Scandinavian management on the Swedish market

Bachelor Thesis within Business Administration
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Abstract

Background: Scandinavia comprises Denmark, Sweden and Norway. Twenty years ago, the concept of Scandinavian management was created (Grennes, 2003). Earlier research is referring to culture as the reason for different management styles around the world. It is also found that human resources are highly valued in Scandinavian management (Eriksen et al., 2006). This study aims at understanding what Scandinavian management is and see if this matches with the style of management actually practised in Sweden.

Purpose: The purpose of the thesis is to, through empirical examples, study what Scandinavian management is and if it is practised on the Swedish market. Included in the purpose is also to investigate how Scandinavian management is addressed in prior research.

Method: This study uses a qualitative method. Two earlier done case studies about Manpower and IKEA are used. Using a qualitative method, we have conducted five interviews to get accurate data to help us answer our purpose. Two of the interviews were conducted with representatives from both Manpower and IKEA. One interview was done with Schramm-Nielsen who is an expert in the field of Scandinavian management. The last interviews were carried out with two persons with a wide range of experience in the field of management in Sweden.

Conclusion: The study concludes that the main focus of Scandinavian management lies within human resources. Equality, communication, cooperation, trust and consensual decision making are vital elements in the concept of Scandinavian management. Managers in Sweden are focused on their employees and feel that they need to satisfy them in order to motivate them. This motivation has proven to lead to better productivity and performance of the organization. Swedish managers are indeed focused on human resources and are practising Scandinavian management. Scandinavian management is necessary on the Swedish market as it increases the chances for having a productive company with satisfied employees and customers.
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1 Introduction

When an organization operates on the Swedish market, is it important to have a certain management style to be successful? In earlier research we found that the main management style used in Sweden is called Scandinavian management. The practice of management in Sweden and how it relates to Scandinavian management is being studied in this thesis in order to find out why Scandinavian management may be necessary on the Swedish market. This chapter provides a general idea of Scandinavian management and the problem that is focused on.

1.1 Background

Scandinavia comprises Denmark, Sweden and Norway. Twenty years ago, the concept of Scandinavian management was brought to life (Sjøborg, 1985; Railo, 1988; Grennes, 2003). Scandinavian management has been defined in many different ways, and two descriptive explanations come from Eriksen, Kruse and Larsen (2006, p. 4) where the style is described as: “A leadership style that thinks strategically long term, has an eye for the employees’ personal development, and is strongly relation-oriented”. Furthermore, the same authors are stating that: “The strongly relation-oriented management style strengthens openness and trust in the company, which again helps promote well-being and motivation, both critical for creativity” (Eriksen et al., 2006, p.3). So why is there a specific management style for Scandinavia?

Researchers have attempted to discover the reason for different management styles around the world (House, Hanges, Javidan & Dorfman, 1999; Gupta, 2003) and most often they refer to the culture of the region. Hofstede (1980) has described certain aspects such as power distance, masculinity and individualism. Power distance refers to the distance between people with different levels of power. The dimension masculinity represents a society with a focus on achievements, and is the opposite to femininity where a feminine country values nurturing more. Individualism is based upon the relations between individuals. A number of cultures are based on groups and collectiveness and in other cultures people tend to be more individualistic (Hofstede, 1980). As a conclusion, in many articles, the management styles are influenced by the cultural aspects described by Hofstede (1980) (Smith et al., 2003).

Management is important for the coordination of the organization and by having a suitable management style; the organization can develop and grow substantially (Drucker, 1988). The role of a fitting management style plays a great impact on the performance of the organization and management ought to always aim for best performance. Interpersonal behavior, cooperation, low power distance and consensual decision-making are important aspects of Scandinavian management (Schramm-Nielsen, Lawrence & Sivesind, 2004). Interpersonal behavior is the close relationship between all workers. There is a low power distance and therefore also consensual decision making is highly valued. This study aims at showing why these aspects are important in Scandinavian management and if and how this human resource based management style is suitable for Sweden.

1.2 Problem discussion

An organization can be successful in one country, but fail in another (Norman, 2007). Most of the time organizations have a certain management style and as this can have a great im-
pact on the performance of the organization, the organization should change and adapt to a fitting management style.

As culture and management are known to be related (Hofstede, 1980), an organization needs to adapt its management to its cultural environment to have a better chance of functioning well on the market (Senior & Fleming, 2006). When looking at the culture of Sweden there is some core values that need to be considered. Additionally, all of the three Scandinavian countries are welfare states. The main difference between this type of welfare and the continental European type is that all people are eligible to social benefits. Here you can already see the main idea of the Scandinavian culture which is equality. There should be equality on the work floor and within communication and decision making (Schramm-Nielsen et al., 2004).

It is clear that earlier research in Scandinavian management presents human resources as the major component of this concept (Zemke, 1988; Eriksen et al., 2006). The importance of human resources within Scandinavian management is shown for example through the way people are treated in Sweden. It is important to treat people equally, but at the same time see them as individuals with their own needs and wants. When employees feel satisfied in their working place they are more likely to be more efficient and productive (Schuler, 1995; Schuler & Jackson, 1999). Communication should be on a horizontal level within the Scandinavian organization to result in employee satisfaction. Conversely, a hierarchical structure of management in an organization will most likely not lead to the same employee satisfaction in Sweden (Eriksen et al., 2006).

In earlier research the connection between culture and management is acknowledged. The perspective of Scandinavian management have also been studied, but there is an inadequate amount of information. Therefore there is a gap in the understanding of whether this management style is used and in which way. The main problem of this thesis is to uncover what Scandinavian management is, with the help of comparisons with earlier case studies and theories and the material from our interviews. Furthermore, we want to see if the Scandinavian management is practiced in Sweden or not.

The results of this study will provide organizations with general information on the aspects of Scandinavian management. It will show what the most important aspects are within management in Sweden. In addition, this can also be beneficial for foreign firms planning to expand and compete on the Swedish market.

We believe this topic has not yet received the attention it deserves and with the help of our study, we hope to clarify the concept of Scandinavian management. Finally, it is our wish that this study can inspire future studies in this field.

1.3 Purpose

The purpose of the thesis is to, through empirical examples, study what Scandinavian management is and if it is practised on the Swedish market. Included in the purpose is also to investigate how Scandinavian management is addressed in prior research.
1.4 Disposition

This section describes the setup of the thesis and provides a brief overview of the different remaining chapters of the thesis:

- Chapter 2 – Theoretical framework: This chapter explains the different theories applied in the area of Scandinavian management and human resource management. We also present theories dealing with cultural impact and human behavior and needs.

- Chapter 3 – Method: The qualitative method for gathering empirical data is explained in this chapter. Within this chapter is also a section describing the interview techniques that we have applied to our empirical information gathering in order to obtain useful data.

- Chapter 4 – Empirical study: In this chapter the empirical material based on the interviews and earlier case studies is presented. The interviews were held with people in close contact with human resources, either through a human resources position in a company or academically/scientifically involved in human resources studies. This section is divided into two parts: case studies and interviews.

- Chapter 5 – Analysis: The theoretical framework is applied and compared to our empirical material, highlighting congruencies and disparities. This chapter has the same layout and structure as the frame of reference to allow the reader to easily follow the analyzing process.

- Chapter 6 – Conclusions: This chapter presents conclusions drawn from the analysis of Scandinavian management. It brings to the fore human resources and employee motivation. The chapter also includes suggestions for further studies.
2 Theoretical framework

Earlier research that is done within the area of Scandinavian management is presented in this chapter. Human resources are highly valued in Scandinavian management. Theories in the area of human resources such as employee motivation are of great importance to this study and thus included in this chapter. Furthermore, this chapter presents cultural profiles of Sweden and Scandinavia.

2.1 Scandinavian management

Scandinavian management is the main topic of this study; therefore we will first look at the most important perspectives that have been described in earlier research. It serves as a way to grasp the main idea of what denotes Scandinavian management and provides a good introduction to this chapter.

There is a great deal of literature covering the aspects of Scandinavian management. The concept Scandinavian management is represented differently in every piece of writing, but they all have the same fundamental values: that the human resources are highly valued in the organization (Eriksen et al., 2006). Schramm-Nielsen et al. (2004) conclude that interpersonal behaviour, cooperation, low power distance and consensual decision making are very important aspects of management in Scandinavia. With interpersonal behavior they mean cooperation, consensual decision making, informality, direct communication, conflict avoidance and low power distance.

Schramm-Nielsen et al. (2004) argue that the interpersonal behavior within organizations can be very surprising to non-Scandinavians. The most important aspects and values of Scandinavian managers are equality, informality, decency and conflict avoidance. From their research in different industries within the Scandinavian countries, it has appeared that the above stated values are core values not depending on which industry a company is operating in.

Equality in Scandinavia can also be seen in the low differences between wages. Another aspect is that everybody should be responsible for the performance of the company; a manager in Scandinavia would always refer to the team as responsible for the achievements (Schramm-Nielsen et al., 2004). As there is a consensual decision making this enhances empowerment of the employees. When it comes to conflict avoidance Schramm-Nielsen et al. found that it was almost impossible to come across a Swede that could admit that there was any existence of conflicts. If people in the lower levels of the organization do not get along personally, they have to handle this with the manager in order to maintain a decent atmosphere and avoid conflicts. Schramm-Nielsen et al. state that all these factors and the view of seeing the employees, is what makes the Scandinavian management different from other cultures. However, they mention that a few of these factors are also represented in other countries and cultures as well, but not to the same extent.

Zemke (1988) discusses the new Scandinavian management style and tries to explain its origin. The style grew out of the Scandinavian post-war era, where the focus on individualism was tempered by having good relationships and open communities. The management style is today used to reward individual employees’ work but to the benefit of the group and with importance to respect individual worthiness. The management style, according to Zemke, has been influenced by the American management style through the high-tech
boom and the value of entrepreneurship, but he also shows the many differences between the two styles. One difference is that Scandinavians assume that the employee is willing and able to work and do the best he can, which contradicts to the American view where they assume that the employees are lazy and untrustworthy. Further Zemke presents SAS as an outstanding example of Scandinavian management, with Jan Carlzon as the CEO and pursuer of the new management style in the organization. An organization managed with a Scandinavian management style is decentralized and empowers its employees to take decisions for the company’s and the customers’ best.

Crainer (1999) also describes the example of SAS and Jan Carlzon and its connections to Scandinavian management. The CEO Jan Carlzon reorganized SAS to be customer-oriented with an empowered workforce that was able to make important decisions in order to better satisfying their customers. Several other successful organizations are mentioned by Crainer, like; IKEA, Skandia, ABB and Oticon where their management style and strategies have made them flourish. Crainer explains the management style that works in Scandinavia with people-centred and humane as lead words. The Scandinavian management style has been practiced for a long while with experiences in negotiations in an early stage. The Scandinavian business culture shares some characteristics with that of the Japanese, where saving face is very important. Saving face means that you try to keep your reputation and show respect to other people (Hofstede, 1980). Culture is a big influencer of the management style: “Sweden is both an extremely collective and extremely individualistic society. Individual dependence is important. However, there is a belief that it can be fulfilled and expressed through society” (Crainer 1999, p. 33).

