofors, experimenting with steel armour plating and the establishment of one the world's major arms manufacturing industries. His legacy is the Nobel Prize, awarded 'without regard to ideology, sex, race and nationality.' In the 1890s this decree roused hostility, but today bears witness to his foresight.

If Gyllenhammar, Kamprad and Carlzon represent the 'old guard' of Corporate Sweden, in the late 1990s and early 2000s there emerged a new kind of entrepreneur – the youthful proponents of a New

Economy representing a young generation of IT literati. Jonas Birgersson, former head of Framfab, encapsulates the qualities of this new generation. Whether the Birgersson approach to Corporate Sweden will influence established styles of leadership and management remains to be seen. With the IT 'collapse' in late 2000, Birgersson resigned his post from the company he founded in 1995. At the time Framfab was the largest Internet consultancy in Europe and the third largest in the world.

Newsweek compared Birgersson to the young Bill Gates; where Gates perceived a world in which a PC sat on every desk, Birgersson envisages a world linked by a universal, warp-speed access to the Internet via mobile phones as well as computers. Like Gates, Birgersson dropped out of university to become an established entrepreneur by his early 20s, held shareholder meetings in McDonalds restaurants and Stockholm cinemas, and made public appearances in football gear or outdoor wear. Today, as an independent consultant, he maintains the casual profile – carries a backpack, not a brief-case, and regardless of a considerable personal fortune, makes no sign of showing it. Swedish leaders, as we have observed, don't flaunt.

Birgersson's withdrawal from the corporate limelight does not exclude the emergence of a new leadership style attuned to the New Economy. In *Funky Business* (1999) Kjell A. Nordström and Jonas Ridderstråle advocate a new style of 'soft' leadership style, and the abolition of corporate hierarchies (they have no place in a flat corporate structure, they maintain), and present some radical ideas on the role of the manager and corporate leader.

In an earlier book *Collapsing Hierarchies (Hierarkierna faller samman)* Nordström suggests alternative roles for

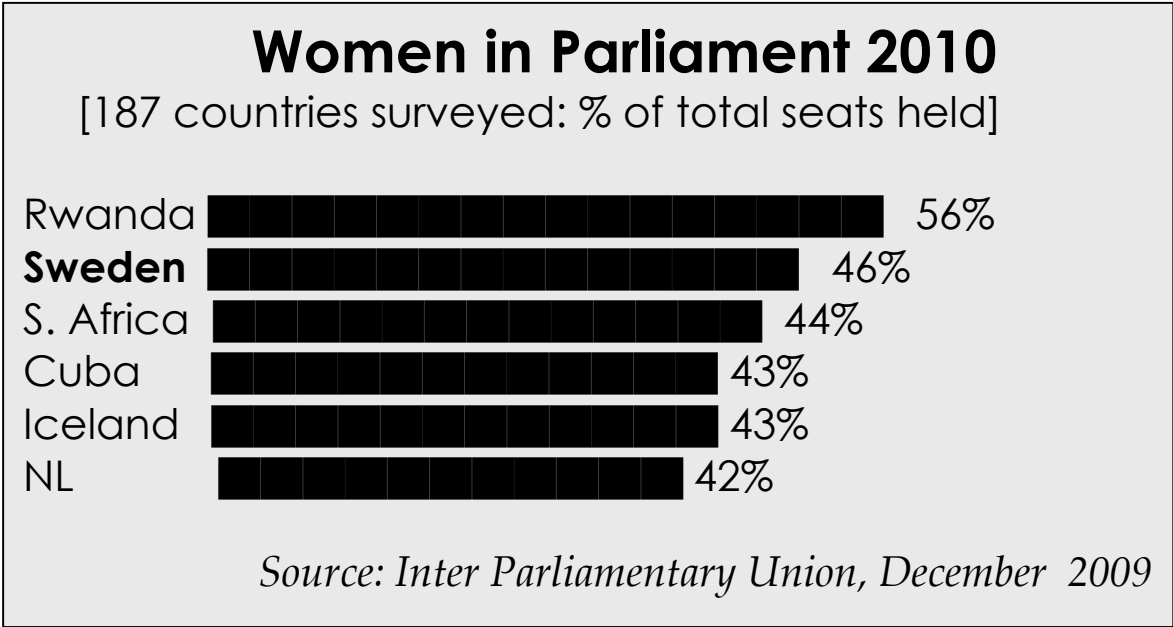
managers. Rather than authority and leadership, the manager's function should be that of role model and source of inspiration. In the early 2000s Nordström and Jonas Riddarstråle stirred up Corporate Sweden with courses in 'funky business' and 'karaoke capitalism.' Seminars were called 'gigs', provoking and goading Swedish CEOs and managers into new perceptions regarding the role of leadership. The bigger the corporation the more important that they decentralise into small and cohesive units focusing on their own area of expertise.

There was a new corporate 'cold war', suggested the self-styled business gurus – a subtle and ongoing battle of wits, whereby 'talent makes capital dance...' *Funky Business* was a hit on the global business market when it came out in 1999 – a new and radical approach to leadership, according to US reviewers. But Swedish management was more aloof. The open-door policy and 'soft' leadership style had been part and parcel of Corporate Sweden for decades.

About half of the Swedish parliament is made up of women. There are more women MPs than any other EU country. Sweden has a track-record of legislating for gender equality unsurpassed in the world. Yet even Italy and Spain have more women running major corporations than in Sweden. Why the imbalance? It is a question that remains unanswered both in political and business circles of what is reputed to be the most gender-equal country in the world.

Perhaps the most profiled woman CEO in Sweden is Antonia Ax:son Johnson, a third generation descendant of Axel Johnson, whose business empire began with a shipping company. Today the family, headed by

Antonia, control a corporate group with a wide range of companies that produce and distribute just about everything to be found in the Swedish householders shopping basket.



Antonia Ax:son Johnson is active both in the business sphere (95% of the companies revenues come from operations that have developed since the late 1980s), as well as in the political sphere. She is actively involved with Sweden’s Liberal Party (Folkpartiet), and has made herself unpopular with the ruling Social Democrats by running voluntary work for Stockholm’s City Mission, helping the growing number of homeless.

In spite of her international background (Brazilian mother, Swedish father, born in New York, and moving to Sweden at age 10), Antonia Ax:son Johnson maintains a Swedish profile and management style: teamwork and cooperation at a corporate level, and an unpretentious life-style in Stockholm’s ‘bohemian’ Södermalm, on a

private level. A feminine open-door leadership style, as opposed to open-door feminism.

