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## SCANDINAVIAN MANAGEMENT AS THE RECIPE FOR HEALTH

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**Summary:** For some time the Scandinavian style of management has become an *idée fixe* for international management specialists. The purpose of this paper is to conduct a cultural analysis of the Scandinavian model of management from the theoretical, scientific and economic point of view. The article assumes that the culture of a country exerts certain influence on the preferred management style. These issues are crucial for the understanding of international management.

**Keywords:** Scandinavian management, Scandinavian culture, international management.

### 1. Introduction

The process of the search for unfathomable rules of international management reveals more and more doubts in their existence. The source of these doubts is persistent cultural differences, creating a spectrum of various national models of management. It is interesting in the face of the perspective of one culture, market unification and demand homogenization, dominated by American cultural models that were foreseen only a few years ago (see e.g. [Hofstede 2000, pp. 90-92, 132-133, 211-213; Sułkowski 2002a, pp. 150-151; Sułkowski 2002b]). However, cultural differences, as well as different national management models do exist.

In general, we may talk about American, European and Asian model of management. The field literature may, certainly, present more or less extended classification of national models of management, whose diversity, incompleteness and chaotic nature leads to a conclusion that they are a product of subjective needs of scientists.

Except for classification and systematization of the aforementioned models, it is to be noticed that the majority of cases prioritize the Scandinavian model of management<sup>1</sup> [after Hampden-Turner and Trompenaars 1993; Mole 2000; Bjerke

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<sup>1</sup> From the cross-cultural management perspective, the Scandinavian group covers Sweden and Norway, as well as Denmark as relatively homogenous with respect to culture. Finland is not incorporated in Scandinavian culture mainly due to its linguistic dissimilarity [Ronen and Shenkar 1985, pp. 435-454, Grenness 2003, p. 10; after Bjerke 2004, p. 220].

2004]. Some people are even inclined to claim that this is a standard for Japanese and American managers [Zemke 1988, pp. 44-47].

The purpose of this study is to conduct a cultural analysis of the Scandinavian model of management from the perspective of theory, research and economic experience. It is worth asking what Scandinavian companies are influenced by. Such purpose was not selected at random, as the soft side of organizational life is nowadays of equal importance to its hard strategy and structure. Organizational culture is today considered as a vital strategic resource [Stańczyk and Stańczyk-Hugiet 2006, pp. 287-295], in addition to being an element that determines strategic decisions of enterprises [Obłój 2007, pp. 40-43]. In view of the fact that organizational structure is mainly determined by national culture, an assumption has been made that certain practices and cultural values exert impact on specific management style in organizations of different countries and it is highly probable that the qualitative analysis conducted will confirm this conviction.

Cultural issues are currently of critical importance to the comprehension of popular, however complicated, international management. Therefore, it is crucial to become familiar with cultural determinants of management, especially in the countries placed on the opposite poles of the scales of fundamental dimensions of values diversifying cultures (contradictory level of power distance, tolerance for uncertainty, individualism and masculinity). And so are Scandinavian organizations, as compared to Polish ones.

The first part of the study is to define the purpose and explain the terminological nuances. Other parts present the model of Scandinavian culture which is highly important in sketching the outline of Scandinavian business behavior and the model of Scandinavian management. The issues discussed and conclusions drawn in this article have been based on the research in the literature on the subject, as well as the available results of empirical studies. The nature of this article is theoretical and empirical.

## **2. Scandinavian culture versus business behavior – the interdependence analysis**

The Scandinavian culture phenomenon can be explained by means of two most extensive research models by Hofstede and Trompenaars in co-operation with Ch. Hampden-Turner. International studies show a regularity of the use of the three fundamental dimensions of values applied originally by Hofstede in the research on cultural differences. The three-dimensional space in question consists of power distance, individualism and tolerance level for uncertainty [Hofstede 2000, pp. 51, 248]. These dimensions acquire major significance in the analysis of multicultural problems – they are important independent values that diversify national cultures [after Krupski and Stańczyk 2009, pp. 407-415].