The recently published article “The Scandinavian Way” (2006) from the Copenhagen Institute for Future Studies, deals directly with the topic Scandinavian Management. The authors Eriksen, Kruse and Larsen describe the characteristics of the Scandinavian way of acting with; down-to-earthiness, consensus and pragmatism. They argue that Scandinavia is on top with management practices and especially Denmark because of social responsibility, health, environment, accounting and ethics. “Moreover, Scandinavia leads in areas such as shareholder value, customer satisfaction and management trustworthiness” (Eriksen et al., 2006, p. 1). With the Scandinavian management style, managers are able to empower their employees because of the network-oriented and motivating style of leadership. Eriksen et al. (2006) are referring to Waldemar Schmidt, a former CEO of ISS, and his study with IMD and McKinsey. Schmidt found out that the Scandinavian style can be exported; that foreign companies located in Scandinavia have adopted the style and then also ran the business better than their American counterpart. An example of a Swedish company that has a Scandinavian management style is IKEA, where IKEA have exported their way of managing to all of their locations in the world.

Scandinavian management is described as a democratic management. A democratic manager would create greater staff efficiency, employee happiness, risk-taking and be result-oriented. This is achieved through combining both a goal-oriented and relation-oriented view. Cultural aspects of Scandinavian management are brought up, such as the low power distance, which helps an organization to be decentralised and have a flat structure. Another cultural aspect is that Scandinavians tend to be more risk-taking compared to other countries, which makes the Scandinavian companies more willing to try new ways and areas of doing business, and thus they have to stay open to changes and be flexible. A further important description of the Scandinavian management is that it represents trust and care.
Trust is commonly displayed through the great responsibility that is being delegated to the individual employees (Eriksen et al., 2006).

The second part of the article, The Scandinavian way, puts forward the challenges with a Scandinavian management. The laissez-faire mood is an optimal situation to have among the staff, because it opens up for creativity. The employees are then given more freedom and responsibility and are thus able to operate more independently and with more creativity. However, a laissez-faire management on the other hand, is the greatest challenge for a company having a Scandinavia management (Eriksen et al., 2006). It can make the managers de-motivated as they feel that they have no real directives to give the employees, because the employees are independent and have more responsibility. It can also make the managers forget to perform their real task, to manage, as they try to be open and straightforward and act more as a friend to the staff. A manager that has the problem of laissez-faire management delegates authority and responsibility out of a wrong intention; he is getting out of managing and is thus not improving the business. Laissez-faire managers are often also conflict-shy and rather deal with paperwork which leaves the workforce without no clear direction or goal to strive after. With a manager like this, group cohesion and the concentration on work among the employees is severely worsen and leads to lower overall quality. Hence, too much freedom in the company can lead to a destructive atmosphere for everybody involved (Eriksen et al., 2006). For a democratic leader, this would be avoided through always following up on the tasks delegated and make sure that the employees meets the standards and follows the company’s objectives.

Grennes (2003) also focuses on the preferences for the Scandinavian management style. Through interviewing several managers operating in Norway, Denmark and Sweden, Grennes concludes that the driving forces behind the management style is to a great extent instrumental. The managers interviewed said that the “bottom line” in the company is what counts for your business, and the only way to reach them is through your managing style. Consequently, when operating in Scandinavia using a style that goes along with the culture in that country, so that it is culturally accepted, will help the manager to reach the employees and transmit the goals of the organization. “Scandinavian managers are very much aware of the fact that they are operating within a specific cultural context” (Grennes, 2003, p. 18). Managers in Scandinavia appear to value consensus, co-operation, power sharing and participation.

As pointed out, Scandinavian management is described, in earlier research, as a management style focused on human resources. Some lead words for Scandinavian management which were mentioned above are: co-operation, consensual decision making, participation, relationship orientated and that the management style is seen as a democratic management (Grennes, 2003; Schramm-Nielsen et al., 2004; Eriksen et al., 2006). Scandinavian management can have positive outcomes such as motivation and empowerment of employees (Eriksen et al., 2006). On the other hand it can also have negatives outcomes such as managers that become de-motivated as they feel that they are not giving real directives, because the employees are more independent and self managing within the Scandinavian management style (Eriksen et al., 2006).

### 2.2 Human resources

As we have seen in earlier research on Scandinavian management, human resources play a great role within this management style. Therefore we find it important to include human
resource theories in this thesis, to get a basic understanding for human resources and what the results can be when they are managed in the “right” way in an organization.

Schuler (1995, p. 5) defines human resource management in the following way: “human resource management is about managing people in organizations as effectively as possible for the good of the employee, the company and the society”. He believes that there is a link between the state of the employees and the success of an organization. Schuler also shows how human resources can increase productivity. To be able to increase productivity employees should experience a high quality of working life.

To make sure that employees experience this high quality of their working life, human resource management should be practised in the right way. Bolman and Deal (2003, p. 115) present a human resource theory based on four core assumptions, these are:

- “Organizations exist to serve human needs rather than the opposite.
- People and organizations need each other. Organizations need ideas, energy and talent; people need careers, salaries and opportunities.
- When the fit between individual and system is poor, one or both suffer. Individuals are exploited or exploit the organizations- or both become victims.
- A good fit benefits both. Individuals find meaningful and satisfying work, and organizations get the talent and energy they need to succeed.”

Bolman and Deal (2003) are trying to show the needs of human beings and how the satisfaction of these needs can create motivation. To show this they have used the theory of Maslow, which we describe in the next part of this chapter (see 2.3).

The main idea with explaining the needs is to show that the needs from individuals and the needs from organizations are not always in line with each other (Bolman & Deal, 2003). It is therefore necessary to fit the needs of both individuals and organizations with each other, in order to create benefits and the high quality of work life which is mentioned by Schuler (1995). If this is not done or that any of the four core assumptions stated above are not fulfilled, one or both of the parties will suffer. Regarding developing and investing in human capital, Bolman and Deal mention that several organizations have found a way to combine the needs of the company and the workforce. Hereby, they say that another core assumption of the human resource frame is to see the workforce as an investment rather than a cost.

Furthermore, Bolman and Deal (2003) also argue for the significance of creating a good understanding for each other’s needs (individuals and organizations) which can become a meaningful attribute for the company. People feel satisfied and they attract better skilled and more motivated people. To understand and manage human resources there are a lot of models created, the most important is that companies have a human resource model or philosophy and also use this in practise. If companies ignore their human resources, it can cause people with the right knowledge to leave the company and as said before companies need individuals’ talents to be able to operate effectively.

In order for the companies to acquire good personnel with the right skills, they need to be selective in which persons they want to hire. To hire the “right” persons and to retain them, the companies need to make sure that employees feel that their values fit with the company values and have a feeling of being a part of the company. It is also important to
make sure that they are satisfied and thus also motivated to do their job. Bolman and Deal (2003) describe that companies should include their employees in the decision making process, protect their jobs and give good rewards.

2.2.1 Strategic human resource management

Schuler (1999) and Wright and McMahan (1999) are saying that in today’s world, human resource management is an important part of the strategy of an organization. Therefore, several people are now referring to the integration of strategic management and human resource management as strategic human resource management (SHRM). One of the factors for this is that human resources can have an effect on the outcome of an organization (Legge, 1995; Schuler, 1999; Mayer, 2008).

Mayer (2008) focuses on strategic human resource practices performed by high performance organizations. He mentions ten important factors. The first refers to hiring the right people, which is in line with what Bolman and Deal (2003) are promoting as well. Mayer (2008) mentions that most companies would already claim that they are hiring the right people and being selective in their choice, but to get to a higher level, they should create an innovative recruiting method that forecasts the future needs and competencies of the human resources. The second factor is employment security. Mayer argues that a lack of employment security can lead to lower human performance and also affect the turnover of the firm. In high performance organizations, he found that these organizations are willing to commit to employee security of their core employees. Also, they allow their employees to know where they stand to give a certain degree of security to their employees. Other factors mentioned by Mayer are the promotion of health and safety and compensations for good performance. These three factors can be linked to keeping your employees within the organization and to create a certain degree of satisfaction for employees and in turn, this can lead to higher performance.

The other factors that are stated by Mayer are: reducing status difference, building and empowering teams, disclosing essential information, providing extensive development and training, and being supportive to cultures. From the above factors is is seen that in human resources it is important to create a feeling of belonging to the company for the employees, by sharing important information, building teams and eliminate or reduce social and political differences between employees. Additionally, the needs of personal growth for employees are stimulated by providing training and encourage personal development.

As pointed out, human resources concerns fitting the needs of organizations and individuals together, getting the right people with the right skills for the right job and make sure to keep those people within the company. People’s needs should be satisfied in order to create; a sense of belonging to the company, motivation and higher productivity. This should be done to get a higher performance outcome of the organization (Maslow, 1987; Schuler, 1995; Bolman & Deal, 2003; Mayer, 2008). Mayer (2008) also confirmed that high performance organizations are strongly depending on their human resources. In addition, Schuler (1995) showed that the performance of the company is linked to its employees. Bolman and Deal (2003) state that organizations should have a model or philosophy about human resource management and make sure that the management exists to take care of this model and philosophy. Organizations need people and “success often hinges on a thoughtful, explicit strategy for managing people” (Bolman & Deal, 2003, p. 135).
2.3 Motivational factors

Since Scandinavian management is based on human resources and human resources evidently have their main focus on employees, the issue of employee motivation is significant to the Scandinavian management style. The well known “Maslow's Hierarchy of Needs” - theory, formulated in 1943 by Abraham Maslow, is a framework of human motivation based on needs, which has greatly influenced human resource theories and the general view on employees (Maslow, 1987).

According to Maslow (1987), people want to fulfil their unsatisfied needs and get motivated to try to reach these levels of needs. Before you can fulfil needs on a higher level, you have to fulfil the lower basic needs in order to be satisfied. The levels of needs are divided into five levels, visualized as a pyramid (see figure 1) where you have to fulfil the lower needs as to be able to climb higher. The bottom row which has to be fulfilled first is called the physiological needs which are needed to survive, such as food, water and shelter. When these needs have been met, the individual can move to the second level – safety and freedom. You should be able to feel safe in the environment that you live and work in and feel that you can decide over your own life. The third level concerns the social life which includes friendship, love and the need for belongingness. Having fulfilled all of the needs, the person can move on to the forth level – self-esteem. Here it is important to feel that you are confident in yourself and what you do, to be self-assured and feel competent, having fulfilled these needs, the person is then able to act in a more unselfish manner. The final and fifth level deals with self-actualization. If you have been able to fulfil all the other levels, then you can start with developing your own potential, take risks, learn new things and constantly develop your confidence and also help other persons around you to make them feel good. It is Maslow’s thought that human beings always seek to reach the fifth level, to become self-actualizing; that is what keeps the human being to motivate herself to pursue higher levels of needs.

![Maslow's Hierarchy of Needs](image)

We would also like to present theories by Brooks (2009). Brooks states that “motivation is the will to perform” (Brooks, 2009, p. 80). People who are well-motivated often achieve higher outcomes and put energy and enthusiasm in their work. Motivated people are also
more likely to overcome problems in the organization by cooperation and are willing to accept changes in the organization. De-motivated persons on the other hand can have problems to put any effort or attention to a process. They appear to be uncooperative and are resistant to change.

Theories on how people can be motivated are presented by Brooks (2009). Brooks used earlier theories in his research, such as Maslow’s (1987) hierarchy of needs, Herzberg’s (1968) two factor theory and achievement needs theory by McClelland (1961).

As shown before by Maslow’s theory (1987) people can be motivated by satisfying their needs. The Herzberg’s two factor theory focuses on motivation at work and job satisfaction. Herzberg (1968) has based his theory on two key issues, the motivators and the hygiene factors. Motivators are factors that create motivation and satisfaction. Hygiene factors are not creating motivation or satisfaction, but prevent dissatisfaction. According to the theory, “the absence of hygiene factors can create job dissatisfaction, but their presence does not motivate or create satisfaction” (Gawel, 1997, p. 2). Herzberg (2005, p. 13) is calling these hygiene factors, “conditions that surround the doing of the work”. The Herzberg’s theory states as well, that when motivators are well presented, workers are more satisfied and perform better.

