Europe: Culture and Management I
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A guide for Intercultural Management in Norway and Sweden
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Introduction

The Colombian way to manage a company, its employees and business relations is quite a different one from the Norwegian and Swedish approach. If a Colombian has plans to open a business in one of these countries, it makes sense to ensure that he or she is aware of his or her own culture.

Probably the most famous Colombian business etiquette is the unpunctuality, but it is not the only aspect to keep in mind. In Colombia, a manager is a person of authority that has the power to decide over the way things are and that should not be questioned or criticised. The hierarchical approach preserves the harmony in a group. This is very important because there is a strong identification with the group one belongs to and own opinions and thoughts are to be aligned with the overall opinion. Another consequence of the collective and harmony seeking behaviour is the diplomatic and emotional language which can lead to extensive speeches and documents.

The emphasis on relationships can be found in the trust building process with business partners as well. Trust is built in a comparatively long process of getting to know each other on both a professional and private level.

Achievements in career and the social status are the measures of a successful life in Colombia which is why the work environment is highly competitive. At the same time people are risk averse and invent a great number of rules which they often do not even follow themselves. Breaking a rule for a friend or a group member is always accepted since harmony and relationships are highly valued. Fast change is watched critically, and traditions receive a high importance and give safety which is one reason why religion in Colombia has a very important role. Colombians are known for their positive attitude. They enjoy their life, follow their wishes and value their free time.

In order to understand what image the Colombian workers have of Sweden and Norway, we ran a little survey. Our subjects were at 70% men and 70% were students, 20% were entrepreneur and 10% employed. Our goal was to define which information we would need to provide to a Colombian businessman who doesn’t know Nordics culture so he/she can start a business.

So, we could conclude that our subjects consider that the business culture is the most important subject they need to learn about, followed by the political regime, and the commercial agreements. On the other hand they considered least important the place of the family, the risks in the business, and the market credits. They also want to learn about the trust culture (for 80% of them) the relationship to customers (50%), and then, the business etiquette and the languages requirements (40%).They imagine an environment of work with a pretty low hierarchy, where minorities are not discriminated, without sexism, and a relatively opened economy.

The following guide is supposed to help Colombian managers to overcome difficulties and barriers while doing business in Norway and Sweden.

(Hofstede Insights, n.d.) (Thompson, 2010)
Tourism Sector

Tourism is an uprising sector all over the world. From 2015 to 2016, tourism in the world increased by 4%. 1,24 billion visitors were registered all over the world. Norway, Sweden and Colombia are no exception to these findings.

As it can be seen in Figure 1, touristic arrivals are increasing rapidly in all three countries. Norway welcomed almost 6 million and Sweden more than 6,78 million visitors in 2016. Impressive numbers if one takes into account that those countries have small populations of only 5 and 9 million residents.

Due to this uprising interest in travelling to both Norway and Sweden, we decided that we will enter the tourism sector and open a fictional business in form of a hotel, with the target group leisure tourists.

The Nordic hotel market is strong but there are few of the major international chains yet. Most hotel guests are still from the region but since this is about to change, the hotel sector is growing and holds opportunities for the future. The majority of the sector focus on middle class whereas there are only few branches serving the bottom or the top class.
Business Risks and Political Regime

Norway

Norway currently being at rank 1 in the HDI (Human Development Index) gives proof of a highly developed, wealthy and educated society. (UNDP, 2016) The political risk to business is comparatively very low. Norway follows the International Code of Conduct for Private Security Service Providers (ICoC), to assure that property and human rights are preserved. But in Norway’s case, it is also included in the constitution. (ICoCA, 2018) (Foreign & Commonwealth Office, 2017)

Norway presents a very low expropriation risk which the Global Economy rewards continuously with the best score for the last years. (the Global Economy.com, 2016)

According to the Corruption Perception Index, in which Norway ranks 3 in 2016, corruption is no big problem in the country. (Transparency International, 2017)