Gender Gap Index 2008

1. Sweden

2. Norway / Denmark

3. Iceland

4. Finland

31. USA

Survey of 128 countries

Source: World Economic Forum, 2008

But if Antonia Ax:son Johnson is so profiled it is because her position, although not unique in Corporate Sweden, is unusual. Where are women CEO's in supposedly the most egalitarian society in the world? One reason, according to Sweden's *Business Weekly*, is that the Swedish industrial elite is made up of 'a gigantic sauna club' clearly intent on maintaining an exclusively male membership. So wrote journalist Mats Edman in 1999, ('Fullsatt i bastuklubbe' *Veckans Affärer*) and predicted that in 10 years the situation will be no different. It seems he was right.

The issue of women in top positions is the issue that most clearly illustrates the paradox of two Swedens; Corporate (men in business) and Citizen (women in politics). The meeting ground for the two Swedens, it seems, lies in the cultural sector, where traditional masculine and feminine values find a common meeting place. Public service on the one hand and market share

on the other. Women head a number of cultural and media organisations, including the Swedish Film Institute, Swedish Radio Broadcasting, the Royal Dramatic Theatre, several leading newspapers and Swedish Television (SVT).

The appointment of Maria Curman, as joint head of SVT in 2000 illustrated the paradox of this managerial meeting place; a saga which embraces the pros and cons of the Swedish decision making apparatus. It took the SVT Board of Directors two years to come to a decision, which it then rescinded, and a further 18 months to come up with a new compromise decision, which was amended six months later. The first appointed candidate (Lars Weiss, former head of commercial TV4) was dismissed for being 'too clever' with money (not paying enough taxes); and the second, (Mikael Olsson - former head of SVT's current affairs) for not being clever enough. (Too many debts!)

At the start of 2001 Maria Curman was running SVT, the most prestigious of Sweden's media positions, on her own, and in a no-nonsense style comparable to that of her colleague at Telia. Unfortunately, Maria Curman's clashes with union officials, internal conflicts, and an over-zealous interest in 'financial planning' for her own part, incommensurate with public service television, led to her departure in 2001. Subsequently, former Chief Editor for Sweden's largest newspapers (*Dagens Nyheter* and *Expressen*), Christina Jutterström, known for her uncompromising leadership style, was appointed. Internally she is referred to as 'The Major.'

The moral of the story is clear. A CEO in the culture sector buffer-zone of Corporate Sweden and Citizen Sweden can neither be too clever with money, nor too careless. Sweden is the land of '*lagom*' – moderation – and expects nothing less of its corporate leadership.

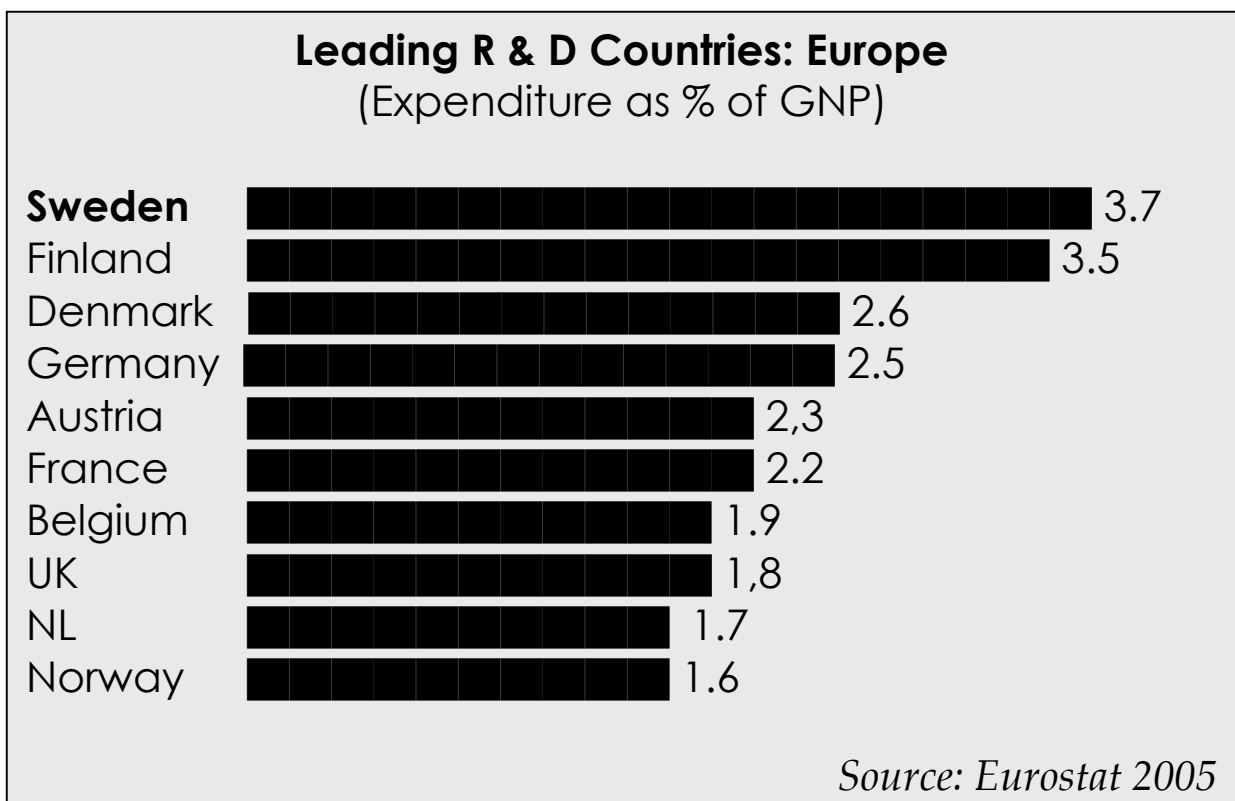
7. Can Swedes Manage?

The Competent Swede

Corporate Sweden takes management seriously. A comparison between Sweden and the UK of middle and upper management who have had formal training arranged by their company shows:

Sweden	86%
UK	23%

When it comes to money spent on Research and Development, the figures are equally impressive; Sweden spends a higher percentage of their GNP on R & D than any other European country.