Brooks (2009, p. 93) put the factors of these theories in a table.

“The motivators are:

• Sense of achievement
• Recognition
• The work itself
• Responsibility
• Advancement
• Personal growth

The hygiene factors are:

• Company policy and administration,
• Supervision/relationships with supervisor,
• Working conditions,
• Remuneration: pay, salary
• Relationship with peers and with subordinates
• Status/promotion
• Job security”

The McClelland (1961) achievement needs theory show three needs that people develop and want in their life experience: The need for achievement, the need for affiliation and the need for power. It also tells that people tend to create more focus on one of the needs. For example that an individual is focused mostly on power, which leaves the other two needs on a lower level. Brooks (2009) shows the relationship between this theory and Maslow’s (1987) theory. Brooks says that self-actualization needs can be seen as achievement, esteem needs as affiliation and love and social needs as power.
As pointed out, people can be motivated by satisfying their needs. They intend to be more motivated when more needs are satisfied (Maslow, 1987). McClelland (1961) says that people have three needs: achievement, affiliation and power. Maslow (1987) presents more needs, but Brooks (2009) showed that the needs from McClelland and Maslow have a relationship. Herzberg (1968) showed that there are factors that motivate, but there are also factors that prevent dissatisfaction.

Brooks (2009) states that these theories are more generalized. Adams (1963) equity theory tells that individuals have different levels of satisfaction. It can be that a certain factor creates satisfaction for one employee, while it does not for another. Thus it is important to always look at the individuals needs and not generalize the whole workforce and believe that they have the same needs.

2.4 The impact of cultural differences on management

Culture is in close relation to management and it therefore affects the style of management in different regions (Hofstede, 1980). To better understand the concept of Scandinavian management, we believe that it is important to include Hofstede’s theory. He is one of the main researchers in cultural aspects and he divided the world into clusters depending on the results on the different areas of study listed below. Between 1967 and 1973 Hofstede collected data from over 100,000 people from over forty countries. As he was working at IBM as a psychologist and used data that was collected by IBM on the values of its employees, the study is also called the IBM study. Hofstede first created four dimensions while after more research he added a fifth dimension. Also more countries were researched and he created a profile for over 69 countries from all over the world. The five cultural dimensions he found are:

1. **Power distance**
   When explaining this first dimension, we can say that it is the distance between people with different powers in an organization or institution. This dimension is looked at from below, so in other words, how do less powerful people see themselves in relation to the people with more power; are they close or is there no contact at all?

2. **Individualism**
   In this dimension Hofstede focused on collectivism and individualism. Some countries are known for having integrated groups; people are already belonging to a group when they are born. Other countries are more focused on individualism where people value and pay more attention to their closest family, and not a larger group. In these countries the connection between individuals are very loose.

3. **Masculinity**
   The IBM studies revealed that a society can be masculine or femininie. This dimension focuses on if the society has a focus achievements or nurturing. Femininity emphasizes fluid gender roles, nurturing and caring behaviors, environmental awareness and sexuality equality. Masculinity stress differentiated gender roles, acquisition of wealth and ambition. Sweden is one country where the masculinity is very low, which thus means that the femininity is high.

4. **Uncertainty avoidance**
   Hofstede based this dimension on the tolerance of uncertainty. As the name already implies a culture can avoid uncertainty or accept uncertainty. This di-
mension measures how people feel when it comes to uncertain situations. Cultures that are avoiding uncertainty are mostly led by rules, law safety measures and one truth. Cultures that are accepting uncertainty are more open to different opinions; they are expected to be less emotional when it comes to unusual situations.

5. **Long term orientation**

This dimension refers to Confucius teaching. “Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one’s 'face’” (Hofstede, 2009). This fifth dimension is created later than the other four.

Hofstede’s base for cultural differences is widely used, especially when it comes to management practice and consultancy. When looking at the profile that he created for Sweden it shows that Sweden has a high individuality rate and a very low masculinity rate. The other three dimensions are presented between 25 and 30 out of 100, which can be seen as low. Comparing Sweden to the Scandinavian profile, it does not differ that much. The masculinity rate is a bit higher and also uncertainty avoidance is ranked 10 points higher. Hofstede shows these profiles in graphs on his website which can be found below.

(PDI=power distance IDV=individuality MAS=masculinity UAI=uncertainty avoidance)

![Figure 2: Geert Hofstede. Cultural Dimensions. Sweden (2009).](image)

![Figure 3: Geert Hofstede. Cultural Dimensions. Scandinavian Countries (2009).](image)
2.5 Our theoretical emphasis

We started this chapter by explaining what Scandinavian management is, or how it has been described in earlier research. Within the theoretical framework we found that the foundation of Scandinavian management is primarily using a human resources perspective. Regarding the cultural aspects; Scandinavia has a low power distance and communication takes place on a horizontal level. This is also backed up by researchers Schramm-Nielsen et al. (2004) in their concept of management in Scandinavia. They also mention consensual decision-making and cooperation as important aspects of Scandinavian management.

In order to create good cooperation and decision-making, people should be managed in the “right” way (Eriksen et al., 2006). This leads us to the human resource part of this chapter. Here we can see that people need organizations, but organizations also need the right people. In order to get the right people, Bolman and Deal (2003) are referring to Maslow’s hierarchy of needs, which states that needs should be satisfied in order to create satisfaction and motivation. Organizations need well-motivated people to be successful and to keep these people motivated they should continuously satisfy their needs. Motivation concerns factors such as: personal growth, recognition, self esteem, responsibility and achievement (Herzberg, 1968, Maslow, 1987). These factors can create motivation, but there are also factors that can prevent dissatisfaction, but cannot create motivation. These are factors such as; job security, relationships between workers, job conditions and salary (Herzberg, 1968).

Another aspect is culture, which is very important when it comes to management. With reference to Hofstede (1980) it is shown that different regions have different cultural dimensions. Scandinavia has a low power distance and also a low masculinity. Furthermore, we can see that horizontal communication and equality are highly valued in the Scandinavian region.

We use these theories to show what have been said in earlier research about Scandinavian management. We notice that human resources are high valued and hence we apply theories of human resources. The focus on human resource management, as in the case of Scandinavian management, can result in motivated and high performing employees. We therefore also need to include motivational theories.
3 Method

This study uses a qualitative method. Empirical material is based on interviews and existing case studies relating to Scandinavian management. This chapter describes how we conducted our interviews and which questions have been asked. It also discusses the reason for choosing case studies as empirical data. The last section provides a discussion on trustworthiness.

3.1 Qualitative Study

This study uses a qualitative method. According to Maylor and Blackmon (2005) studying people in a business setting is multidimensional and needs a qualitative method. Our aim is to obtain different people’s thoughts and ideas regarding the concept of Scandinavian management on the Swedish market. A qualitative method is more appropriate for this kind of study instead of a quantitative method, which would have been included only if we had measurable data (Maylor & Blackmon, 2005).

A qualitative method suits this type of study since it creates more opportunities to be more personal and participative (Schostak, 2006). This is considered as one of the most crucial advantages using this method. By interviewing people from different positions, job tasks and relationships with human resources in general and management within Sweden in particular, we can be flexible and ask different questions to get the results we need. Additionally, the choice of using a qualitative method is based on the flexibility and participation that follows this method (Maylor & Blackmon, 2005).

3.2 Data collection

The data collection of this study is based on existing case studies and interviews. We have conducted five interviews. Also, two earlier case studies of IKEA and Manpower serve as the basic for our empirical study.

3.2.1 Case studies

We have chosen to use two case studies; these are Manpower and IKEA. Manpower is one of the largest recruitment companies in the world. The reason for choosing Manpower is because of its transition to the Scandinavian market. IKEA is one of the largest Swedish-based companies throughout the world. Because of the fact that IKEA originates from Sweden, the company has a very distinct management style that suits the Swedish climate and employees well (Björk, 1998).

Case studies are useful in getting an extensive research or examination of a certain phenomena (Collis & Hussey, 2003). The reason for choosing case studies as a part of our empirical material is to have a substantial amount of research from different perspectives and industries. The fact that there is a time limit as previously explained, conducting our own case studies is not possible, instead we rely on earlier case studies. Also, using findings of previous credible researchers provides us with a good groundwork to base and elaborate our own study on.

The study is more encompassing and thus beneficial in answering the purpose with the use of earlier case studies. Our intention of using previous case studies is to verify if the theo-
ries used and the empirical material (interviews) correlate with the results presented in the case studies of other researchers. The overall results will be credible as well as applicable, as more diverse information has been retrieved and presented in relation to existing theory. As a result, our hope is to minimize the gap in the study and thus allowing future researchers to better pinpoint locations in the field of Scandinavian management still untouched but with great potential to be of value to both researchers and organizations. Our case studies consist of research primarily focusing on human resources and Scandinavian management.

3.2.2 Interviews

A total of five interviews have been conducted. The interviews provide us with qualitative data. This section describes how we have chosen our five interviewees and which interview techniques have been used to acquire the information.

Interviewees

Interviews were conducted with one representative from each of the two companies used in the case studies. One interview was performed with Reidun Ballin, who is a Strategic Human Resource Manager at Manpower. The other interview was held with Annika Björnberg, a Human Resource Manager at IKEA.

Two other interviews were conducted with persons who have experiences as managers in Sweden. Darek Haftor, who is currently working as a professor at the Stockholm University, has experiences as a manager consultant in Sweden. Haftor was one of the persons who started the consultancy firm Momentus and is sometimes still doing consultancies for them. Fredrik Göransson is currently working at Science Park Jönköping, which is a local business that provides consultancy for new entrepreneurs in the initial phase of their business start-up. Göransson has twenty years of management experience as he has built up a company with approximately 700 employees in 19 locations in Sweden.

The fifth interview was done with Jette Schramm-Nielsen who is a PhD candidate from Copenhagen Business School. She wrote the book “Management in Scandinavia” in 2004 which is specialized in this concept. Schramm-Nielsen is currently working on a book entitled “Management in Turkey from a Scandinavian Perspective”. This book will be released in the early autumn of 2010. Her study within the field of Scandinavian management is quite impressive and therefore we also believe that she is a credible and informative source for our study.

These persons are reliable resources for this study as they can help us to relate earlier research to management practises in Sweden, which is part of our purpose. Two of the interviewees are related to the case studies and can provide us with additional information that we found was missing within the case studies. Frederik Göransson and Darek Haftor are specialized within management in Sweden and can therefore give information on how management is practised in Sweden. This information is compared to the theories that are discussed within this thesis and helped us to find out if Scandinavian management is practised within Sweden.
**Interview techniques and questions**

We have chosen to do semi-structured interview sessions, which has a list of questions for specific topics to cover during the session. The list of questions is also referred to as an “interview guide” (Bryman & Bell, 2007). Even though the course of the interview is fairly outlined, there is room for spontaneous follow up questions or detours as the interviewer obtains interesting answers. Semi-structured interviewing is also made in such a way that it can be used on more occasions to fit a similar audience (Bryman & Bell, 2007). Since the study’s main focus is on the concept of Scandinavian management, openness to new notions that we not yet have come across is present. By having fundamental questions to stick to and the aim to start a discussion, we will seek to ensure to cover all aspects necessary. Thus, we believe a semi-structured interview can be beneficial in obtaining valuable information and ideas to lead us towards answering our purpose.