Norway is a kingdom with King Harald being the head of church and the army although his political power is limited to representative duties. The state religion is Protestantism, but the majority of the population is not religious. (Staufenberg, 2016) (BBC News, 2018)

The government of Norway is elected democratically every 4 years. Erna Solberg being the prime minister and half of the cabinet being women confirms the very high gender equality in Norway. Norway ranked 2 in the gender gap report of 2017. (BBC News, 2018) (World Economic Forum, 2016)

Norway is a member state of the EFTA, the European Free Trade Association with which Colombia has a free trade agreement. (Innovation Norway, 2018)

Sweden

Similar to Norway, Sweden is a very high developed country with a low political business risk. Sweden ranked 14 in the HDI of 2015 and does not only secure human rights by constitution but is a member of the UN Security Council where the country promotes human rights, international peace, security, democracy, gender equality and development. (SWEDEN AND HUMAN RIGHTS, n.d.) (UNDP, 2016) (Business & Human Rights Resource Center, n.d.)

As well as Norway, Sweden is a member state of the ICoC and received the lowest score by the Global Economy for expropriation risk over the last years. (ICoCA, 2018) (the Global Economy.com, n.d.)

Corruption is only perceived minimally higher than in Norway by a rank of 6 in the international comparison. (Transparency International, 2017)

The Swedish government is democratically elected every 4 years. Also, prime ministers Stefan Löfven’s government contains of half men and half women, reflecting the high gender equality. In the gender gap report of 2017, Sweden is on rank 5. (World Economic Forum, 2016)

Sweden is a member state of the EU with which Colombia has a free trade agreement since 2013. (Alarik, n.d.)
Legal Requirements

Norway

When opening a business, especially a hotel, it may soon be necessary to hire employees. All legal requirements are written in the Working Environment and Employment Act of 2005. If not, they are specified in one of the collective agreements of the Norwegian labour union. (Schjødt AS, 2013) The collective agreements are the result of 52% of all employees being member of a labour union which makes Norway a country with a labour market with a strong unionization. (Worker-participation.eu, n.d.)

Most of the time employees are permanent workers, and before starting a work relationship, a written contract is mandatory. (Arbeidstilsynet, n.d.-a)

Like in most Scandinavian countries, Norway does not have a national minimum wage. Salaries are negotiated by the labour unions for several sectors, which also serve as an orientation for the wage level in others. (Arbeidstilsynet, n.d.-b)

Employees work for 40 hours per week and maximum 9 hours a day. Overtime work, shifts, Sunday and holiday work are possible but need to be paid partly and additional requirements are to be met. Every employee has the right to ask for flexible hours, except it harms the company significantly. (NHO - Confederation of Norwegian Enterprise, 2013) A worker has a minimum of 25 vacation days per year. (New in Norway, n.d.) Mothers get 35 weeks at full pay and 45 weeks on 80% of their salary to take care of their new-borns. Depending on their wives’ income, fathers can get up to 10 weeks free. Additionally, the parents get 46 weeks at full pay or 56 weeks at 80% that they can split up in between the two of them as they wish. (Weller, 2016)

A physiologically and psychologically safe working environment has to be provided by the employer and an insurance for the employees is recommendable. Maximum 38,7% of the salaries go to pension funds and wage taxes. (Schjødt AS, 2013) (Wikborg, 2016)

Sweden

In Sweden, many employers signed a so called kollektivavtal, collective agreements with labour unions. If not or if not specified in the agreements, one can find legal requirements in specified acts such as the Working Hours Act or the Swedish Work Environment Act. (unionen, n.d.) (Hakanson & Hörnberg, 2018)

With 69% of all employees being a member of a union, Swedish workers are even more unionized than Norwegians. (unionen, n.d.)

In order to start a work relationship, a written contract is not always necessary although certain information about working conditions and place has to be provided in written form.