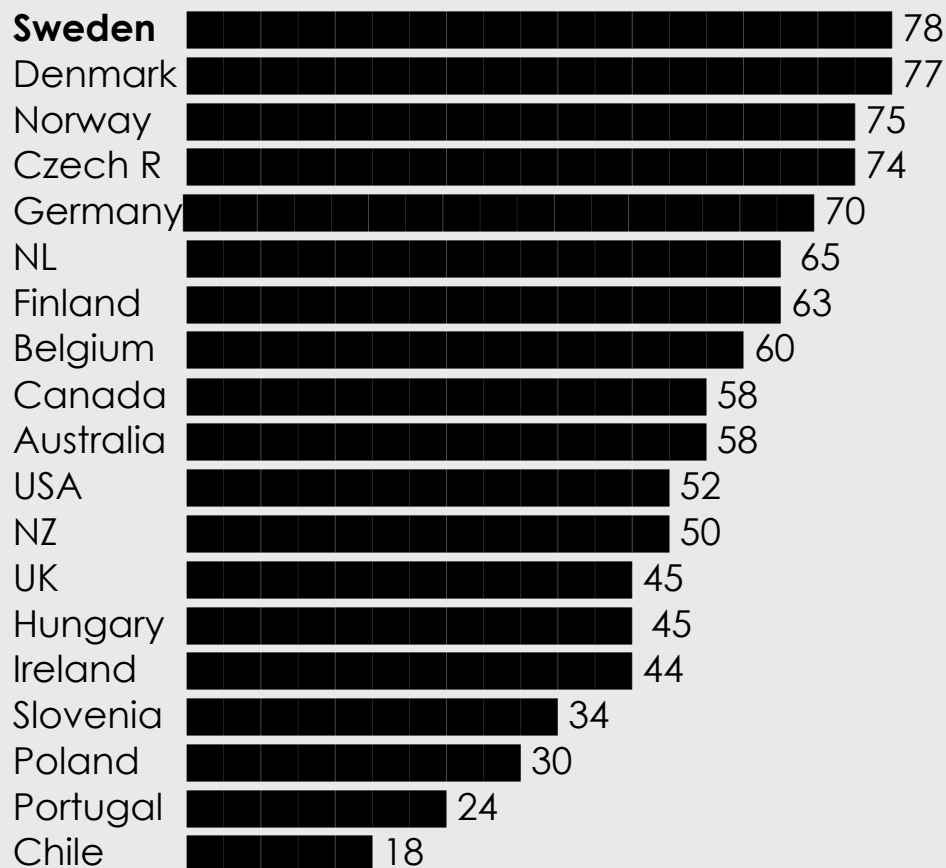
In 2009 Sweden ranked top of the 'Connectivity Scorecard', 'the most balanced and best-rounded performance of any country on the scorecard.' [www.connectivityscorecard.org] The Connectivity Scorecard rates, amongst other attributes, broadband penetration, broadband quality, mobile telephony, telephone networks, etc. Ten years earlier the US magazine Wired listed what they described as the 17 'hottest' places in the world ranked in accord to four criteria: risk capital, education, the number of established companies and the number of newly founded companies. Hottest was Silicon Valley, in second place Stockholm/Kista. Kista is Stockholm's own Silicon Valley – a suburb in which a large number of IT companies are based.

The cover article of Newsweek in August 2004 listed Sweden the 'world's best country' based on levels of education, economic security and research policies; in February 2000 Newsweek described Sweden as 'the most wired and wireless nation in Europe' with 'Internet fever energising its capital, from business to the arts.' Stryker Mcguire suggests Sweden's success can be attributed to its early history at the beginning of the telecommunications – Stockholm in 1900 had more phones than London or Berlin. Also to the relative isolation, high level of education (including a sophisticated knowledge of English) and a state education system that places a high value on science and engineering. Stockholm, he says, has become the European capital of the Internet.

The high level of education has resulted in Sweden rated as the world's most 'literate' country; the OECD rates five levels of literacy; levels 4/5 indicating highest skills in reading and writing.

Adult Literacy Survey 1994 – 1998

(Percentage of population aged 16 - 65 rated at literacy level 4/5: 'best skills')

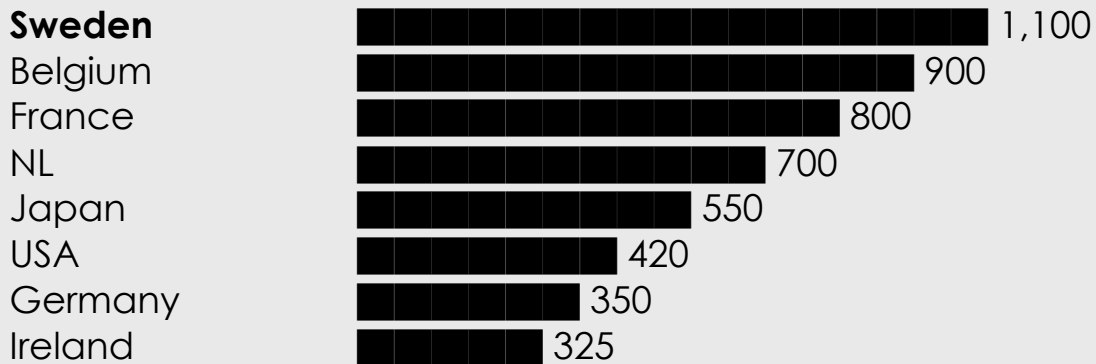


Source: IALS, UK 1999

The high level of education, literacy, and other factors attributed to Sweden's IT successes, may also explain why Swedes register more patents than any other country. Together with other factors patent registration contributes to Sweden's yearly top-end rating on the Global Competitiveness Index.

The three factors that make up the GCI (Global Competitiveness Index) is technological progress, a stable economic environment and lack of corruption.

Patents Registered per 100,000 inhabitants



Source: World Competitiveness Yearbook 2004

The Director of the GCI Programme, Augusto Lopez Claros, suggests 'the Nordics have entered virtuous circles where various factors reinforce each other to make them among the most competitive economies in the world, with world class institutions and some of the highest levels of per capita income in the world.

Global Competitiveness Index 2009

[Survey of 135 countries]

1. Switzerland
2. USA
3. Singapore
- 4. Sweden**
5. Denmark

World Economic Forum, 2009

In *The World in 2006: The Economist Survey*, *The Economist* described the 'Nordic model' (mainly Sweden and Denmark) as a source of inspiration to other European countries. It was a model that incorporated high public expenditure to sustain a viable social welfare, 'high employment rates, sound economic management, gender equality and social equality.'