Significant power distance (hierarchization) is the predominant feature of European cultures of Latin origin: France, Spain, as well as Latin American, Asian and African countries. Equality (a small power distance) is typical of the United States, Great Britain and countries under its past influence [Hofstede 2000, pp. 64-65]. Individualism (high level of expected individual success achievement) is a characteristic of American society, other English-speaking countries and some European ones (the Netherlands, Belgium, Denmark). On the other hand, collectivism as a dimension antagonist to individualism is a predominant value in Japan or China [Hofstede 2000, p. 100]. According to Hofstede's research, high uncertainty tolerance is typical of Latin America, Latin Europe and Mediterranean Countries [Hofstede 2000, p. 181].

The level of the aforementioned dimensions of the values considerably differs in Polish and Scandinavian organizations, which translates into a variety of business behaviors. For the purpose of the presentation of these relationships, let us use a classification by Lindell and Arvonen [1996, pp. 74-77], who divide contemporary requirements of enterprise activity into three areas: development-oriented, worker-oriented and task-oriented. The results of the qualitative analysis are presented in Table 1.

**Table 1.** Cultural dimensions versus business behaviors in Poland and Scandinavian countries

Cultural values dimensions	Country	Business behaviors
Large power distance	Poland	Task-oriented
Small power distance	Scandinavia	Task- and person-oriented
Uncertainty avoidance	Poland	Task-oriented
Uncertainty tolerance	Scandinavia	Development-oriented
Collectivism	Poland	Task- and person-oriented
Individualism	Scandinavia	Development-oriented

Source: Author's own study, based on: [Lindell and Arvonen 1996, pp. 74-77; after Stańczyk 2008, p. 141].

Small power distance typical of Scandinavian culture favors trust, at the same time creating conditions for participatory decision-making, delegating rights and greater self-reliance of workers. Therefore, this case may show more creative conduct with initiative.

The acceptance of uncertainty, typical of Scandinavian managers, is connected with respect to novelty and variety, as well as a stronger tendency to take risks. It facilitates the ease and pace of making decisions devoid of fear of the future. A quick response to changes around us certainly has its advantages as far as the requirements of contemporary business are concerned; however, note that a hasty decision may lead to irreversible consequences for a company. Polish organizations, characterized

by a low level of uncertainty avoidance, fear changes and take great care of safety. It is here and now that is more important than visionary development strategies.

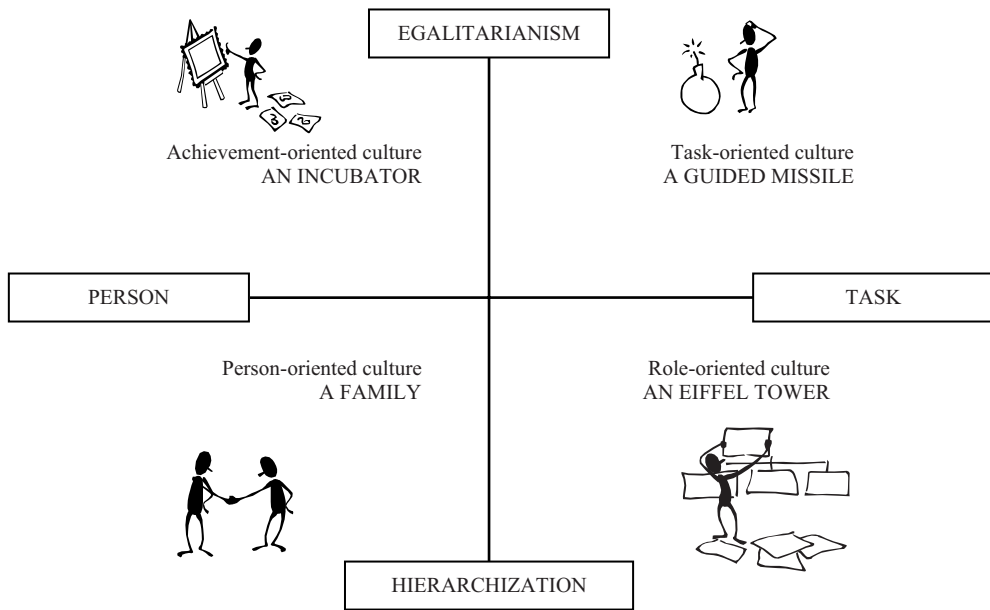
The individualist culture characteristic of Scandinavian companies is the one in which workers act in their own interests and take responsibility for their actions. A typical feature of individualist cultures is the attitude towards achievement and initiative, which is undoubtedly desired in the face of challenges of the turbulent environment. By contrast, the collectivist culture typical of Polish companies connects a worker with a working team (which is often not easy to separate from). Here, an individual is emotionally dependent on the organization, and the decisions taken and responsibility for them are collective. Collectivism often means avoiding conflicts and showing apparent unanimity [Sułkowski 2002, pp. 112-133].