Like in Norway, permanent employment is most common but other types of employment are possible. (oresunndirekt.com, n.d.)

There is no national minimum wage but certain salary agreements in the kollektivavtals. A normal week should not exceed 40 working hours including sick leave, breaks and vacations. At least 25 days of vacation are guaranteed. (The Newbie Guide to Sweden Group, n.d.) Overtime work is possible but the average of working hours a week cannot exceed 48 hours in 4 months continuously. The salary of overtime work should be agreed upon in the collective agreements. The employer has to keep records of the work time and has to make sure that his employees get at least 11 hours rest per day and 36 uninterrupted rest hours per week. One is only allowed to work maximum 5 hours without taking a break. (unionen, n.d.)
Flexible working hours and work from home are comparatively popular and there are debates about shortening a normal work day to 6 hours. (Savage, 2017)

A mother of a new-born gets 18 weeks, a father 90 days off at normal salary. Additionally, they can split up 480 days leave at 80% of their salary in between the two of them. (Weller, 2016)

The employer is responsible for the work environment. About 16% of the income are paid into pension funds and tax rates differ from 20 to more than 32%, depending on status and area. (KPMG, 2018)

### Business Culture

![Hofstede's Cultural Dimensions](image)

In order to compare the culture in and out of business in the Nordic countries and Colombia, it is useful to apply Hofstede’s six cultural dimensions.

The first dimension is power distance. Power distance is the extent to which a society, especially less privileged members, is willing to accept an unequal distribution of power. Colombia’s score on power distance is high whereas both Sweden and Norway receive a significantly lower one. The Colombian management style is therefore more hierarchical than in the Nordic countries, where a boss is a guide and advisor rather than being superior. It is important to acknowledge that it is important that everybody, even employees in lower positions, have to be included into the decision making process. (10 minutes with, 2014b) (Thompson, 2010) (Warburton, n.d.) (Hofstede Insights, n.d.)

The difference between the Colombia and the other countries on individualism is even bigger than on power distance. In individualistic countries like Norway and Sweden, people perceive themselves and others as individuals that have to take care of themselves. In contrast, people in collectivist countries like Colombia, are part of a group with which they identify and align their opinions and interests. Consequently, Colombians concentrate more on building relationships within the team than their Nordic counterparts, who focus on their tasks. Competitive behaviour is no exception within a company in Norway and Sweden and critics are perceived as necessary and progressing as long as it is constructive. Since people do not identify with their company as much as Colombians might do, one
should be prepared for a higher fluctuation in the team. (10 minutes with, 2014a) (Warburton, n.d.) (Hofstede Insights, n.d.)

No smaller is the cultural gap in terms of masculinity. This dimension refers to people’s motivation. In Colombia and other masculine societies, people are driven by success in their worklife, achievements and being better than others. In feminine societies, successful people are identified with a good quality of life, happiness and liking what they do. Norwegians and Swedes are therefore not status driven like Colombian workers might be but rather value a good work-life balance. A colombian manager should not assume that work the private life is less important than the work, because employees might not agree. (10 minutes with, 2014c) (Hofstede Insights, n.d.) (Warburton, n.d.)

So far, Norway and Sweden had very similar scores in the dimensions, which is changing for the following ones.

Uncertainty avoidance is the degree of acceptance of an unknown future. In the Colombian society, which is avoiding uncertainty, extensive rules and institutions help to deal with the unknown. Traditions are to be followed conservatively as well as the church while change is perceived as threatening. Swedes, whose culture is uncertainty accepting, are more tolerant towards change and differences from the norm. Rules are only necessary to a certain degree and work only if it is of use. The acceptance of the unknown contributes to a fairly relaxed attitude. Norwegian culture is neither uncertainty accepting nor avoiding which leads to characteristics from both sides. (10 minutes with, 2015c) (Hofstede Insights, n.d.)