The Honest Swede

Swedes are honest. There are statistics to prove it. The Corruption Perception Index. In the 2009 survey Sweden and Denmark rated equally in the top position; Finland, which usually heads the list, has slipped down to seventh place. It is a 'perception' list however, and amongst the surveys that contribute to the final result is a question that asks participants if they regard their own country is 'honest.' The perception is Sweden is widespread and leads to the kind of articles (below), taken from *Expressen*, the national evening paper:



The article is based on an EU report that reveals that Italy submits the most number of applications for EU money, and Sweden, the least. Perhaps the headlines in an Italian newspaper might conclude: 'Italians smart - Swedes, not too bright!' or, 'In Italy we look after own - what's wrong with Swedes?' or 'Entrepreneurial Italians Win Again!' Our cultural attitudes, it seems, help to define our values. Swedes consider themselves honest, but as a visiting American manager concluded: 'We were five minutes into the negotiation and our Swedish business partners gave us their budget, their last price, and their profit margins. businessmen meeting Swedes at the negotiating table. It was the kind of information that in the US you just never reveal.'

Swedes honest – Italians cheat

Brussels, Tuesday.

An EU report published today reveals that Italy has made the highest number of applications for EU subsidies, and Sweden has made the least. Most EU money goes to Italy, followed by Germany. Receiving the least - at the bottom of the list - is Austria and Sweden.

EU commissioner from Sweden, Anita Grac whose brief includes investigating allegations of EU corruption and illicit expenditure, said that she considered many of the applications for subsidie/...

This honest but slightly naïve approach come to the forefront during the Pharmacia and Upjohn merger in the mid 1990s. Part of the deal with American Upjohn was that Swedish Pharmacia was guaranteed they would retain research and development at their Swedish plants. Within six months the Swedish research units

were closed down and moved to Italy and elsewhere. In March 2010 British-Swedish Astrazeneca closed down the research facilities in the Swedish university town of Lund, leaving 900 people without jobs. When the merger between Swedish Astra and British Zeneca was completed in 1999, the agreement ensured that Lund would remain the key research centre.

Any test of honesty must be measured in the way a nation's citizens fill in their taxation forms. Taxation is heavy in Sweden. It has to be in order to pay for the enormous public sector. In 1970 40% of Sweden's GNP went to the public sector, and climbed steadily culminating in 1996 with 60%.

Even the normally honest Swedes were seeking ways to avoid shelling out for this crippling tax burden, so in 1996 deputy Prime Minister, Mona Sahlin, declared: 'It's fun to pay taxes.' Shortly after Mona Sahlin was immersed in a scandal that has come to be known as the Mona Sahlin affair – she had used a Social Democrat Party issued credit card to pay for some Toblerone chocolate and baby's nappies, whilst on holiday abroad. This led to her resignation, public humiliation, and a drastic overview of procedures regarding the use of party credit cards. As the French foreign minister commented: 'If only we could have such scandals!'

But Corporate Sweden has its share of media scandals; up to the present day these have included trials against Skandia profiles (a company so damaged by corruption scandals that it has now been bought up South African Old Mutual); exorbitant Swedish bank losses in the Baltic and Ukraine, while their top people were rewarded with equally exorbitant bonuses; managers of the state alcohol monopoly *Systembolaget*, receiving bribes; cartel building in petrol, concrete, and groceries, to name but a few.

It is not that Swedes are any more or any less honest than anyone else; it is more that the Swedish system, in general, favours 'good citizenship' over 'special favours for friends.' Companies should 'do good' as well as 'do well'.

In Sweden, more important than being honest, is not being dishonest. There is a difference.

Marketing Swedish Style

Nowhere is 'not being dishonest' put to the test as much as in marketing. If there is such a thing as a Swedish marketing style, then success has come with the simple language of the technician and craftsman; disaster has come with overzealous cleverness. Some examples.

First some disasters. In the 1980s Electrolux launched a US campaign with the advertising slogan:

Nothing sucks like an Electrolux

The English is OK. It even rhymes. Unfortunately, in American slang, if something sucks it means it's no good. It cost Electrolux both dollars and marketing credibility.

In the late 1990s the Swedish travel company, *Fritidsresor* and Thomson UK merged to create a Swedish-British charter holiday company. An extensive marketing campaign played upon the Swedish appreciation of British humour. 'Last summer we had 15 minutes of sunshine,' says a raincoat gent from a rainy London. The idea being that the British, being experts on bad weather, they must also be experts on how to escape

it. So Thomson Sweden promoted package holidays for the Swedish market as if it were the UK market. All inclusive holidays – avoid foreign food; enjoy English chips and sausages and English beer, regardless of where you take your holiday. But the Swedish traveller has different priorities than their British counterpart (including the experience of foreign food and wine), and the merger collapsed within a year.

Similarly IKEA's promotion in the UK in the late 1990s – attempting to adapt to the British propensity for humour – created a media buzz that led to the UK national paper, Daily Mail, printing a double page article on '20 Reasons Not to be Swedish!'. The TV ads showed a Swedish character appealing to viewers 'not to be so British; buy Swedish furniture.' Success or failure? The IKEA brand is more upmarket in the UK than in Sweden – surveys found that the IKEA UK campaign was appreciated by the upmarket target group, while the 'untargeted market' (including readers of the Daily Mail) found the campaign 'offensive.' Did IKEA succeed in preaching to the converted and ostracising themselves from a significant potential untapped market share? Or did they get it right?

If IKEA is borderline success/failure, let's consider the success stories. IKEA elsewhere, for example. Across the globe consumers are buying into the Ingvar Kamprad story of DIY resourcefulness and economic common sense. Other stories. Absolut. Volvo. Ericsson. The Swedish music industry. And more.

In 1978 even the creators of the stumpy Absolut vodka bottle thought it resembled more a medical dispenser from the local hospital than a potentially superhip international spirit brand. According to journalist Carl Hamilton (*Absolut: Biography of a Bottle*,

2001) the Absolut story is an advertiser's dream scenario – the creation of something from nothing. Absolut may have broken all the rules of Madison Avenue, but the design and campaign is the essence of Swedish 'keeping it short and simple' and dispensing with unnecessary frills of media hyperbole. Ironically Absolut is the ultimate media hype in which the drink was an afterthought. Once the manufacturers had created an image, they had a laboratory come up with a recipe, and described it as 'more than 400 years old.'

