

BUSINESSES IN CROSS-CULTURAL CONTACT

Finnish and Swedish Management Styles in Finnish Multinationals and their Swedish Subsidiaries

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During the 1980s the Swedish media dedicated a generous number of pages to a partially new phenomenon: the rapidly growing number of Finnish corporations with Swedish subsidiaries. In May 1987 Finnish corporations were reported to have taken over more than 120 Swedish companies, with more than 21 000 employees. This was thought to mark the end of this process. But two years later, by April 1989, the number of Swedish companies, in which Finnish firms held a majority interest had risen to 530, with more than 40 000 Swedish employees. Even though these figures from the Finnish-Swedish Chamber of Commerce are approximations, they demonstrate clearly the upward trend in the number of Finnish take-overs in Sweden during that particular period.

There are a number of ethnological studies on workers in multicultural environments, but none on the problems the managements of these companies meet in coping with the same type of situations in their work. This may partly be due to the fact that the wide spread of international management theories is thought to ensure similarity in management practices. There are quite a few studies, however, which indicate the opposite (Hofstede 1980, Hedlund & Åman 1984, Adler 1986).

The findings presented in this paper are based on both quantitative and qualitative material. Among the quantitative material are national interview surveys, and the qualitative methods include in-depth interviews with Finnish and Swedish executives and secretaries, observations in natural settings and analyses of mass media content. The purpose of the study was to find out how the managers in three Finnish corporations and their Swedish subsidiaries coped

with the eventual cultural differences in everyday work situations, what these differences were, and how they were structured and incorporated in interaction routines. "Reality" is a social construction (Berger & Luckmann 1985). The focus of my interest was therefore in the situations where the "realities" of the Finns and the Swedes did not overlap.

In international corporations there is a built-in tension between national identity and international ambitions. Internationality is an essential part of the company image, and the managements are socialized into their role through international management theories. But at the same time future managers internalize the social patterns, the role models etc of their own home society. This means that in companies there is a certain universal "objectivity" based on the fact that companies as phenomena are international. But this "objectivity" is paralleled by another "objectivity", namely nationally relevant knowledge, based on nationally valid and specific experiences. This tension is present in any cross-cultural contact on managerial level, but there seem to be certain situations where the layer of mutual understanding is thinner than it otherwise would be. These are the situations that I have focused on.

Since there is always the possibility of merely coming across branch-specific problems, I have chosen the three companies from different fields of industry: one of them represents the processing industry, one engineering, and the third is a so-called know-how company, which sells the know-how of its employees in the form of solutions to clients' problems.

Since it may be suspected that the language used in communication accounts for the bulk of the problems, it is important to note that the three companies had all chosen different strategies for their communication with the Swedish subsidiaries. Two of the companies were originally Finnish-speaking, the third described itself as bilingual. In practical terms this means that the Finnish managers of this particular company had Swedish as their mother-tongue. The bilingual company chose, for natural reasons, to communicate in Swedish with their Swedish subsidiaries. One of the Finnish-speaking companies chose English, whereas the other one had sent all the personnel on the managerial level to a language-training course and chose to communicate with the Swedes in Swedish from the very beginning.

There is nothing to indicate that the choice of language would have had any impact on the communication. The Swedes reacted in

the same way to the Finns, no matter which language they chose to speak. Neither were the Swedish-speaking Finns more “Swedish” in their actions than their Finnish-speaking colleagues. It was not uncommon that the Swedes had not even noticed that some of the Finns actually spoke Swedish as their mother-tongue. Even the Swedish-speaking Finns have internalized the values of Finnish society and act accordingly.

However, even languages are cultural. But the cultural differences rarely show in WHAT is being said — they are rather to be sought in HOW this something is being said. This is of special importance to the category of people this study focuses on; the category “executives”. For them language is their main tool in everyday work. Nils Brunsson (1989) has pointed out that there is a sharp division in companies between words (management) and action (production). What gives the management its legitimacy is the assumption that the words are used in order to generate action.

This assumption is of a special interest for headquarters-subsidiary relationships. The subsidiaries will have to find ways to influence the decisions made by the headquarters; at least such decisions as have a direct impact on the subsidiary in question. This can only be done by learning enough of the people in the headquarters, in order to be able both to interpret their reactions and to be able to express oneself in a manner understandable to the counterpart. The headquarters, on the other hand, are not able effectively to implement any of their decisions unless these are accepted by the subsidiary.