Both Norway and Colombia are defined as “short-term oriented”, which means that their virtues are present and past related. It is very important for foreigners to be respectful of these traditions to avoid offending the locals. It is recommendable to avoid discussions and criticism of Norwegian culture, government and monarchy with an exception of current political events if one knows about the topic. Swedes are more relaxed in the discussion of these topics. People are more long-term oriented than both of the other countries. For instance, Sweden was one of the first countries to install Corporate Social Responsibility Issues, which makes sustainability an important aspect of Swedish management nowadays. (10 minutes with, 2015b) (Cotton, 2017) (Hofstede Insights, n.d.)

In matters of indulgence, people in all of the three countries enjoy life relatively freely. Meeting personal needs is important in both cultures. People are optimists and usually more extroverted than in other societies. It should be taken into account, that Colombians do so the most and Swedish culture is relatively more restraint than its Norwegian and Colombian counterparts. (10 minutes with, 2015a) (Hofstede Insights, n.d.)
Gender Equality

As the answers in the survey showed it; (the majority of the people thought that Swedes and Norwegians are very egalitarian) gender equality is very high in both countries. According to the Economist, they are the second and third best country respectively for women to work in. The index shown in the graph below uses several indicators such as salary, chance of equal treatment, education, representation in high positions. In these two countries, women represent almost half of the boards, whereas the mean is about 20%. They are also more likely than man to obtain a higher-education degree. (Graphic Detail, 2017)
Business Etiquette

The business etiquette refers to the norms of communication and the work environment. Since every country is different, not knowing it could lead to misunderstanding of actions or words.

There is at least one point which the three countries agree on: The handshake. When arriving and leaving, people in all three of them firmly shake hands while looking the other one in the eyes. But faster, Colombians will move to something more casual. When presenting themselves, Norwegian use their first name more often, but you should keep using the honorific title of “miss” and “sir” until you are invited to use for both Swedish and Norwegian culture. Also personal space is very important, so you would have to keep a certain distance while communicating and avoid physical contact. Punctuality is crucial and it is a sign of respect, not only for business related events, but also for everyday life events. If you arrive late for any reason, you have to be aware the person you are meeting with. Traffic is barely a good excuse since you can leave earlier from where you are to avoid this problem, (and since traffic is better there anyway). (Commisceo Global, n.d.-b, n.d.-a)

Regarding to the dress code, Swedish and Norwegians can be pretty formal in the office, but during business events or meeting it is important to be properly dressed-up; black suit and tie for men, and black skirt or pants for women. Since these societies are very egalitarian, it is bad seen to be show-off, wear flashy clothes or very high heels. (Commisceo Global, n.d.-b, n.d.-a)

Nordics societies will tend to invite you to their place to take a coffee or having a piece of cake, and less often for a full meal. Swedish are big coffee consumer. It is very common to go and take a coffee with someone, a tradition that they call “fika”. In case of an invitation to someone’s place, you should know that it is polite to bring a small present, like flowers or chocolate for instance, and reciprocate the invitation. If you are given a gift, you should open it immediately instead of waiting. Arriving on time is very important, and you should check the dress code with your host if you are not sure about it. Invitations are usually given verbally, and do not always have to be confirmed in a written form. If someone says they invite you somewhere, they truly do. Do not talk about business if it is not a meeting. You should wait for everybody to start eating, and finish your whole dish. It is impolite to leave anything in your plate. When a toast is taken, it is always with an alcoholic beverage but never with beer. Everybody is listening to the person talking, usually a women, raising the glass in the air, in sign of approval, and putting it down on the table. Women need to put their glass back on the table first. (Commisceo Global, n.d.-b, n.d.-a)