In an age when good branding is the essence of success, Volvo – whether manufactured in the Netherlands or Ford plants in the US, is forever associated with Sweden and 'safety'. A growing list of car manufacturers face declining market shares, not through lack of product, but lack of brand. So 'readable' is the Volvo brand on the international market that for Ford, the purchase of Volvo (at the time) had less to do with automobiles and more to do with buying into the Volvo story. The Swedish branding was synonymous with: 'Swedish and safe'.

The Mythical Swede

Volvo again. The opening episode of a 1995 US TV situation comedy, *Woops!*, begins with a main character surviving nuclear holocaust because he is driving a Volvo in the desert outside Los Angeles. 'Why is it,' he asks, 'that Sweden, which has the highest suicide rate in the world, makes the safest car in the world?' He is not alone in making quips about suicidal Swedes. Jay Leno, Jerry Seinfeld, Conan O'Brian, David Letterman – for American comedians the melancholic and suicidal

Swede has long proved a popular, although erroneous stereotype.

Why does it persist? Perhaps the idea of despairing Swedes helps steer Americans away from the horrors of the social welfare state? In reality, Sweden has never had an especially high suicide rate – in Scandinavia, Denmark and Finland are higher, and elsewhere in Europe higher still.

Likewise the Swedish sex maniac myth that eventuated because of a few racy films that appeared in the 50s and 60s. Yet Sweden has had some of the toughest censorship laws in Europe – on violence, not sex – and foreigners invading Sweden in search of wild sexual abandon, leave in dismay, having discovered Swedish morality is, like everything else, *lagom*.

This doesn't stop other countries exploiting the Swedish sex myth. In the 2000s Americans were selling beer with the help of the Swedish dream team – Swedish girls in swimsuits giving cans of beer to overweight rural American men; Svedsky vodka (manufactured in the USA) with bikini clad Swedish blondes on the label; and in the UK, another pseudo-Swedish vodka marketed with TV ads featuring sexy Swedish girls at a traditional Swedish crayfish party, ordering their men folk to jump naked into the Swedish lake.

Alcoholism is another myth, but in a country where it is not easy to get a drink (alcohol is sold through the state monopoly, *Systembolaget*), there are – relatively speaking – scarce few alcoholics. Another prevailing Swedish myth is that of a country with socialism gone mad, yet as discussed earlier, 5% of Swedish industry is state owned, which means Sweden has one of the largest private sectors in Europe. Electrolux, Volvo, Scania, Astrazeneca, ABB, Nobel, and others, are answerable to shareholders and the family concerns that run them.

The Negotiating Swede

The priorities of most business cultures, such as 'the good deal', 'winning' competitiveness, etc, are not necessarily priorities in Sweden. For example...

During my years in the publishing industry and dealing with Scandinavians, it was always the Danish booksellers who were quick to pick up 'the good deal.' It was the Danes who insisted on extra discount, the special payment terms, the exclusive rights, the seasonal bargain. In fact one such bargain led to a heavily discounted major author – which led to 1000's of titles quickly became points of sale display units in bookshops throughout Copenhagen.

Twenty minutes across the water – now joined by the Öresund bridge – booksellers in Malmö, Lund and Gothenburg, were not interested in the sale priced titles. Providing no-one else in Sweden had the discount prices, they were content to keep the full price. The Danish strategy was quick sales, lots of units, and short term profits. Low price = opportunity = profit. In Sweden low price = threat; less profit margin, and potentially damaging long term sales.

Danish Negotiating	Swedish Negotiating
direct	consensus
competitive	co-operative
quick decisions	slow decisions
(hasty)	(thorough)
humour	business

In addition, attitudes toward authority (Swedish compliance, Danish resistance) illuminates the difference between Danish pragmatism of 'getting around' official regulations and bureaucracy; compared to the Swedish more idealistic approach of sticking to rules and regulations. From a Swedish perspective sticking to the rules has its plus points: like avoiding unnecessary and time-consuming conflicts.

The Swedish approach to negotiation should not be underestimated. A portrait of Swedish Prime Minister, Göran Persson, in *The Economist* (February, 17 2001) describes a diligent negotiator who relishes 'marathon bargaining sessions that characterise Union summits.' It is a strategy based on wearing down the opposition, as EU Prime Ministers Blair and Schröder discovered to their cost. But if the *Economist's* observations about Persson's 'love of a good haggle' is somewhat exuberant; Persson's style does reflect a Swedish approach founded on attaining a sense of security through leaving no page unturned.

Here follows some tactics in dealing with your Swedish business partner – albeit devious tactics, based on exploiting the characteristic weaknesses of the Swedish negotiation style. I justify their inclusion here with the intention that Swedish readers will become equally aware of sensitive areas when involved in intercultural business deals, and will, I hope, act accordingly.

- be pushy – Swedes don't like conflict or confrontation. Chances are they'll fold.

- be devious – Swedes are honest to the point of naivety. If you've pulled a fast one, chances are they won't suspect anything till you're on the plane home. Even if they do then they won't say anything about it because (a) they hate conflicts and (b) they hate to embarrass themselves
- give security guarantees – Swedes are an insecure folk constantly seeking *trygghet* (security). Remember Sweden invented the zipper. Swedes do not like risks, and appreciate proof, facts, track record, delivery dates, information on paper (no matter how relevant or irrelevant).
- emphasise function – despite world renown for Swedish design Swedes are more keen on function than flair
- encourage guilt – it's a Lutheran thing; make sure your Swedish business partners know that you are poorer than they are, have an older car, got up earlier in the morning, get lower pay, and live in a polluted environment
- get emotional – a tricky tactic, but when executed with conviction, it's a winner. Swedes aren't sure how to deal with people expressing strong feelings – it makes them feel insecure. There's a risk they won't take you seriously – business should be logical and consequent, so strong emotions have a disarming affect

To summarise, here are some guidelines to ensure success at the negotiating table. Emphasise: the product, the business, consensus, the company, mutual benefits. The Swedish manager appreciates: clear and

unambiguous communication, organisation, strategy, method, procedures, and not getting too personal.

Avoid: the hard sell, the oversell; rushing decisions, undercutting prices (Swedes get suspicious), pressuring, and vagueness.

Swedes are used to quality and reliability, and in their quiet and humble way, can come across as demanding, even arrogant. Amongst their Nordic neighbours, Swedes rank low on the popularity scale.

The Unpopular Swede

A Frenchman staying in Sweden for three months courtesy of Ericsson, remarked that Sweden was the only country in the world where people sit down to lunch and start eating without looking to see what's on the plate. For three months, he said, when it comes to food – forget it!