The analysis indicates that the basic limitations of long-term development orientation of Polish organizations are culture-related. Obviously, this is a qualitative analysis which requires empirical verification, but it underlines strict connections between culture and the preferred and selected style of management.

Low power distance, uncertainty tolerance and high individualism level are typical cultural values predominant in Scandinavian management. In this respect Scandinavian management does not differ from the American one with its distinctive feature of a similar combination of cultural dimensions. It is an encouragement to search for more detailed criteria which would indicate the outstanding Scandinavian culture. In this case, we may use a typology of cultures proposed by Trompenaars and Hampden-Turner [2002] – the leading international management researchers and advisors. The aforementioned authors distinguished as many as seven dimensions that constitute the criteria of indication and description of national cultures.

These are universalism – particularism, individualism – collectivism, emotionality – neutrality, specific cultures – diffuse cultures, achievement – ascription, synchronicity – sequentiality and internal control – external control. Then, Trompenaars and Hampden-Turner, by way of combining two dimensions (egalitarianism – hierarchy, person-oriented – task-oriented), designated four types of organizational cultures which they named “a family”, “an Eiffel Tower”, “a guided missile” and “an incubator” (Figure 1).

A family-type organization is individual/ person-oriented. Direct relationships are close here, however, considerable significance is attached to the hierarchy. The manager is a “caring father” who has experience and power and knows what is good for the members of the “family” and how they should act. Such an organization is based on tolerance and understanding towards the young and respect towards the elders. Many enterprises characterized by the family culture are located in late-industrialized countries: Greece, Italy, Japan, Singapore, Southern Korea and Spain. As a part of family cultures analysis, an interesting experiment was carried out. The managers were to imagine their companies as triangles. They were to choose from five triangles, from the most flat to lengthened ones, which reflected the intensity of a family model. In countries where the leader is treated like a father (Turkey,



**Fig. 1.** Types of organizational cultures in the international context

Source: Author's own study, based on [Trompenaars and Hampden-Turner 2002, p. 190].

Venezuela, China, India), the most lengthened triangles were chosen. In Scandinavian countries managers tend to choose the flattest triangle [Trompenaars and Hampden-Turner 2002, pp. 192-194].

An Eiffel Tower-type organization is a greatly hierarchical structure, as well, but it is depersonalized, symmetrical, wide at the base and narrow at the top. Thanks to such structure, it is stable, stiff and strong. The role of the manager is here to provide instructions for the workers, and the workers carry out the orders of the supervisor. The manager of an Eiffel Tower is actually not an individual/person, but a function/ role. Nations accustomed to place the “role” before the “person” are mainly Americans and north-western Europeans [Trompenaars and Hampden-Turner 2002, pp. 198-201].