In case of a business meeting, notice the participant in advance. Since July and August are vacation months, it is hard to organise a meeting in this time and some of the businesses could even be closed. Once again punctuality is highly important. They usually avoid small talk and go direct into the business presentation. Presentations have to be clear and practical, with graphics to illustrate ideas and trends. Usually questions are at the end since it is very rude to interrupt someone. In case of negotiation, try not to use too much superlatives and stay soft and avoid using emotions as an argument. In the way you talk, it is important to stay calm and listen to the others without interrupting them. Decision are consensus driven, and expect that people take time to make a decision because they want to evaluate all the possibilities and will look into detail. Do not try to pressure them, but be honest and direct. Since the price is a very important asset, you can expect some bargaining. (Commisceo Global, n.d.-b, n.d.-a)
It could be pretty slow to develop a relationship in the business, since it is based on trust. It makes punctuality and respect of deadlines even more important. Do not try to appear over-friendly, and be precise and meticulous. It is not necessary to speak if you do not have something to contribute. If they disagree they will tell you frankly, but it is not because they want to reach a conflict or because they want to destabilize you. They just see an opportunity of improvement. People speak very good English, but it is very appreciated if you know some words of their language. They will speak casually to you, but will never talk about their private life. (Commisceo Global, n.d. -b, n.d. -a)

Sports are a very important part of the Norwegian culture. Norwegian do not only practice sports as biathlon, football or cross-country skiing, they also really appreciate watching it. A Colombian manager would be well advised to not prevent them from watching be events such as Olympic Games or world championships, even during work time. (10 minutes with, 2014a)  (Dieterle & Dreis, 2018)

**Consumer profile**

Norwegians are patriotic and when confronted to similar products, they prefer to buy local. The Swedes will be loyal to the brand they are used to. They value quality and interested in buying new products, especially in the IT sector. Norwegians have the highest online spending, and value the quality before the price, to the contrary to their Swedish neighbours. It is important to show a competitive advantage in order to attract consumers, especially as a matter of price and quality. Swedish and Norwegian people will tend to research about a product before buying it, and details can turn very important. Long term relationship is important since every business relation is built on trust. (Santander Trade Portal, n.d.; Santander Trade Portal, n.d.)

To understand Swedish and Norwegian consumer behaviour, the law of Jante is very important. Personal success is not appreciated and even has a negative impact on the own image, which is why commercials have to be carefully designed to avoid the subject. (Wikipedia, n.d.)

Norway has big interest in suppliers abroad since the retail cost within the country are comparatively high, also higher than in Sweden. The southern regions of Norway are the most populated. Further north, cities are rare which add higher transportation costs to the price in those regions. Since there is not a lot of disparity in the revenue distribution and the purchasing power is high, the whole population can be seen as potential consumers. (Santander Trade Portal, n.d.-a, n.d.-a)

**Consumer Policy**

**Norway**

Norway and the European Union share at least one goal: developing the consumer trust. Norway signed up the EEA Agreement, in order to protect the consumer by developing its awareness and strength. Several laws about consumer protection exist already and are valid for every sector. When buying a product for instance, the buyer has two or five years to depose a complaint about it. The sale of houses was made safer. If you want to buy a product online, you have the right to receive all information about the transaction, and to have it confirmed written. (Ministry of Foreign Affairs, 2015) In case of litigation, the consumer has the right to be advised freely on what procedure to follow. There is a Consumer Dispute Commission (FTU), in case the consumer and producer cannot find an
agreement, that avoids to go by a trial, which requires a big amount of time and money, compared to the small price of a product. On litigation involving more than 125 000 NOK (= 15 600 US$), a trial is mandatory. (Ministry of Children and Equality, 2018)

Sweden

Swedish laws about consumer protection are also strict and concern a wide range of areas such as consumer information, conflict resolution, financial counselling, the safety of the products, sustainability of the consumption, etc. In case of litigation, the consumer has the right to access free advices from the municipality association, but in case there is more help needed, the consumer can also submit the plaint to The Swedish Consumer Agency or to the Swedish National Board of Consumer. (Government Offices of Sweden, 2015)
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