By using a qualitative interview the aim is to obtain information on a truthful and meaningful level. However, interviewing on this level is difficult (Kvale & Brinkmann, 2009). Important is to listen to what the interviewee is saying “between the lines” and interpret the real meaning expressed. As an interviewer you have to formulate your questions in order to confirm or disconfirm the implicit message that is being sent (Kvale & Brinkmann, 2009). The interviews are also going to be descriptive, i.e. the interviewers encourage the interviewees to “describe as precisely as possible what they experience and feel, and how they act” (Kvale & Brinkmann 2009, p. 30). It is then our task to evaluate why the interviewees are acting and responding the way they do. This part serves as a structure for formulating interview questions and a strategy during the interviews.

We have done two interviews out of five in person. These two were done with Darek Haf- tor and Reidun Ballin. The other three interviews are done by email; these interviews contained the same kind of questions as the personal interviews. For every interviewee we made a separate set of questions, all sets of questions can be found in the appendices. We did different sets of questions because the interviewees have different experiences and backgrounds. For example in the interview with Fredrik Göransson, we asked about management in Sweden instead of using Scandinavian management. This because he is experienced in management in Sweden and not in the concept of Scandinavian management.

Examples of posed questions:

- What are the main factors of Scandinavian management in your opinion?
- What would you consider as the important cultural aspects of Sweden? And how would you relate this to management?
- Do you think that there are any disadvantages with a strong focus on human resources?
  - Can other departments/areas of the company be negatively affected?
- Do you believe that the factors, that you described as a part of management in Sweden, are important to be successful in Sweden and why?
- Are there perspectives that have to be implemented to be successful in Sweden, in your opinion?
- What would you consider as the important cultural aspects of Sweden? And how would you relate this to management?
• What are the advantages with having the IKEA management style (HR focused style)?

To acquire credible and qualitative information we chose only to focus on five persons from a position which requires a vast amount of experience in the field of management. In order for us to derive appropriate and useful information from our interview sources, our questions must offer comprehensive answers (Saunders, Lewis, & Thornhill, 2009). When it comes to the personal interviews, this is done by sending the questions in advance to both Mrs. Ballin and Professor Haftor. In this way we offered them the opportunity to prepare themselves and to gain an understanding of the scope of the interview.

In terms of the personal interview process, we started off by letting the interviewees give us a short introduction of themselves and their job role. Thereafter we raised questions concerning their personal view on Scandinavian management and how it is perceived at the workplace and influencing the corporate atmosphere. The reason for this was to see if there was a connection between their view on Scandinavian management and the views and opinions described in earlier research and theories. Furthermore, we intended to analyze and compare the results of the different interviews to illustrate similarities or differences between the two.

In the next stage of the interview, we moved more into detail of what denotes a Scandinavian management and potential advantages that may be capitalized on when infused into the organization. Questions such as “What are the most important factors to think about when being a manager in Sweden?” were intended to give us the information we sought. We have tried to formulate the questions in such a way that the answers cannot be taken from the questions. With this we mean that we do not put aspects that are related to the answer within the question. For example, we could ask do you believe consensual decision making is an aspect of Scandinavian management, instead we asked what are the aspects of Scandinavian management according to you. We have done this to get their answers and not the answers we are looking for. We wanted to prevent the interviewees from leading the interview in an unwanted direction. As a final act during the interview we summed up the answers we had obtained and then went over them briefly to make sure the interviewee agreed upon his or her answers.

When the e-mail interviewees had trouble answering the questions, we emphasized that they could always ask us for more information. The technique of these interviews lies within the questions asked. Therefore we have tried to form the question is such a way to get the best and most valuable answers. As we finished processing our empirical material, an email was sent out to all of the interviewees with their corresponding interview material, to check that we had interpreted everything correctly and also to give the opportunity for them to provide us with more comments and answers.

### 3.3 Trustworthiness

According to Shipman (1982), credibility in a study is a crucial factor. When the authors of the study make a personal statement, they must be able to present evidence, preferably from numerous sources, to back up that statement in order to gain credibility. In an interview setting, errors might occur in the design of our interview questions. In order to minimize the risk in any stage of the interview, we checked the questions beforehand by scrup...
tinizing every question together with possible answers to see if they were relevant for our study. There might exist misinterpretations of the interviews due to translating the questions, in some of the interviews, from Swedish to English. However, as mentioned above, we double checked with the interviewees that we had understood their statements correctly, in order to avoid misinterpretations.

A factor that we believe will further contribute to the trustworthiness of this thesis is that we have chosen five persons with different experiences and different backgrounds for the interviews. Two interviewees were chosen to support and provide us with more accurate information in relation to the case studies. This provides more credibility to the earlier case studies as we can see if they tend to hold true with regard to the new information that we acquire from the interviews. Also, these two persons hold positions as Human Resource Managers, which is the aspect that Scandinavian management is focused on. The fact that we have one interviewee who is specialized in Scandinavian management increases the credibility of this study. The two interviews done with Professor Haftor and Fredrik Göransson bring value in the sense that they are experienced with Swedish management. By including interviewees with different backgrounds, we believe the results will show a fair picture on the concept of Scandinavian management and the practice of it in Sweden.
4 Empirical study

The empirical material presented in this section is based on earlier case studies, and on interviews which primarily focus on management in Scandinavia. We start off by presenting the two case studies and two complementing interviews which update the case studies. The three further interviews are presented next, and are used to complement the material from the earlier case studies.

4.1 Companies on the Swedish market

The first part of this chapter consists of two earlier case studies related to Scandinavian management. The case studies that are presented here are Manpower and IKEA. Manpower had to change their management style to the Scandinavian management while IKEA was born into the Scandinavian management style. This section constitutes the basis for our empirical chapter and in combination with supporting interviews which hopefully helps us in attaining our purpose.

4.1.1 Manpower

Two case studies that we find valuable for our study are dealing with the staffing organization Manpower Scandinavia. The former Managing Director of Manpower Scandinavia, Tor Dahl reports in his article *The Corporation and Its Employees: A Case Story* (1989), thoughts on how to manage an organization with the needs of the employees in focus.

Manpower Scandinavia, headquartered in Oslo, Norway, had in its early years difficulties with both their financial results and employees. When Dahl took over as a managing director, he helped Manpower to get out of this negative period through a change of management style. Manpower Scandinavia was not able to copy the managing style from its American-based parent company, and thus had to develop a Scandinavian way of managing the business. Dahl and his top management team focused on what factors that really matters to their business and arrived at the fact that the company exists to serve people. This realization that the human beings are the most important asset to the company, governed all of their decisions and future actions. Dahl used the theory “Maslow’s hierarchy of needs” (1987) to make sure that the employees were satisfied and that way was able to satisfy their customers. To the step “social needs” (belongingness) from the hierarchy of needs, Manpower interpreted it as if they should offer a social togetherness at work with small working groups, positive attention, openness and cooperation and that they should try to hire people that fit into the Manpower environment. The forth level “esteem needs” implies for Manpower to involve as many people as possible to contribute and take part in the making of the budgets and activity plans, provide performance appraisals and give praise and criticism, in order to satisfy the employees’ needs for achievement and recognition. For the last step in Maslow’s pyramid, the “self-actualization”, Manpower read it as having a decentralized organization where the employees should benefit from challenges, training and personal development. Also, all the employees in line positions should be given the opportunity to see the meaning of their work through involving them in the whole work process of the performance, and not only see a part of it. It is a constant objective of Manpower to try to satisfy all the aforementioned needs among their workforce in real life. However, a complete satisfaction is probably not possible; the solution is to see what the employees need and what is feasible.
Dahl also elaborated Maslow’s hierarchy of needs with an extra level: the “Wholeness”. This level represents togetherness and wholeness; to be something for others and a purpose of what we do. We are able to reach this level when we stop in our own ego search and can focus on what our actions really means for others. Working together with people and helping out gives us strength.

![Maslow and social interest (Dahl, 1989, p. 643).](image)

Manpower Scandinavia has partially based their main set of values on this Wholeness step. The second value that governs Manpower is Trust. A fundamental belief is that if you show that you have faith in people and you trust them, they will trust you in return. So if the managers are able to trust the employees, the employees can show trust to the management. People seek a mission or a purpose with their work and the management should make sure that everybody can accomplish their tasks successfully. To fulfill these values, it is important to let the people be self-managed instead of being controlled by rules. With this form of management, a pyramidal hierarchy with a top-down management is not needed. The managers are encouraged to delegate responsibility to the employees, to make the employees more active in the decision-making process. Through including the employees in the decision-making process, decisions are implemented a lot easier and faster. On the other hand, the process in itself is very slow when involving so many people, and can sometimes make it frustrating.

A challenge with Manpower Scandinavia’s strong value management is that value conflicts can arise. If the employee cannot identify with the values represented by Manpower, the fit between the employee and the company is unappreciative. The best solution in such a case is mostly that the employee quit from Manpower and seeks a better fit with another com-
pany. Dahl states although that this problem is an exception, their employee turnover is very low.

However, the focus should not only be on the employees. It is important to remember the other stakeholders to the organization, foremost the customers. Dahl and his management team believed in that through serving the customers well they would be able to serve their employees. Dahl states that “the task of management is to see to it that everybody can succeed, that satisfied customers are our greatest source of strength, and that our economy is tied to our competence. The reference to money comes last on this list of values; wholeness and trust in people come first” (Dahl, 1989, p. 644).

In a later article, *Increased productivity and quality through management by values: a case study of Manpower Scandinavia* (1995), Dahl presents together with Harung their and Manpower Scandinavia’s view on how employees should be treated. Manpower Scandinavia benefited from changing their traditional management style, management by rules, to a management style based on values and self management, “management by values”. Management by values had been present in the organization in Scandinavia since 1984 and was a successful method to manage the business. The main characteristics of management by values are to make sure that the organization has a healthy and progressive culture where the employees are motivated by the values and attitudes that the culture is representing. “The essence of management by values is people and their personal characteristics, including identity, values, beliefs, courage, ethics, creativity, and self-esteem” (Harung & Dahl, 1995, p. 15). The way the managers’ act should also correspond to what they teach; they should live as they learn to encourage the employees to follow the same pattern. Harung and Dahl compare the management by values with other management styles, foremost the management by rules, and they conclude that Manpower has been moving from “doing things right” to instead “doing right things”. Vital to the organizations today is to really reflect on what is important for the organization and focus on these areas. Doing the right things is more important than just doing things right when the things that you do might not be right for the organization.

When Manpower Scandinavia developed their management by values, they had two choices of creating this company culture, either by transforming their existing culture or by building up a new culture from the scratch. The best solution for Manpower was thought to be the creation of a new culture with a core of members with the right values so that the initial culture would be strong (Harung & Dahl, 1995). When the organization grows and recruits more people, it is highly essential that the newcomers fit with the existing culture. If they would not be a perfect match for Manpower, then they would leave by themselves and thus Manpower’s culture in itself attracts and retains the right employees for the organization.

A main principle by Manpower is to reward the employees and minimize control. “By encouraging and permitting self-management, Manpower Scandinavia is not doing away with control, but replacing it by a much more powerful and immediate mechanism: self – control” (Harung & Dahl, 1995, p. 15.). The communication between the managers and the employees should not be a top-down process, instead a two-way communication.