A guided missile is an egalitarian depersonalized and task-oriented organization. It is a kind of an Eiffel Tower “in flight”, in other words, a target-oriented one. In spite of a clear target, the means of its achievement may not be so clear – teams are working on it, therefore the contribution of an individual is difficult to define. Everyone is here a specialist in their field. Such culture assumes equality [Trompenaars and Hampden-Turner 2002, pp. 204-206].

Individual fulfillment is the most important element of an incubator-type culture. The culture is driven by creativity and development-orientation. The target is creation and innovation. This type of culture is characterized by spontaneity, the lack

of routine and egalitarianism. Incubator-type cultures should facilitate fulfillment. The features of such culture are emotional engagement, direct relationships and closeness at work. Status is what is achieved, and not ascribed here. Usually small companies are cultural incubators. However, they may be also doctors, law offices, certain consultants, experts and any group of specialists that tend to work on their own, but know how to apply synergy [Trompenaars and Hampden-Turner 2002, pp. 207-209].

The two-dimensional cultural model presented by Trompenaars and Hampden-Turner constitutes the subject of the research conducted by United Nations Centre for International Business Studies. The data base includes already representative examples as far as forty two countries are investigated, and the results are available in Figure 2 [Trompenaars and Hampden-Turner 2002, pp. 210, 212].

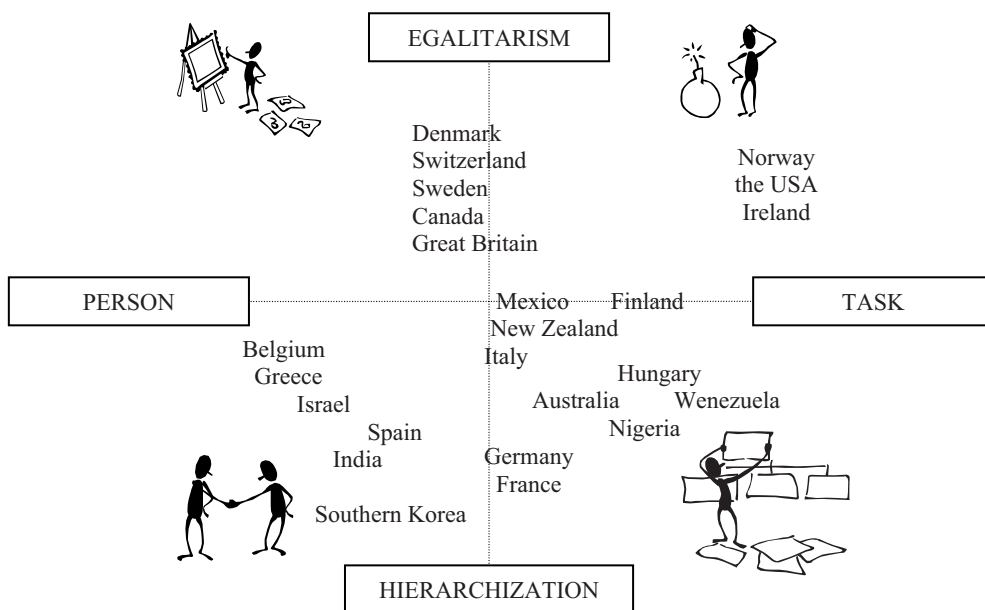


Fig. 2. National organizational cultures in the light of research

Source: Author’s own study, based on [Trompenaars and Hampden-Turner 2002, p. 212].

The most guided missile-type companies are located in companies of the United States and Great Britain, and the most family companies – in France and Spain. Sweden is the leader in the number of incubator-type enterprises, and Germany – in terms of Eiffel tower-types [Trompenaars and Hampden-Turner 2002, pp. 210-212]. Note that, apart from Norway, where company cultures are almost missile-type, in Denmark and Sweden person- and equality-centered incubators are predominant. Nevertheless, the nature of the Scandinavian organizational culture presented in the article exhaustively depicts the essence of the problem.