The major Swedish paper, *Dagens Nyheter*, carried out a survey in January 1999, evaluating the opinion of Swedes amongst their Nordic neighbours. 'Boring and naive...' said the Danes, who refer to Sweden as '*förbuds Sverige*', the country where there are rules against everything. For the Norwegians, Swedes were 'obedient and reserved...', the characteristic Swede was 'the stiff Swede.' Swedes are 'longwinded and polite...' remarked the Finns; the typical Swede 'drives a Volvo at 90, seat-belt fastened, and takes no risks...'

Such attitudes have led to grievances... more, I think, because they are published, rather than they actually exist on the scale the newspapers like to make out. Business is a world of pragmatism and serving interests – there is no profit in the failed deal. As a cultural

analyst it is important to distinguish, what kind of 'culture' exactly, leads to cultural collisions.

In 1999 a merger between Norwegian Telenor and Swedish Telia, after a prolonged period of disputes and aggravation, resulted in a breakdown. At enormous costs to both sides, the two companies split. In Sweden the *Dagens Nyheter* headline claimed 'Nationalism more important for Norwegians' says Swedish Minister. In Norway the business paper claimed: 'Swedish Big Brother complex' says Norwegian Communications Minister. In a later interview the Swedish minister was quoted as describing Norway as 'the last Soviet state.'

The significance of these nationalistic utterances is that they come from politicians not business people. Thus the placing of the head office in either Sweden or Norway became a political issue, not a business one. From the many stories that emerged following the Telia – Telenor collapse, the middle managers of both companies were most keen to see the deal go through. As a Norwegian manager (no longer at Telenor) said after the event: 'This merger was a good business opportunity for both sides. It had nothing to do with being Swedish or being Norwegian. But what can you do? While we and our Swedish colleagues were talking about common interests and mutual benefits, the politicians started shouting nationalistic slogans at each other. The only people to make a profit out of the whole mess were the evening newspapers.'

During the 2000s SAS staff in Denmark went out on a series of wild strikes. 'Our Danish colleagues have a different way of resolving conflicts than what we are used to,' said the Swedish based SAS PR officer. A Swedish SAS cabin crew went so far as to describe their Danish colleagues as 'anarchists and hooligans.'

On one level there was the national conflict between the collective-minded Swedes, and the individual-minded Danes. On another level, the conflict was really to do with professional cultures; between management on the one side, and service staff on the other, over issues of profit and salary. Yet the essence of the conflict, it seems, lay in the collision of corporate cultures, and the transition that SAS was forced to contend with, from an SAS monopoly to SAS free-market.

In business, national cultures are often over-emphasised. As they say in Denmark; people like to do business with people they like. Yet prevailing attitudes can affect, even corrupt, our understanding of national cultures. Why, for example, are Swedes not popular with their Nordic neighbours? Some of the reasons include:

- Sweden was neutral in WW2; Denmark, Norway and Finland were not
- Swedes ruled Finland for 600 years
- The Sweden–Norway union (ended 1905) was good for Sweden, bad for Norway
- Sweden took over Denmark's role as leading Scandinavian power (beginning with the 30 Years War in 1618, and up to the Treaty of Kiel and loss of Norway in 1814)

And:

- Any national border accentuates national differences

Yet possibly the nation most critically disposed toward the Swedes, are the Swedes themselves. According to journalist Rolf Alsing (*Aftonbladet*) Sweden tops another international list; the country with the most complainers. It doesn't matter how well things are going for Sweden, says Alsing, Swedes are the most negative about Sweden.

Part of that critical disposition may be due to Sweden's placement on other national lists. When *The Economist* published its table of countries with the highest taxed individuals in 2002 (under the heading 'Where not to live'), Sweden came first.

The Future Swede

Too much success doesn't bide well for popularity either, and Sweden has had its share of successes. But, what of the future? How does hi-tech Sweden deal with the post-IT crash, and the manufacturing industries moving to cheap-labour regions. Who can afford Swedish labour – which rates at among the highest costing work-force in the world? Will the Swedish management style become a management book appendix once Swedish companies have merged, moved or been bought out?

The Swedish business climate has faltered before; the *Newsweek* report noted that by 1991 'the world was reading the last rites to the Swedish middle way.' Despite a strong industrial base that was spared the destruction of World War II, by the 1960s the country's economy began to falter. The chief economist of the Swedish bank SEB, Klas Eklund, concluded: 'Politicians started to think Swedes were God's chosen people and that we could break all the laws of economics.' Some

maximum marginal tax rates exceeded 100%. Sick-leave compensation was so high that absenteeism reached as high as 33%.

The OECD rates national economies according to Gross National Product as well as income per capita. In 1970 Sweden rated third, and in 1997 16th. In 2009 Sweden rated ninth, in a top ten that includes Lichtenstein, Bermuda, Channel Islands, Luxembourg and Qatar.