Misunderstandings — some examples

Differences in work-related terminology are one source of misunderstandings. These misunderstandings are easily helped by a list of key vocabulary. But the situation is seldom so uncomplicated. The executive board of one of the companies spent an entire meeting with their Swedish colleagues to discuss consultants. Neither of the parties was happy with the outcome. The Swedes defined the word “consultant” as a person who sells his know-how, whereas the Finns seemed to include everyone who was hired by the hour. The Finns interpreted the situation in a different manner. They were convinced that THEY had defined a consultant as a person who sells his knowhow, whereas the Swedes seemed to include a much wider group in their definition of the word. Not before the meeting was over did the parties realize that they had actually used the same

definition, but thought that the other party had meant something else. The parties were, as a matter of fact, in agreement, but since they were not aware of it, it was of no assistance to them in their communication.

One of the tasks of any management is to give work instructions. The Finnish and the Swedish ways of giving instructions show some interesting differences. When a Swedish executive asks one of his employees if he/she "would not like to make a memorandum on the last month's turn-over", it is understood that he is not putting forward a polite question but giving a specific work instruction.

The following example from one of the subsidiaries illustrates the way a Finnish executive expresses himself in a similar situation. I am sitting in the room of an executive secretary in one of the subsidiaries in Sweden as the newly appointed Finnish general manager of the company arrives from a business trip. In order to reach his office he has to pass the secretary's room. He acknowledges our presence by a slight nod, continues straight into his office and closes the door carefully behind him. After a while he peeps out and says: — Ask Bengt to come in. He can come right away. (Be Bengt komma in. Han kan komma omedelbart.) He then draws his head back in and disappears from view.

The language he used was clearly understood by all the participants. Bengt came in promptly — with long strides. Consequently, it can't be claimed that the problem that arose was a language problem — the problem was cultural. The Swedes had their own way of interpreting the Finnish manager's behavior. The secretary looked at me with raised eyebrows and said:

— You see? That's Finns for you! As arrogant as always! Had it been my former Swedish boss returning from a long trip, he would have walked right across the room and given me a big hug !

The Finnish form of behavior which in Finland would have been interpreted as a sign of competence and a down-to-earth approach, was by the Swedes interpreted as a sign of arrogance and non-chalance.

The question that arises is what it was actually all about. Why was the Finnish manager's behavior interpreted as arrogance? The languages can be said to be a mirror of the most central values of a culture. The Swedish form of conflict avoidance, as analyzed by Åke Daun (1989), for example, has its own verbal form. A Swede demonstrates his respect for his counterpart by avoiding such verbal expressions as can be interpreted as one's definite opinion in a

question. In Swedish society it is considered important to leave way for doubt and to mark a verbal readiness to back off, should one's counterpart have a different opinion from one's own. It is only natural that even a work instruction in a business company is ideally put forward in such a verbal form.

The Finnish way of reasoning is different. In Finland one shows respect to one's counterpart by going straight on to the core of the matter under discussion, without initiating small talk and without reservations. This is done mainly for two reasons:

1. It is considered waste of the other party's time NOT to plunge straight into the core of the matter.
2. This approach is in Finland reserved for situations when dealing with people whose judgement and intelligence is respected. In other words, the mere choice of the direct approach communicates respect for one's counterpart, and can be considered as a compliment. It is unfortunate that the Swedish way of showing respect to one's counterpart is in Finland considered as one of the most effective ways of showing disdain, and the Finns' efforts risk being taken as a sign of arrogance by the Swedes.

It is therefore not surprising that even the managerial role models differ. The Swedes claim that the Finns are slaves to their scheme of organization. By contrast, the Swedes would, according to their own opinion, be good at delegating. According to the consultants working with the Finnish and Swedish companies there are real differences between the Finnish and Swedish management styles as far as delegating is concerned, but the problem is not as straight forward as the Swedes in the subsidiaries would have it. Both the Finns and the Swedes have problems, but these problems differ. The Finnish managers do delegate, as well. However, they tend to plunge directly from an extremely authoritative style into total delegation, expressed as lack of instructions. In the Swedish subsidiaries two complaints were equally frequent: The Swedes complained about the Finns wanting to control even the smallest detail in their work. But within the same companies another complaint was equally frequent, namely complaints about the total lack of instructions from the headquarters.

The Swedish executives had a different dilemma. They themselves considered delegation a virtue and pictured themselves as being experts in it. However, this opinion was not necessarily shared by their own Swedish subordinates. They claimed that instead of actually delegating, the Swedish managers enforced their own

decisions, while trying to convey the IMPRESSION of delegation. Openly instructive behavior was difficult for the Swedes; they were described as "selling" in their management style.