### **3. Incubators and guided missiles – origin and implications in Scandinavian management**

When the whole world was focusing its attention on the leadership of Northern America in the management area and analyzing the “Japanese miracle” of management, Scandinavian countries unnoticeably created their own revolutionary style of management that they may boast today. Companies such as Volvo, Scania, Hasselblad or IKEA succeeded in setting the world on fire with their creation of a peculiar mixture of already existing scientific facts about management. Banks, airlines, hospitals and other Scandinavian companies provide services at a level envied by American managers. In some companies, e.g. Volvo labor unions and the management noticeably approach each other with respect to values and the direction of company development [Zemke 1988, pp. 44-47]. Nowadays, Scandinavian management serves as a worldwide model of changeable ideas of management.

The co-operation typical of Scandinavian type of management derived from the post-war period when the traditions of strong individualism were eased by closed family and neighborly relationships that dominated the social life of the region after war. It was the generation brought up to respect those values that took over the control of Scandinavian business.

Present Scandinavian methods of management cover the respect for dignity, rewarding for personal efforts or extensive social protection of workers. It seems that such organization will allow Scandinavian companies for winning advantage over their international competitors.

As opposed to a traditional American model of management assuming that each worker is an incompetent and unreliable lazybones who must be constantly observed and controlled, the Scandinavians assume that an average worker is not only eager, but also capable of proper performance of a given task. In this case, another asset is visible, copying such values by most citizens of Scandinavian countries. Following the example of the Swedish, William Starbuck, PhD, a professor of creative management at New York University comments exactly on the similarities between their ways of thinking, behavior and strict relationships between them: “Sweden is a very culturally homogenous country. The Swedish are similar to one another, they know one another and there is a fair chance of a kinship between them. Consequently, they share values including work-related ones” [Zemke 1988, pp. 44-47].

Central ideas of the Scandinavian culture that determine Scandinavian management come down to the following values:

- egalitarianism and democracy,
- order and honesty,
- privacy,
- inconspicuousness,
- sensibility and slowness,
- rationalism and practicality,

- process, continuity and change,
- aggression and confrontation avoidance,
- capitalism of the stakeholders.

Egalitarianism is securely established in Scandinavia, in which there is the equality of genders, occupations and generations [Philips-Martinsson 1992, p. 19; after Bjerke 2004, p. 221]. The avocation of equality translates exactly into the small power distance in professional environment. However, the co-operation system is here collegial, not collectivist, which means that not always everyone agrees with others and expresses it overtly. The managers must devote plenty of time to listening to arguments, persuasion and mediation. At the same time, great flexibility and the lack of stiffness or bureaucracy are possible here, due to the “shallow” organizational nature and many informal interactions [Górniak 2010].

The Scandinavians obey the rules willingly and, as it was said, they highly value sincerity and openness in business conversations. In one of the studies, they describe themselves as “well-organized”, “reliable”, “honest” and “well-behaved”, even though they may be perceived as “stiff” and “bureaucratic” [Philips-Martinsson 1992, pp. 19, 60, 62-63, 75; after Bjerke 2004, p. 224]. A systematic attitude to organizational life in Scandinavia, current structures and procedures are to minimize doubts and the need of improvisation. The above is expressed by features such as punctuality [Górniak 2010].

The Scandinavians value privacy, therefore there is a clear division between the professional and private life, and the company interference into private lives of its workers is not approved of. In such a case, note that the sense of community created year by year concerns here the social, not personal or professional life. For instance, the Swedish are rather reserved individualists competing with one another – intellectual workers dream of work in their own offices [Bjerke 2004, pp. 225-226].

In Scandinavia there is a widely spread social norm that one should not consider oneself better than others. This norm is associated with Scandinavian moderation – everyone takes and uses only the amount that they need, not any more [Bjerke 2004, pp. 226-228].

In Scandinavian organizations decisions must be sensible and require active consensus. The Swedish do not think that each hasty decision is better than no decision. The decision-making process is here slow and compromise-based which is compensated by more efficient process of decision implementation [Górniak 2010].