Gross national income per capita

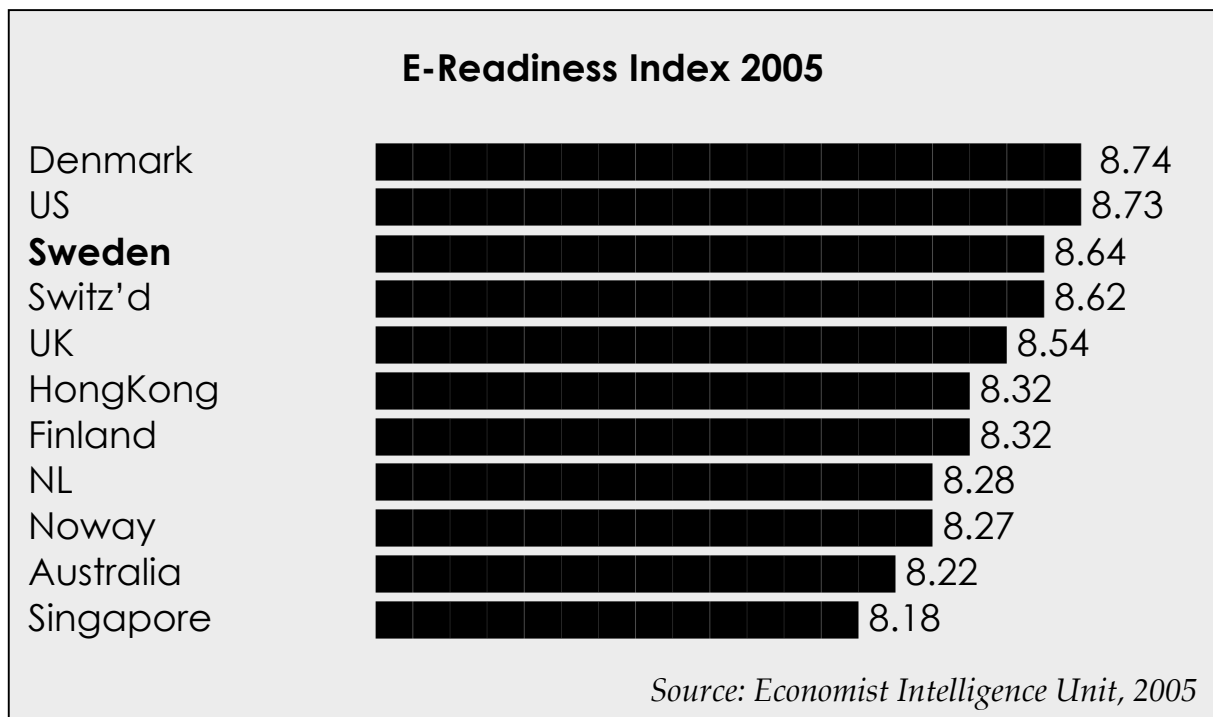
- 1 Liechtenstein
- 2 Bermuda
- 3 Norway
- 4 Luxembourg
- 5 Channel Islands
- 6 Switzerland
- 7 Denmark
- 8 Qatar
- 9 Sweden
- 10 Netherlands

Source: OECD

In 2007, a decade after Sweden's slide to 16th place, the Director of the Global Competitiveness Programme (see above) maintained that the factors of the so-called Nordic model 'reinforce each other to make them among the most competitive economies in the world, with world class institutions and some of the highest levels of per capita income in the world.'

Since joining the EU in 1995 Sweden has, in accord with EU directives, drastically reduced public spending, which by 2000 was down to just under 50%. In addition Sweden deregulated its credit and currency markets (in Europe, only Britain's are more liberal), and reformed its tax code. Corporate taxes are low (30 percent), but personal taxes are high (55 percent).

Apart from these economic measures Sweden's wholehearted embracing of IT technology, and the success of companies, both new and established, has resulted in a new confidence, both in Sweden and abroad.



A 'future readiness' index places Sweden among the top three nations, based on such factors as access to telecommunications, technology, the Internet and levels of education, research and innovation.

The *Invest in Sweden Agency* claims inflation in Sweden will continue as amongst the lowest in Europe, that Sweden's geographical position means access to three distinct markets (Scandinavia, Baltic and the EU), and is consequently the EU country best prepared for the future.

On the other hand, Swedish companies are moving out. Corporate Sweden has been dominated by big companies; those that are now rather less Swedish than a decade ago:

- AGA (now UK)
- ASEA (now ABB)
- Astra (now Astrazeneca)
- Volvo (currently Ford)
- Saab (formerly GM, now Stryker)
- Skandia (now Old Mutual)
- Ericsson (now Sony-Ericsson)
- Telia (now Teliasonera)
- Nordbanken (now Nordea)

And those that are not:

- Electrolux
- IKEA
- Scania
- Skanska
- Akzonobel
- Hennes Mauritz
- Vattenfall
- SEB

How 'Swedish' are these companies likely to remain? Business strategist, Kenichi Ohmae, argued in 1995 that the nation state is on the way out, and that regional

economies will dominate. Swedes and Danes are experiencing just this – the Öresund region incorporates Copenhagen, Malmö and Lund. Since the opening of the bridge in the summer of 2000, unifying the region, can the people living, working and studying here continue to think in terms of Swedish and Danish? On a global level, does the rise of IT, e-commerce and the New Economy mean the end of the national corporation, as Ohmae suggests?

I doubt it. Management theories go in and out of fashion but the core values of a culture take a generation for any noticeable shift. Denmark and Sweden may be geographically closer with the opening of the Öresund Bridge, but there is little evidence to suggest that Danishness and Swedishness are on the wane.

In 2009 Magnus Sundemo, Volvo union spokesman and chairman of the Swedish Academy of Engineers, reflected on his experiences with the Volvo – Ford merger. ‘We figured we knew the US style and Sweden is not so different,’ he said. ‘So, frankly, we were totally unprepared for the cultural collisions that affected the workplace so dramatically.’

‘I was 30 years with Volvo; 20 years under Swedish management and 10 years with Ford. It was a real shock. Under Ford – at all levels – no-one was allowed to take responsibility for our efforts. It was a total contrast to the Swedish style and reduced effectivity at the workplace dramatically, as well as the internal affects on morale.’

Saab engineers working with GM tell similar stories and in late 2009 the Swedish press took issue with ‘the sense of betrayal’ over GM’s ‘cold-hearted abandonment of such a source of pride for Swedish engineering tradition.’ The last-minute bail-out by Dutch Spyker early in 2010 was greeted with optimism by the

government, the Swedish press, and Saab workers (who kept their Swedish-based jobs) in spite of a financial deal that would make the most hardened entrepreneurs reaching for their sedatives.

An Ericsson's systems unit acquired a US Silicon Valley company in mid 2009. 'I need some advice here' explained the Swedish head of the new unit. 'We bought this company, we explain to these people in Silicon Valley that Ericsson is the best at what we do. Not only that – *we own them!* Yet they still go ahead and work in the way they have always done. Why can't they understand that the Swedish way is the best way?'

National sentiment is alive and well, and Swedish companies will usually not succeed in convincing their American business partners the virtues of 'the Swedish way.' Sweden could be Switzerland or Swaziland or Surinam. The Swedish manager is raised on expectations of sustainability and transparency; the US manager has expectations of profit, performance and maybe – in some quarters – a little bit of kick ass.

Working in the USA you learn things like 'the elevator pitch', 'corridor socialising', 'water-cooler gossip' and 'time is money'. In Sweden you learn that *fika* is not time-wasting, and that to 'kick ass' is frowned upon, not only by the unions, but also your 'fellow workers' (*medarbetare*), even if they are subordinates.

In 2008 the Swedish business magazine, *Chef*, published a cover article; 'The Soft Guy is Dead' (*Mjukisen är död*), seemingly oblivious to an intercultural reality that even the toughest of Swedish managers, in the international arena, is still a *mjukis* – a softie. It's all relative. The Swedish conservative government of the late 2000s was still to the left of US Democrats, and for

some political observers, to the left of the British Labour Party.