Satisfying their customers is a prime principle of Manpower, and they keep a high (97%) satisfactory level. Through keeping a motivated workforce, high quality on their services and high productivity, profit should also follow automatically (Harung & Dahl, 1995).
Reidun Ballin

Mrs. Reidun Ballin works as a Human Resource Strategic Manager at Manpower’s Headquarters in Stockholm. Mrs. Ballin tells that she has been a part of the company for more than 16 years and is therefore a valuable source of experience and information for our thesis. Mrs. Ballin clearly stated that she is not familiar with management outside of Sweden, therefore the results of the interview shows the typical Swedish way of managing business. When asking her about differences between America and Sweden she felt her international experience was inadequate and would not offer us any relevant information. However, she said that because of differences in education and that our societies in general are differing from other countries, companies operating in a certain country have to adjust to the business culture that it is operating in. Mrs. Ballin then refers to Manpower and states that there are of course local differences between Manpower in Sweden and Manpower in America, but in general Manpower’s values apply to all the Manpower offices in the world.

Mrs. Ballin main standpoint was the vital importance of human resources for employee satisfaction and performance and thus companies’ survival in Sweden. She sees the Swedish business environment as very lateral rather than top down. Therefore, she clearly stated the significance of having a flat organization and communication within the company where all individuals are treated in an equal manner, yet seen as unique beings. In order for employees to be top performers, they should be encouraged and feel happiness working for that company. “The way to achieve a functional business is to be a very good manager, trying to develop the employees and take their skills, talents and experiences in to consideration” (R. Ballin, personal communication, 8 April 2010). An important aspect that Mrs. Ballin mentioned was that the managers with a Swedish management style should try to find out what kind of factors each individual employee gets motivated by. She was not sure whether the managers already do this, but she believes it to be very important and something that should be focused on. The manager should be very skilled in talking and listening to the employees, so he or she can find out these motivating factors. You have to understand people and be able to adjust to your employees’ needs. But it is important to remember that it should always be a two-way communication, both the manager and the employee have to work on the communication. The employees have to let the manager know how they feel and give their opinions on how you can do things better. To us, Manpower seems to take advantage of this knowledge and treat all individuals in this manner previously described and according to Mrs. Ballin, employee turnover levels remains rather low which indicate that most of the staff feel comfortable working for a company like Manpower.

Ways to improve your business is to go through your employees and try to create the best possible conditions for your employees, so they get more motivated and work better (R. Ballin, personal communication, 8 April 2010). On a strategic level, if we have a really competitive leadership, a company can diversify itself in comparison to other companies’ leadership with the help of their leadership style. Mrs. Ballin states that it is highly significant to also continue to develop as a leader, really skilled leadership leads to good result.

An interesting aspect that Mrs. Ballin highlighted was the low importance of cultural differences since we are heading towards a more global world where disparities are rubbed out. Instead, she proposed that external factors are those which create differences between countries and regions. Over the long run, she can see that countries are getting more and more alike. The culture does not matter that much now as it did before, the focus is more on values. People from the same country can have very different values, while two people
from different countries can have very equal values. As an example, Mrs. Ballin suggested that even though she and the interviewer Patrik Björklund have the same cultural (Swedish) background, she may be much more similar to the other interviewer, Saschia Stoffers in regards to personality, attitudes and values. Instead of generalizing people according to their cultural background, you should try to see each person as individual with own values and personality. Manpower is trying to do this and look at the individuals’ values and what they can bring to the company.

4.1.2 IKEA

Our second case study is about the home furnishings retailer IKEA. IKEA did not have to adjust to the Swedish market since the business was started and developed in Sweden. In the book *Historien om IKEA* (*English title: The History of IKEA*) written by Torekull (1998) some general principles of how the spirit and the culture should be like at all the IKEA departments.

The IKEA culture is highly influenced by Ingvar Kamprad’s personality and childhood, and thus the IKEA spirit is built upon the following main element:

- **Informality** – Act and make everything as simple as possible. This is a fundamental value for IKEA and guides the way the employees should operate. Complex organizational rules paralyze the firm, while informality provides strength. Employees at IKEA shall not drive any luxurious cars and live at five-star hotels, thriftiness is very important.
- **Fellowship and communalism** - They should be humble, take care of each other and inspire their co-workers.
- **Honesty and common sense** – Employees should always be honest and use their common sense in solving situations.
- **Responsibility** – Willingness to give and take responsibility is expected from the employees. You are always responsible for your actions. However, to take responsibility should not be something that you are afraid of. Doing mistakes is a natural process of learning. Being afraid of responsibility hinders development.
- **Enthusiasm and creativity** - To have a passion for what you do makes you more effective in working and willing to try new ways of doing your work, be innovative.

An in-house education for the employees, the IKEA Way, exists for newly recruited employees and also as a continual learning and reminder of what the core values the IKEA spirit stands for (Torekull, 1998).

The organizational culture in IKEA is used as a tool for managing the business and the workforce. The management shares the IKEA values through the use of clear symbols. One example of this is the use of the special work uniform mandatory for every employee working in the warehouses. The uniforms are blue and yellow, which symbolizes the Swedish flag and creates an instrument for community and togetherness among the employees. Celebrating Swedish feasts together is a tradition in IKEA, for an example celebrating the midsummer feast in all of the countries where IKEA operates. This also creates a sense of togetherness and the feeling of belonging to a big family (Björk, 1998).
IKEA's structure is decentralized where they strive to keep close contacts with the managers and the employees. They are not using titles when addressing each other; instead they use first names, treating everybody equally and not like someone is superior another. The offices are shaped like an open landscape where everybody shares a large common room. This makes it feel like being part of the IKEA workforce, is more like being part of a big family where everybody share the same values and works towards a mutual goal (Björk, 1998).

Björk (1998) states that there are not only positive sides of IKEA’s management style. Weaknesses do exist, like the possibility that the leaders are too empathic and understanding to their co-workers and are therefore not able to give feedback to their co-workers. This means the professional relationship shades away and a too friendly relationship takes it place. The task to direct and guide the employees can then be difficult for the managers if they put them self on the same level as the employees. Another trouble is that some employees can have difficulties identifying themselves with IKEA’s values and culture. In such a case, difficulties easily arise in the communication between manager and employee and can result in the employee leaving IKEA, as Björk also points out.

Sandelands (1997) shows an example of IKEA’s decentralized, communicative and learning culture through the implementation of the self-managed learning system. The self-managed learning system was created to help managers and employees in their daily work at the IKEA stores around the world.

The aim with the self-managed learning was to increase the independence of the managers and thus make them more flexible, entrepreneurial and innovative. The process works through putting individuals in small workgroups where they are challenged and encouraged to enhance co-worker support to discuss and review each other’s work. Lars Gejrot, Human Resource Manager at IKEA states that “Managers cannot succeed in a company like IKEA just by using their brains. They must bring their hearts to work to fully appreciate the IKEA soul” (Sandelands, 1997, p. 111).

As previously told, the Swedish IKEA way of managing is being taught and practiced in all IKEA stores in the world. As a result, the Swedish management style is being exported to the world through sending out exemplary Swedish managers to IKEA in other countries where the local staff is encouraged to gain knowledge from the Swedish managers. This self-managed learning supports the IKEA values, encouraging the employees to develop and take responsibility for their own and also help co-workers’ learning.

**Annika Björnberg**

Our interviewee within IKEA is Annika Björnberg who works as a Human Resource Manager for IKEA in Jönköping. She has been within IKEA for a total of 16 years and is in the position as Human Resource Manager since three years ago. Like most other employees at IKEA, Björnberg did not start as a manager. She started her carrier working at the cashier, and then gradually got to higher positions. She has worked at the sales department, at the customer service where she was the manager and finally moved to the Human Resource department.
At IKEA, there are certain criteria when recruiting managers and these pass for all the IKEA stores in the whole world (A. Björnberg, personal communication, 7 May 2010). These are:

- **To be able to lead and develop people:** to have an ability to be a clear role model through a conscious leadership style based on IKEA’s values and be commitment and own a passion to develop people.
- **Be professional in what you do:** have an ability to actively develop the best opportunities to get good results for IKEA and their customers.
- **Inspire and communicate:** have an ability to communicate, engage and influence the employees in a simple and sincere way. Provide trustworthiness and build confidence for yourself and your employees.
- **Strategic planning:** have a capability to view things from a holistic perspective and actively handle internal as well as external influences.
- **Lead and carry out changes:** be able to implement changes and create a constant will to renew and improve ways of performing and managing.
- **Goal oriented:** have a capacity to clarify goals and engage and inspire yourself and others, to get them to strive for obtaining the goals of IKEA.

Björnberg thinks that it is very important for IKEA to strive to be a simple company with an uncomplicated and straightforward management style. It is IKEA’s business idea to be there for people and create a better everyday life for the many people. This requires that the leaders and managers at IKEA have the capacity and character that accord with the business idea. Therefore, Björnberg also confirms that it is vital for IKEA to have this great emphasis on human resources, in order to develop great leaders who are capable of fulfilling the business idea and get the employees to move in the right direction. However, she is not able to discuss the importance of human resource in general in Sweden; she is only familiar with the case of IKEA.

According to Björnberg, there are several advantages of having the IKEA way of managing, with a strong emphasis on human resource. “The business idea, staffing design and our values makes the IKEA concept to grow strong and sustainable through all business cycles and all fluctuations on the market” (A. Björnberg, personal communication, 7 May 2010).

When bringing the negative sides up, with concern to their management style, Björnberg admitted that there might be disadvantages with a too strong emphasis on human resources, for an example that there is a greater risk that the managers can be too soft and friendly with the employees. However, a focus on human resources does not have to lead to these disadvantages. “To have this management focus, enables us to find a red thread in the recruitment process, statistics and so forth. Secondly, what human resources are doing is important for strengthening and increasing the sales and nothing else” (A. Björnberg, personal communication, 7 May 2010).

Persons in Sweden tend to be honest, simple and prestigeless and often work very hard (A. Björnberg, personal communication, 7 May 2010). Björnberg find these aspects to be very important to possess as a manager in Sweden. As an example she is stating that she herself fit in very well as an IKEA co-worker and manager.
4.2 Management experiences

Presented below are three interviews with; a Professor at the Stockholm School of Economics, a Business Developer at Science Park and a Ph.D candidate from Copenhagen Business School.

4.2.1 Darek Haftor

Professor Darek Haftor argued for a clear distinction between Swedish management styles, Anglo-American management styles and also a German style of management. These three regions represent three distinctive approaches where attention can be focused in an organization. Haftor implied that a Swedish management style typically sees humans as individuals with goals, wants, needs and visions and should be cared for in a suitable manner and thus focus heavily on human resources (D. Haftor, personal communication, 8 April 2010). Also, Sweden is more outcome-focus. Contrary to this viewpoint, businesses with an Anglo–American business setting and culture value financial resources especially high compared to the other two perspectives. Furthermore, as opposed to an outcome-oriented focus, attention is directed towards an activity-orientation. Finally, German management is more concerned with natural resources which involve the processes regarding production in the organization.

What Professor Haftor further emphasized was the trend that is currently uprising where production and other monotonous job tasks are outsourced to less developed countries where people are viewed merely as replaceable assets. This allows Western countries to focus more on intangible tasks requiring front-edge competencies in service and knowledge-based organizations. According to Haftor, Sweden is eminent in this field.

Haftor strongly argued for the pivotal role of adapting to Sweden’s focus on human resources with a flat organization and open communication when conducting business in the Swedish marketplace in order to be successful and not fail. He also implied that we have, unintentionally, been differentiating ourselves from other countries’ way of managing organizations by having our distinctive focus on human resources where goal-orientation is an important asset in the business strategy. Additionally, he clarified the fact that we treat human beings as human beings, in order for them to feel comfortable in their position at the workplace. This is different from the way other countries’ corporations are treating their employees (D. Haftor, personal communication, 8 April 2010). Another distinctive feature of a Swedish management style is that it is change-oriented. This in order to have the possibility to adapt to both external and internal changes. Important aspects in Sweden’s change-orientation are to delegate tasks and responsibility to be able to finish assigned job tasks, and avoid controlling every step of the process. Feedback is given to the employee by the manager when demanded or when there is a need for it. The most vital actions of a successful manager are, according to the Professor, stimulating, motivating and empowering his or her employees for them to be successful in all tasks they undertake. Finally, when bonuses are used as an incentive, a collective bonus system should be implemented in Sweden, instead of individual differentiation.