Scandinavian life, including professional life is full of rationalism and practicality visible in the research studies conducted in Scandinavia. In many cases, the analyses of management styles in Scandinavian countries exert direct influence on practice – scientists manage to put their theories into practice. There is always a close co-operation between universities, business schools, management institutes and companies [Bjerke 2004, pp. 230-231].

In countries where economic stimuli are weak, other motivators must be found. Scandinavia provides the opportunity of participation in the process of learning and



progress-making. The members of management expect initiative of their workers, and the workers – only the suggestion of how to act. Organizations are here perceived not only as a political environment which allow competition for power or conflicts, but also as bodies open to creativity and innovation. In spite of fascination with changes and experiment, the Scandinavians are not fond of direct confrontation – they are reserved, patient and control their emotions. They avoid confrontation but not negotiation, and value their negotiation skills highly [Bjerke 2004, pp. 232-241].

Therefore, one of the most important features of Scandinavian management is the specific attitude towards co-operation [Poulsen 1988] and the sense of mutual relationship, which is reflected in the ability to accept common solutions [Olsen 1986, pp. 3-15]. Other typical attributes of Scandinavian management are the aspiration to arrive at a consensus, avoiding conflicts, stress on harmony, mutual understanding and participation [Grenness 2003, pp. 13-14].

#### 4. Conclusions

The analysis carried out in this study allows for the specification of cultural determinants in favor of organizational development. While the focus of Polish organizations is on tasks and the survival is of significant importance, Scandinavia prefers visionary management and management through enthusiasm [Grenness 2003, pp. 9-21], meaning the orientation to a long-term development [Van Gils 2005, pp. 583-589]. Culture plays vital role in the perception of and running a business in a given country.

What are the benefits of learning about the model of Scandinavian management? First and foremost, we should realize that an organization may develop in the conviction that its workers want and can work properly. The Scandinavians believe that continuous training of workers and the focus on customer interest by departments that deal with it directly are the key to success. Therefore, they succeed in the implementation of contemporary management concepts. Is it possible for this model of management to be applied in other countries? Certainly, we can follow and observe that example, however, the culture of another country may hamper this process severely.

To conclude, there are a few facts that confirm the phenomenon of Scandinavian management. In 2008 the Centre For European Reform, a British research institute, presented a report that evaluated the economic situation in the European Union member countries with regard to the implementation of the principles of Lisbon Strategy. The expertise provided for many areas of social and economic development. According to the report, Scandinavian countries follow the most principles of Lisbon Strategy – Denmark is the best developed EU country, and the second place is taken by Sweden. The leading position among Scandinavian countries is also confirmed by the most extensive report on the technological development prepared annually by the World Economic Forum (WEF). According to the *Networked Readiness*

*Index* showing the technological development level in 122 countries of the world, in 2007 Denmark was recognized by experts as the best technologically developed country in the world, leaving Sweden, Singapore and Finland behind. Moreover, Scandinavian countries took leading places in the in the ranking of “responsible competence” presented in 2008 by the Account Ability, a London non-governmental organization. Sweden occupied the first place in the rank followed by Denmark, Finland and Island, and the sixth place belonged to Norway [Szumlewicz 2010]. Indeed, Scandinavian management seems to be exemplary and worth our attention. The opportunities of its implementation in other cultural environments and its issue may provide a great area for research.

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## ZARZĄDZANIE SKANDYNAWSKIE JAKO RECEPTA NA ROZWÓJ

**Streszczenie:** Od jakiegoś czasu skandynawski styl zarządzania stał się *idee fixe* specjalistów z zakresu zarządzania międzynarodowego. Celem opracowania jest kulturowa analiza skandynawskiego modelu zarządzania z perspektywy teorii, badań i praktyki gospodarczej. W artykule przyjęto założenie, że kultura kraju wpływa na preferowany tam styl zarządzania. Zagadnienia te mają duże znaczenie dla rozumienia zarządzania międzynarodowego.