Yet the Swedish obsession with 'best management practice' is a positive indication of a will to adapt and improve. In Japan '*kaizen*' means the constant improvement of production; in Sweden '*förankring*' (getting support at all levels) suggests a commitment to the constant improvement of leadership. At the head of the list of World-Changing Swedish inventions (p. 13) is the adjustable spanner, and what better cultural metaphor for the Swedish management style? If you want to fix things you have to adapt.

Swedish engineer Johan Petter Johansson registered the patent for the adjustable spanner in 1891, and it has since been described as 'the red thread that runs through the successes of industrial Sweden.' Adaptation was the style of Swedish engineering in the industrial age; adaptation describes how Swedes manage today.

Afterword:

What's Your Number?

I began this study by emphasising the importance of statistics and graphs in order to best appreciate corporate Sweden. You have to know the numbers. My concluding remarks are intended to illuminate the visitor as to how equally important numbers are when surviving citizen Sweden. For example...

... you start with an ID number – a *personnummer* which encodes date of birth, place of birth and gender. Without a *personnummer* you can't get a telephone, give blood, get social welfare or rent a video. You won't get a salary and you won't pay taxes. You have to have a number. And you get to keep it until five years after your death.

Same applies when you go to the post office. Or a bank or the *Systembolaget* or a *konditori*. You take a number. If you go to the counter they'll ask you: 'Where's your number? You haven't got a number? Sorry, we can't help you.' If you ask for beer at *Systembolaget* you need more numbers. Class I, II, III or IV? You don't know? Sorry, we can't help you? Wines? Wines are not red, nor white, nor rosé. They are numbers too. A 6467 is a white Chardonnay from Australia. A 2419 is a rather expensive *Valpolicella* from Italy. A bottle of wine is bought, not according to region, nor reputation, nor year, but according to its 'APK'. This stands for 'Alcohol Per Krona.' Why buy a 100 kronor bottle of red wine with 12% alcohol when you can get 14% for 80 kronor? It would be 100% illogical.

Without a number you don't exist. No stamps, no money, no alcohol and no Danish pastries. Where do they hide the number machine? As a conspiracy against all visitors the number machines are moved every 3 months. Just when you think you know where the number machine is ('last time it was by the door..') someone's moved it. Suddenly it's at the back, or in the middle and it's been painted white instead of red.

Systembolaget, Saturday afternoon. The *Systembolaget* closes in 38 minutes and won't open until Monday morning at 0930. You take a number. Number 35. On the board it says 126. That can't be right. Wait a minute. 35 is the *väntetid* - waiting time, not the number. The number is 189. You've got 35 minutes (circa) before they get to number 189. Do you really want that bottle of 2419 on Saturday night?

If you want to go outside you have to check the numbers. 22°? OK, we can go outside. In Spain if you like going for a swim, you go to the pool, or you go the beach, you jump in the water and you swim. Not in Sweden. In Sweden you check the thermometer at the end of the string tied to the jetty. What's the number? 20°? OK, I'll swim. 18°? Forget it!

Meeting someone? You need to know the number. Week 42 or week 43? 1630 or 1700? 'Listen, 1630 is a bit tight for me. Can we make it 1645?' You're invited to a party. 20:00. That's the number. It's written on the invitation. You arrive outside the door at 19:57. Hm. Awkward. Three minutes early. In any other country in the world an 8pm invitation means 9 or 9:30. In places like Brazil and Spain it means 10. Not in Sweden. If you've been given a number, you have to believe that number. 20:00 means 20:00. But you are 3 minutes early. What to do. Knock? What if they're in the bathroom? So embarrassing. Or in the bedroom? Even more

embarrassing. Now another couple arrives outside the door. It's 19:59. You look at your watch and you wait. Fifteen seconds to go. Then ten. Then five. Now you ring the bell. Congratulations. You are punctual. You have been Swedified.

Being Swedified means that you can dial the telephone number to your summer cottage, key in a code number, and thereby switch on the central heating so the cottage will be warmed up for when you arrive. You still have to have a number. 18° or 22°? The state recommends 18°. This is in the interest of addressing the state budget deficit. Many Swedes, however, favour the more extravagant 22°. That's about as much dissent as you'll allow yourself. 23° is anarchy. How large is your summer cottage? The standard 65 square metres. As a Swede you know exactly how many square metres your flat is and how many kilometres away your cottage is.

I once ordered a taxi. What's the address, they asked. It's the yellow house half a kilometre from the main road, on the left hand side, I said. He'll be there in 8 minutes, they said. Eight minutes later, standing by the side of the road with a suitcase next to me on the otherwise deserted road, I watched the taxi drive right past. It was a dead end road so I knew he'd come back. Didn't you see me? I asked. 'This place isn't half a kilometre from the main road', he said. 'It's 400 metres.' True story. Not only do you have to have a number, you have to have the right number.

Sweden is the home of thermometer temperatures (Celsius), and classification types (Linné). In Sweden electricity pylons are numbered, like the telephone poles, and parking spaces, and mailboxes, and people. To save young people from the embarrassment of failure university students and school students examinations results are listed by number, not name. In Sweden,

people not only have numbers, they are numbers. Officially the *personnummer* survives its owner by an additional three years.

'*Taxeringskalendern*' is an annual publication of numbers that later appear in the newspapers, on TV, and for the foreign visitor raise the eyebrow and a questioning look. It is the document that reveals - to the penny - exactly what every person in the country has earned and spent, and how much taxes they paid over the past year. But more than that, the media interest in the document reveals the obsession with '*offentlighetsprincip*' - no-one has anything to hide. It is part of the national obsession with fellow citizens income and capital, to envy or to covet.

'Sweden a classless society?' commented one Swedish businessman. 'What a joke! This public exhibitionism reveals a more clearly defined grading of the social ranks than anywhere else on the planet!'

The most popular Swedish TV programme in the 1990s was *Bingolotto*. It was invented by Danes and watched by Swedes. Swedish viewers sat in front of the TV for 3 hours every Saturday and checked their numbers. In the 2010s the popular TV show is *Postcode Millionaire*, based on the *Who Wants to be a Millionaire* format. The principle is the same. You have to have a number. Every week someone gets the right number. If you get the right number you can win a million crowns. Then you buy an apartment in Spain and leave Sweden forever. And you never worry about numbers again.

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