Haftor gave us a business example from his career relating to cultural differences and changing management approach. He was assigned a mission to assist a United Kingdom-based pharmaceutical company expanding to Sweden. In collaboration with top managers and directors of the firm, he presented crucial factors for a successful transitioning strategy
for the pharmaceutical company. When faced with the higher costs of implementing a new management and business approach, the firm rejected Haftor’s strategy for adapting to the local market. Instead, the pharmaceutical company chose not to adjust their organizational structure to any potential social barriers or challenges that might arise and established themselves on the Swedish market according to their home country’s routines and policies for structure. According to Haftor, this strategy proved to be devastating for the business, resulting in a failure and forcing the pharmaceutical company to withdraw from the Swedish market.

Haftor also referred to potential disadvantages regarding a Scandinavian management approach to business. When focusing heavily on human resources the risk involved can be for the organization to lose understanding for the other aspects, financial resources and natural resources. Logically, the same applies for the other two management approaches as well.

As a concluding remark, the Professor explained the most pivotal aspects, actions and values in a successful Swedish management philosophy and they are listed below:

- Communicate and listen.
- Try to build decisions on consensus.
- People want to be involved in what happens in the company.
- Open and transparent.
- Build on trust.
- Results, outcome and goal-oriented.
- Vision and value-oriented.
- Management by objective.

4.2.2 Fredrik Göransson

Fredrik Göransson is a business developer at Science Park Jönköping. Before he came to work at Science Park he was an entrepreneur and co-owner in the IT-company Alfaskop, which was listed on the Stockholm Stock Exchange in 1997. His knowledge comes mainly from his experience from building up a company with approximately 700 employees in 19 locations in Sweden. Göransson is not specialized within the concept of Scandinavian management, but is specialised and experienced as a manager in Sweden. Therefore it is for us interesting to know what he thinks is important when you hold a position as manager in Sweden.

“Near communication” is the most important aspect when it comes to management in Sweden (F. Göransson, personal communication, 7 May 2010). He believes there should be more space for ideas to reach the top of the company and be incorporated in the goals of the company. Additionally, Göransson mentioned that since equality is one of the important cultural aspects of Sweden, every man and woman should have an equal opportunity to deliver value and thus have the chance to affect the product or process development of the company. His view of equality also involves personal communication between managers and employees, which creates a more flat organization. Göransson also emphasized that it is important to trust your team.
Regarding the advantages of flat organizations, with good communication and trust, he further mentioned that team- and project-based organizations will have more flexibility in reaching goals plus the possibility to quickly adapt to new market situations. Göransson claims the satisfaction of employees is being more focused on and this can lead to growth and development of the company. He also mentioned that besides good communication and trust between the staff members, having the same trustworthy relationship with partners in their business network is of equal importance. This can result in reaching goals and fulfilling customer needs.

When it comes to Göransson’s view of human resources, he believes that this is a highly valued aspect and is connected to trust and communication as mentioned earlier. He also said that it can be seen clearly in small and medium-sized companies. Furthermore, Göransson stated that companies cannot just compete with other players on the basis of production any longer. All employees should have sufficient competence and the leaders should be open to knowledge and experience within the organization. Another aspect is that knowledge management does not only include having the knowledge and competence, but also know where to find it (F. Göransson, personal communication, 7 May 2010).

As negative aspects of Swedish management and human resources, he argued that if the employees are given too much freedom, there is a likelihood that this can lead to informal leaders. With informal leaders, that is not able to lead the employees in a right manner, conflicts can easily arise in the company. Also, a manager or leader should not jump into the situation too fast; he needs to let the team or employee first try to solve the problem. Another disadvantage can be that people need directives and cannot handle situations that are not in line with the directives. Organizational goals should be clear to its employees or else they can have the wrong focus as they work. This is more difficult in a flatter organization, as there is more informal and personal communication. This can lead to misunderstandings as they are not communicated in one and the same way to all employees.

As an advice to an inexperienced company or a company from outside Sweden, the organization should “turn the organization chart up-side-down and put the costumer on top. Leadership and structure are not interesting for the clients or costumers. Start to reorganize your business from costumer values and let your employees be a part of it and also see and take the credit of your success. Compare to the coach in a hockey-team trying to use the skills in the team in the right way in every situation” (F. Göransson, personal communication, 7 May 2010).

4.2.3 Jette Schramm-Nielsen

Jette Schramm-Nielsen is a Ph.D candidate from Copenhagen Business School and has over 20 years of experience in the management field. She has written the book ‘Management in Scandinavia’ and is currently working on a book entitled “Management in Turkey from a Scandinavian Perspective”. She is experienced in the research field of Scandinavian management.

Scandinavian management is different from other management styles around the world (J. Schramm-Nielsen, personal communication, 18 May 2010). “The low power distance promotes an informality and directness in communication across hierarchical layers and professional functions that you don’t see in many other countries. Conflict avoidance is part of the picture, and in this the Swedes excel. Managers tend to make a point of not behaving
like ‘classical’ managers, of playing down their authority, among other things” (J. Schramm-Nielsen, personal communication, 18 May 2010).

Schramm-Nielsen believes that Scandinavian management style is “excellent” for Scandinavia. She emphasized that the proof can be seen in the fact that the Scandinavian countries are among the richest and most well performing countries around the world (J. Schramm-Nielsen, personal communication, 18 May 2010). As the most important aspects of Scandinavian management Schramm-Nielsen mentioned:

- “The egalitarianism (equality)
- Employee participation
- Self direction
- Participation in decision-making
- A strong impetus for consensus and cooperation
- Interdependency across hierarchical layers”

She also referred to Scandinavian management as more result-orientated. This can be a problem in countries where relationships are on top. When it comes to Sweden, Schramm-Nielsen argued that Swedes are more consensus driven than Denmark and Norway. As everybody has to be heard, the time to make the decision takes longer. This has two disadvantages. First it takes a lot of time to hear everybody out and to make the decision. Second it cannot be revised or changed easily as then the whole process should be done again.

Another point where Swedes are more extreme, than the other two Scandinavian countries, is conflict avoidance, which she also discussed in her book. “I still vividly remember a Swedish manager, who had at least 20 years of experience in management, and who claimed that he had never ever experienced a conflict in working life. Most people would hold that as impossible” (J. Schramm-Nielsen, personal communication, 18 May 2010). As a third point she mentioned that Swedes are rule-orientated, rules are there to be obeyed, this is not the attitude in most other countries.

Schramm-Nielsen argued that human resources are highly valued because most Scandinavians are well educated and are independent when it comes to doing tasks and solving problems. They are less dependent on superiors and trust is a fundamental aspect in the concept of Scandinavian management.

When it comes to culture it shows that many cultures find their management style in close relation to the characteristics of their culture. The relationship between culture and management is clearly shown by Schramm-Nielsen. “It takes Scandinavians to fully implement Scandinavian management, because it is part of the fundamental and internalized culture” (J. Schramm-Nielsen, personal communication, 18 May 2010).
5 Analysis

This chapter provides an analysis of the empirical material using the theoretical framework. The chapter first presents Scandinavian management and is followed by its connections to human resources. After that it shows how Scandinavian management can create motivational factors for the employees and then how Scandinavian management is related to culture.

5.1 Emphasis from empirical material

The two earlier case studies with their accompanying interviews with Reidun Ballin at Manpower and Annika Björnberg at IKEA, provide a solid base for our analysis. In the case studies it is shown that both companies use a Scandinavian management style. Manpower has changed to this management style after finding out that the American management approach did not work in the Scandinavian region. IKEA was established in Sweden and therefore started off with a Scandinavian management style. When it comes to what a Scandinavian management is, the results from all of the interviews are pointing in the same direction. Equality, informal communication and consensus when it comes to decisions are mentioned (D. Haftor, personal communication, 8 April 2010; R. Ballin, personal communication, 8 April 2010; F. Göransson, personal communication, 7 May 2010; J. Schramm-Nielsen, personal communication, 18 May 2010). Also, human resources are highly valued in the Swedish management style. Advantages of this approach can be more motivated workers, which lead to higher productivity and better results (D. Haftor, personal communication, 8 April 2010). Disadvantages can be the creation of informal leaders, or the long time it can take to reach a consensual decision (F. Göransson, personal communication, 7 May 2010; J. Schramm-Nielsen, personal communication, 18 May 2010).

5.2 Scandinavian Management

This study reveals that interpersonal behaviour, cooperation and a flat organizational structure is important when it comes to Scandinavian management (Schramm-Nielsen et al., 2004; D. Haftor, personal communication, 8 April 2010; R. Ballin, personal communication, 8 April 2010). Grennes, (2003) shows that managers in Scandinavia value consensus, co-operation, power sharing and participation. Göransson pointed to that “near communication” is one of the most important aspects of management in Sweden. Haftor argued that communication and listening is very important, also decisions based on consensus are important when you hold a position as a manager in Sweden. Also Schramm-Nielsen et al. (2004) concluded that consensual decision making is an important aspect when it comes to Scandinavian management.

Schramm-Nielsen et al. (2004) state that the most important aspects and values of Scandinavian managers are equality, informality, decency and conflict avoidance. Haftor argued that informality and being open is very different for people outside of Scandinavia. As an example he mentioned American students calling him sir, while Swedish students call him by first name Darek. Also Schramm-Nielsen et al. (2004) said that this can be very surprising for non Scandinavians. Especially the combination of interpersonal behavior, consensual decision making, low power distance, conflict avoidance and equality can be very surprising.

We have found similarities within theories on Scandinavian management and the interview with Björnberg. The most apparent connections are explained by Zemke (1998) which in-
volves having good relationships with employees and open communication. Crainer (1999) addresses the Scandinavian management style to be people-centered and humane which is similar to Björnbergs perception of IKEA’s management characteristics and mechanisms. Also Torekull (1998) described good relationships, communication, fellowship and informality as aspects in the IKEA style of management.

We can see clear connections between IKEA’s fundamental elements for which the entire organization is built upon with that of Scandinavian management presented in the theoretical framework. By emphasizing informality and responsibility as explained in the case study, employees are delegated more responsibility and discretion in their daily routines but in an informal manner. These elements are very much in line with theories explaining what denotes a Scandinavian management style, according to Schramm-Nielsen et al. (2004). The reason for this could be because of the fact that IKEA was established in Sweden with a Swedish manager that infused the company with his values and mind-set. Schramm-Nielsen et al. (2004) also state that cooperation, consensual decision making, direct communication, conflict avoidance and low power distance are elements of a Scandinavian management style. Direct communication is also a highly valued aspect in IKEA’s organization.

Crainer (1999) describes the reorganization of SAS by the CEO Jan Carlzon. SAS was turned into a customer-orientated organization. The same idea is presented by Göransson F.: As an advice to inexperienced organizations in the Swedish market the organizations should “turn the organization chart up-side-down and the costumer on top” (personal communication, 8 April 2010). Within the concept of Scandinavian management we see that organizations should be focused on people. Scandinavian management is mostly about human resources and thus taking care of your employees. However, a great focus is also put on customers, since the organizations exist to serve the customers.