If authority can thus be said to be more in the open in the Finnish organizations, by the same logic the Swedish management style can be described as more "manipulative". It is expressed by use of seemingly "informal" verbal communication between the personnel and their superiors. On looking closer, however, this "informality" is seen to require considerable skill, in order to be made competent use of. The "informal" code of communication has proved to be as formalized as any more "formal" manner of verbal communication, with rules of its own (Frykman 1988). It enables the Swedish managers, however, to exercise a certain control over their employees even outside the direct work environment. This is an ambition that the Finnish managers do not share. In Finnish corporations the leadership is confined within the walls of the corporation.

The decision-making process is one of the favourite topics in Finnish-Swedish discussions on the managerial level. The Swedes find it difficult to know how to exert any amount of influence on the decisions made by the Finnish headquarters. Some have given up trying: — To try to influence the Finns is like trying to influence the decisions made by the Swedish parliament, they say. The information streams seem to pass undisturbed by the Swedish subsidiary management, leaving the Swedish executives wondering what went wrong and how to step into the stream.

MBO (Management by Objective) is considered the management style most frequently practised in the Swedish organizations. However, this is by no means unique for Sweden. As Sven Erik Sjöstrand (1987) has pointed out, ALL business enterprises are led by various declarations of means and objectives. The problems arise when the objectives are not clear for the subsidiaries, which they obviously have not been for the Swedish subsidiaries of the Finnish corporations included in this study.

This creates some serious irritation on both sides. The Finns complain about the Swedes' taste for prolonged discussions, whereas the Swedes complain about the Finns' inability to visualize the objectives. However, it seems that the length or amount of the discussions preceding a decision is not the main problem; the main problem is to be sought elsewhere: The Swedes comment frequently on Finns' ability to present a united front in the decision-making

situation, while the Swedes themselves carry on the debate. The key word seems to be "decision-making situation". In Finland there is a sharp division between negotiation and decision, whereas in Swedish organizations this line has become more blurred. In Sweden there is a tendency to view ALL groups as potential negotiating teams, which often makes it difficult for the Finns to realize when the decision has actually been made and what the content of it is. For the same reason, the Finnish decisions may seem "sudden" and "abrupt" for the Swedes.

But there seems to be an even more profound difference between the "Finnish" and "Swedish" modes of decision-making. The decision-making process can be described as a process where the alternative actions are being considered and the best one of these is finally chosen. But the results of this process vary considerably, depending on which aspect of the process is allowed to dominate, the SEARCH for an alternative or the alternative itself (Brunsson 1989). When the search aspect dominates, the decision-making process takes form of free discussion. The objective is to reduce uncertainty — the question Brunsson puts forward, however, is: uncertainty concerning what? In Swedish organizations the decision-making process is geared towards reducing the uncertainty about the employees involved, rather than the uncertainty concerning the different alternatives themselves.

In the Finnish organizations the decision-making process has another function. In Finland the importance of an alternative is emphasized, and the search aspect is given less attention. In an organization where the management can rely on authority based on a formal position in the company hierarchy, it is not thought necessary to secure the commitment of the employees. In such an organization decisions are seen as managerial tools to be used to mobilize action. This view on decisions as catalysts for action presupposes continuous readiness for new decisions and readjustment of the decisions already made through new decisions.

Towards synergy

Not all the contacts between Finns and the Swedes are problematic. There is also a whole measure of mutual appreciation. There are Swedes who appreciate the Finnish "Turbo Management", as they call it. By this they refer to the Finnish decision-making process where the decisions are used as catalysts for action. — There is

always something going on in the Finnish companies, they say.

The situationality of cultural traits is pronounced. The very same behavior that in one situation is considered the counterpart's greatest asset is in another type of situation written off as one of his most annoying handicaps.

There are also signs of a new "corporate language" within the companies. This is influenced by both Finnish and Swedish and is used as a lingua franca in the cross-cultural contacts within the company.

In one of the companies an attempt is being made to take benefit of the cultural differences. In this company there is an ambition to have both a Finn and a Swede present whenever negotiating with a third part. The different cultural competences are seen as a resource, not merely a problem.

Within the companies the temptation sometimes arises to explain all the problems as cultural. This is an easy path that does not lead anywhere. To take just one example, the headquarters-subsidary structure itself causes a number of problems which are of a structural nature rather than cultural. Paradoxically, this is precisely the reason to be even more observant about the cultural differences. The fact remains that even in a rather formal type of organization, like the headquarters-subsidary structure, the personal relationships between people are important. The degree of independence that the subsidiary can claim depends largely on the trust the management of the headquarters feels towards the management of the subsidiaries. The headquarters, on the other hand, depends on getting acceptance for its decisions from the subsidiaries, and for this purpose, communicative competence is needed. The need for mutual understanding is acknowledged on both sides. In this sense, the economic motives seem, more effectively than any ideology, to stimulate people to strive for intercultural communicative competence.

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