Scandinavian management-related actions that will most likely lead to an advantage, over other management styles, involve the ability of managers to stimulate, motivate and empower their employees using collective rewards and delegating responsibility. Furthermore, as explained by Professor Haftor, communication, involvement, openness and consensus-decision are all part of a Scandinavian way of managing business. Advantages of this character may further result in an involvement of motivated employees, higher staff efficiency and a contented working atmosphere (D. Haftor, personal communication, 8 April 2010). As a result, the company will improve their overall business performance.

Schramm-Nielsen (personal communication, 18 May 2010) argues for the directness in communication in Scandinavian management resulting in a clear decision-making. In addition, by seeking to establish a trustworthy relationship to both staff and business partners, the result can be reaching goals and fulfilling customer needs (F. Göransson, personal communication, 8 April 2010). Göransson also mentions the equality between sexes in businesses in Sweden being an advantage. He states that this brings advantages to an organization which involves having a wider range of competencies when allowing both women and men into organizations and management positions.

Disadvantages that may follow with a Scandinavian management are among others that, a heavy focus on human resources may result in a lower understanding for and use of financial resources and/or natural resources, as explained by Professor Haftor. Furthermore, as discussed in the theory of Scandinavian management, (Eriksen et al., 2006) the management style may lead to a laissez-faire management where the employees receive too much
freedom in their tasks. Eriksen et al. argue that a manager can feel de-motivated and act more as a friend than a manager. This affects the employees by not being given enough directions and goals from the management and the company’s work environment and production have a risk of being negatively affected.

Göransson provided some concrete examples of potential disadvantages when adopting a Scandinavian management style. As too much freedom can lead to an informal leader this can raise conflicts. Furthermore, he advised leaders not to jump into situations too fast to assist his or her team but should let the others solve the problem and instead be there for feedback and sharing ideas. Some people also need directives and cannot handle unfamiliar situations where no directives can be followed.

When awarding the employees for a work well done, Haftor believes that it is better to reward on the basis of a group’s collective effort instead of rewarding individuals separately. He further refers to bonus systems that can be used by managers as incentives to motivate employees’ performance and states that a collective bonus system is the preferred option for a Swedish management style. Zemke (1988) also states that the Scandinavian management style uses a reward system for employees with respect to their individual value but to the benefit of the group.

Judging from the answers provided by Professor Haftor, the most surprising finding was the clear distinction between Sweden which has a human resources orientation, Anglo-Saxon countries which have a financial resource orientation and Germany which has a focus on natural resources. This statement shows the credibility of the theories included in this thesis describing Scandinavian management as an individual- and staff-oriented management approach focusing on empowerment and delegation of responsibility to achieve goals and visions of the organization (Eriksen et al., 2006; Zemke, 1988). Also Schramm-Nielsen confirmed in the interview that Scandinavia is result-orientated.

The Scandinavian management style, according to Zemke (1988), has been influenced by the American management style through the high-tech boom and the value of entrepreneurship, but the differences between the two management styles are many. The American style of management and communication is very confrontational, which differentiates itself from the Scandinavian business style. The general view on the employees, seen from an American perspective, is that they are lazy, untrustworthy, and incompetent and constantly needs supervision (Zemke, 1988). This is the complete opposite of Scandinavian management style where it is assumed that the employee is from the beginning both willing and capable of performing tasks and where the manager trusts the employees and the employees show trust in return. Consequently, this shows that Scandinavian management is different than other management styles in the world.

### 5.3 Human resources

The information that we obtained from all of the interviews are confirming earlier findings, that the most important perspective for Scandinavian management is a strong focus on human resources. As pointed out by Zemke, (1988), human resource is the cornerstone of Scandinavian management. Mrs. Ballin verifies that human resources in an organization are essential for having a well-functioning organization. Eriksen et al. (2006), hold a similar view claiming that human resources are highly valued in the organization and is something that the management need to focus on to be able to maintain a healthy organization. Con-
sequently, a clear emphasize is put on the significance of having a strong human resource approach.

Schuler (1995) believes that there is a link between the quality of the employees and the success of an organization. He presents several companies that show how success, in terms of customer satisfaction and sales, of the company is depended on human resources. Schuler also shows how human resources can increase productivity. To be able to increase productivity employees should experience a high quality of working life.

To create a high quality working life, human resources should be practised in a good way where focus on training, rewards, career planning, informality, equal treatment, good communication, job security and fitting the needs of its employees and organization together are performed (Schuler, 1995; Bolman & Deal, 2003). When operating on the Swedish market it is of great value to do this right. A manager in Scandinavia and Sweden has to be able to lead and motivate its employees. He should give its employees the feeling that they belong to the organization (R. Ballin, personal communication, 8 April 2010). A Scandinavian manager should understand its employees, empower them and most of all listen and communicate with them (D. Haftor, personal communication, 8 April 2010).

Björnberg argues that being a good leader at IKEA means being able to lead and develop people, be professional in what you do, have an ability to inspire and communicate and being a strategic planner. Furthermore, she also points out that a good leader is able to lead and carry out changes and is goal oriented. By having these characteristics, the leader is able to fit the needs of both the company and individuals together which in turn will lead to a higher performance (Maslow, 1987; Schuler, 1995; Bolman & Deal, 2003; Mayer, 2008). This implies that if IKEA is able to apply these characteristics to their leaders, a higher performance will follow.

Haftor sheds light on the Swedish model of management as a useful tool for rapid adaption to continuously changing customer needs and societal frames and barriers. This concept confirms together with the idea of assigning a wide variety of tasks to individuals and delegating responsibility for the work process to employees and only using their manager as a sounding board for feedback (D. Haftor, personal communication, 8 April 2010), confirms the concepts and theories of Scandinavian management discussed by Eriksen et al. (2006) and Harung and Dahl (1995).

Haftor made clear that foreign companies considering an expansion to the Swedish market should be very aware of factors of adapting to a human resources perspective to be able to avoid a business failure. From the example provided by Professor Haftor, about the United Kingdom-based pharmaceutical company expanding to Sweden, we can clearly see the consequences of choosing not to adjust your management style to the Scandinavian management style. In the example, the company from UK chose not to adapt to the Swedish market as Professor Haftor advised them to do. The main reason behind ignoring Haftor’s advice was the initial high costs related to the implementation process. What the company did not anticipate was that the costs of not adjusting to a more human resource-based management style would be a lot higher. As a result, the company’s lack of flexibility for a new strategy caused a failure in the new market which led to a withdrawal from the Swedish market (D. Haftor, personal communication, 8 April 2010).
An example of where the implementation of a new management style succeeded is Manpower. Manpower Scandinavian had to change its American-based management style when entering the Scandinavian countries (Dahl, 1989). When they first came to Scandinavia they had problems with financial results and high employee-turnover. Manpower decided to change to a people-orientated management style. Because of the change they were able to motivate and satisfy the needs of their employees, which led to a very low employee-turnover and satisfied customers. The overall results of this study has shown that when operating on the Swedish market you should implement a Scandinavian management style which is focused on human resources to have a well-functioning business in Sweden.

The second case study dealing with IKEA shows how a company, from start-up, built up an entire work environment based on Swedish characteristics. Human resources are thus an important asset which has contributed to IKEA’s worldwide market success. IKEA’s characteristics for achieving this status involve informality, fellowship and communalism, honesty and common sense, responsibility and finally enthusiasm and creativity, which act as their guiding values (Torekull, 1998). Because of the success of IKEA, and the statement which implies that the role of their human resources management in combination with the staff being their most valuable asset, concludes that IKEA operates with a Scandinavian management. Sandelands (1997) also states that IKEA stimulates their employees to learn. There is a great advantage when a company encourages their employees to learn. Through learning, the employees will develop and job satisfaction will improve. With a more satisfied and skilled workforce that are willing to learn, the company can stay ahead of their rivals since the company receives more knowledge through their employees (Sandelands, 1997).

Schramm-Nielsen state that the more educated the employees are, the more independent they get. When the employees are more independent, trust in them is very important within Scandinavian management (F. Göransson, personal communication, 7 May 2010). In strategic human resource management, Mayer (2008) argues that for a good human resource management, it is essential to create a feeling of company belonging for the employees, sharing important information, to build teams, personal growth and to eliminate or reduce socially- or politically-related differences between the employees. Judging from the case study, IKEA’s vision for its human resources-orientation is in close correlation to what Mayer (2008) explained. IKEA seeks to invest in their employees, encourages personal development and creativity (Sandelands, 1997).

A Scandinavian management promotes well-being and motivation among the workforce which stimulates creativity. Comparing statements of this character with the results obtained from the interviews, we see a clear correlation of the importance of utilizing human resources in an organization to capitalize on the opportunities that follows with it.

5.4 Motivational Factors

Scandinavian management, with its focus on human resources, has the ability to motivate and stimulate its employees. When a Swedish manager can motivate the employees, there is a greater chance that the performance of the organization goes up. When employees satisfied in their working place they are more likely to be more efficient and productive (Schuler, 1995; Schuler & Jackson, 1999).
Professor Haftor highlighted the importance of viewing employees as individuals with personal values, needs and wants and thus not just as replaceable assets of the company. This concept of motivation is characteristic to the Swedish management style and can make your employees loyal to the organization (D. Haftor, personal communication, 8 April 2010). A theoretical motivational theory well in line with this is Maslow’s hierarchy of needs (Maslow, 1987). If a person’s psychological needs and safety needs like food, shelter, personal security, health and well-being are fulfilled, the organization that employs this person should focus on giving the opportunity to assist and encourage the individuals to reach the remaining steps of the pyramid model of Maslow (1987). Haftor stresses the most vital actions of a Swedish manager, which involves motivating, stimulating and empowering employees. In order to do so, the managers need to understand which needs that have to be fulfilled to get their workforce motivated. By doing this, the needs from Maslow’s hierarchy of needs have a better probability of being fulfilled, and the likelihood of having a satisfied workforce is greater. According to Herzberg (1968), there are hygiene factors that can create dissatisfaction. These factors do not create satisfaction, but the absence of these factors can create dissatisfaction (Gawel, 1997). Hence, managers should not only focus on the factors that satisfy the employees, but also on factors that can create dissatisfaction. Important to know is also that different employees have different needs that need to be satisfied (Adams, 1963). It is thus not enough thinking that all of the employees are motivated by higher bonuses or a wage increase. Other employees might have the need to have more vacation days or maybe more social events at the company.

Another main perspective of Scandinavian management is consensual decision making. We can relate this to empowerment and motivation of the employees. With consensual decision making you are giving the employees a certain degree of responsibility and influence. This opens up for the employees to feel more valuable and become more motivated to perform their job. Consequently, empowerment and responsibility can create motivation and satisfaction (McClelland, 1961; Herzberg, 1968; Maslow, 1987; Brooks, 2009).

5.5 The impact of cultural differences

Crainer (1999, p.33) explains culture as a big influencer of the Scandinavian management style: “Sweden is both an extremely collective and extremely individualistic society. Individual dependence is important, but there is a belief that it can be fulfilled and expressed through society.” However, due to the globalization, cultural aspects and differences are not as decisive any longer regarding the employees’ different cultural backgrounds that constitute the workforce, making it less important to take culture into account (R. Ballin, personal communication, 8 April 2010). Instead, Mrs. Ballin referred to external factors and personal traits as crucial factors leading to differences between countries, regions and people. Facets such as personality; attitude and values are essential for the manager to consider when managing the workforce (R. Ballin, personal communication, 8 April 2010).

The Scandinavian culture plays a main role in the Scandinavian management approach, which is built upon the social codes and codes of conduct in Scandinavia and the general behavioural pattern of Scandinavian inhabitants (Eriksen et al., 2006). Countries’ cultures do differ greatly in some cases (Hofstede, 1980) and the cultural differences should be taken into consideration when doing business in a different country.

In the Case of IKEA we see similarities with Hofstede (1980) in regards to “Uncertainty avoidance” and “Individualism” when IKEA emphasizes the importance of “Fellowship
and communalism” where employees look after each other as one big family (Björk, 1998). Hofstede’s “Uncertainty avoidance” aspect can be connected to IKEA’s emphasis on “Enthusiasm and creativity” where individuals are allowed to be innovative and participative. This in turn leads to effectiveness as described in the case study. The feeling of togetherness (Björk, 1998) can also be related to Hofstede’s “Individualism”. However, according to this study, Sweden is ranked rather high on that scale which would imply that Sweden values being individualistic which is contradictory to one of IKEA’s fundamental values, “Fellowship and communalism”.

In the case of Sweden, the power distance presented by Hofstede (1980) is very low, which means that the distance between people with different power is very low. Professor Haftor explains that organizations with a Swedish management style have a flat organization with open communication, and that this is crucial for the survival of companies having their business in Sweden. This is also confirmed by Eriksen et al. (2006) where they describe the Scandinavian culture as having a short distance from top to the bottom in the organizations which strengthens the flow of ideas. The position a person has in the organization does not matter as much as what this person actually brings. This makes it easier to have more open debates in the organization and create an open working environment. A good work environment is where you have trust between managers and employees (Eriksen et al., 2006). Göransson also emphasized that trust in your team is very important.

Schramm-Nielsen et al. (2004) point to three things that characterize the Swedish culture and distinguish it from the other two Scandinavian countries, Denmark and Norway. Swedes are more consensus-focused. Everybody should be heard, which lead to the fact that it takes longer to actually come to a decision. Also conflict avoidance is presented by Schramm-Nielsen et al. (2004). They write that they could not find a manager that admitted there had been a conflict on the work floor. In the interview, Schramm-Nielsen said that she could still remember a manager with over twenty years of experience that said he had never experienced a conflict. This is in relation to decent behaviour; conflicts are not seen and are solved without creating a chaos on the work floor (Schramm-Nielsen et al., 2004).

“Scandinavian managers are very much aware of the fact that they are operating within a specific cultural context” (Grenne, 2003, p. 18). (Schramm-Nielsen, personal communication, 18 May 2010) states that “It takes Scandinavians to fully implement Scandinavian management, because it is part of the fundamental and internalized culture”. These statements emphasize that you need to belong to the culture, to actually know how to manage and employ the Scandinavian management style in a right way.
6 Conclusions and further studies

This last chapter presents our conclusion which is based on our analysis. It answers our purpose, if and how Scandinavian management is practiced on the Swedish market. The chapter is rounded off with suggestions for further studies.

6.1 Conclusion

Based on the analysis we draw the conclusion that Scandinavian management builds on human resources. Scandinavian management is characterized by consensual decision making, low power distance, equality between workers, conflict avoidance, cooperation and communication. All of these aspects belong to human resources. The analysis has also shown that these aspects are practiced in Sweden and therefore we conclude that Scandinavian management is practiced on the Swedish market.

The Swedish culture has influenced the management style to be more open in relationships and to treat people equally. As illustrated, the Swedish culture is marked by low power distance and low masculinity. Managers with a Scandinavian management style focus on their employees, make them feel like they are a part of the organization and above all motivate them. When employees are satisfied and motivated in their workplace it is more likely that the productivity goes up and this will increase the performance of the whole firm. Satisfied employees will also tend to stay at the same company, which is a valuable resource having experienced employees. To motivate your employees, the managers reward them, share success with them and give them job security. Another main aspect of Scandinavian management is equality. When rewarding your employees, you should do this equally. Everybody should be seen as equals by the manager. Thus, also success is shared with everybody. A Scandinavian manager refers to his team when it comes to the reason for success. This recognition ensures that the employees feel good and inspired about their work which can motivate them even more.

Our analysis further shows that consensual decision-making, cooperation and communication can increase the performance of an organization. As a manager you assign influence and responsibility to your employees when you let them in on decisions. To put trust in your team is important in Scandinavian management. By good cooperation and communication you create an open atmosphere and you let everybody in. This last point is important in Scandinavia in order to show your employees that everybody has its worth and that you treat them equally.

Judging from our analysis, we see that Scandinavian management has proved to bring many advantages to the company who practices it. However, there are also disadvantages. In Scandinavian management, managers assign a lot of responsibility and influence to their employees, which create more freedom. It can be that too much freedom can lead to informal leaders, which creates conflicts. Also some individuals need a certain degree of directives, to be able to work better. Of course both of the problems can be solved through keeping a good and open communication and where the manager provides more directives to the employees who need that.

Based on the analysis, we draw the conclusion that Scandinavian management is necessary to be competitive on the Swedish market. This is because people are used to the culture of being treated as individuals with their own needs and wants. Manpower managed to have a well-functioning company with satisfied employees in Scandinavia after they changed from the American based management style to a more Scandinavian-oriented type of manage-
ment. Swedish people need to feel a sense of belonging to the company to be more productive. Managers should be open and communicate with all of its employees.

6.2 A final comment

Overall, this study has shown that Scandinavian management is based on human resources and that the aspects of Scandinavian management are used on the Swedish market. The Swedish way of managing the company described by Göransson and Haftor matches the description of Scandinavian management from earlier findings, which concludes that Scandinavian management is practised on the Swedish market. Scandinavian management increases the chance to have a well-functioning company with satisfied employees on the Swedish market, and thus also have satisfied customers. Motivated and satisfied employees are proven to be more productive and this will increase the whole performance of the organization. These are advantages of having a Scandinavian management and without Scandinavian management there is a high risk that you will not survive on the Swedish market.

6.3 Comments and future studies

Since this study is limited to a narrow selection of interviews, further study needs to be conducted to see if the Scandinavian management style applies to Swedish companies regardless of industry. We cannot be sure that most of the companies in Sweden use this kind of management style. Furthermore, to make the study more reliable and to gain more insight into Scandinavian management, interviews with employees from different levels in the companies could be conducted. The study would then encompass more views on how the Scandinavian management really works, with the thoughts from both the workforce in the companies and the human resource managers. Our current interviews are limited to persons with management positions, and the study could then be biased to their views.

We are not denying that there is a possibility that companies with another management style, other than the Scandinavian style, can also be competitive and have satisfied employees and customers in Sweden. It would be interesting to find these companies and to see how they handle their management and employees. In this case it would be especially interesting to see if there is a difference in their employee satisfaction and compare it to companies with a Scandinavian management style.

An area of interest that would be a potential topic for further studies would be to investigate if the Scandinavian management style could be exported to countries outside Scandinavia. When we came up with suggestions for our purpose, this topic was considered, but we thought it was better to first narrow it down and focus on whether a Scandinavian management style really exists and how it is practiced in Sweden. In relation to this it would also be interesting to know if Scandinavian management is already practiced outside of Scandinavia and what reasons there are behind practicing this management style in other countries located outside the Scandinavian region.

Another topic would be to research the differences between the Scandinavian countries and their way of managing. We have found that Swedes excel in conflict avoidance and as this study was limited to Sweden, we have no results on whether the Scandinavian management style is really used in Denmark and Norway and how it might differ between the countries.
References


Appendix 1

Interview questions, Reidun Ballin at Manpower

- Can you introduce yourself?
- What is your view on the perspectives of Scandinavian management?
- What would you consider as crucial factors in Scandinavian management?
- Manpower implemented the Scandinavian approach, what were the reasons for implementing this?
- What kind of advantages did Scandinavian management bring to Manpower?
- Where there any disadvantages?
- Where there obstacles when expanding to Scandinavia/Sweden?
- How does Manpower Scandinavia differ from Manpower America?
- What do you consider as the main cultural differences between America and Scandinavia Sweden?
- Did cultural differences play a main role in the change towards Scandinavian management?
- What is the relation between the top of Manpower Scandinavia to its employees?
- Is this different than in America?
- Do you believe that Scandinavian management can lead to better employee satisfaction?
Appendix 2

Interview questions, Darek Haftor

- Can you introduce yourself?
- What is your view on the perspectives of Scandinavian management?
- What are the most important characteristics in a Scandinavian management as well as the most critical factors for success in implementing this management style?
- Can implementing this style also have negative outcomes?
- Are there perspectives that have to be implemented to be successful in Sweden, in your opinion?
- What would you consider as the important cultural aspects of Sweden?
- Do a lot of companies use a Scandinavian management approach in Sweden?
- In your work experience did you see any differences in employee satisfaction when a company has adopted a Scandinavian management style?
- In your experience, were most companies successful after the implementation of Scandinavian management?
- If companies failed, was it because of the Scandinavian management approach?
- What are the advantages for a company if they implement Scandinavian management?
- Can there be disadvantages?
- When consulting a foreign company that is expanding to Sweden, would you advise them to implement a Scandinavian approach?
Appendix 3

Interview questions, Annika Björnberg at IKEA

- Can you introduce yourself? (name, work position etc.)
- What do you see as the most important characteristics from IKEA management style?
- Do you think that these characteristics are typical for organizations in Sweden overall?
  - Have you seen similarities in managing the workforce in other organizations in Sweden?
- Do you believe that these factors (heavy emphasize on HR) are important to be successful in Sweden and why?
- What are the advantages with having the IKEA management style (HR focused style)?
  - Advantages for employees, sales, market?
- Do you think that there are any disadvantages with a strong focus on human resources?
  - Can other departments/areas of the company be negatively affected?
  - Or that the employees see their manager more like a friend than their manager?
- What would you consider as the important cultural aspects of Sweden? And how would you relate this to management?
Appendix 4

Interview questions, Fredrik Göransson

• Can you introduce yourself? (name, work position etc.)
• What do you see as the most important characteristics within management in Sweden?
• Do you believe that these factors are important to be successful in Sweden and why?
• Are there perspectives that have to be implemented to be successful in Sweden, in your opinion?
• Can implementing these factors also have negative outcomes?
• What would you consider as the important cultural aspects of Sweden? And how would you relate this to management?
• Do a lot of companies use a Scandinavian management (management with high focus on Human resources) approach in Sweden?
• Do you see human resources as an important factor in Sweden and why?
• In your work experience did you see any differences in employee satisfaction when a company has adopted a more human resource focused management style?
• Have you seen disadvantages when a company is focused on human resources?
• When consulting a company, that is expanding to Sweden or a company with no management experience, what advice would you give them in management terms?
Appendix 5

Interview questions, Jette Schramm-Nielsen

- Could you introduce yourself? (mostly work related)
- What is your personal view on Scandinavian management?
- What do you see as the most important aspects of management in Scandinavia?
- In your book you have described that interpersonal behavior (which is linked to human resources) is a surprising element in Scandinavian management, why do you think this is an important element?
- Other researchers have also claimed that human resources is one of the most valued aspects in Scandinavian management, why is this so high valued?
- What would you consider as the important cultural aspects of Sweden? And how would you relate this to management? (you can answer for Scandinavia, if you don’t know it for Sweden in particularly)
- In your work experience did you see any differences in employee satisfaction, motivation and productivity when a company has adopted the Scandinavian management style?
- Have you seen disadvantages when a company has adopted the Scandinavian management styles?
- When consulting a company, that is expanding to Sweden or a company with no management experience, what advice would you give them in management terms? (What to focus on and why?)